



## **FRAPORT REGIONAL AIRPORTS OF GREECE "B" SOCIETE ANONYME**

- Management Report of the Board of Directors (BoD) of the Company 'Fraport Regional Airports of Greece "B" SOCIETE ANONYME' for the period ended on 31 December 2019
- Financial Statements for the year ended on 31 December 2019 in accordance with the International Financial Reporting Standards (IFRS)
- Independent Chartered Auditor - Accountant Audit Report

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Tax Office FAE OF ATHENS



## **FRAPORT REGIONAL AIRPORTS OF GREECE "B" SOCIETE ANONYME**

Management Report of the Board of Directors (BoD) of the Company 'Fraport Regional Airports of Greece "B" SOCIETE ANONYME' for the period ended on 31 December 2019



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)

**MANAGEMENT REPORT OF THE BOARD OF DIRECTORS (BoD) OF THE COMPANY FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**

**TO THE GENERAL MEETING OF SHAREHOLDERS AS OF 12/06/2020**

Dear Shareholders,

Pursuant to article 150(1) of Law 4548/2018, we submit to your General Meeting this Management Report of the Board of Directors and the attached financial statements of FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A. (hereinafter "Fraport Greece B" or "Company") which were prepared in line with the International Financial Reporting Standards (IFRSs) for the year which ended on 31 December 2019, and kindly request that you approve them.

**1. Business plan, goals and key strategies**

Fraport Greece B was established in 2015 with the object of maintaining, operating, managing, improving, and developing for the coming 40 years 7 regional airports in Greece. On 11 April 2017, Fraport Greece B undertook the operation of the airports.

The project involves the operation, management, development and maintenance of 7 regional airports located on islands of the Aegean Sea. In particular, Fraport Greece B is in charge of the operation of the airports of Kos, Mytilene, Mykonos, Rhodes, Samos, Santorini and Skiathos.

Fraport Greece B has set the goal of increasing the international competitiveness of the airports through improvements in airport operations, infrastructure modernization and upgrading as well as by delivering ongoing training to staff. High-quality passenger service, qualified and highly trained staff, and compliance with safety regulations form the backbone of our mission for implementing this project. Combining cutting-edge know-how, international experience and qualified human resources, we acknowledge our responsibility to passengers. For this reason, we comply closely with the strictest international standards with a view to providing high-level services, better service, ensuring compliance with all safety procedures and regulations and, as a result, ensuring passenger satisfaction.

In accordance with the Concession Agreement of Right, Fraport Greece is implementing an investment of approximately €204 million for the refurbishment, upgrade, and construction of new infrastructures at the 7 Aegean Regional Airports. More specifically, three (3) new terminals will be constructed in Kos (KGS), Mytilene (MJT) and Santorini (JTR), three (3) terminals in Mikonos (JMK), Samos (SMI) and Skiathos (JSI) will be refurbished and expanded, and the interior of one (1) terminal in Rhodes (RHO) will be redesigned. New baggage handling systems will be installed in most departures/arrivals areas, smart monitoring systems, safe and efficient equipment for heating/ventilation and fire safety, whilst aprons will be rehabilitated and converted to push back operations, with LED illumination and according to EASA standards for marking and signage. New fire stations will be constructed in most airports. The commercial areas will be upgraded and developed.

The Concession Agreement was signed on the 14 of December 2015, while the Concession Commencement Date (CCD) occurred on the 11th of April 2017.

The timeline for the completion of the Refurbishment Works is 2 years after the CCD, and for the completion of the New / Expansion works is 4 years after CCD.

By the end of 2019, all Refurbishment works have been completed for Cluster B.

A far as the New or Expansion Works are concerned, the main works and the expected time of completion of the 7 airports are as follows:

**Skiathos (JSI)**

The two (2) existing Stations T1 and T2 were repaired and expanded. The terminal's final size is 9.526 m<sup>2</sup>, completely refurbished and remodelled. New Fire Station was constructed. Works were completed on 30 June, 2019.



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**Samos (SMI)**

The terminal of final size 9.605 m<sup>2</sup> was remodelled and expanded. A new Fire Station was constructed and a partial rehabilitation of the apron was completed. Works were completed on September 30, 2019.

**Rhodes (RHO)**

The existing terminal of 47,390 m<sup>2</sup> was rearranged and refurbished, with considerable expansion of commercial operations. The full rehabilitation of the apron area of 80.000 m<sup>2</sup> and the airside pavements refurbishment have been completed. New Fire Station was constructed. Works were completed on November 30, 2019.

**Mitilene (MJT)**

The construction of the new terminal of 7.757 m<sup>2</sup>, south of the existing terminal, was completed. On the airside, apron was rehabilitated and apron lights reorganized. Works were completed on November 30, 2019.

**Kos (KGS)**

A new terminal of 23.962 m<sup>2</sup> is under construction, in phases. Complete rehabilitation of the runway has been completed. Landside is being reconfigured, and a new fire station was constructed. Works are to be completed by October 2020.

**Mykonos (JMK)**

The existing terminal is under remodelling and a new terminal of 4.461 m<sup>2</sup> is under construction, with the total area stretching in 13.420 m<sup>2</sup>. Complete rehabilitation of the runway has been completed as well as the apron, with new marking and signage. New Fire Station is under construction. Works are to be completed by June 2020.

**Santorini (JTR)**

The new terminal of 15.640 m<sup>2</sup> is under construction, in phases. Repair works have been performed in the runway and apron. The scope of works includes a new RFF station. Works to be completed by November, 2020.



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### **2. Annual review**

2019 was a successful year for the Company with an 1,5% increase in passenger traffic, serving almost 13,5 million passengers without major disruptions due to operational constraints.

During the year, the scheduled works were completed at the airports of Rhodes, Samos, Skiathos, and Mytilene which upgraded the level of services provided to airport passengers and users.

The Operational Readiness and Airport Transfer (ORAT) team continued its successful work, since it participated in the testing and trials following the delivery of new equipment/systems (BHS / HBS, access control), and coordinated the training of all involved stakeholders. It is worth noting that in 2019 new RFF stations were put in operation at the airports of Rhodes, Kos, Mytilene, Samos, Mikonos and Skiathos.

Push back operations were applied at 2 Airports of the Company (Rhodes, Samos), maximizing the apron capacity for the summer period 2018.

The terminal capacity at many airports of the Company was a big challenge, mainly at the airports with ongoing works, nevertheless, the airport teams managed to offer a very good level of passenger experience by implementing several measures including: remote check-in counters placed on the curbside area, coordination with Tour Operators in order to smooth passenger arrival times and constant presence of airport staff to manage passenger flow and security screening. Customer experience was also enhanced by the cleaning services contractors of the Company, delivering high quality cleaning and pest control services.

The second round of the Emergency Response Plan, including full-scale exercises at all 7 Airports, was completed with the participation of local stakeholders such as the Police, EKAV, Hellenic Fire Brigade, airline companies and ground handlers. The ARFF fleet was strengthened by the addition of 2 new rescue and fire fighting vehicles.

The EASA Compliance department completed the programme of internal Audit of Airport Compliance with inspections at all 7 airports. The Airport Safety department also completed the internal inspections of the Safety Management System at 4 airports.

The Slot Coordination Committee and the Slot Performance Sub-committee continued their successful operation, contributing to the improvement of traffic conditions, airport capacity and punctuality, and combating slot misuse. Both Committees continue receiving positive comments from the aviation community and IATA representatives.

During the whole year no major compliance incident occurred and no Compliance violations were reported from Fraport Greece B employees. Fraport Greece B will extend its Compliance training program using its newly developed electronic tools.

### **Airline Marketing and Development – 2019**

2019 marked a slow-down in the development rate of traffic at the airports of Fraport Greece B. The general market stabilisation trend, the bankruptcies of large airlines (Thomas Cook UK, Small Planet, Germania, Primera και Cobalt), the decision of Ryanair to abandon the domestic flights market, the change in certain travel habits (late bookers), the recovery of competitive destinations in Turkey and Africa, the change in weather conditions in Greece and Europe, the increased operation cost of airlines, uncertainty regarding the impact of Brexit, the financial slowdown in Europe (apparent both in Germany and the UK i.e. the largest incoming tourism markets of FG), the standstill B737 max aircrafts as well as the difficulties in finding slots in several FG airports, have been the main reasons behind the marginal increase of traffic at the airports of Cluster B.

The new operation environment, as determined by all the abovementioned factors, contained challenges, which Fraport Greece B addressed successfully. The outcome of efforts is reflected into the increase of the total traffic at the 7 Greek airports (+1,5%), with both international and domestic traffic moving upwards by +1,2% and +2,4%, respectively. As regards Mikonos airport in particular,

the positive trend in international traffic (+12,2%) evidences the successful implementation of the strategy involving the attraction of new routes (among other Qatar Airways) and the dynamics of the certain destination at an international level.

As regards the airline development and marketing actions of Fraport Greece B in 2019, these are summarised as follows:

1. Fraport Greece B participated in all major international conferences of the air transport sector (e.g. IATA Slot Conferences & Routes, Philoxenia, Hotel Conferences etc.), further enhancing the excellent and constructive cooperation with airlines, tourist organisations and local authorities, efficiently promoting the business goals of the company and effectively supporting local synergies.
2. Given the seasonality of traffic at the airports of Fraport Greece B, the strategic goal of the company remains the development of traffic during the winter period. To achieve such goal, Fraport Greece B effectively and generously supported in 2019 the start of new international flights during the winter period, on the basis of the Winter Incentive Scheme, and in response to the expectations of airlines regarding business risk allocation practices, in view of prolonging the operation period of flights and by extension of the tourist period.
3. Fraport Greece B continued in 2019 investing in the development of synergies with local societies, in view of implementing joint actions to promote several destinations and support airlines. More specifically, synergies were further enhanced with local authorities and organisations directly or indirectly related to tourism (airlines, hotel operators, travel agents, etc.) aiming at the targeted promotion of destinations in international markets.
4. The on-going presentation of new routes developing potential to targeted airlines continued, aiming at attracting additional traffic to Fraport Greece B airports, aiming at strengthening the international network -focusing on markets outside Europe- and replacing carriers that have exited the domestic network, in line with Fraport Greece B development strategy. During 2019, Fraport Greece B welcomed a considerable number of new routes at its airports, contributing significantly to the strategic objective of developing new international markets.
5. The extensive Market Research carried out at all 7 airports of Fraport Greece B continued successfully for second year in a row, providing the Company with valuable insight on passengers' profile, travel and buying behaviour, as well as customer satisfaction in relation to a big number of operational and commercial features and services available at the 7 airports. Results of the research are also extensively used in presentations to airlines as well as to various bodies related to tourism.
6. The production of Fraport Greece B airports' own official magazines aiming at promoting the Company's airports and mostly the respective 7 unique Greek destinations. During 2019, 8 different editions were published, which were highly evaluated by the passengers and other tourism related bodies in terms of quality of content and design.

### **Commercial Development - 2019**

Aiming at continuously increasing passenger satisfaction and safeguarding Fraport Greece B revenues within the context of the overall development of the 7 airports, we focused on activities related to the enhancement of our offering and successful relocation of the existing units so as to deliver a significantly upgraded commercial environment in summer 2019.

In particular, during this quite demanding period, Fraport Greece worked closely with:

- ✓ F&B operators to set up modern units that incorporate the Greek flavor and local characteristics of each specific region, while also catering to the needs of multiple nationalities in accordance with our passengers' expectations, as derived from our surveys. These include the development of:
  - "concept" by dominant companies in the restaurants sector, which fit to the multiple needs of customers, such as café chains, bistros, pubs, traditional bakeries and pastry shops,

- a series of Greek concepts that give passengers the opportunity to taste a last flavour of the Greek gastronomy before departing.
- ✓ The Duty Free Shops (of DUFYR Group) for the development of new commercial spaces in the airport of Aktio, through the integration of local architectural elements and the addition of a local mix of products. The above contribute to the general reformulation of the current picture of retail areas at the airside of the airport in view of optimising the experience of passengers.

In addition, the F&B area of the extra-Schengen area at Rhodes airport was fully remodelled and was adapted to the needs of the passengers' profile. In this context, 4 new units commenced operations, including concepts like the English Pub, the Goody's Burger House, the Bistro and the Greek-Mediterranean restaurant, offering an enriched gastronomy proposal to passengers.

- ✓ The duty-free shops (DUFYR) for the development of new commercial spaces at the airports of Skiathos, Mytilini with the aim to offer the optimum experience and services. In addition, in Rhodes airport (extra-Schengen area) a brand new concept of the "All Greek To Me" store was integrated offering a collection of gifts and souvenirs in an aesthetically pleasing and very functional environment. The above have a major contribution to the general reconfiguration of the existing image of retail areas in the airside section of the airport.

### 3. Company performance:

In 2019, operating income saw a 17% increase, going up to 216,1 million euros from 184,1 million euros in 2018. In 2019, operating expenses saw a 16% increase, going up to 173,4 million euros (including depreciation for the period) from 149,8 million euros in 2018. In 2019, net financial expenses saw a 2% increase, going up to 47,8 million euros from 46,8 million euros in 2018. Lastly, for the year that ended on 31 December 2019, the Company's losses before taxes stood at 5,1 million euros as compared to 12,4 million euros for the year that ended on 31 December 2018.

The Company performed as expected. In general, the Company's performance is considered satisfactory given the above circumstances.

The evolution of certain key financial ratios of the Company is as follows:

#### A) Profitability Ratios

		2019		2018		
Return on Invested Capital	=	$\frac{\text{Net Profit/(Loss) before tax}}{\text{Total Assets}}$	$\frac{(5.106.936)}{1.107.863.941}$	<b>-0,46%</b>	$\frac{(12.406.393)}{1.049.047.793}$	<b>-1,18%</b>
		2019		2018		
Return on Equity	=	$\frac{\text{Net Profit/(Loss) before tax}}{\text{Equity}}$	$\frac{(5.106.936)}{101.716.508}$	<b>-5,02%</b>	$\frac{(12.406.393)}{108.380.663}$	<b>-11,45%</b>

#### B) Liquidity Ratios

		2019		2018		
Working Capital Ratio	=	$\frac{\text{Current Assets}}{\text{Short-term liabilities}}$	$\frac{83.929.978}{54.966.530}$	<b>1,53</b>	$\frac{87.612.151}{72.024.701}$	<b>1,22</b>

#### C) Financial/capital Structure Ratios

		2019		2018		
Equity to Total Capital	=	$\frac{\text{Equity}}{\text{Total Equity and Liabilities}}$	$\frac{101.716.508}{1.107.863.941}$	<b>9,18%</b>	$\frac{108.380.663}{1.049.047.793}$	<b>10,33%</b>
		2019		2018		
Leverage Ratio (borrowing)	=	$\frac{\text{Net borrowing:}}{\text{Total capital employed}}$	$\frac{603.701.391}{705.417.899}$	<b>85,58%</b>	$\frac{522.245.207}{630.625.871}$	<b>82,81%</b>



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**D) Activity Ratios**

		2019		2018	
Asset Turnover Ratio	= $\frac{\text{Sales}}{\text{Total Assets}}$	$\frac{216.053.680}{1.107.863.941}$	<b>19,50%</b>	$\frac{184.132.853}{1.049.047.793}$	<b>17,55%</b>

**4. Anticipated course of the Company:**

There are positive prospects for 2020. At a time when Greek tourism is on a dynamic growth course, the 7 airports of Fraport Greece B are expected to see a further increase in passenger traffic. At Fraport Greece B we believe that a major upgrade of the 7 airports will play a decisive part in maintaining the positive image of the country's "heavy industry". This is our mission and our contribution. The Company is expected to return to profitability by increasing its income as a result of the growing passenger traffic.

**5. Major risks and uncertainties:**

The risk management is monitored by the Company's Management and is developed in the framework of instructions, directions and approved rules.

**A. Financial risk factors**

The Company is exposed to financial risks, such as market risks (market values), credit risk and liquidity risk. The Company's general risk management plan seeks to minimise the potential negative impact of the financial markets' volatility on the Company's financial performance. The Company is in the position of using Financial derivatives in order to hedge its exposure to specific risks.

The risk management is implemented by the Company's financial department, which operates under specific rules. The Board of Directors gives instructions, provides guidance and rules about interest rate risk, credit risk and non-derivative financial instruments as well as short-term cash investments.

**a) Market risk**

Market risk is the risk of changes in market prices as well as in exchange and interest rates affecting the fluctuations of the value held by the Company. Market risk management is the Company's effort to manage and maintain acceptable levels of exposure.

The individual risks making up the market risk and the Company's policies intended to manage them are detailed next:

i. Price risk

The Company is not exposed to the changes in the prices of equity instruments because it does not have investments, which have been recognised in the statement of financial position, either as debit financial instruments at fair value through other total revenues or as debit financial instruments at fair value through profit and loss.

ii. Currency risk

There is currency risk due to the Company's transactions in foreign currency. The Company is not exposed to currency risk as its financial assets and liabilities arise/are in euros, the Company's operating and presentation currency.

iii. Risk of cash flows and risk of changes in fair value due to change in the interest rates

The Company is exposed to interest rate risks from primary and derivative financial assets and liabilities.

As regards assets and liabilities, funding is pursued based on maturity match. The interest rate risk for the twelve months from the date of the statement of financial position is a check item. To this end, it is checked on a quarterly basis and reported to the Financial Risk Committee. This risk is

assessed based on sensitivity analyses. They show the impact of changes on market rates, interest payments, interest income and expenses and other items in the statement of comprehensive income and equity. Changes in interest rates mean the maximum fluctuation of the base rate in the past for the respective currency and time period and/or the maximum fluctuation of the ten-year swap in the past. The deviation is considered in absolute terms.

To limit interest risk, the Company uses derivative financial instruments such as interest rate swap agreements.

#### **b) Credit risk**

The Company is exposed to credit risk and for this reason it has established and has been applying credit control procedures.

The credit risk arises from cash and cash equivalents and deposits in banks and financial institutions, including derivative financial instruments, as well as from open credit of clients, including the outstanding claims and binding transactions.

As regards the credit risk arising from investments made, it is pointed out that the Company collaborates only with financial organisations of acceptable credit rating. If a credit assessment is available for clients, then the said assessment is used. If there is no credit assessment, then client's credit rating is checked by taking into account its financial condition, previous experience and other factors. The individual credit limits are determined on the basis of internal or external assessments. The application of credit limits is monitored on a constant basis.

#### **c) Liquidity risk**

The Company ensures the required liquidity mainly through its business activity and external funding. Funds are used mostly to fund capital expenses to acquire the concession right (realised in 2017) and invest in the airports.

Operating cash flows, available cash (including cash and other financial instruments) as well as current and short-term credits and borrowing offer adequate flexibility to ensure the Company's liquidity. As at 31 December 2019, the Company's had unused credit funds in the amount of € 43.404.133 compared to €108.404.133 as at 31 December 2018, as well as available funds from the bond loan with its shareholders.

### **B. Non-financial risk factors**

The company is also exposed to non financial risks, such as cyberattack risks.

All significant business and operational procedures of Fraport B are supported by advanced IT systems. A serious systemic error or a loss of data could lead to serious disorder of business operations, as well as to security risks. Apart from that, cybervirus and hackers' attacks might lead to systemic issues and finally to the loss of critical and/or confidential data for the company. In order to address such risks, all IT systems of critical importance for the company are properly configured and located at various sites and not at the same spot. The remaining risk arising from architecture and operation of IT systems cannot be fully eliminated due to the nature of the risk.

The continuing development of new technologies and constantly increasing global threat of cyber attacks pose increased risks for the IT systems of the company, which takes into account the said conditions in its active and preventive security management of its IT systems. Specific policies have been established for the proper observance of IT systems security of Fraport B, to which all employees of the company must adhere.

IT systems are of particular importance for all business and operational procedures of Fraport B. Despite the implementation of preventive and proactive measures, the possible implications following such attacks are estimated as of "high risk" and the incidence of such attack is estimated as "probable".

### **C. Risk related to the macroeconomic and business environment in Greece**



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2019 has been a year of further recovery for the Greek economy, following the development dynamics of 2018 and 2017, despite the slow-down of global economy.

In particular, the economic sentiment and expectations indices have significantly improved indicating the continuation of the development dynamics. Specifically, the economic sentiment index has remained at high levels, above 102 points, whereas in September 2019 it reached 107,2 points whereas the confidence indices in services and retail sectors were further enhanced – even though slight fall was seen in October 2019. Such improvement reflects, among others, the application of expansive fiscal measures amounting to 1% of the GDP, which were applied in the period May-December 2019.

Positive developments are observed in the financial sector, with the increase of deposits and the improvement of financing conditions of banks. Trust in the banking sector has been significantly enhanced and restrictions in capital movement were completely abolished as of September 1st. The improvement of liquidity potential of the banking system contributed to the increase of financing provided by banks to non financial businesses. The rates of return of Greek State and company bonds have significantly de-escalated in the last months of the year. In particular, the rate of return of the 10-year State bond reduced to 1,20% in late October from an average 1,49% in September and 2,67% in June 2019, whereas the interest rate of the 3-month treasury bills was marginally negative at -0,02% in October 2019. The de-escalation of return rates of the Greek State bonds and the prepayment of part of the loan of the IMF bring about reduction of expenses for interest and improve the sustainability of the public debt.

The so far positive course also reflects to the recent upgrade of the Greek solvency by rating agencies as well as to the increase of the GDP. Specifically, in 2019 Moody's credit rating agency upgraded the solvency of the Hellenic Republic to B1 from B3, whereas on 25/10/2019 Standard & Poor's upgraded the Greek solvency rate by one level, to BB-, keeping positive outlook. Moreover, according to projections of experts of the Eurosystem, the Greek economy growth rate is expected to be 1,9% in 2019.

The Company, in conjunction with its parent company, is constantly assessing the situation and its potential impact, in order to ensure that all necessary and feasible measures and appropriate actions are promptly taken to minimise any impact on its operations.

### **6. Branches:**

The Company has seven branches at each airport that has been conceded to the company and specifically at the following airports: Rhodes, Kos, Santorini, Mykonos, Mytilene, Samos and Skiathos.

### **7. Treasury shares**

The Company holds no treasury shares.

### **8. Activity in the research and development sector**

The Company does not implement any research and development activities, apart from the activities mentioned above regarding development of the airports it manages and operates.

## 9. Environmental issues

In 2019, Fraport Greece B made significant progress towards "Sustainability" and "Environmental Protection".

The key objectives to that direction were:

- a. to ensure the observance of all legal requirements that were not observed during the previous operation period of airports by the Greek State
- b. to ensure that the standards set by Fraport Group and the company lenders (IFC, EIB, EBRD) are observed and
- c. to continue the actions of the company towards constant improvement of environmental performance and social responsibility.

In this framework, Fraport Greece A applied in 2019 an Environmental & Social Management System (ESMS) based on ISO 14001:2015, with the support of its Management and close cooperation among:

- the IMS (Integrated Management Systems) department, which is responsible for the coordination of ESMS and the Process Owner for the management: of non hazardous waste,
- of the Quality, Environment, Health & Safety Management Sector (PSU-QE), which is responsible for the supervision and monitoring of the Health & Safety performance (H&S) of the Construction Contractor and the Process Owner for the management: of noise, vibrations, air pollution and climate change (incl. carbon print), water, waste, soil, hazardous and special waste, marine habitats, cultural heritage and archaeology;
- of the Wildlife Risks Management Sector (STD-WH), which is the Process Owner for the management: of the wildlife and land habitats control (incl. birdstrike);
- various other departments and sectors of the General Operations Division and the General Technical Division of Fraport Greece B;
- and particularly in local Operations Teams and airport Maintenance & Construction Teams.

Main achievements of the period (non exhaustive list):

1. Application of ESMS, as planned, with emphasis on management and supervision measures set in the relevant risk assessment.
2. Revision of the "Integrated Management Policy Statement" of Fraport Greece B for the addition of provisions for the management of greenhouse gas emissions according to ISO 14064.
3. Update of roles and competences for the implementation of activities related to the management of Environmental and Social issues.
4. Implementation of the first "Management Review" of the Integrated Management System (IMS), including the definition of the relevant targets, action plan, revision plan and training program.
5. Certification of RHO and MJT as per ACA (Airport Carbon Accreditation).
6. Certification of all other airports as per ISO 14064.
7. Update of Environmental Guidelines to Third Parties, included in the relevant Airport User Regulations.
8. Start of participation of all employees of Fraport Greece B in the recommendations for improvements related to ESMS.

9. Constant control and monitoring of the performance of the Works Construction Contractor as regards Environmental and Social issues, following an audit time schedule.
10. Drafting of reports (where required) to Lenders of the company (Annual Monitoring Report, Environmental Strategy, Business Reports etc.) and of the Group (Sustainability Report, etc.).
11. Special actions:
  - Start of an extensive Soil and Underground Waters Rehabilitation Program to address the pollution of the soil, surface and underground waters -existent before the concession- at RHO and SMI.
  - Development of a new Non Hazardous Waste Management Strategy, that shall be applied to all airports, with emphasis on separate collection and recovery (reuse, recycle, etc.) of recyclable materials (paper and carton, plastics, metals, glass), bio-waste and scrap (mixed, bulk material).
  - Noise monitoring during peak periods at each airport, including 24-hour on-the-spot measurements and collection of unprocessed data. The monitoring program was implemented in the period from June to September 2019, and included data assessment, estimation of Lden and Ln noise indicators using special software and results presentation.
  - Air quality monitoring during peak periods at three (3) airports (RHO, KGS, JMK). Monitoring of air pollutants that are typically connected to airports, mainly due to the combustion of jet-propelled fuel and to airport vehicles, including: Sulfur dioxide (SO<sub>2</sub>), Nitrogen dioxide (NO<sub>2</sub>), Benzene (C<sub>6</sub>H<sub>6</sub>), suspended particulate matters (PM<sub>10</sub>, PM<sub>2,5</sub>), Ozone (O<sub>3</sub>).
  - Development of a proposal for the constant monitoring of noise and air pollution emissions, to be applied in the following years.

**Key Performance Indicators:**

- RE.1-1: Annual water consumption per traffic unit (lt/unit)

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Electricity (kWh/unit)	1,93	0,94*	0,89	1,15	2,77	3,74	3,42	1,61
Natural Gas (kWh/unit)	-	-	-	-	-	-	-	-
Heating Oil (lt/1000 units)	10,81	-	-	-	-	-	-	4,45
Diesel Oil (lt/1000 units)	2,46	3,41	4,66	4,72	12,41	12,06	7,82	4,17
Gasoline (vehicles) (lt/1000 units)	0,06	0,19	8,93	11,71	0,16	-	0,34	2,93
Liquid gas (vehicles) (lt/1000 units)	-	-	0,13	-	-	-	-	0,02
Diesel Oil (Fire fighting vehicles) (lt/1000 units)	1,77	2,22	1,7	2,77	8,97	5,49	10,07	2,63
Gasoline (Fire fighting vehicles) (lt/1000 units)	0,05	0,04	0,03	0,05	0,29	-	-	0,05
Diesel Oil (generators) (lt/1000 units)	1,91	0,12	3,97	1,07	7,36	-	2,91	1,98

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Water Consumption (lt/unit)	21,76	5,46	4,72	6,84	20,76	2,21	non-reliable data	12,61*

\*Comments:

1. The average/mean values of Clusters were estimated without JSI, for which no reliable data exist.
  2. Unexpected water consumption was detected in certain cases of monthly measurements, possibly due to construction works.
- RE.2-1: Annual energy consumption per traffic unit and fuel source or type

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Electricity (kWh/unit)	1,93	0,94*	0,89	1,15	2,77	3,74	3,42	1,61
Natural Gas (kWh/unit)	-	-	-	-	-	-	-	-
Heating Oil (lt/1000 units)	10,81	-	-	-	-	-	-	4,45
Diesel Oil (lt/1000 units)	2,46	3,41	4,66	4,72	12,41	12,06	7,82	4,17
Gasoline (vehicles) (lt/1000 units)	0,06	0,19	8,93	11,71	0,16	-	0,34	2,93
Liquid gas (vehicles) (lt/1000 units)	-	-	0,13	-	-	-	-	0,02
Diesel Oil (Fire fighting vehicles) (lt/1000 units)	1,77	2,22	1,7	2,77	8,97	5,49	10,07	2,63
Gasoline (Fire fighting vehicles) (lt/1000 units)	0,05	0,04	0,03	0,05	0,29	-	-	0,05
Diesel Oil (generators) (lt/1000 units)	1,91	0,12	3,97	1,07	7,36	-	2,91	1,98

\*Comment:

1. The estimations were made with one electricity bill pending for KGS.

- PP.9.2: Annual direct (Scope 1) and indirect (Scope 2) emissions CO2 (tons CO2)

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	TOTAL FOR CLUSTER B
Direct CO2 emissions (Scope 1) (tons CO2)	252,48	42,71*	114	78,19	38,9	32,17	25,13	583,58
Indirect CO2 emissions (Scope 1) (tons CO2)	6.835,86	1.614,19	1.303,69	1.111,33	883,9	1.150,84	973,4	13.873,20
<b>TOTAL</b>	<b>7.088,34</b>	<b>1.656,90</b>	<b>1.417,69</b>	<b>1.189,52</b>	<b>922,8</b>	<b>1.183,01</b>	<b>998,53</b>	<b>14.456,78</b>

\*Comment:

1. The estimations were made with one electricity bill pending for KGS.

- PP.9-3: Annual climate intensity due to air traffic (kg CO2 per traffic unit)

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Direct CO2 emissions (Scope 1) (tons CO2)	0,05	0,02*	0,05	0,05	0,08	0,07	0,06	0,04
Indirect CO2 emissions (Scope 1) (tons CO2)	1,23	0,6	0,57	0,73	1,77	2,39	2,18	1,03
<b>TOTAL</b>	<b>1,28</b>	<b>0,62</b>	<b>0,62</b>	<b>0,78</b>	<b>1,85</b>	<b>2,45</b>	<b>2,24</b>	<b>1,07</b>

\*Comment:

1. The estimations were made with one electricity bill pending for KGS.

- PP.5-3: Annual production of Urban Solid Waste per traffic unit

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
AΣΑ (kg)	0,19	0,07	0,18	0,1	0,24	0,24	0,63	0,17

- PP.5-4: Annual recovery rates (%)

	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Material recovery (%)	0,00%	0,00%	0,00%	3,30%	3,30%	0,00%	3,30%	0,80%



## **FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**

### **FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)**

#### **10. HR**

In 2019 the HR Department of Fraport Greece B implemented a number of plans designed to enhance the performance and the potential of the Employees, complement the Compensation package and enhance the two ways communication flow inside the Organization.

#### **Performance Appraisal System**

In line with the HR best practices a Performance Evaluation and Goal Setting system was developed, introduced and implemented in Fraport Greece B. Based on the principles of transparency, openness, fairness and non-discrimination it was communicated to all employees, and used with excellent results.

#### **Position Evaluation**

To put every position in the appropriate slot in the Company's Organization Placement Chart, Fraport Greece B purchased and implemented the HAY Position Evaluation system. Every new position is evaluated by a committee comprising HR and Line Managers and placed in the appropriate slot.

#### **Health, Accident and Disability Insurance**

In the third quarter of 2019, we renewed the Health, Accident and Disability Insurance of our staff the whole cost of which is borne by the Company.

#### **Social Responsibility**

In 2019 we undertook two social responsibility activities. We introduced and promoted recycling of plastic in our premises and we organized a blood donation campaign among our employees. We started with a lecture by the National Centre of Blood Donation, we enrolled the Company in the Centre's register as a Blood Donating Company and we continue this year with "blood donation days" when we expect volunteers to give blood in events organized in our premises or in hospitals.

#### **Communication enhancement**

To further enhance the internal communication flow, the Company upgraded the regular meetings by using modern technology to have the Airports linked in the HQ meetings and stepped up the interest of the staff in these meetings by have the employees send their question to HR in any way they wish (even anonymously) before the start of the meetings. The Management Executives then undertake to reply to these questions during the meeting.

In addition to the above, the Company started issuing and circulating to all staff in all locations a local newsletter. To make it more effective a network of correspondents was established and the editing committee includes staff from all levels and work areas.

#### **Training**

To comply with legal requirements but also in order to enhance our employees' skills and knowledge in line with the Corporate Policy on Training & HR Development, we organised 1061 training seminars in which 9.433 employees participated, 2309 out of whom were employees of Fraport Greece B.

#### Number of training hours

The total training hours produced in 2019 arose to 4.947, whereas 38.690 training manhours were committed. As regards the staff of Fraport Greece B, 9.370 training manhours were committed in the period in question for its training. At the same time, it was the 1st year that the company e-learning platform was used, hosting 12 training seminars for the staff of Fraport Greece, the result of which was the successful completion of the training of 954 employees through the commitment of 2.200 training manhours. For 2020 the organisation / implementation of new training actions has already been scheduled through the e-learning platform, with training actions such as: Compliance Training, Safety Management System, Evacuation Plan based on the company needs and the Company Strategy for continuous training and knowledge and competences enhancement of the staff,



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)

surpassing practical obstacles such as geographical distance and implementation time, while achieving significant economic benefits but not to the detriment of quality of intra-company training activities.

The Company hires and employs people on a non-discrimination basis. In 2019, the Company had 225 employees (135 men and 90 women) compared to 197 employees in 2018 (120 men and 77 women). 99% of the employees are Greeks. The average salaries paid to the airport staff are much higher compared to the respective salaries that would be paid, if Fraport Greece adopted the wage terms of the Collective (Labour) Agreement. The vast majority of airport employees will be working on a 24/7 basis, thus, any night work or work during Sundays/ Bank Holidays) increase even more their monthly salaries.

There is absolute respect for the rights of employees and there is a climate of peace at the workplace. There are no limitations to freedoms. The Company has an occupational physician and a safety technician.

		<b>2019</b>		<b>2018</b>		
Gender composition of staff employed	=	$\frac{\text{Number of women employed}}{\text{Total employees}}$	$\frac{90}{225}$	<b>40,00%</b>	$\frac{77}{197}$	<b>39,09%</b>
			<b>2019</b>		<b>2018</b>	
Gender composition of staff employed	=	$\frac{\text{Number of men employed}}{\text{Total employees}}$	$\frac{135}{225}$	<b>60,00%</b>	$\frac{120}{197}$	<b>60,91%</b>

**Athens, 27/03/2020**

**For the Company's Board of Directors**

**THE PRESIDENT**  
STEFAN SCHULTE

German passport No  
C5LP2YHTY



## **FRAPORT REGIONAL AIRPORTS OF GREECE "B" SOCIETE ANONYME**

Financial Statements for the year ended on 31 December 2019  
in accordance with the International Financial Reporting  
Standards (IFRS)

REGISTERED OFFICES: 10 GERMANIKIS SCHOLIS STR., AMAROUSIO  
ATTICA  
GENERAL COMMERCIAL REGISTER (G.E.M.I.) No: 133592401000  
Tax Office FAE OF ATHENS



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)

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**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
**FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)**

**Statement of Financial Position**

	<i>Not.</i>	<u><b>31.12.2019</b></u>	<u><b>31.12.2018</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	5	147.476	136.142
Intangible assets	6	1.006.510.071	948.465.730
Deferred tax assets	8	16.165.609	10.200.464
Other non-current assets	10	1.110.807	2.633.306
		<u><b>1.023.933.963</b></u>	<u><b>961.435.642</b></u>
<b>Current assets</b>			
Receivables from associate companies	17	230.393	147.420
Trade receivables	9	6.256.778	3.850.305
Other receivables and financial assets	10	5.348.826	9.019.836
Time deposits	12	30.750.691	30.228.545
Cash and cash equivalents	11	41.343.290	44.366.045
		<u><b>83.929.978</b></u>	<u><b>87.612.151</b></u>
<b>Total assets</b>		<u><b>1.107.863.941</b></u>	<u><b>1.049.047.793</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	13	122.000.000	122.000.000
Statutory and other reserves	13	(1.921.890)	90.417
Profit and loss carried forward	13	(18.361.602)	(13.709.754)
<b>Total equity</b>		<u><b>101.716.508</b></u>	<u><b>108.380.663</b></u>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans	14	672.501.834	592.673.749
Provisions for personnel compensation due to retirement or dismissal	15	144.444	178.399
Financial derivatives	7	3.446.272	396.792
Suppliers and other long-term liabilities	16	275.088.353	275.393.489
		<u><b>951.180.903</b></u>	<u><b>868.642.429</b></u>
<b>Short-term/current liabilities</b>			
Loans	14	3.293.538	4.166.048
Suppliers and other short-term liabilities	16	49.932.467	63.725.640
Income tax		490.644	2.330.275
Liabilities to associate/related companies	17	1.249.881	1.802.738
		<u><b>54.966.530</b></u>	<u><b>72.024.701</b></u>
<b>Total liabilities</b>		<u><b>1.006.147.433</b></u>	<u><b>940.667.130</b></u>
<b>Total equity and liabilities</b>		<u><b>1.107.863.941</b></u>	<u><b>1.049.047.793</b></u>

The Notes in pages 23 up to 59 form an integral part of these financial statements.



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
**FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)**

**Statement of Profit and Loss and of Comprehensive Income**

	<i>Not.</i>	<u>01/01/19 - 31/12/2019</u>	<u>01/01/2018 - 31/12/2018</u>
Income	18	216.053.680	184.132.853
		<b><u>216.053.680</u></b>	<b><u>184.132.853</u></b>
<b>Operating expenses</b>			
Cost of consumables and services rendered	19	(135.281.950)	(113.767.690)
Staff costs	20	(8.131.619)	(7.463.437)
Other operating expenses	21	(6.137.118)	(5.781.289)
<b>Total operating expenses before depreciation</b>		<b><u>(149.550.687)</u></b>	<b><u>(127.012.416)</u></b>
<b>Profit before taxes and depreciation</b>		<b><u>66.502.993</u></b>	<b><u>57.120.437</u></b>
Depreciation	5, 6	(23.850.647)	(22.748.415)
<b>Operating profit</b>		<b><u>42.652.346</u></b>	<b><u>34.372.022</u></b>
Interest income	22	215.070	215.524
Interest expenses	22	(47.406.175)	(46.686.707)
Other financial expenses	22	(568.177)	(307.232)
<b>Net financial expenses</b>		<b><u>(47.759.282)</u></b>	<b><u>(46.778.415)</u></b>
<b>Losses before tax</b>		<b><u>(5.106.936)</u></b>	<b><u>(12.406.393)</u></b>
Income tax	8	455.088	1.559.433
<b>Loss after taxes</b>		<b><u>(4.651.848)</u></b>	<b><u>(10.846.960)</u></b>
<b>Other comprehensive income:</b>			
<b>Items that are not subsequently reclassified in the profit or loss:</b>			
Actuarial profit / (loss)	13	45.600	(7.215)
<b>Items that may subsequently be reclassified in the profit or loss:</b>			
Cash flow hedging	13	(2.057.907)	(431.734)
<b>Other comprehensive income:</b>		<b><u>(2.012.307)</u></b>	<b><u>(438.949)</u></b>
<b>Aggregate total income after taxes</b>		<b><u>(6.664.155)</u></b>	<b><u>(11.285.909)</u></b>

The Notes in pages 23 up to 59 form an integral part of these financial statements.



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
**FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)**

**Statement of Changes in Equity**

	<b>Share capital</b>	<b>Other reserves</b>	<b>Profit and loss carried forward</b>	<b>Total Equity</b>
<b>Balance as at 01 January 2018</b>	<b>122.000.000</b>	<b>529.366</b>	<b>(2.862.794)</b>	<b>119.666.572</b>
Results after taxes for 2018	-	-	(10.846.960)	(10.846.960)
Other comprehensive income (Not. 13)	-	(438.949)	-	(438.949)
<b>Aggregate comprehensive income after taxes</b>	<b>-</b>	<b>(438.949)</b>	<b>(10.846.960)</b>	<b>(11.285.909)</b>
<b>Balance as at 31 December 2018</b>	<b>122.000.000</b>	<b>90.417</b>	<b>(13.709.754)</b>	<b>108.380.663</b>
<b>Balance as at 01 January 2019</b>	<b>122.000.000</b>	<b>90.417</b>	<b>(13.709.754)</b>	<b>108.380.663</b>
Results after taxes for 2019	-	-	(4.651.848)	(4.651.848)
Other comprehensive income (Not. 13)	-	(2.012.307)	-	(2.012.307)
<b>Aggregate comprehensive income after taxes</b>	<b>-</b>	<b>(2.012.307)</b>	<b>(4.651.848)</b>	<b>(6.664.155)</b>
<b>Balance as at 31 December 2019</b>	<b>122.000.000</b>	<b>(1.921.890)</b>	<b>(18.361.602)</b>	<b>101.716.508</b>

The Notes in pages 23up to 59 form an integral part of these financial statements.

## Statement of Cash Flows

	Not.	<b>01/01/19 - 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
<b>Cash flow from operating activities</b>			
<b>Losses before tax</b>		<b>(5.106.936)</b>	<b>(12.406.393)</b>
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	45.216	37.584
Intangible asset depreciation	6	23.805.431	22.710.832
Provisions for personnel compensation due to retirement or dismissal	15	30.482	134.210
Reversal of prepaid liability under a Concession Agreement	22	13.346.587	13.228.432
Interest and related income	22	(215.070)	(215.524)
Debit interest and related expenses	22	34.059.588	33.458.275
		<b>65.965.298</b>	<b>56.947.416</b>
<i>Changes:</i>			
Decrease / (Increase) in trade and other receivables		835.879	(4.931.676)
(Decrease) / Increase in suppliers and other liabilities		(31.176.896)	12.671.802
(Decrease)/ Increase in liabilities to associated undertakings		(552.857)	108.113
Income tax		(2.644.951)	(1.184.367)
<b>Net cash inflows from operating activities</b>		<b>32.426.473</b>	<b>63.611.288</b>
<b>Cash flows from investment activities:</b>			
Payments for additional tangible assets	5	(56.550)	(5.047)
Payments for additions to other intangible assets	6	(81.849.772)	(64.305.353)
Collected interest	22	215.070	215.524
<b>Net cash outflows from investment activities</b>		<b>(81.691.252)</b>	<b>(64.094.876)</b>
<b>Cash flows from financing activities</b>			
Income from bond loans taken out from Banks	14	65.000.000	22.000.000
Principal payments for bank and bond loans	14	(4.166.048)	(2.083.025)
Payments of interest on bond loans and interest rate swap agreements		(14.069.782)	(14.370.549)
Increase in time deposits	12	(522.146)	(4.042.808)
<b>Net cash flows from financial activities</b>		<b>46.242.024</b>	<b>1.503.618</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3.022.755)</b>	<b>1.020.030</b>
Cash and cash equivalents at the start of the year		44.366.045	43.346.015
<b>Cash and cash equivalents in the end of period</b>		<b>41.343.290</b>	<b>44.366.045</b>
<b>Non-cash investment and financial activities</b>		<b>2019</b>	<b>2018</b>
Addition to intangible assets and concurrent offset of advance payments for construction projects	6	12.146.668	9.298.462
Capitalization of interest on bond loans from shareholders	14	25.043.500	23.605.903

The Notes in pages 23 up to 59 form an integral part of these financial statements.



# **FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**

## **FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)**

### **Notes on the financial statements**

#### **1. General information**

Fraport Regional Airports of Greece "B" S.A. (hereinafter the "Company") implements operations related to the upgrade, maintenance, management and operation in general, of seven regional airports of Aegean Sea, specifically of the airports of Rhodes, Kos, Santorini, Mykonos, Mytilene, Samos and Skiathos, in accordance with the terms and conditions of the relevant Concession Agreement, concluded on 14 December 2015 between the Company, its shareholders, the Hellenic Republic Asset Development Fund S.A. ("Concessionaire") and the Greek State (hereinafter the "Concession Agreement") whose term is 40 years.

The Company is a Societe Anonyme that has been founded and seated in Greece. Its registered offices (seat) are located in the Municipality of Amarousio in Attica; in specific, at 10 Germanikis Scholis street, 151 23 Marousi.

The Company was founded on 27 February 2015 by FRAPORT AG FRANKFURT AIRPORT SERVICES WORLDWIDE ("FRAPORT"), having its registered office in Germany, and SLENTEL LIMITED ("SLENTEL"), having its registered office in Cyprus (together the "Initial Shareholders"), with an initial holding in the Company of 72% and 28%, respectively. In December 2017, SLENTEL LIMITED transferred 10% of its holding, on the date of the transfer, to Marguerite Airport Greece S.A.R.L. ("MARGUERITE"). Next, considering the share capital increases which took place in 2017, the holdings of the three shareholders, FRAPORT, SLENTEL, and MARGUERITE, were 73,40%, 16,60% and 10%, respectively.

In accordance with Article 4 of the concession agreement, the Company has been granted, among others, with the exclusive right of exploitation of the concession operations in the seven airports of Aegean. These operations include inter alia the right of commercial exploitation of the airport services in each concession site of the aforementioned airports. Pursuant to Article 28.3 of the Concession Agreement, the Company's return on capital from air activities may not exceed 15.0% of the Air Activities Capital. Where the compounded cumulative return exceeds 15,0%) in 3 out of any 4 successive financial years, the Company must pay to the Greek State any such excess.

The Concession Agreement has been ratified and acquired the force of law by means of article 216 of Law 4389/2016 (GG A 94/27.5.2016).

The Company began its commercial operation and the provision of services on 11 April 2017, after having paid to the Concessionaire the upfront fee provided for in the Concession Agreement in the amount of €625.000.000.

At the end of the current financial year there were employees on employment contracts of indefinite term, compared to 197 at the end of 2018.

The Financial Statements have been approved for publication by the Company's Board of Directors on 27/03/2020 and are subject to the approval by the Ordinary General Assembly of shareholders.

## **2. Summary of significant accounting principles**

The main accounting principles that were applied during preparation of these Financial Statements are described below. These principles have been applied consistently in all periods presented, unless otherwise stated.

### **2.1 Financial statements preparation framework**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as these have been adopted by the European Union. The financial statements have been prepared in accordance with the historical cost rule, save financial assets (including derivatives), and at fair value through profit or loss, which have been valued at their fair value.

Preparing these financial statements in accordance with the IFRS requires that use be made of accounting estimates and the opinion of the Management in implementing the accounting principles that have been adopted. The areas that contain a significant level of judgement or complexity or where assumptions and estimates significantly affect the financial statements are given in Note 4.

#### **2.1.1. Going concern basis**

The financial statements as at 31 December 2019 are prepared in accordance with the International Financial Reporting Standards (IFRS) and fairly present the Company's financial position, profit and loss, and cash flows based on the going concern principle.

These financial statements have been prepared on the going concern basis since, after evaluating all data and after taking into account the expressed commitment of shareholders, the Management believes that the Company will have sufficient funding to meet its financing and operating needs in the immediate future.

#### **Macroeconomic conditions in Greece**

2019 has been a year of further recovery for the Greek economy, following the development dynamics of 2018 and 2017, despite the slow-down of global economy.

In particular, the economic sentiment and expectations indices have significantly improved indicating the continuation of the development dynamics. Specifically, the economic sentiment index has remained at high levels, above 102 points, whereas in September 2019 it reached 107.2 point whereas the confidence indexes in services and retail sectors were further enhanced – even though slight fall was seen in October 2019. Such improvement reflects, among others, the application of expansive fiscal measures amounting to 1% of the GDP, which were applied in the period May-December 2019.

Positive developments are observed in the financial sector, with the increase of deposits and the improvement of financing conditions of banks. Trust in the banking sector has been significantly enhanced and restrictions in capital movement were completely abolished as of September 1st. The improvement of liquidity potential of the banking system contributed to the increase of financing provided by banks to non-financial businesses. The rates of return of Greek State and company bonds have significantly de-escalated in the last months of the year. In particular, the rate of return of the 10-year State bond reduced to 1,20% in late October from an average 1,49% in September and 2.67% in June 2019, whereas the interest rate of the 3-month treasury bills was marginally negative at -0,02% in October 2019. The de-escalation of return rates of the Greek State bonds and the prepayment of part of the loan of the IMF bring about reduction of expenses for interest and improve the sustainability of the public debt.

The so far positive course also reflects to the recent upgrade of the Greek solvency by rating agencies as well as to the increase of the GDP. Specifically, in 2019 Moody's credit rating agency upgraded the solvency of the Hellenic Republic to B1 from B3, whereas on 25/10/2019 Standard



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& Poor's upgraded the Greek solvency rate by one level, to BB-, keeping positive outlook. Moreover, according to projections of experts of the Eurosystem, the Greek economy growth rate is expected to be 1,9% in 2019.

The Company, in conjunction with its parent company, is constantly assessing the situation and its potential impact, in order to ensure that all necessary and feasible measures and appropriate actions are promptly taken to minimise any impact on its operations.

### **2.2 New standards, amendments of standards and interpretations**

#### **Standards and Interpretations mandatory for subsequent periods.**

**New standards, amendments to standards and interpretations:** Certain new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2019. The Company's estimate regarding the influence from application of these new standards, amendments and interpretations is cited below:

#### **Standards and Interpretations effective for the current financial year**

##### **IFRS 16 "Leases"**

IFRS 16 was issued in January 2016 and supersedes/replaces IAS 17. The aim of the standard is to ensure that lessees and lessors provide useful information which fairly presents the substance of the lease-related transactions. IFRS 16 introduces a single model regarding the accounting handling on the lessee's part, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a non-significant/low value. The parent Company has set as level the amount of \$ 5.000 as "non-significant/low value".

As regards the accounting handling on the lessor's part, IFRS 16 encompasses substantially the requirements of IAS 17. Therefore, lessors continue to classify leases as operating or financing leases and follow a different accounting handling for every type of lease.

The Company implemented IFRS 16 in the accounting period starting on 1 January 2019.

Using practical expedients, the Company did not apply at the date of first application, the new provisions to short term leases, not exceeding 12 months, as well as to leases that concern items of low value. It is noted that as regards leases ending within 2019 and that are expected to be renewed, the Company proceeded to assessments for their renewal.

The payment of Company rents are mainly related to land and buildings rents and to leasing of business and professional equipment. In the context of the first application of IFRS 16 the Company proceeded to the impact assessment of the new standard. Due to lack of quality and quantity importance and following careful cost-benefit analysis, the Company concluded that current leasing contracts for land, buildings and other business and professional equipment are not included to the acknowledgement of rights of use and liabilities arising from financing leases as per IFRS 16.

##### **IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"**

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. The amendments do not affect the Company's financial statements.

##### **IFRIC 23 "Uncertainty over income tax treatments"**

The Interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation does not affect the Company's financial statements.

### **IAS 19 (Amendments) "Plan amendment, curtailment or settlement"**

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments do not affect the Company's financial statements.

### **Annual Improvements to IFRSs (2015 – 2017 Cycle)**

The amendments set out below include changes to two IFRSs, which do not affect the financial statements.

#### *IAS 12 "Income taxes"*

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

#### *IAS 23 "Borrowing costs"*

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

### **Standards and Interpretations effective for subsequent periods**

**IAS 1 and IAS 8 (Amendments) "Definition of Material"** (effective for annual accounting periods beginning on or after 01 January 2020)

The amendments provide define more clearly what is material and how it should be used, adding to the definition instructions which up to now were provided elsewhere in the IFRSs. In addition, now the definition comes with improved explanations. Lastly, the amendments ensure the consistent application of the definition of material across all IFRSs. These amendments are not expected to have a significant impact on the Company's financial statements.

**IFRS 9, IAS 39 and IFRS 7 (Amendments) "Reformation of reference rates"** (effective for annual accounting periods beginning on or after 01 January 2020)

The amendments change some requirements regarding risk hedging accounting in order to provide facilitation about the potential impact of the uncertainty caused by the change in reference rates. In addition, these amendment require that companies provide additional information to investors as regards their hedging relations, which are directly affected by these uncertainties. These amendments are not expected to have a significant impact on the Company's financial statements.

**IAS 1 (Amendment) "Classification of Liabilities as Current or Non-current"** (effective for annual reporting periods beginning on or after 01 January 2022)

The amendment clarifies that liabilities are classified as current or non-current based on the rights being effective the expiry of the reference period. The classification is not affected by the expectations of the entity or by events after the reporting date. Furthermore, the amendment deciphers the meaning of the term "settlement" of a liability under IAS 1. The amendment has not yet been endorsed by the EU.

### **2.3 Tangible fixed assets**

The facilities and the mechanical and other equipment mainly consist in movable assets which are not part of the intangible asset of the Concession Agreement.

Fixed assets are presented in the financial statements at acquisition cost less accumulated depreciation and any impairment suffered by the assets. The cost of acquisition also includes the expenses directly involved in acquisition of the said assets.

Subsequent expenses are either included in the carrying amount of tangible assets or -if deemed more appropriate- are recognised as a separate asset, only where it is possible that future economic benefits will inflow in the Company and under the condition that the asset's cost can be measured reliably. The carrying amount of an asset that is replaced is deleted. Repair and

maintenance costs are entered as expenses in the statement of profit and loss and comprehensive income at the time they were incurred.

The depreciation of the tangible fixed assets are calculated based on the assets' useful life by means of annual charges of equal amount in the period of these assets' expected useful life, so that the cost is deleted at its residual value.

Land, buildings, facilities, fencing, aircraft ground power supply systems, runways, taxiways, aircraft bridges and aircraft service areas are part of the Services Concession Agreement and represent the overall infrastructure whose right of use has been recognized as an intangible asset (not. 2.4.1).

The estimated useful lives are as follows:

<b>Asset category</b>	<b>Useful life (years)</b>
Office building works	9
Office furniture	13
PCs and peripherals	3 - 7
Mobile phones	3 - 7
Other equipment	5 - 10

When the carrying amounts of tangible assets exceed their recoverable value, the difference (impairment) is recognized in profit or loss directly as expense (Note 2.5).

## **2.4 Intangible assets**

Recognition of an asset as a intangible asset requires the Company to prove that the asset meets: a) the intangible asset's definition/identifiability criteria and b) the recognition criteria. This requirement is applicable to the costs that were initially incurred for the acquisition or internal generation of an intangible asset and the costs incurred subsequently for its supplementation, replacement of a part thereof or its maintenance. If there are no conditions for capitalization, costs are recognized in the statement of profit and loss and of comprehensive income for the period to which they relate.

The intangible assets are initially measured at cost. Following initial recognition, they are reflected at their cost less any accumulated amortisation and any accumulated impaired losses (Note 2.5).

The Company assesses whether the useful life of an intangible asset is finite or indefinite and, if finite, the duration of the years or the number of productive or identical units comprising such useful life. The accounting handling for an intangible asset is based on its useful life. An intangible asset with finite useful life is amortised on the basis of the straight-line method and an intangible asset with indefinite useful life is not amortised.

The estimated useful lives are as follows:

<b>Asset category</b>	<b>Useful life (years)</b>
Software	3 - 5
Concession Agreement and associated costs	up to 40

### **2.4.1 Concession agreement for the exclusive right of exploitation**

The exploitation right is stipulated in the Concession Agreement, which defines it as the right granted to the Company by the Greek State for the upgrade, maintenance, management and operation in general of the seven regional airports. The above right has a finite useful life of 40 years which is equal to the concession period and started on the concession commencement date, that is on 11 April 2017. The Concession Agreement has been accounted for in line with Interpretation 12 of IFRIC, based on the intangible asset model since the Company, being the operator, is paid by the airport users and the Grantor has no contractual guarantee with respect

to the investment's recovery. The intangible asset represents the value of the right granted by the Greek State to the Company to charge the airport users.

The Concession Agreement includes the upfront (concession) fee against the concession fee, which was paid on the concession commencement date and formed one of the prerequisites for commencement of the concession period. Upon commencement of the concession period, the above upfront concession fee was recognised in the intangible asset, as well as the present value of the well identified/determined future liabilities arising from the Concession Agreement, together with the recognition of a liability of the same amount. The discount interest rate used was the incremental interest rate for the investment at the start of the concession. Recognized financial liabilities are valued subsequently at amortized cost using the effective interest method. The intangible asset is amortised using the straight line method throughout the entire concession period (40 years).

Impairment costs are recognized in line with IAS 36 (Note 2.5).

#### **2.4.2 Concession fee for the exclusive right of exploitation - variable concession fee**

As stipulated in the Concession Agreement, during the period commencing from expiry of the investment period (fourth (4th) year of concession period) until expiry of the concession period, the Company must pay HRADF the variable concession fee. The variable fee will be estimated for each concession year as a percentage on EBITDA as these are defined in the Concession Agreement, and it will be recognised in the statement of profit and loss and of comprehensive income for the period to which it pertains.

#### **2.4.3 Other intangible assets**

The Company has intangible assets which are associated to designs, technical projects and other costs connected with the design, improvement and development of the infrastructure of the regional airports, as well as consultation services connected with the completion of the Concession Agreement.

The depreciation of such assets starts with the completion of each project and continues until the end of the concession period.

Borrowing costs in connection with intangible assets which meet the conditions are capitalized at the cost of such assets (Note 2.14).

#### **2.5 Impairment of non-financial assets**

Goodwill and intangible assets with an indeterminate useful life are not subject to depreciation but checked for impairment on an annual or more frequent basis if due to events or changes in circumstances there is indication that they may be impaired. Fixed assets (tangible and intangible) that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that their unamortised carrying amount may not be recoverable.

Impairment losses are immediately recognised as expenses and equal the difference between the unamortised and the immediately recoverable value of the underlying asset. The recoverable value is the highest amount resulting from comparison between a fixed asset's fair value less the selling cost and its value in use (the present value of cash flows which are expected to be generated according to Management estimates for future financial and operating conditions). For impairment calculation purposes, the assets are grouped at the lowest possible level in order to be linked with separate identifiable cash flows (cash-generating units).

Impaired non-financial assets are reassessed for a possible reversal of the impairment loss at each reporting date, excluding goodwill.

## **2.6 Financial assets**

### **2.6.1 Classification**

The Company classifies all its financial assets under the following categories: (i) financial assets at amortised cost, and (ii) financial assets measured at their fair value through profit or loss ("EAMA"). This classification is dependent on: (a) the Company's business model, based on which the financial assets is managed, and (b) the characteristics of the contractual flows of the financial asset. Under IFRS 9 it is not allowed to separate embedded derivatives, if any, under a hybrid contract, when the main contract is a financial asset falling within the scope of this standard. In these cases, the entire hybrid asset is placed under one of the following categories.

### **2.6.2 Recognition and derecognition**

Acquisitions and sales of financial assets are recognised as at the date of the transaction which is also the date on which the Company undertakes to buy or sell the asset. Investments are derecognised when the right to cash flows from investments ends or is transferred and the Company has transferred substantially all risks and benefits resulting from their ownership.

### **2.6.3 Measurement**

Upon initial recognition, the Company measures its financial assets at fair value and, where a financial asset is not measured at fair value through profit or loss, it adds the costs that are directly attributed to the transaction concerned. With regard to financial assets measured at fair value through profit or loss, transaction costs are recognized in the profit and loss of the period in which they arise.

The Company's financial assets may be measured later depending on the Company's business model for the management of individual financial assets and on the characteristics of their cash flows.

The Company uses the following two measurement categories based on the financial assets it holds:

(a) Financial assets measured at amortized cost: Financial assets are measured at amortized cost if held within a business model for the purpose of keeping them and collecting the contractual cash flows that meet the SPPI (Solely Payments of Principal and Interest) standard.

Financial assets within this business model give rise to cash flows on specific dates and the cash flows which represent exclusively principal and interest payments on the each outstanding loan (SPPI). Interest income from such assets is included in financial income and recognized using the effective interest rate. Any profit or loss arising from the write-off is recognized directly in profit or loss. The financial assets classified in this category are included in the items "Trade receivables", "Other receivables and financial assets", "Cash and cash equivalents" and "Time deposits" presented in the statement of financial position (Notes 2.9, 2.10 and 2.11). They are included in current assets, save those with a maturity over 12 months from the balance sheet date.

(b) Financial assets measured at fair value through profit or loss: Under this category are placed financial assets not measured at amortized cost or fair value through other comprehensive income. Incurred and non-incurred profit or loss resulting from changes in the fair value of financial assets measured at their fair value with changes in the profit and loss, are recognised in the profit or loss of the period in which they arise. Derivatives are classified at fair value through profit or loss, unless they are classified as hedges (Note 2.8). Assets under this category are classified in current assets if held for trading or are anticipated to be sold within 12 months from the reporting date.

### **2.6.4 Impairment of financial assets**

The Company recognizes impairment provisions for anticipated credit loss for all financial assets, with the exception of financial assets measured at fair value through profit or loss. Anticipated credit loss is based on the difference between contractual cash flows and all the cash flows the Company expects to obtain. The difference is paid in advance based on an estimate of the initial effective rate for the financial asset. As regards contractual assets and receivables from customers,

the Company follows the simplified approach under the standard and, therefore, calculates anticipated credit loss based on the anticipated credit loss for the entire lifetime of such assets. Determining expected default is based on historic information on inability to liquidate receivables and on qualitative information about possible future defaults. The probability of default of the counterparty, considering the insolvency rates received from external sources, is used to calculate the expected credit loss from inability to liquidate receivables in regard to financial assets.

The Company has opted to also follow the simplified approach under the standard for contractual assets and receivables from customers involving significant funding items. The Company receives either letters of guarantee or down payments as guarantee against its receivables from its aviation and non-aviation activity, hence greatly reducing the anticipated impairment loss from inability to liquidate receivables.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is recognised in the statement of profit and loss and of comprehensive income. When a trade receivable cannot be collected, it is set off with the amount in the provision for trade receivables. Subsequently recoverable amounts that have been previously deleted, are credited in the statement of profit and loss and of comprehensive income and are allocated accordingly to the assets that recovered their lost carrying amount (in whole or in part).

## **2.7 Offsetting of financial assets**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when, an entity has a legally enforceable right to set off the recognised amounts and at the same time the entity intends either to settle on a net basis, or the asset's acquisition and liability's settlement can be made simultaneously.

## **2.8 Derivative financial assets and hedging instruments**

The Company concludes financial derivative agreements aiming at hedging exposure to the risk of rate change associated with long-term loan agreements.

When a transaction starts being effected, the Company documents the financial relationship between hedges and hedged items, including the extent to which changes in the cash flows of hedges are expected to be hedge changes in the cash flows of the items hedged. The Company also documents the risk management goals and strategy for risk hedging transactions. Further, at the beginning of the hedging and constantly, the extent to which derivatives used in hedging transactions are particularly efficient in neutralizing changes in the current values or the cash flows of hedged items is assessed.

IFRS 9 includes three requirements on hedging efficiency: (i) there is a financial relationship between the hedge and the hedged item; (ii) the effect of credit risk does not dominate value changes which come about as a result of the financial relationship; and (iii) the hedging ratio accurately reflects the quantity of the hedged item and the quantity of the hedge used in the actual financial hedging. If a hedging relationship ceases to meet the efficiency requirements in terms of the degree of hedging, while the risk management goal remains unchanged, the degree of hedging is adjusted (adjusting the quantities specified of either the hedged item or the hedge) so that the hedging relationship meets the quality criteria. The fair values of the derivative financial instruments that are used for hedging purposes are disclosed in Note 3.3. The changes in the cash flow hedging reserve are entered in other comprehensive income and are disclosed in Notes 7 and 0. The overall fair value of hedging derivatives is classified to current assets or long-term liabilities when the remaining hedged item has a term over 12 months, or to current assets or short-term liabilities when the remaining term of the hedged item is under 12 months.

## **Cash Flow Hedging**

Derivatives are initially recognized at their fair value as at the date on which the respective agreement is signed (Note 2.6).

The part of the change in the derivative fair value which is considered efficient and meets the cash flow hedging criteria, is recognized in Other comprehensive income. Profit or loss that relates to the inefficient part of the change is recognized in the statement of profit and loss and of comprehensive income, under the item "Financial income" or "Financial expenses".

The cumulative amount entered in Equity is transferred to the statement of profit and loss and of comprehensive income for the periods in which the hedged item affects the profit or loss of the period. The profit or loss that relates to the efficient part of the hedging of floating borrowing rate exchange agreements is recognized in the statement of profit and loss and of comprehensive income under the item "Financial income" or "Financial expenses" simultaneously with recognition of interest from hedged loans.

When a hedging instrument matures or is sold or when a hedging relation stops meeting the hedge accounting criteria, the cumulative profit or loss entered by that time in Equity will remain in Equity and will be recognized when finally the anticipated transaction passes through the statement of profit and loss and of comprehensive income. When it is not estimated any more that an anticipated transaction will take place, the cumulative profit or loss entered in Equity will be transferred immediately to the statement of profit and loss and of comprehensive income.

### **2.9 Trade receivables**

Trade receivables are the sums owed by customers for services provided to them during the Company's ordinary activities/operations. If the receivables are expected to be collected within 12 months after the period's end, they are entered in current assets, otherwise they are entered in non-current assets.

Receivables from customers are first carried at their fair value and are subsequently valued at amortised cost by using the effective interest method, less any impairment losses (Note 2.6).

### **2.10 Cash and cash equivalents**

The Company considers as cash and cash equivalents the cash, the sight deposits, and the high liquidity and low risk short-term investments up to 3 months.

### **2.11 Time deposits**

Time deposits are deposits in bank accounts which are not immediately available for use. The Company cannot use these deposits until after a specific future point in time or event. Where it is anticipated that time deposits will be used within a year from the date of the statement of financial position, they are classified as short-term assets. However, if it is not anticipated that they will be used within a year from the reporting date, they are classified as long-term assets.

### **2.12 Share capital**

Share capital includes the Company's registered shares. Direct expenses for the issuance of shares appear free of any relevant tax as subtracted from equity.

### **2.13 Trade liabilities**

The trade liabilities include the liabilities for payment of products and services that were acquired/received from suppliers during the Company's ordinary activities. Trade liabilities are entered into the short-term liabilities when their payment must be effected within the next year. If their payment can be made beyond the 12-month period, then they are entered into the long-term liabilities.

Trade liabilities are recognised in line with the amortised cost method by using the effective interest rate.

### **2.14 Loans**

Loans are initially entered at fair value into the proceeds/collected sums less any direct expenses incurred for their acquisition. Loans are subsequently stated at amortised cost, discounted at effective interest rate. Any difference between the proceeds (net of relevant transaction costs) and the redemption value is recognised in the statement of profit and loss and of comprehensive income based on the borrowing's duration, using the effective interest rate method.

Loan expenses arising at the time new credits are signed, are recognized as loan expenses insofar as it is possible that part or all of the credit line will be withdrawn. In this event they are entered as future loan expenses until the withdrawal. If new loans remain totally or partly unused, such expenses are included in the prepaid expenses and are recognized in profit or loss during the term of the relevant credit line.

Loans are classified as short-term liabilities, unless the Company holds the unreserved right to postpone payment of the liability for at least 12 months after the reporting date.

### **Borrowing Costs**

Borrowing costs incurred during the acquisition or construction of an asset which meets the conditions and requires a significant amount of time to become ready for use, are capitalized at the cost of the assets in line with IAS 23 "Borrowing costs". The remaining borrowing costs are entered in the statement of profit and loss and of comprehensive income when incurred. Borrowing costs are made up of interest and other costs incurred by a Company in connection with borrowing.

### **2.15 Income and Deferred Tax**

The tax for the period is made up by current and deferred tax. Tax is recognized in the statement of profit and loss and of comprehensive income, unless it is connected with amounts recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or in equity, respectively.

#### **Income tax**

Income tax on profit is calculated in accordance with the Income Taxation Code effective in Greece. The expenditure for current income tax includes the income tax arising from the Company's profits as stated in its tax clearance statements, and any provisions for additional tax and surcharges for unaudited fiscal periods, and it is estimated in line with the statutory or substantially statutory rates of taxation.

#### **Deferred income tax**

Deferred income tax is recognised, using the liability method, arising from temporary differences between the carrying amount and the tax basis of assets and liabilities in the financial statements. Deferred income tax is not accounted for if it results from the initial recognition of an asset or liability in a transaction, with the exception of business consolidation/combination, which, when the transaction was carried out, did not affect the accounting or tax profit or loss. Deferred tax is determined in line with the tax rates and laws in force on the reporting date and are expected to be in force when the deferred tax assets are realized or the deferred tax liabilities are paid.

Deferred tax liabilities are recognized insofar as there may be a future taxable profit from the use of the temporary difference generated by the deferred tax liability.

Deferred tax assets and liabilities are offset only if allowed under the law and the deferred tax assets and liabilities relate to the same tax authority and there is intention to settle them by offsetting.

### **2.16 Employee benefits**

#### **a) Retirement benefits**

Staff retirement benefits include both defined contribution plans and defined benefits plans.

The defined contribution plan is a pension plan under which the Company pays specific contributions to a separate legal entity. The Company has no legal or other implied obligation to pay additional contributions if there is lack of adequate assets in hand to pay to all employees the benefits corresponding to them in the current and previous time periods.

In respect of the defined contribution plans, the Company must pay contributions to public insurance funds. After having paid its contributions, the Company has no other obligation. Contributions are recognized as personnel expenses when there is a debt.

A defined benefit plan is a pension plan which establishes a specific compensation amount which an employee will receive upon retirement and usually depends on one or more factors such as age, years of past service and remuneration.

The liability is entered in the statement of financial position for the defined benefit plans is the present value of the defined benefit liability on the reporting date. The defined benefit liability is calculated annually by an independent actuarial using the Projected Unit Credit Method. The present value of the defined benefit liability is calculated by discounting future cash outflows based on a discount factor equal to the rate for long-term -high credit quality- European corporate bonds.

The cost of the current service of the defined benefit plan recognized in the statement of profit and loss and of comprehensive income as "Staff costs" reflects the increase in the defined benefit liability tied to an employee's service in the current period, changes in the benefit, cuts and settlements. The recognized cost of past service is recognised directly in profit or loss.

Actuarial profit or loss from empirical adjustments and changes in actuarial assumptions is charged or credited to other comprehensive income in the period in which it arises. The period that ended on 31 December 2019 saw actuarial profits at € 60.127 (2018: actuarial loss at €9.619).

#### **b) Employment termination benefits**

Termination benefits are payable when employment is terminated before normal retirement date. The company recognizes such benefits when it is demonstrably committed to either terminate the employment of an employee based on a detailed plan from which there is no withdrawal possibility, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

In case of employment termination where it is not possible to establish the employees who make use of such benefits, such benefits are not recognized but notified as contingent liability.

#### **c) Bonuses**

The Company recognizes expenses and liabilities for bonuses paid when defined financial and business goals are reached. The Company recognizes a provision for bonuses when there is a contractual obligation or past practice generating an incremental liability.

#### **2.17 Provisions**

Provisions are recognised when the Company has a current legal or deemed obligation arising from past events and cash outflow will be possibly required to pay the liability and the required amount may be reliably estimated. Provisions are not recognised with respect to future operating losses.

Where various similar liabilities exist, the possibility that an outflow will be required during liquidation is determined by examining the liabilities category in its entirety. A provision is recognised even when the outflow possibility with respect to any asset included in the same category of liabilities, is small.

Provisions are determined at present value of the anticipated expenses required to cover the present liability. The discount rate used to determine the present value is before taxes and reflects the current market estimates for the time value of money and the increases related to the specific liability. The increase of the provision due to lapse of time is recognised as financial expenditure.

#### **2.18 Revenue recognition**

The Company recognizes revenue in a way that reflects the transfer of goods or services to customers at the amount that it anticipates as a consideration for such goods or services, excluding amounts collected on the behalf of third parties (e.g. value-added tax). Revenue is recognized when the customer takes control of the goods or services, placing the time of the transfer of control either in a given moment in time or over time. Variable amounts are included in the consideration and computed using either the "expected value" or the "most probable amount" method, depending on which method is expected to forecast more accurately the amount to which the Company is



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entitled, on condition that a downwards revision of the recognized revenue is highly improbable. Revenue from the provision of services is recognized in the accounting period in which the services are rendered and measured according to the nature of the services provided. Receivables from customers are recognized when there is an unconditional entitlement of the Company to receive the consideration for the contractual obligations it has performed to the customer.

#### **Income from services rendered**

Income from services rendered derives from "air" and "non-air" activities.

"Air activities" are the provision of facilities, services and equipment for aircraft landing and parking, aircraft service, passenger, luggage, cargo and mail transportation to all airports' facilities, as well as the transportation of passengers, luggage, cargo and mail to and from aircraft.

"Non-air activities" concern income from concession agreements and building rents.

#### **Air activity charges**

Income from the provision of air services are recognized in the statement of profit and loss and of comprehensive income in the period in which they were rendered. The departure of the aircraft concerned is the criterion used to recognize income from air activities. Each arrival and the subsequent departure of an aircraft constitute a movement/flight cycle during which all necessary services are provided.

Regulatory rules have been included in the Concession Agreement to establish charges to airport users for the facilities and services provided at the airport.

In addition, under the Concession Agreement and Article 228 of the Ratification Law, for the period between the Concession Commencement Date and October 31st in the immediately following year, as well as for all periods between November 1st and October 31st each year after that, the Company must demonstrate to the Hellenic Civil Aviation Authority (HCAA) that the Maximum Average Yield per Departing Passenger is not exceeded in the respective period. Where the Maximum Average Yield per Departing Passenger is exceeded above 3% in any calendar year, the Company must pay to the Greek State the excess of the Maximum Average Yield per Departing Passenger multiplied by the actual number of departing Passengers. In addition, a fine of 25% of the amount concerned shall be paid to the Greek State. Where the Maximum Average Yield per Departing Passenger is exceeded by a percentage less than or equal to 3% in any calendar year, the Company must count the amount exceeding the Maximum Average Yield per Departing Passenger multiplied by the actual number of departing Passengers in next year's Regulated Aeronautical Revenues calculation of the actual yield per departing Passenger.

The Company bills Air Services every fifteen days (with the exception of the Airport Modernization and Development Fees, which are collected by HCAA and paid to the Company daily). Airlines can pay either cash (before the airport departs) or get a credit period ranging between 5 and 20 days. Because this credit is short-term, it does not involve significant financial items. Where credit is granted, the Company receives collaterals in the form of either letters of guarantees or bank deposits.

#### **Concession Agreements**

The Company has entered into concession agreements under which the right is conceded to the beneficiary to exercise commercial activity inside the airports in a space specified by the Company. Concession royalties are calculated based on the agreed schedule as a percentage of the sales generated by the concession beneficiary activity and are subject to an annual minimum guaranteed charge. Each concession agreement provides in a separate part for the rental of cargo storage spaces for a fixed monthly rent.

#### **Building rents**

The Company rents buildings it holds under the Concession Agreement and are located on the airport campus. Income from such rentals is recognized in the statement of comprehensive income on a fixed basis throughout the rental.

Both income from concession agreements and building rents are considered leasing revenue and accounted for in line with the provisions of IFRS 15 "Revenue from Contracts with Customers".

### **Interest income**

Interest income is recognised on time proportion basis by using the effective interest rate.

### **Income from construction activity**

Based on Interpretation 12 of IFRIC the costs incurred in the period for the construction and upgrading of the airports are recognized as income on an annual basis in line with IFRS 15 "Revenue from Contracts with customers".

### **2.19 Leases**

The Company leases various assets such as properties, means of transport, and other professional equipment.

In the context of the first application of IFRS 16 the Company proceeded to the impact assessment of the new standard. Due to lack of quality and quantity importance and following careful cost-benefit analysis, the Company concluded that current leasing contracts of property, means of transport and of other business and professional equipment are not included to the acknowledgement of rights of use and liabilities arising from financing leases as per IFRS 16.

### **2.20 Dividend distribution**

Dividend distributed to shareholders is recognized as a liability in the financial statements for the period in which such distribution is approved by the general meeting of the Company's shareholders.

### **2.21 Rounding**

Differences between amounts in the Financial Statements and the respective amounts in the notes are due to rounding.

### **2.22 Reclassifications of items**

The following previous year amounts have been reclassified so that the Statement of Financial Position as of 31/12/2018 is comparable with the Statement of Financial Position as of 31/12/2019. More specifically:

- Amount of € 2.173.201 of the Statement of Financial Position and particularly of Note 10 – "Other receivables and financial assets, long-term part" and amount of € 12.474.992 of the Statement of Financial Position and particularly of Note 10 – "Other receivables and financial assets, short-term part" was transferred from item "Other receivables and financial assets" (Note 10) of the Statement of Financial Position to item "Intangible assets" of the Statement of Financial Position (Note 6 – Balance as at 31 December 2018 – Advance payments for construction projects).

The following previous year amount has been reclassified so that the Statement of Cash Flows as of 31/12/2018 is comparable with the Statement of Cash Flows as of 31/12/2019. More specifically:

- Amount of €9.298.462 was transferred from the cash flows from investing activities and specifically of item "Payments for additions to other intangible assets" and was offset into the Net cash inflows from operating activities and specifically item "Decrease / (Increase) in trade and other receivables".

The following previous year amount has been added so that the Statement of Cash Flows as of 31/12/2018 is comparable with the Statement of Cash Flows as of 31/12/2019. More specifically:

- Amount of €9.298.492 was added to Non-cash investment and financial activities and specifically to item "Addition to intangible assets and concurrent offset of advance payments for construction projects".

The above reclassifications do not affect the equity and the profit and loss.

### **3. Financial risk management**

#### **3.1 Financial risk factors**

Due to its operations, the Company is exposed to financial risks, such as market risks (market prices), credit risk and liquidity risk. The Company's general risk management plan seeks to minimise the potential negative impact of the financial markets' volatility on the Company's financial performance. The Company is in the position of using Financial derivatives in order to hedge its exposure to specific risks.

The risk management is implemented by the Company's financial department, which operates under specific rules. The Board of Directors gives instructions, provides guidance and rules about interest rate risk, credit risk and non-derivative financial instruments as well as short-term cash investments.

#### **a) Market risk**

Market risk is the risk of changes in market prices as well as in exchange and interest rates affecting the fluctuations of the value held by the Company. Market risk management is the Company's effort to manage and maintain acceptable levels of exposure.

The individual risks making up the market risk and the Company's policies intended to manage them are detailed next:

##### **i. Price risk**

The Company is not exposed to the changes in the prices of equity instruments because it does not have investments, which have been recognised in the statement of financial position, either as debit financial instruments at fair value through other total revenues or as debit financial instruments at fair value through profit and loss.

##### **ii. Currency risk**

There is currency risk due to the Company's transactions in foreign currency. The Company is not exposed to currency risk as its financial assets and liabilities arise/are in euros, the Company's operating and presentation currency.

##### **iii. Risk of cash flows and risk of changes in fair value due to change in the interest rates**

The Company is exposed to interest rate risks from primary and derivative financial assets and liabilities.

As regards assets and liabilities, funding is pursued based on maturity match. The interest rate risk for the twelve months from the balance sheet date is a check item. To this end, it is checked on a quarterly basis and reported to the Financial Risk Committee. This risk is assessed based on sensitivity analyses. They show the impact of changes on market rates, interest payments, interest income and expenses and other items in the statement of comprehensive income and equity. Changes in interest rates mean the maximum fluctuation of the base rate in the past for the respective currency and time period and/or the maximum fluctuation of the ten-year swap in the past. The deviation is considered in absolute terms.

To limit interest risk, the Company uses derivative financial instruments such as interest rate swap agreements.

Sensitivity analyses are based on the following assumptions:

Financial instruments valued at the amortized cost of acquisition at a fixed rate do not affect the Company's results for the period or equity.

Changes in the market rates for financial instruments defined as hedging instruments to hedge cash flows affect shareholder equity and are therefore included in the sensitivity calculations for

equity. Maximum volatility is a parallel shift of the rate curve by 325 base units in a twelve-month period.

Changes in the market rates for interest rate derivatives (interest rate swap agreements) which are not part of a hedging relationship under IFRS 9 affect the financial result and are therefore included in the sensitivity analysis for the Company's results. Maximum volatility is a parallel shift of the rate curve by 325 base units in a twelve-month period.

Considering the Company's portfolio, the structure of the statement of financial position as at 31 December 2019 and the above assumptions, the effect of an increase in market rates would be equivalent to an increase in the result for the year by 1,6 million euros due an interest rate swap agreement (2018: 1,7 million euros) due to an increase in net financial income, whereas a decrease would cause no change to the results (2018: no change). This change is due to a change in the primary net financial positions of the Company's floating interest rate. Respectively, the lack of change in the event of a drop in market rates is due to the floor rate of the interest rate swap agreement.

As regards the effect on equity, an increase / decrease in market rates in line with the above assumptions would lead to a decrease by 1,7 million euros (2018: 1,1 million euros) leaving equity unchanged, respectively (2018: no change). As mentioned above, the lack of change as a result of a possible drop in market rates is due to the floor interest rate of loan agreements.

#### **b) Credit risk**

The Company is exposed to credit risk and for this reason it has established and has been applying credit control procedures.

The credit risk arises from cash and cash equivalents and deposits in banks and financial institutions, including derivative financial instruments, as well as from open credit of clients, including the outstanding claims and binding transactions. As regards the credit risk arising from investments made, it is pointed out that the Company collaborates only with financial organisations of acceptable credit rating.

If a credit assessment is available for clients, then the said assessment is used. If there is no credit assessment, then client's credit rating is checked by taking into account its financial condition, previous experience and other factors. The individual credit limits are determined on the basis of internal or external assessments. The application of credit limits is monitored on a constant basis.

The credit risk with regards to the Company's customers as at 31 December 2019 is considered limited as the Company has secured its receivables by way of letters of guarantee and deposits which exceed the balance of the customers account in the statement of financial position. For the year that ended on 31 December 2019, a reversal was made of a part of the existing formed provision of €25.515 (2018: a provision was formed for an amount of € 94.311).

Deposits in banks and credit institutions include sight and time deposits. Next follows the long-term credit rating as at 31 December 2019 and 2018 (by Moody's):

	<b>31.12.2019</b>	<b>31.12.2018</b>
Caa1	72.093.238	-
Caa2	-	74.593.944
<b>Total</b>	<b>72.093.238</b>	<b>74.593.944</b>

The difference between the amount shown in the above table and the above shown as cash and cash equivalents in the statement of financial position concerns the Company's cash in hand.

#### **c) Liquidity risk**

The Company ensures the required liquidity mainly through its business activity and external funding. Funds are used mostly to fund capital expenses to acquire the concession right (realised in 2017) and invest in the airports.

Operating cash flows, available cash (including cash and other financial instruments) as well as current and short-term credits and borrowing offer adequate flexibility to ensure the Company's liquidity.

As at 31 December 2019, the Company's had unused credit funds in the amount of € 43.404.133 compared to € 108.404.133 as at 31 December 2018, as well as available funds from the bond loan with its shareholders.

There is no liquidity risk given the diversity of both sources of funding, cash in hand and financial assets.

The Company's liquidity is monitored by the Management at regular intervals.

The viability table of financial liabilities is as follows:

<b>As at 31 December 2019</b>	<b>Within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Bank loan liabilities	23.693.149	44.782.849	112.537.098	407.169.510	588.182.606
Shareholder loan liabilities	-	21.119.438	49.939.214	580.804.802	651.863.454
Liabilities under the Concession Agreement	12.131.538	12.362.037	38.602.146	599.007.169	662.102.890
Suppliers and other liabilities	27.723.849	1.217.383	-	-	28.941.232
Liabilities to associate/related companies	1.249.881	-	-	-	1.249.881
<b>As at 31 December 2018</b>	<b>Within 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Bank loan liabilities	22.743.567	23.857.207	120.404.215	454.272.583	621.277.572
Shareholder loan liabilities	-	-	28.718.140	653.815.993	682.534.133
Liabilities under the Concession Agreement	11.936.965	12.131.538	64.351.810	585.619.542	674.039.856
Suppliers and other liabilities	42.525.209	1.432.120	-	-	43.957.329
Liabilities to associate/related companies	1.802.738	-	-	-	1.802.738

The above amounts appear in the contractual, non-prepaid cash flows and therefore do not agree with the respective sums that are shown in the financial statements in respect of Loans and concession agreements.

The breakdown for Suppliers and other liabilities does not include amounts for Customer down payments and Insurance Organizations and other taxes/duties.

### 3.2 Non-financial risk factors

The company is also exposed to non financial risks, such as cyberattack risks.

All significant business and operational procedures of Fraport B are supported by advanced IT systems. A serious systemic error or a loss of data could lead to serious disorder of business operations, as well as to security risks. Apart from that, cybervirus and hackers' attacks might lead to systemic issues and finally to the loss of critical and/or confidential data for the company. In order to address such risks, all IT systems of critical importance for the company are properly configured and located at various sites and not at the same spot. The remaining risk arising from architecture and operation of IT systems cannot be fully eliminated due to the nature of the risk.

The continuing development of new technologies and constantly increasing global threat of cyber attacks pose increased risks for the IT systems of the company, which takes into account the said conditions in its active and preventive security management of its IT systems. Specific policies have been established for the proper observance of IT systems security of Fraport B, to which all employees of the company must adhere.

IT systems are of particular importance for all business and operational procedures of Fraport B. Despite the implementation of preventive and proactive measures, the possible implications following such attacks are estimated as of "high risk" and the incidence of such attack is estimated as "probable".

### 3.3 Determination/measurement of fair values

The Company uses the following hierarchy for the measurement and disclosure of fair value of financial instruments by valuation technique:

**Level 1:** quoted (non-adjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs significantly influencing the recorded fair value, are observable either directly or indirectly.

**Level 3:** techniques using inputs with significant impact on the recorded fair value and not being based on observable market data.

Valuation techniques used to determine fair values:

- the fair value of interest rate swap agreements is calculated as the present value of estimated future cash flows based on the observed yield curves (Tier 2),
- the fair value of the remaining financial instruments is determined using the analysis of discounted cash flows (Tier 3), unless their maturity is under one year, in which case the carrying amount is taken to approach the fair value.

The fair values and carrying amounts for the Company's financial assets for 2019 and 2018 are given below:

Classification under IFRS 9	Valued at amortized cost		Valued at fair value	31.12.2019
	Carrying amount	Fair value	Hedging instruments Fair value	Total Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	41.343.290	41.343.290	-	41.343.290
Time deposits	30.750.691	30.750.691	-	30.750.691
Trade receivables	6.256.778	6.256.778	-	6.256.778
Other receivables and financial assets	5.249.471	5.249.471	-	5.249.471
<b>Total</b>	<b>83.600.230</b>	<b>83.600.230</b>	<b>-</b>	<b>83.600.230</b>
<b>Other financial liabilities</b>				
	<b>Carrying amount</b>	<b>Fair value</b>		<b>Total Fair Value</b>
<b>Financial liabilities</b>				
Trade liabilities	17.837.971	17.837.971		17.837.971
Other financial liabilities	11.910.623	11.910.623		11.910.623
Liabilities to related parties	1.249.881	1.249.881		1.249.881
Bond loans from shareholders	327.225.937	334.589.024		334.589.024
Bond loans from banks	348.569.434	350.590.929		350.590.929
Concession agreement	270.007.937	262.250.433		262.250.433
<b>Derivative financial assets</b>				
Hedging derivatives	3.446.272	1.342.163		1.342.163
<b>Total</b>	<b>980.248.055</b>	<b>979.771.024</b>		<b>979.771.024</b>

Classification under IFRS 9	Valued at amortized cost		Valued at fair value	31.12.2018
			Hedging instruments	
	Carrying amount	Fair value	Fair value	Total Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	44.366.045	44.366.045	-	44.366.045
Time deposits	30.228.545	30.228.545	-	30.228.545
Trade receivables	3.850.305	3.850.305	-	3.850.305
Other receivables and financial assets	8.818.556	8.818.556	-	8.818.556
<b>Total</b>	<b>87.263.451</b>	<b>87.263.451</b>	-	<b>87.263.451</b>

<b>Other financial liabilities</b>			
	Carrying amount	Fair value	Total Fair Value
<b>Financial liabilities</b>			
Trade liabilities	32.911.365	32.911.365	32.911.365
Other financial liabilities	11.706.403	11.706.403	11.706.403
Liabilities to related parties	1.802.738	1.802.738	1.802.738
Bond loans from shareholders	308.441.838	321.324.410	321.324.410
Bond loans from banks	288.397.960	302.942.636	302.942.636
Concession agreement	268.437.008	260.726.512	260.726.512
<b>Derivative financial assets</b>			
Hedging derivatives	396.792	503.842	503.842
<b>Total</b>	<b>912.094.104</b>	<b>931.917.905</b>	<b>931.917.905</b>

The above breakdown only includes financial assets.

### 3.4 Capital risk management

The Company's purpose as far as capital management is concerned, is to ensure the unhindered continuation of its activities in order to secure returns for its shareholders and benefits for the other parties related to the Company, and maintain an optimum capital structure achieving reduction of the cost of capital.

Just like other companies in the industry, the Company monitors its capital based on the leverage ratio. This ratio is calculated as the ratio of net borrowing to total capital employed. Net borrowing is obtained by subtracting the Company's cash and cash equivalents from borrowings (short- and long-term borrowings appearing in the statement of financial position). Total capital is obtained as the sum of equity in the statement of financial position and net debt. For more information about the leverage ratio see Note 23.

#### **4. Significant accounting estimates and judgements of the Management**

The Management's estimates and judgements are constantly reviewed and are based on historical facts and on expectations for future events that are deemed reasonable in line with the prevailing conditions.

##### **4.1 Critical accounting estimates and judgements**

The Company proceeds to estimates and assumptions regarding evolution of future events. The estimates and assumptions that involve an important risk to lead to future material adjustments to the carrying amounts of assets and liabilities in the next 12 months pertain to the following:

##### **Income tax**

General tax risks for the Company concern the timely filing of correct tax returns, the payment of taxes and compliance with all tax laws and regulations as well as rules of reference, in particular those related to income tax.

The Company is subject to income tax, VAT and other taxes in Greece. The Company recognizes liabilities for issues that may arise following a tax audit, based on estimates that additional taxes may arise or tax losses may be reduced. Where the end tax result of those issues differs from the amounts initially recognized, differences are charged to the current tax, deferred tax and other tax assets and liabilities in the period when such differences will be determined.

##### **Deferred tax assets**

Deferred tax assets and liabilities are recognized in cases of temporary differences between the tax base for assets and liabilities using the tax rates established and are expected to apply in the periods when such differences are expected to be eliminated. Deferred tax assets are recognized for all deductible temporary differences and tax losses carried over insofar as it is likely to have tax income available to be used against deductible temporary differences and tax losses carried over. The Company considers the existence of future tax income and applies an ongoing conservative tax planning strategy when estimating the deferred tax assets to be recovered. Accounting estimates related to deferred tax assets require that the Management make assumptions about determining the time of future events, such as the likelihood of an expected future tax income and available tax planning possibilities.

##### **Fair value of financial instruments**

The fair value of financial instruments not traded on an active market (such as derivatives used by the Company to hedge interest rate risk) is determined using valuation methods which require the use of assumptions and subjective judgment.

##### **Impairment of tangible and intangible assets**

The Company's tangible and intangible assets are initially entered at cost and then depreciated based on their useful life. At each reporting date the Company checks for indications of impairment of its tangible and intangible assets. The impairment audit is conducted based on market information and Management estimates of future operating and financial conditions. Whenever there are indications of impairment, an impairment audit is carried out comparing the carrying amount of each cash-generating unit against the respective recoverable amount.

The Company's management determines the recoverable amount through estimates which include basic assumptions about the period of the estimated cash flows, cash flows, the growth rate of flows and the discount interest rate. The assumptions are disclosed in the Company's financial statements in line with relevant provisions of IAS 36. As at 31 December 2019, there were no indications of impairment for the Company's tangible and intangible assets.

##### **Liability for personnel compensation due to retirement or dismissal**

The present value of retirement/pension benefits of the Company's defined personnel benefit plan is based on a number of factors determined with the use of actuarial methods and assumptions. Such actuarial assumption is also the discount interest rate used to estimate the benefit's cost and the payroll increase percentage. Any changes in these assumptions will affect the balance of pension liabilities. The Company determines the appropriate discount rate at the end of each year. This is defined as the interest rate which should be used to determine the present value of future cash flows, which are expected to be required to cover the liabilities of pension/retirement plans. Other significant assumptions of the liabilities of pension benefits are partially based on current market conditions. Further information is provided in Note 15.

#### 4.2 Critical assessments in the accounting policies applied

There were no critical assessments regarding the application of the Company's accounting principles.

#### 5. Tangible assets

	<b>Improvements in third-party property</b>	<b>Mechanical equipment</b>	<b>Furniture and other equipment</b>	<b>Total</b>
<b>Acquisition value</b>				
<b>Balance as at 01 January 2018</b>	<b>216.370</b>	<b>527.601</b>	<b>128.653</b>	<b>872.624</b>
Additions during the period		5.047	-	5.047
Transfers / Reclassifications	(216.370)	(424.201)	(21.030)	(661.601)
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>108.447</b>	<b>107.623</b>	<b>216.070</b>
<b>Balance as at 01 January 2019</b>	<b>-</b>	<b>108.447</b>	<b>107.623</b>	<b>216.070</b>
Additions during the period	-	40	56.510	56.550
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>108.487</b>	<b>164.133</b>	<b>272.620</b>
<b>Depreciation</b>				
<b>Balance as at 01 January 2018</b>	<b>14.178</b>	<b>116.300</b>	<b>29.293</b>	<b>159.771</b>
Amortisations for the period	-	27.465	10.119	37.584
Transfers / Reclassifications	(14.178)	(82.219)	(21.030)	(117.427)
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>61.546</b>	<b>18.382</b>	<b>79.928</b>
<b>Balance as at 01 January 2019</b>	<b>-</b>	<b>61.546</b>	<b>18.382</b>	<b>79.928</b>
Amortisations for the period	-	27.640	17.576	45.216
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>89.186</b>	<b>35.958</b>	<b>125.144</b>
<b>Net carrying amount</b>				
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>46.901</b>	<b>89.241</b>	<b>136.142</b>
<b>Balance as at 31 December 2019</b>	<b>-</b>	<b>19.301</b>	<b>128.175</b>	<b>147.476</b>

In the year that ended 31 December 2018, assets of a total net carrying amount of €544,174 were transferred from the tangible assets to the intangible assets item (Note 6).

## 6. Intangible assets

	Concession Agreement Assets	Licenses, Software and other intangible assets	Designs - Technical Projects/Works and other Expenses	Advance payments for construction projects	Total
<b>Acquisition cost</b>					
<b>Balance as at 01 January 2018</b>	880.000.182	-	18.459.625	23.946.655	922.406.462
Additions during the period	-	5.958	64.299.395	-	64.305.353
Consolidation of advance payments for construction projects (a)	-	-	9.298.462	(9.298.462)	-
Transfers / Reclassifications (b)	-	-	661.601	-	661.601
<b>Balance as at 31 December 2018</b>	<b>880.000.182</b>	<b>5.958</b>	<b>92.719.083</b>	<b>14.648.193</b>	<b>987.373.416</b>
<b>Balance as at 01 January 2019</b>	<b>880.000.182</b>	<b>5.958</b>	<b>92.719.083</b>	<b>14.648.193</b>	<b>987.373.416</b>
Additions during the period	-	-	81.849.772	-	81.849.772
Consolidation of advance payments for construction projects (a)	-	-	12.146.668	(12.146.668)	-
<b>Balance as at 31 December 2019</b>	<b>880.000.182</b>	<b>5.958</b>	<b>186.715.523</b>	<b>2.501.525</b>	<b>1.069.223.188</b>
<b>Depreciation</b>					
<b>Balance as at 01 January 2018</b>	15.972.606	-	106.821	-	16.079.427
Amortisations for the period	22.000.005	5.958	704.869	-	22.710.832
Transfers / Reclassifications	-	-	117.427	-	117.427
<b>Balance as at 31 December 2018</b>	<b>37.972.611</b>	<b>5.958</b>	<b>929.117</b>	<b>-</b>	<b>38.907.686</b>
<b>Balance as at 01 January 2019</b>	<b>37.972.611</b>	<b>5.958</b>	<b>929.117</b>	<b>-</b>	<b>38.907.686</b>
Amortisations for the period	22.000.005	-	1.805.426	-	23.805.431
<b>Balance as at 31 December 2019</b>	<b>59.972.616</b>	<b>5.958</b>	<b>2.734.543</b>	<b>-</b>	<b>62.713.117</b>
<b>Net carrying amount</b>					
<b>Balance as at 31 December 2018</b>	<b>842.027.571</b>	<b>-</b>	<b>91.789.966</b>	<b>14.648.193</b>	<b>948.465.730</b>
<b>Balance as at 31 December 2019</b>	<b>820.027.565</b>	<b>-</b>	<b>183.980.980</b>	<b>2.501.525</b>	<b>1.006.510.071</b>

(a) The advance payments for construction projects concern payments made to the construction company ("Intrakat") which has undertaken the maintenance, improvement and development works at the airports conceded under the Concession Agreement, related to the project construction. The initial advance payment was in the amount of €24.894.775 and is being decreased by offsetting 15% of the value of the invoices issued by the construction company. For the year that ended on 31 December 2019, the amount offset was € 12.146.668 (2018: € 9.298.462) and has been recognized as an addition to intangible assets.

(b) In the year that ended 31 December 2018, assets of a total net carrying amount of €544.174 were transferred from the tangible assets to the intangible assets item (Note 5).

(c) The Concession Agreement assets represent the right that the Greek State gave the Company to use the airports (Note 1).

The Concession Agreement includes the upfront concession fee of €625.000.000, which was paid on the concession commencement date and such payment was one of the prerequisites for commencement of the concession period. Upon commencement of the concession period, the above upfront concession fee was recognised in the intangible asset, as well as the present value of the well identified/determined future liabilities arising from the Concession Agreement in the amount of €255.000.182.

The intangible assets concern designs, technical projects, borrowing and other costs connected with the design, improvement and development of the infrastructure of the regional airports, as well as consultation services connected with the completion of the Concession Agreement. As regards borrowing costs, the total capitalised expenses (interest and other expenses) as at 31/12/2019 stood at the amount of €11.010.042 (31/12/2018: €5.979.052). For the year ended the total expenses that were capitalised amounted to €5.030.990 (2018: €3.923.781).

## 7. Derivative financial instruments

As part of the bond loan it entered into with the bank consortium described in Note 14, the Company entered into an interest rate swap agreement to hedge part of its risk deriving from changes in the interest rates of the Acquisition Term Loan Facility which has a floating interest rate. Based on the interest rate swap agreement, loss was recorded at the initial recognition of the derivative at fair value. This loss will be recognized in the statement of comprehensive income throughout the life of the derivative reducing its fair value.

	<b>31.12.2019</b>	<b>31.12.2018</b>
Interest rate swap agreements for cash flow hedging	<u>3.446.272</u>	<u>396.792</u>
<b>Total</b>	<b><u>3.446.272</u></b>	<b><u>396.792</u></b>

(For more information about the Fair Value see Note3.3).

	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Details about the interest rate swap agreements</b>		
Interest rate swap nominal value as at 31 December	55.873.077	55.873.077
Fixed rate	1,6010%	1,6010%
Floating rate	Euribor	Euribor
Maturity	31 December 2034	31 December 2034

From commencement of the interest rate swap agreement until 30 September 2017 the hedging relationship met the hedging accounting criteria and changes in the derivative fair value were therefore recognized in other comprehensive income. As part of a review of the hedging relationship on 31 December 2017, the Company assessed that it no longer met the criteria and, therefore, recognized the change in the fair value of the derivative for the period between 1 October 2017 and 31 December 2017 in the statement of profit and loss and of comprehensive income. Therefore, a part of the profit recognized is reclassified to total comprehensive income. This amount stood at €41.149 for 2018 and at €41.149 for 2019. As part of a review of the hedging relationship on 31 December 2019, the Company assessed that it met the criteria and, therefore, recognized the change in the fair value of the derivative for the period between 01 January 2019 and the end of the year in the statement of comprehensive income.

For the year that ended on 31 December 2019, the total amounts recognized in the profit and loss statement and in the statement of comprehensive income represented a loss of €266.858 (2018: €264.476) and a loss of €2.057.907 (2018: €431.734), respectively. The above amounts are the net result after the effect of deferred taxation and of a loss of €308.004 which was recognized in the year (2018: €308.004) and derived from the initial recognition of the derivative at fair value. In addition, interest expenses in the amount of €896.684 related to the derivative were also recognized in the profit and loss statement (2018: €904.467).

## 8. Income tax and deferred tax

Income tax is calculated by the 24% tax rate (2018: 29%) on the taxable income. The total income tax charged in the statement of comprehensive income and in other comprehensive income is broken down as follows:

	<b>01/01/19 - 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Current income tax	4.799.868	4.467.430
Deferred tax	(5.254.956)	(6.026.863)
<b>Total income tax</b>	<b>(455.088)</b>	<b>(1.559.433)</b>

Deferred tax assets are the result of temporary differences between the carrying amount and the tax base of assets and liabilities and are calculated using the tax rates established and are expected to apply in the periods when such differences are expected to be eliminated. Pursuant to article 22 of law 4646/2019 voted on 12/12/2019, the income tax rate for legal persons in Greece is set for year 2019 to 24% from 28% and for years 2020 onwards to 24%. The change in the tax rate had a negative impact both on the deferred tax of the profit and loss statement by € 408.019, and on the deferred tax in the other comprehensive income by € 1.206.

Deferred tax assets and liabilities are set off when a legally enforceable right of setting off current tax receivables against current tax receivables is existent, and when deferred income tax pertains to the same tax authority.

<b>Deferred tax assets and liabilities</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Deferred tax assets expected to be recovered after 12 months	(16.247.904)	(10.032.577)
Deferred tax liabilities expected to be settled after 12 months	82.295	(167.887)
<b>Deferred tax assets (net)</b>	<b>(16.165.609)</b>	<b>(10.200.464)</b>

The overall change in the deferred income tax account is as follows:

	<b>2019</b>	<b>2018</b>
<b>Balance as at January 1st</b>	<b>(10.200.464)</b>	<b>(4.063.024)</b>
Credit in profit or loss	(5.254.956)	(6.026.863)
Credit to other comprehensive income	(710.189)	(110.577)
<b>Balance as at December 31st</b>	<b>(16.165.609)</b>	<b>(10.200.464)</b>

The breakdown in the deferred income tax account is as follows:

	<b>Concession Fee</b>	<b>Undercapita- lization</b>	<b>Liability for personnel compensation due to retirement or dismissal</b>	<b>Derivative financial instruments</b>	<b>Total</b>
<b>Deferred tax assets</b>					
<b>As at 01 January 2018</b>	<b>(1.412.684)</b>	<b>(2.876.925)</b>	<b>(10.025)</b>	<b>115.218</b>	<b>(4.184.416)</b>
Credit to profit or loss and to the statement of comprehensive income	(1.737.999)	(3.960.370)	(34.574)	(299.096)	(6.032.039)
<b>As at 31 December 2018</b>	<b>(3.150.683)</b>	<b>(6.837.295)</b>	<b>(44.599)</b>	<b>(183.878)</b>	<b>(10.216.455)</b>
Debit-charge / (credit) to profit or loss and to the statement of comprehensive income	(1.798.115)	(3.692.042)	9.933	(551.225)	(6.031.449)
<b>As at 31 December 2019</b>	<b>(4.948.798)</b>	<b>(10.529.337)</b>	<b>(34.666)</b>	<b>(735.103)</b>	<b>(16.247.904)</b>
				<b>Tangible and intangible assets</b>	<b>Total</b>
<b>Deferred tax liabilities</b>					
<b>As at 01 January 2018</b>				<b>121.392</b>	<b>121.392</b>
Credit to profit or loss and to the statement of comprehensive income				(105.401)	(105.401)
<b>As at 31 December 2018</b>				<b>15.991</b>	<b>15.991</b>
Debit/charge to profit or loss and to the statement of comprehensive income				66.304	66.304
<b>As at 31 December 2019</b>				<b>82.295</b>	<b>82.295</b>

Income tax as listed in the statement of comprehensive income agrees with the tax arising from application of applicable tax rates.



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	<b>01/01/2019 -31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
<b>Losses before tax</b>	<b>(5.106.936)</b>	<b>(12.406.393)</b>
Corporate profits tax rate	24%	29%
Income tax	(1.225.665)	(3.597.854)
Expenses not deducted for taxation purposes	405.191	1.184.522
Tax losses for which no tax receivable was recognised	-	82.346
Previous year tax correction	(42.633)	211.136
Effect of the tax rate change	408.019	560.417
<b>Total income tax</b>	<b>(455.088)</b>	<b>(1.559.433)</b>

The tax compliance audit for issuance of the tax clearance certificate for 2019 period is carried out by PwC S.A. which carries out the mandatory audit the financial statements, and no additional substantial tax liabilities are expected to arise other than those reflected in these financial statements. The years unaudited by the competent tax authorities were 2015, 2016, 2017, and 2018.

**9. Trade receivables**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade receivables	6.268.959	3.672.328
Less: Provision for impairment	(68.796)	(94.311)
<b>Net trade receivables</b>	<b>6.200.163</b>	<b>3.578.017</b>
Income earned	56.615	272.288
	<b>6.256.778</b>	<b>3.850.305</b>

Age analysis of balances of business customers

	<b>31/12/2019</b>	<b>31/12/2018</b>
Not delayed and impaired	3.791.637	2.782.249
Delayed for 30 - 180 days but not impaired	2.477.322	890.079
	<b>6.268.959</b>	<b>3.672.328</b>

The change in the provision for bad debt is broken down as follows:

	<b>2019</b>	<b>2018</b>
<b>Balance as at January 1st</b>	<b>94.311</b>	-
Provision for impairment	-	94.311
Unused reversed provisions	(25.515)	-
<b>Balance as at December 31st</b>	<b>68.796</b>	<b>94.311</b>

All trade receivables are initially recognized at their fair value, which coincides with their nominal value, given that the Company offers its customers short-term credits.

Where customers delay payment beyond the usual credit limits agreed upon, the Company reserves the right to charge default interest pursuant to the respective contracts signed with customers. This interest is recognized as income only when its recovery is likely. For the year that ended on 31 December 2019 an impairment provision was made for trade receivables for €25.515 (2018: a provision was formed for an amount of € 94.311).

The Companies trade receivables as on 31 December 2019 and 2018 are broken down as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade receivables	6.325.574	3.944.616
Provision for impairment of receivables	(68.796)	(94.311)
<b>Balance as at December 31st</b>	<b>6.256.778</b>	<b>3.850.305</b>

**10. Other receivables and financial assets**

	<u><b>31.12.2019</b></u>	<u><b>31.12.2018</b></u>
Prepaid borrowing costs (a)	1.024.977	2.547.476
Guarantees granted	85.830	85.830
<b>Other receivables and financial information in the long run</b>	<u><b>1.110.807</b></u>	<u><b>2.633.306</b></u>
Greek State: taxes withheld and prepaid	32.260	32.329
Receivables from the Greek State (VAT)	5.101.230	8.716.045
Prepaid expenses for the next period	152.925	254.781
Other debtors	62.411	16.681
<b>Other receivables and financial information in the short run</b>	<u><b>5.348.826</b></u>	<u><b>9.019.836</b></u>
<b>Total</b>	<u><b>6.459.633</b></u>	<u><b>11.653.142</b></u>
Non-current assets	1.110.807	2.633.306
Current assets	5.348.826	9.019.836
	<u><b>6.459.633</b></u>	<u><b>11.653.142</b></u>

The fair value of other receivables and financial assets is given in Note 3.2.

(a) Deferred borrowing costs concern costs directly linked to the bond loan taken out from the European Investment Bank (Note 14). Such costs concern only the portion of the loan for which no bonds have been issued and are, therefore, included in the statement of financial position as prepaid instead of in non-current assets. Once the bonds are issued, it will be carried over and subtracted from the loans and begin to be depreciated in line with the effective interest method.

**11. Cash and cash equivalents**

	<u><b>31.12.2019</b></u>	<u><b>31.12.2018</b></u>
Cash at hand	743	647
Sight deposits	41.342.547	44.365.398
<b>Total</b>	<u><b>41.343.290</b></u>	<u><b>44.366.045</b></u>

Sight deposits are denominated in euros.

**12. Time deposits**

	<u><b>31.12.2019</b></u>	<u><b>31.12.2018</b></u>
Reserve Account for the Loan	12.134.450	11.796.217
Reserve Account for State Payments	18.615.607	18.432.328
Reserve Account for Capital Expenses	634	-
<b>Total</b>	<u><b>30.750.691</b></u>	<u><b>30.228.545</b></u>

Time deposits concern amounts deposited by the Company into pledged accounts in line with the terms of the bank bond loan.

Time deposits are denominated in euros.

The following table shows the credit rating by Moody's of sight and time deposits.

	<u><b>31.12.2019</b></u>	<u><b>31.12.2018</b></u>
Caa1	72.093.238	-
Caa2	-	74.593.944
<b>Total</b>	<u><b>72.093.238</b></u>	<u><b>74.593.944</b></u>



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**13. Equity**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Share capital	122.000.000	122.000.000
Other reserves	(1.921.890)	90.417
Profit and loss carried forward	(18.361.602)	(13.709.754)
<b>Total</b>	<b>101.716.508</b>	<b>108.380.663</b>

**Share capital**

The Company's share capital amounts in total to € 122.000.000, divided into 122.000.000 ordinary registered shares of € 1.00 par value each. The share capital is fully paid in. Any proposed change in the ownership regime should be disclosed to the Hellenic Republic Asset Development Fund (HRADF) and the Greek State.

	<b>Number of shares</b>	<b>Par Value</b>	<b>Share Capital</b>
<b>As at 1 January 2018</b>	<b>122.000.000</b>	<b>1</b>	<b>122.000.000</b>
<b>As at 31 December 2018</b>	<b>122.000.000</b>	<b>1</b>	<b>122.000.000</b>
<b>As at 1 January 2019</b>	<b>122.000.000</b>	<b>1</b>	<b>122.000.000</b>
<b>As at 31 December 2019</b>	<b>122.000.000</b>	<b>1</b>	<b>122.000.000</b>

As regards composition of the Company's Share Capital s. Note 1 (General information).

	<b>Actuarial profit/(loss) reserve</b>	<b>Reserve following change in the fair value of derivative financial instruments</b>	<b>Total</b>
<b>As at 1 January 2018</b>	-	<b>529,366</b>	<b>529,366</b>
Reductions during the period	(7.215)	(431.734)	(438.949)
<b>As at 31 December 2018</b>	<b>(7.215)</b>	<b>97.632</b>	<b>90.417</b>
<b>As at 1 January 2019</b>	<b>(7.215)</b>	<b>97.632</b>	<b>90.417</b>
Increase / (Decrease) for the year	45.600	(2.057.907)	(2.012.307)
<b>As at 31 December 2019</b>	<b>38.385</b>	<b>(1.960.275)</b>	<b>(1.921.890)</b>

**14. Loans**

Borrowing as at 31 December 2019 and 31 December 2018 is broken down as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Long-term loans</b>		
Bank loans (net of deferred borrowing costs)	345.275.896	284.231.911
Bond loans from associated/related parties	327.225.937	308.441.838
<b>Total</b>	<b>672.501.834</b>	<b>592.673.749</b>
<b>Short-term loans</b>		
Bank loans (net of deferred borrowing costs)	3.293.538	4.166.048
<b>Total</b>	<b>3.293.538</b>	<b>4.166.048</b>

**Bank Bond Loan**

On 24 March 2017, the Company entered into an agreement for an ordinary secured bond loan with a consortium of financial institutions ("Bondholders") to fund a) the Upfront Concession Fee, and b) the Imminent Refurbishment and Expansion Works as well as the Imminent New Works at the regional airports of Rhodes, Kos, Santorini, Mykonos, Mytilene, Samos and Skiathos.

Under the above agreement an ordinary secured bond loan in the total amount of €408.141.003 was issued pursuant to Law 3156/2003. The bond loan comprises two lines of credit:

a) Acquisition Bonds for a maximum total amount of €277.736.870. Acquisition Bonds for the total committed amount were issued in 2017 to cover part of the Upfront Concession Fee. The Acquisition Bonds include 2 series and their balances (net of deferred borrowing cost) as at 31/12/2019 and 31/12/2018 are as follows:



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	<b>31.12.2019</b>		<b>31.12.2018</b>	
	<b>% on the total</b>	<b>Amount</b>	<b>% on the total</b>	<b>Amount</b>
1. Acquisition Fixed Rate Bonds	46,71%	126.809.534	46,71%	128.755.460
2. Acquisition Floating Rate Bonds	53,29%	144.678.262	53,29%	146.898.384
<b>Total</b>	<b>100%</b>	<b>271.487.796</b>	<b>100%</b>	<b>275.653.844</b>

Series (2) is broken down into:

	<b>31.12.2019</b>		<b>31.12.2018</b>	
	<b>% on the total</b>	<b>Amount</b>	<b>% on the total</b>	<b>Amount</b>
a. Acquisition Hedged Floating Rate Bonds	37,75%	54.615.933	37,75%	55.454.029
b. Acquisition Unhedged Floating Rate Bonds	62,25%	90.062.329	62,25%	91.444.355
<b>Total</b>	<b>100%</b>	<b>144.678.262</b>	<b>100%</b>	<b>146.898.384</b>

b) European Investment Bank Bonds for a maximum total amount of €130.404.133 intended to fund capital expenses linked to the Concession Agreement, including project management and other fees, and development expenses incurred during the period of the imminent works (linked to imminent refurbishment works and imminent new or expansion works), and other expenses approved by the European Investment Bank and incurred in connection with the project. The balance of the said credit line (net of deferred borrowing costs) as at 31/12/2019 and 31/12/2018 is as follows:

	<b>31.12.2019</b>		<b>31.12.2018</b>	
	<b>% on the total</b>	<b>Amount</b>	<b>% on the total</b>	<b>Amount</b>
a. EIB Fixed Rate Bonds	72,93%	63.446.002	72,89%	16.035.347
b. EIB Floating Rate Bonds	27,07%	23.553.998	27,11%	5.964.653
<b>Total</b>	<b>100%</b>	<b>87.000.000</b>	<b>100%</b>	<b>22.000.000</b>

European Investment Bank Loans for a total amount of €65.000.000 (2018: €22.000.000) were issued in 2019. All loan facilities undisbursed as at 31 December 2019 were in the amount of € 43.404.133(2018: € 108.404.133).

The Company must ensure that at least 65% of the bond loan will be issued by way of fixed rate bonds and hedged floating rate bonds.

The Acquisition Term Loan Facility matures on 31 December 2034.

The EIB Term Loan Facility matures on 31 December 2041.

The bond loan includes, among other things, financial commitments which the Company must comply with, the main ones being linked to the following ratios:

- a) Debt to Equity
- b) Historic Debt Coverage Ratio
- c) Projected for Debt Coverage Ratio
- d) Loan Life Coverage Ratio

In addition, collateral has been given the main ones being:

- (i) Pledge on 100% of the Company's shares
- (ii) Pledge on the shares of FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.
- (iii) Pledge on the Company's insurance contracts
- (iv) Pledge on the Company's bank accounts except for the operations account

(v) Pledge on Project Contracts, including, among others, the good performance bond, the contract with the constructor, the contract with "Hellenic Duty Free Shops SA", the contract with the Independent Engineer, the Company's commercial contracts

(vi) Maintaining the pledge on bank guarantee accounts:

- a) Reserve Account for State Payments
- b) Reserve Account for Capital Expenses
- c) Repayment Reserve Account

(vii) Keeping funds committed by shareholders to cover any cash shortage during the imminent works.

The funding documents provide for cases and conditions of mandatory prepayment, which are the usual and include mandatory prepayment through a Cash Sweep mechanism.

### **Bond loan from the Company's shareholders**

On 24 March 2017, the Company and its initial shareholders, Fraport AG Frankfurt Airport Services Worldwide and Slentel Limited entered into an agreement for an ordinary non-secured bond loan pursuant to Law 3156/2003 and the conditions of the respective plan with a view to applying the loan proceeds exclusively towards the needs of the Project. The initial agreement was amended on 20 December 2017 as Marguerite Airport Greece S.A.R.L. acquired a holding in the Company. The bond loan series are:

a) Initial Funding Bonds for a total amount of: €276.800.000.

B) Additional Bonds for a total amount of €1.500.000.

c) "Standby Bonds" of a total amount of up to €90.000.000 – This is the maximum amount the Company can receive as the amount is determined based on any Standby Bonds that Fraport Regional Airports of Greece "B" S.A. may have issued under the Sponsor Support Agreement.

d) PIK Bonds. These bonds are issued at the time when the Company ought to pay interest and bondholders acquire them instead of interest up to the amount of €162.277.000. Therefore, this series will be used to capitalize unpaid accrued interest to result from the bond loan.

It is pointed out that the Additional Bonds and Initial Funding Bonds make up the Initial Funding Loan.

The Bond Loan with the Shareholders has a fixed rate (6%) and a six-month interest period and matures (no later than) 31 December 2042.

The loans are broken down based on interest rate exposure as follows:

	<b>Fixed rate</b>	<b>Floating rate up to 6 months</b>	<b>Total</b>
<b>31.12.2019</b>			
Total loans	512.418.693	110.418.919	622.837.612
Effect of interest rate swaps	52.957.760	-	52.957.760
	<b>565.376.453</b>	<b>110.418.919</b>	<b>675.795.372</b>
	<b>Fixed rate</b>	<b>Floating rate up to 6 months</b>	<b>Total</b>
<b>31.12.2018</b>			
Total loans	454.840.001	88.373.843	543.213.844
Effect of interest rate swaps	53.625.953	-	53.625.953
	<b>508.465.954</b>	<b>88.373.843</b>	<b>596.839.797</b>

Next follow the dates of maturity of long-term loans and the change during the year:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Up to 1 year	4.304.917	4.166.048
Between 1 and 2 years	8.629.894	4.304.919
Between 2 and 5 years	39.313.694	39.727.498
Over 5 years	626.824.624	551.637.813
	<b>679.073.129</b>	<b>599.836.278</b>



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The difference between the total annual principal payments listed above and the relevant amounts shown in the statement of financial position are the result of accrued loan interest for the period between the end of the interest period and the end of the year.

Bank loans include unamortized deferred borrowing costs for € 9.918.358 which are being amortized in profit or loss based on the effective interest rate method.

	<u>2019</u>	<u>2018</u>
<b>Balance as at January 1st</b>	9.255.884	10.126.619
Prepaid borrowing costs (Not. 10)	1.522.500	-
Funding cost depreciation	<u>(860.026)</u>	<u>(870.735)</u>
<b>Balance as at December 31st</b>	<b><u>9.918.358</u></b>	<b><u>9.255.884</u></b>
	<b><u>31/12/2019</u></b>	<b><u>31/12/2018</u></b>
Long-term funding cost	1.011.379	-
Short-term funding cost	<u>8.906.979</u>	<u>9.255.884</u>
	<b><u>9.918.358</u></b>	<b><u>9.255.884</u></b>

Movements regarding loans during the year are listed below:

	<u>2019</u>	<u>2018</u>
<b>Balance as at January 1st</b>	<b><u>596.839.797</u></b>	<b><u>558.194.989</u></b>
Loans taken during the year	65.000.000	22.000.000
Principal repayment during the year	(4.166.048)	(2.083.025)
Interest on bond loan from shareholders capitalized during the year (issuance of bonds)	18.402.903	17.346.500
Accrued interest incurred on the bond loan from the shareholders	6.640.597	6.259.403
Accrued interest incurred on a bond loan from the shareholders of the previous year capitalized in the year	(6.259.403)	(5.748.805)
Prepaid borrowing costs (Not. 10)	(1.522.500)	-
Funding cost depreciation	860.026	870.735
<b>Balance as at December 31st</b>	<b><u>675.795.372</u></b>	<b><u>596.839.797</u></b>

### 15. Liability for personnel compensation due to retirement or dismissal

The amounts recognized in the statement of financial position are:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Pension benefits	144.444	178.399
<b>Total</b>	<b>144.444</b>	<b>178.399</b>

Next follows the change in the liability in the statement of financial position:

	<u>2019</u>	<u>2018</u>
<b>Balance as at January 1st</b>	178.399	34.570
Total charge in the statement of comprehensive income	30.482	134.210
Contribution paid	(4.310)	-
Total (credit) / debit-charge in the statement of other comprehensive income	(60.127)	9.619
<b>Balance as at December 31st</b>	<b>144.444</b>	<b>178.399</b>

The amounts recognized in the statement of comprehensive income are:

	<u>01/01/19 - 31/12/2019</u>	<u>01/01/2018- 31/12/2018</u>
Current employment cost	21.058	133.691
Financial cost	2.744	519
Loss from cuts	3.448	-
Transfer of staff	3.232	-
<b>Total included in benefits to employees</b>	<b>30.482</b>	<b>134.210</b>

The actuarial profit (2018: losses) recognized as empirical adjustments and changes to actuarial assumptions are:

	<u>01/01/19 - 31/12/2019</u>	<u>01/01/2018- 31/12/2018</u>
<b>Charges / (Credit) to other comprehensive income:</b>		
Actuarial (profit) / loss for the period	(60.127)	9.619
<b>Total</b>	<b>(60.127)</b>	<b>9.619</b>

The main actuarial assumptions used for accounting purposes are:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Discount rate	1,00%	1,50%
Annual average long-term inflation	2,00%	2,00%
Future salary increases	2,00%	2,00%
Average weighted duration of retirement benefits	12,4 years	12,4 years
Staff turnover rate	4,0%	2,2%

Next follows the sensitivity analysis for retirement compensation as a result of changes in the main assumptions:

<u>31.12.2019</u>	Change in assumption by	<b>Effect on compensation benefits</b>			
		Assumption increase		Assumption decrease	
Discount rate	0,50%	-10,5%	129.299	11,9%	161.695
Payroll change rate	0,50%	11,8%	161.426	-10,4%	129.369
Staff turnover rate	0,50%	-11%	128.485	12,5%	162.556

  

<u>31.12.2018</u>	Change in assumption by	<b>Effect on compensation benefits</b>			
		Assumption increase		Assumption decrease	
Discount rate	0,50%	-11,10%	158.536	12,80%	201.173
Payroll change rate	0,50%	12,60%	200.936	-11,10%	158.536
Staff turnover rate	0,50%	-11,60%	157.737	13,20%	201.969

## 16. Suppliers and other liabilities

Trade receivables are broken down as follows based on the year of repayment:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Long-term trade receivables	602.661	1.432.120
Short-term trade receivables	17.235.310	31.479.245
	<b><u>17.837.971</u></b>	<b><u>32.911.365</u></b>

Suppliers and other liabilities are broken down as follows:

	<u>31.12.2019</u>	<u>31.12.2018</u>
Suppliers	602.661	1.432.120
Payable guarantees (c)	614.721	-
Liabilities related to the Concession Agreement (b)	258.070.971	256.661.369
Deferred income (a)	15.800.000	17.300.000
<b>Suppliers and other liabilities. long-term</b>	<b><u>275.088.353</u></b>	<b><u>275.393.489</u></b>
Suppliers	17.235.310	31.479.245
Payable guarantees (c)	2.773.255	2.959.607
Liabilities related to the Concession Agreement (b)	11.936.965	11.775.639
Deferred income (a)	8.035.442	6.991.586
Insurance institutions and other taxes/ duties	856.348	1.373.144
Withheld taxes on interest	345.684	359.893
Customer. third-party advance payments	191.345	3.990
Deferred income (ADF)	842.834	696.178
Accrued interest on bank loans	35.471	35.739
Provision for contribution to the State against airport modernization and development fees recovered	6.770.206	6.692.044
Provision for fire safety services	-	472.325
Provision for bonuses	738.400	179.286
Other liabilities	171.207	706.964
<b>Suppliers and other liabilities. short-term</b>	<b><u>49.932.467</u></b>	<b><u>63.725.640</u></b>
<b>Total</b>	<b><u>325.020.820</u></b>	<b><u>339.119.129</u></b>

The Company's contractual obligations under contracts with customers are broken down as follows:

	<u>2019</u>	<u>2018</u>
<b>Opening balance of contractual obligation as at 1 January</b>	696.178	-
Amounts recognised in the Statement of Comprehensive Income for the year	(696.178)	-
Deferred income (ADF)	842.834	696.178
<b>Closing balance of contractual obligation as at 31 December</b>	<b><u>842.834</u></b>	<b><u>696.178</u></b>

a) On 23 March 2017 a contract was entered into with Hellenic Duty Free Shops S.A. member of "DUFREY AG". Under that contract, Hellenic Duty Free Shops S.A. has the exclusive right to open stores selling certain types of duty free and duty paid products. Hellenic Duty Free Shops S.A. pays a monthly variable fee which is a percentage of sales. In addition, Hellenic Duty Free Shops S.A. made an advance payment of €25.000.000 to the Company against the future concession fee. In 2019 an amount of € 3.200.000 was offset (2018: € 3.000.000). The amount to be offset during 2020 is € 1.500.000 and the amount to be offset in the remaining seven years is € 15.800.000. The above amounts have been included under deferred income in the table above.

b) Liabilities related to the Concession Agreement include the present value of well identified/determined future liabilities under the Concession Agreement.

c) Payable guarantees represent cash guarantees received by the Company from counterparties to whom the right to use the airport facilities has been granted against the timely payment of their financial liabilities under the concession agreements signed. Cash guarantees are adjusted each year based on latest available estimates of the sales the concession beneficiaries are expected to record in the following year.

Liabilities from taxes-duties and to social security funds pertain to deducted taxes and social security contribution payments for November and December 2019, which were not rendered overdue on the reporting date.



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
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**17. Balances and related parties**

The Company's receivables from related parties as at 31 December 2019 and 31 December 2018 are the following and pertain to advertising services.

	<b>31.12.2019</b>	<b>31.12.2018</b>
INTERBUS	<u>230.393</u>	<u>147.420</u>
	<b>230.393</b>	<b>147.420</b>

The Company's liabilities to related parties as at 31 December 2019 and 31 December 2018 are the following and pertain to administrative support fees and rent for the Company's offices.

	<b>31.12.2019</b>	<b>31.12.2018</b>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A. (services)	1.012.836	1.279.770
FRAPORT REGIONAL AIRPORTS OF GREECE "A" SOCIÉTÉ ANONYME (services)	-	30.752
FRAPORT AG (services)	40.000	4.281
REDEX S.A.	197.045	487.936
FRAPORT AG (bond loan and accrued interest)	240.055.048	226.274.912
SLENTEL (bond loan and accrued interest)	54.409.623	51.286.290
MARGUERITE (bond loan and interest incurred)	<u>32.761.266</u>	<u>30.880.636</u>
	<b>328.475.818</b>	<b>310.244.576</b>

The Company's transactions with related parties for the year 2019 are the following:

	<b>TRANSACTIONS 2019</b>		
	<b>Services received</b>	<b>Interest</b>	<b>Total</b>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.	17.617.472	-	17.617.472
FRAPORT AG	46.353	13.780.136	13.826.489
SLENTEL	17.629	3.462.764	3.480.394
MARGUERITE	-	2.040.655	2.040.655
REDEX S.A.	<u>540.527</u>	-	<u>540.527</u>
	<b>18.221.981</b>	<b>19.283.556</b>	<b>37.505.537</b>
	<b>Provision of services</b>		
B2B	280		
INTERBUS	<u>361.610</u>		
	<b>361.890</b>		

The Company's transactions with related parties for the year 2018 are the following:

	<b>TRANSACTIONS 2018</b>		
	<b>Services received</b>	<b>Interest</b>	<b>Total</b>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.	17.086.282	-	17.086.282
FRAPORT AG	51.007	12.989.101	13.040.108
SLENTEL	34.875	3.369.935	3.404.810
MARGUERITE	-	1.968.849	1.968.849
REDEX S.A.	<u>1.095.875</u>	-	<u>1.095.875</u>
	<b>18.268.039</b>	<b>18.327.885</b>	<b>36.595.924</b>
	<b>Provision of services</b>		
INTERBUS	<u>340.180</u>		
	<b>340.180</b>		

The Company is related to FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A. according to the definition of IAS 24, para. 9, point b, due to the fact that both companies are subsidiaries of FRAPORT AG FRANKFURT AIRPORT SERVICES WORLDWIDE. In addition, the two companies share the same BoD Chairman and 2 BoD members out of the 5 other members.

The remuneration of the above members of management are billed by the associated company FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A., which has been founded to provide all kinds of management/administration services to the companies FRAPORT REGIONAL AIRPORTS OF GREECE A S.A. and FRAPORT REGIONAL AIRPORTS OF GREECE B S.A. and to implement all kinds of activities related to the design, financing, construction, completion,

maintenance, operation and development of the works to be performed by the two above companies.

Transactions with related parties are made based on usual market conditions.

## 18. Income

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
<b>Air Services</b>		
Airport modernization and development fees	79.502.835	78.012.829
Other income from air services	<u>30.960.884</u>	<u>24.012.376</u>
<b>Income from air services</b>	<b><u>110.463.719</u></b>	<b><u>102.025.205</u></b>
<b>Non-air activities</b>		
Commercial activities	9.793.618	7.820.100
Rent and other associated income	4.321.602	2.934.871
Income from construction services (IFRIC 12) (Note 6)	89.035.248	69.679.432
Income from unused provisions (Note 9)	25.515	-
Other income	<u>2.413.978</u>	<u>1.673.245</u>
<b>Income from non-air services</b>	<b><u>105.589.961</u></b>	<b><u>82.107.648</u></b>
<b>Total</b>	<b><u>216.053.680</u></b>	<b><u>184.132.853</u></b>

Income from air services is next broken down by airport:

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Airport of Mykonos	12.676.633	10.914.049
Airport of Skiathos	3.681.398	3.350.502
Airport of Santorini	19.175.083	17.746.665
Airport of Kos	21.752.754	20.255.703
Airport of Mytilene	4.090.172	3.702.301
Airport of Rhodes	45.078.703	42.492.134
Airport of Samos	<u>4.008.976</u>	<u>3.563.851</u>
	<b><u>110.463.719</u></b>	<b><u>102.025.205</u></b>

Income from the provision of air services are recognized in the statement of comprehensive income in the period in which they were rendered. The departure of the aircraft concerned is the criterion used to recognize income from air activities. As the aircraft arrival and departure cycle, during all the necessary services are provided, is considered too short, the revenue is accounted for at a point of time (aircraft departure).

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
<b>Separation of the Company's sales based on the revenue's time of recognition</b>		
Revenue from the provision of services delivered at a certain point of time	<u>110.463.719</u>	<u>102.025.205</u>
<b>Total</b>	<b><u>110.463.719</u></b>	<b><u>102.025.205</u></b>

**19. Cost of consumables and services**

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Cost of construction services (IFRIC 12) (Note 6)	89.035.248	69.679.432
Maintenance costs	4.636.277	3.875.967
Costs of services received	33.958.028	32.295.110
Variable concession costs (a)	6.738.666	6.712.636
Cost of various consumables	913.731	1.204.545
<b>Total</b>	<b>135.281.950</b>	<b>113.767.690</b>

a) Pursuant to the Concession Agreement for each Concession Year ending after (a) the Concession Commencement Date and up to 1 November 2024, an amount corresponding to 8.5% of the airport modernization and development fees received by the Company after such date in any Concession Year and after (b) 1 November 2024, 35% of the airport modernization and development fees received by the Company after such date in any Concession Year will be paid to the State as the Levy to fund in part (i) the HCAA in its role as airport regulator, (ii) the deficit incurred by the operation of the airports retained by the State and (iii) the PSO routes. For the year that ended on 31 December 2019 the relevant cost recognized by the Company was € 6.738.666 (2018: €6.712.636) and is part of the variable concession cost.

**20. Staff costs**

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Salaries and daily wages	6.365.835	5.794.285
Social security costs	1.738.046	1.535.461
Provision for personnel compensation due to retirement or dismissal	27.738	133.691
<b>Total</b>	<b>8.131.619</b>	<b>7.463.437</b>
	<b>01/01/2019</b>	<b>01/01/2018</b>
	-	-
	<b>31/12/2019</b>	<b>31/12/2018</b>
Number of employees	225	197
<b>Total</b>	<b>225</b>	<b>197</b>

**21. Other operating expenses**

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Premiums	1.154.009	1.085.675
Advertising costs	20	23.957
Expenses for consultation, technical and audit services	1.111.449	1.180.933
Rental costs	166.933	136.835
Other taxes	23.441	10.713
Power costs	2.322.168	2.034.555
Water supply and sewage costs	490.434	325.765
Waste management cost	178.484	194.203
Staff training costs	52.410	19.193
Flight Management Authority fees	150.975	156.093
Impairment provision for trade receivables	-	94.311
Other operating expenses	486.795	519.056
<b>Total</b>	<b>6.137.118</b>	<b>5.781.289</b>

Audit service costs are:

	<b>01/01/2019- 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
Mandatory audit of the annual financial statements	73.000	66.000
Other assurance services	33.000	31.500
Other associated non-audit services	9.200	2.000
	<b>115.200</b>	<b>99.500</b>

## 22. Financial expenses - Net

	<b>01/01/19 - 31/12/2019</b>	<b>01/01/2018- 31/12/2018</b>
<b>Financial income</b>		
Interest income	215.070	215.524
<b>Total</b>	<b>215.070</b>	<b>215.524</b>
<b>Financial expenses</b>		
Interest on bond loans from Banks	(13.879.348)	(14.225.922)
Interest expenses on bonds - Shareholders	(19.283.556)	(18.327.886)
Interest on interest rate swap agreements	(896.684)	(904.467)
Reversal of prepaid liability under a Concession Agreement	(13.346.587)	(13.228.432)
<b>Total</b>	<b>(47.406.175)</b>	<b>(46.686.707)</b>
<b>Other financial expenses</b>		
Loss from the valuation of an interest rate swap agreement recognized in the statement of comprehensive income	(266.858)	(264.476)
Other	(301.319)	(42.756)
<b>Total</b>	<b>(568.177)</b>	<b>(307.232)</b>
<b>Financial expenses - Net</b>	<b>(47.759.282)</b>	<b>(46.778.415)</b>

## 23. Capital management

	<b>31.12.2019</b>	<b>31.12.2018</b>
Long Term bank Debt	672.501.834	592.673.749
Short term bank debt	3.293.538	4.166.048
Less: Cash and cash equivalents	(41.343.290)	(44.366.045)
Time deposits	(30.750.691)	(30.228.545)
<b>Net borrowing</b>	<b>603.701.391</b>	<b>522.245.207</b>
Total equity	101.716.508	108.380.664
<b>Total capital employed</b>	<b>705.417.899</b>	<b>630.625.871</b>
<b>Leverage ratio</b>	<b>85,58%</b>	<b>82,81%</b>

This part presents a breakdown of net borrowing and the various items for each of the years included here.

	<b>31.12.2019</b>	<b>31.12.2018</b>
Cash and cash equivalents	41.343.290	44.366.045
Time deposits	30.750.691	30.228.545
Borrowing - payable in the following year	(3.293.538)	(4.166.048)
Borrowing - payable after one year	(672.501.834)	(592.673.749)
<b>Net borrowing</b>	<b>(603.701.391)</b>	<b>(522.245.207)</b>

	<b>Other assets</b>		<b>Loans</b>		<b>Total</b>
	<b>Cash in hand/bank</b>	<b>Time deposits</b>	<b>Borrowing payable within 1 year</b>	<b>Borrowing payable after 1 year</b>	
<b>Net borrowing as at 01 January 2018</b>	<b>43.346.015</b>	<b>26.185.737</b>	<b>(2.083.025)</b>	<b>(556.111.964)</b>	<b>(488.663.237)</b>
Cash flows net of funding costs	1.020.030	4.042.808	2.083.025	(22.000.000)	(14.854.137)
Loan interest capitalized during the year (issuance of bonds)	-	-	-	(17.346.500)	(17.346.500)
Accrued interest incurred on the bond loan from the shareholders	-	-	-	(510.598)	(510.598)
Other non-cash transactions - Funding cost depreciation	-	-	-	(870.735)	(870.735)
Other non-cash transactions - Reclassification of short-term part	-	-	(4.166.048)	4.166.048	-
<b>Net borrowing as at 31 December 2018</b>	<b>44.366.045</b>	<b>30.228.545</b>	<b>(4.166.048)</b>	<b>(592.673.749)</b>	<b>(522.245.207)</b>



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
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	Other assets		Loans		Total
	Cash in hand/bank	Time deposits	Borrowing payable within 1 year	Borrowing payable after 1 year	
<b>Net borrowing as at 01 January 2019</b>	<b>44.366.045</b>	<b>30.228.545</b>	<b>(4.166.048)</b>	<b>(592.673.749)</b>	<b>(522.245.207)</b>
Cash flows net of funding costs	(3.022.755)	522.146	-	(65.000.000)	(67.500.609)
Principal repayment during the year	-	-	4.166.048	-	4.166.048
Loan interest capitalized during the year (issuance of bonds)	-	-	-	(18.402.903)	(18.402.903)
Accrued interest incurred on the bond loan from the shareholders	-	-	-	(381.194)	(381.194)
Loan issuance fees	-	-	-	1.522.500	1.522.500
Other non-cash transactions - Funding cost depreciation	-	-	-	(860.026)	(860.026)
Other non-cash transactions - Reclassification of short-term part of funding cost	-	-	1.011.379	(1.011.379)	-
Other non-cash transactions - Reclassification of short-term part	-	-	(4.304.917)	4.304.917	-
<b>Net borrowing as at 31 December 2019</b>	<b>41.343.290</b>	<b>30.750.691</b>	<b>(3.293.538)</b>	<b>(672.501.834)</b>	<b>(603.701.391)</b>

**24. Underwriting liabilities**

**Construction contracts**

Pursuant to the contract signed on 22 March 2017 by and between the Company and Intracom Constructions Societe Anonyme Technical and Steel Constructions (Intrakat), the Company assigned to Intrakat the design and construction of works at the regional airports managed by the Company.

As at 31 December 2019 the underwriting liabilities under the above contract stood at € 29.700.000 (2018: €1.032.290).

**Fire Truck Supply Agreement**

Under the agreement made on 24/01/2019 with retroactive effect from 13/12/2018 between the Company and Rosenbauer International AG (Rosenbauer), the Company awarded to Rosenbauer the supply of fire trucks for the regional airports the Company manages.

As at 31 December 2019 the underwriting liabilities under the above contract stood at € 2.224.000 (2018: € 94.108.093).

**Other contracts**

On the reporting date, the Company has the following commitments as regards offices and car rents as well as payments for services received by the Greek State:

	Within 1 year	1-5 years	Over 5 years
Car leasing - third parties	97.714	310.347	1.848
Other services- third parties	141.498	160.902	-
Greek State (Fire Brigade)	1.027.515	-	-
Office rentals - related parties	4.080	16.320	3.175
	<b>1.270.807</b>	<b>487.569</b>	<b>5.023</b>



**FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.**  
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 (AMOUNTS IN EURO)

**25. Contingent liabilities**

The company has contingent liabilities in respect of banks, other guarantees and other issues that result from its normal operations from which no substantial charges are expected.

The Company has not been audited for 2015, 2016, 2017 and 2018. For 2016, 2017 and 2018 it was audited pursuant to Law 4174/2013 and received a tax compliance certificate from PwC S.A. without reservations. The tax compliance audit for the issuance of the tax certificate for 2019 is conducted by PwC S.A. and it is not expected that there will be substantial tax liabilities in addition to those listed in the financial statements.

**26. Events after the Reporting date**

a) On 23/01/2020 a supplementary contract was concluded between the Company and the construction company ("Intrakat") regarding completion of airports. Under this contract, the Company effected an advance payment to the construction company for the amount of €5.150.000.

b) On 31/01/2020, the Company disbursed €15.000.000 from the bond credit line of the European Investment Bank.

c) The emergence of Covid-19 early in 2020 and its spread during the period that followed, has led to the adoption of preventive and other measures globally, some of which may affect the passenger traffic and by extension the financial data of the Company for financial year 2020. The Company watches carefully the course of the issue, so as to respond immediately to the requirements of the global and domestic environment. Specifically, the Company is in constant contact with the National Public Health Organisation (EODY) as regards issues relating to the coronavirus, in view of obtaining all relevant directives concerning air traffic, either in terms of general preventive preparation or regarding recommended action for certain cases.

Besides the above, no other events have taken place after the date of the financial statements which could materially affect the Company's financial position which should be reported under the International Financial Reporting Standards.

**Athens, 27/03/2020**

**THE PRESIDENT**

STEFAN SCHULTE

German passport No  
C5LP2YHTY

**THE CHIEF FINANCE OFFICER**

EVANGELOS BALTAS

Police ID Card No AK096400

**THE VICE PRESIDENT**

ALETTA ALICE GERDA LILLY FREIIN  
VON MASSENBACH

German passport No  
C5J8KHMR7

**THE HEAD OF ACCOUNTING  
DEPARTMENT**

TAIRIDOU KIRIAKI

Police ID Card No AB573682



**FRAPORT REGIONAL AIRPORTS OF GREECE "B"  
SOCIETE ANONYME**

Independent Chartered Auditor - Accountant Audit Report



**Direct Translation of the independent auditor’s report issued on the statutory financial statements of «Fraport Regional Airports of Greece B S.A.» for the year ended 31 December 2019 from the original text in Greek.**

**Independent auditor’s report**

**To the Shareholders of “«Fraport Regional Airports of Greece B S.A”**

**Report on the audit of the financial statements**

**Our opinion**

We have audited the financial statements of «Fraport Regional Airports of Greece B S.A.» (Company) which comprise the statement of financial position as of 31 December 2019, the statements of profit or loss and comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31<sup>st</sup> December 2019, the financial performance and the cash flow for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

**Other Information**

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

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In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

- The information given in the the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 153 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and the environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

#### **Responsibilities of Board of Directors and those charged with governance for the financial statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 27 March 2020



The Certified Auditor Accountant

PricewaterhouseCoopers S.A  
Certified Auditors Accountants  
SOEL Reg. No. 113

Dimitris Sourbis  
SOEL Reg. No 16891