



**CENTRAL GREECE MOTORWAY CONCESSION COMPANY**  
**SOCIETE ANONYME**

**Annual Financial Statements**

**According with the International Financial Reporting Standards (“IFRS”) as adopted by the  
European Union for the year ended at 31st of December 2019**

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**A. MANAGEMENT REPORT OF THE BOARD OF DIRECTORS  
OF CENTRAL GREECE MOTORWAY CONCESSION SOCIETE ANONYME S.A.**

Dear Shareholders,

Pursuant to the provisions of article 150 of L. 4548/2018 and the Company's Articles of Association, we have the honor to submit to the Annual General Meeting the Annual Financial Statements of the Company for the 12th fiscal year 2019 (1.1.2019 - 31.12.2019). This report includes an analysis of the financial statements as well as the additional explanations necessary or useful for their assessment and the relevant decision-making process of the General Meeting regarding their approval in accordance with the proposal of the Board of Directors.

The accompanying Financial Statements for the year 2019 were prepared by the Company in accordance with the International Financial Reporting Standards and the relevant regulatory provisions.

**1. BUSINESS OBJECTIVE**

Exclusive activity objective of Central Greece Motorway Concession Company SA (hereinafter referred to as "the Company") is the study, construction, financing, operation, maintenance and exploitation of the project "Central Greece Motorway (E65)", based on the provisions of the respective Concession Agreement.

**2. DEVELOPMENT OF PROJECTS**

At 23/11/2010, the Company, along with the construction activity, entered into partial operation period with the commencement of the operation of Agia Triada Toll Station, in Municipality of Molos. Subsequently, in September of 2014 two new lateral toll stations, at Molos and Thermopyles commenced operation, while in March of 2015, the lateral toll stations of Ag. Marina and Stilida - Karavomilos as well as the frontal toll station of Mavromantila commenced operation. In December 2017 commenced the operation of the Central Greece Motorway (E65) by the I/C Xiniadas until the I/C Trikalon whereas in January 2018, the Stations of Sofades, Anavra Trikala and Proastio On January 22, 2019, the Minister of Infrastructure announced the official start of construction work in the section "PATHE - A / K Xyniadas Junction" of the E65 motorway.

The results for the year ended 2019 analyzed as follows:

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<b>Revenues</b>	<b>141,467,380</b>
Minus: Cost of Sales	(148,362,752)
<b>Gross Result</b>	<b>(6,895,372)</b>
Plus: Other operational revenues	5,155,184
Minus: Administrative expenses	(2,478,454)
Minus: Impairments of Receivables	(170,000)
Other operating expenses	(5,108,512)
<b>Earnings before interest and income tax</b>	<b>(9,497,154)</b>
Plus: Financial income and gains from derivatives	40,149,362
Less: Financial expenses	(18,818,483)
<b>Earnings before income tax</b>	<b>11,833,725</b>
Minus: Income Tax (deferred)	8,059,133
<b>Earnings after income tax</b>	<b>19,892,858</b>
<b>Other comprehensive income / (losses)</b>	
<i>Items re-classified to the Results in following periods:</i>	
Reserve from cash flow risk hedging contracts	(21,065,074)
Tax corresponding	2,697,059
	<b>(18,368,015)</b>
<i>Items non re-classified to the Results in following periods</i>	
Actuarial losses from defined benefit plans	(53,487)
Tax corresponding	12,893
	<b>(40,594)</b>
<b>Other comprehensive income of the year after tax</b>	<b>(18,408,609)</b>
<b>Total comprehensive / (losses) income after tax</b>	<b>1,484,249</b>

The Revenue for the year ended at 31st of December of 2019, is analyzed as follows:

MTC Toll revenue	13,639,071	
ETC Toll revenue	5,666,786	
Income from Leasing of Motorist Service Stations (MSS)	21,661	
Income from the provision of other services	193,626	19,521,144
Income from the provision of construction services (according to IFRIC 12)		110,033,184
Revenue from Operation Support related to operation		11,913,052
<b>Total</b>		<b>141,467,380</b>

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The cost of sales for the year ended at 31st of December 2019, includes also, under IFRIC 12 and among other costs, the construction cost of euro 109,995,148 which contains the construction fees of E65 J/V amounting to euro 108,727,269.

In detail, the construction cost and expenses of 2019, amounting to euro 109,995,148, are analyzed per category as follows:

E65 J/V fees	108,727,269
Hellas Tolls J/V fees	1,267,879
<b>Total</b>	<b>109,995,148</b>

The Company started in 2018 to amortize the intangible concession right, which for the fiscal year ended on December 31, 2019, amounted to 23,949,458 Euros, while in total the accumulated amortization of the intangible concession right amounts to 47,830,184 Euros.

### 3. FINANCIAL RATIOS

Below the table depicts certain financial ratios with the assistance of which the Company's financial performance and position can be better assessed.

#### Financial Year 2019

Revenues	=	141,467,380	=	19.74%
<hr/> Total assets		<hr/> 716,699,693		
Current assets	=	71,226,598	=	150.17%
<hr/> Current liabilities		<hr/> 47,428,879		
Total assets	=	716,699,693	=	1,268.85%
<hr/> Total Equity		<hr/> 56,484,171		
Total Equity	=	56,484,171	=	8.55%
<hr/> Total Liabilities		<hr/> 660,215,521		
Cash and cash equivalents	=	18,010,703	=	37.47%
<hr/> Current liabilities		<hr/> 48,063,487		

**Financial Year 2018**

Revenues	=	27,278,024	=	4.04%
<hr/>				
Total assets		675,962,097		
Current assets	=	65,937,757	=	211.67%
<hr/>				
Current liabilities		31,151,376		
Total assets	=	675,962,097	=	592.95%
<hr/>				
Total Equity		113,999,922		
Total Equity	=	113,999,922	=	20.29%
<hr/>				
Total Liabilities		561,962,175		
Cash and cash equivalents	=	23,941,465	=	76.86%
<hr/>				
Current liabilities		31,151,376		

**4. NON-FINANCIAL RATIOS**

The strategic objective of the Company is the construction and operation of modern highways of European standards, which contribute to the development of the national economy, ensure the protection of the environment and improve the quality of life of the wider community. High quality services are provided that increase drivers' confidence and an effort is made to ensure maximum levels of road safety.

The following table demonstrates, following the comparison with the year 2018 that the total vehicle transits in 2018 increased by 6.02%. On the other hand, the absolute number of the incidents as compared to the transits is maintained at an especially low level.

	<b>2018</b>	<b>2019</b>	<b>Increase</b>
Total Vehicle Transits	9,244,228	9,800,493	6.02%

Correspondingly, the events per category for the years 2019 and 2018 respectively were as following:

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<b>Events</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Accident - Crash	177	182	2.82%
Vehicle with Damage	2,663	2,677	0.52%
Abandoned vehicle	21	29	38.09%
Obstacle - Outflow - Moving Danger	2,982	2,535	-14.99%
Other Event	767	1,034	34.81%
<b>Total</b>	<b>6,610</b>	<b>6,457</b>	<b>-2.32%</b>

The table below lists an analysis for time response, which remains low (satisfactory), indicating the readiness and speed of intervention in the various incidents on the motorway.

<b>Average response time (in minutes)</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Accident - Crash	13	13.9	6.92%
Vehicle with Damage	10.7	9.9	-7.48%
Abandoned vehicle	13.8	11.0	-20.29%
Obstacle - Outflow - Moving Danger	10.6	10.4	-1.89%
Other Event	5.2	5.1	1.92%

The Company is vigilant and looks at new ways to further improve the services provided. The satisfaction of the Concession Project customers, is a top value for the Company, so all actions are geared towards that direction. Priority is given to communicating with drivers as their own contribution to the smooth running of the motorway is recognized. Undoubtedly, the expression of their opinion contributes to the effort for immediate, responsible and reliable service delivery. These data are also confirmed by the following tables, which show the response index to User requests. There is an imperceptible decrease of 1.8% due to an increase of 8.8% in incoming calls.

<b>Phone customer service</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Number of incoming calls	6,355	6,914	8.8%
Number of answered calls	5,815	6,202	6.7%
<b>Performance</b>	<b>91.5%</b>	<b>89.7%</b>	<b>-1.8%</b>

## **5. FINANCIAL POSITION**

The financial position of the Company as at 31.12.2019 is satisfactory and reflects the state of the company depicted in the financial statements. More specifically the following are noted:

### Equity

The Company's Equity amounted to 56,484,171 Euros compared to 113,999,922 Euros during the previous fiscal year 2018. The reduction is mainly due to the conversion of the Share Capital into a Bond Loan (Subordinated Debt) as provided in the Concession Agreement, by 59,000,000. (see note 16).

### Duration of Constructions – Project Amendment

The part I/C Xyniada – I/C Trikala has been delivered into operation status since December 2017. The financial progress of the Project, up to December 2019 stays at the level of 99.9% whereas the remaining part for its completion concerns small scale works that are pending, in accordance with the Project's Completion Confirmation Letter issued on 15/12/2017 and provided by an Independent Engineer.

The Greek State, by exercising its rights according to the Concession Agreement (article 4.2.3) and of article C.1. of Appendix K of Supplement 2 of Concession Agreement, decided in accordance with the Ministerial Decision (under protocol number ΕΥΔΕ/ΚΣΕΣΠ/Γ/Φ1.1/ε. 9628) the completion of the Construction Works of the Deferred Part A' or "ATA" of the article 4.2.2 (a) (i) of the Concession Agreement, meaning the part from the I/C PATHE to I/C Xyniada (length of 32,370 km).

The Minister of Infrastructure and Transport issued, in application of paragraph 2 of article 5 of Law 4219/2013 (Government Gazette A269) a Ministerial Decision protocol number ΕΥΔΕ / ΕΠ Κ & ΔΕ Α / 6/00/01/01 / οικ.12263 / 16.12.2016 (ΑΔΑ: ΩΝ3Η4653ΟΞ-7ΟΖ) concerning the assignment to the Concessionaire of execution, in accordance with the provisions of Article 4.2.3 of the Concession Agreement, of the remaining Constructions of the Department of the PATHE - Α / Κ of Xyniada, based on a total one-off consideration of three hundred million Euros (€ 300,000,000), payable quarterly and of the achievement of the corresponding benchmark as well as the completion of Additional Works, according to Article 18.6 of the Concession Agreement, for the restoration of the already, until the resumption date, perfectly executed Constructions on the above Part (Section), budgeted at five million seven hundred and thirty five thousand Euros (€ 5,735,000) plus VAT. On January 22, 2019, the Minister of Infrastructure announced the official start of construction work in the above part of the motorway. The construction progress of this part is at 41.93% according to the latest Certification (March 2020).

Furthermore, the State has expressed its intention to activate in accordance with Article C.1. of Annex K of Annex 2 to the Concession Agreement and its rights, and to finance the entire construction of the Suspended Section B 'or "ATB", which is included in Article 3.1.3D of the Concession Agreement (CA), the subdivisions:

- Part I/C Trikala – I/C Grevena (32,450 km)
- Part I/C Grevena – I/C Egnatia (30,610 km)

The Greek State has submitted a notification to the General Directorate of Competition of the European Commission, and the approval of the European Commission is expected.

Bank Loans - Cash and cash equivalents

For the financing of the project, the Company entered into an agreement concerning a bond loan of 451,714,635 euro which has been disbursed and is being repaid. The remaining part of the loan on 31.12.2019 amounted to 363,885,920 euro.

The Cash and cash equivalents (consisting of deposits exclusively with Eurobank SA and cash reserves of the toll stations) amounted to 18,010,703.49 euro compared to 23,941,465.34 euro in the previous year 2018.

Cash available at Eurobank S.A. amounting to € 17,470,209.61 is deposited in the following project sub-accounts:

- 1) Collections Account amounting to € 17,585.90
- 2) Debt Service Reserve Account amounting to € 2,095,658.3
- 3) Committed Escrow Account of € 132,590.22
- 4) Excessive Operating and Maintenance Liquidity Account amounting to € 8,371,188.78
- 5) Heavy Maintenance Reserve Account amounting to € 4,965,730.04
- 6) Share Capital Account amounting to € 2,153.39
- 7) Deferred Account Part amounting to € 1,885,302.95

Concessionaire Compensation

The Company has submitted to the State a request for compensation for loss of income due to the order of the State for free transit during the elections held during the fiscal year, for a total amount of 82,382.65 Euros, the collection of which is expected within the first half of 2020.

**6. PERFORMANCE BASIS (BASE IRR)**

In January 2020, in the implementation of the provisions of the Concession Agreement, the total amount of € 5,141,510 was transferred to the Distribution Account. This amount represents the shareholders' return to which they are entitled to for the year 2019. In addition, in 2019, the amount of 607,106 Euros was transferred to the Distribution Account, which is the entitled return of the shareholders for the second half of 2018, € 556,913, plus accrued return for 2018 € 50,193.

With respect to payments made from the Distribution Account towards the Shareholders in relation to the Performance Basis (Base IRR), within 2019 it was paid to the shareholder part of the accumulated due performance amounting to 15,519,351 Euros, while in January 2020 the remaining share amounting to 5,141,510 Euros was also paid to the shareholder.

Therefore, until today, Shareholders have collected the entire Performance Basis provided by the Concession Agreement for the periods up to the second half of 2019. Within the year 2020, an amount of € 5,364,401 will be paid, based on the provisions of the Concession Agreement, if there is sufficient cash liquidity.

## **7. RISKS**

The activities of the Company are exposed to various financial risks including the interest rate risk, and general credit risks.

### Credit Risk & Liquidity Risk

Due to the nature of the company's activities, from which its revenues derive, no significant concentration of credit risks arises, which could question the Company's cash flow. The receivables from the Greek State in relation to the Operating Support comprise an exception whereas the particular risk is assessed as limited. Under the loan agreement, the Company's cash and cash equivalents (sight and time deposits) amounted to 17,470,209.61 €, they are deposited at Eurobank SA and the credit risk for the cash and cash equivalents as well as for the other receivables is considered limited.

The short-term liabilities of the Company are adequately covered from the cash and cash equivalents as well as the working capital.

### Foreign currency risk

Foreign currency risk is the fluctuation risk of the value of financial assets, non-current assets, as well as of receivables and payables due to the changes in the exchange rates. In the current year the Company did not have any major transactions in foreign currency.

### Cash Flow and Interest Rate Risk

The Company is exposed to cash flow risk due to its borrowing in floating interest rates in euro denominated loans. In order to offset the risk that derives from possible future interest rates changes, the Company has contracted Interest Rate Swap Agreements, converting indirectly the floating rates to fixed ones.

The fair value of these contracts was estimated by projecting the effective, on 31.12.2019 interest rate curve (euribor), throughout the whole horizon of the said contracts. Their fair value amounts to a liability of 196.14 million Euros.

## **8. NON FINANCIAL ASSETS**

### INTRODUCTION

Since the year 2017, the Management Report includes a non-financial section that concerns the areas with the greatest impact on the Company's operation, especially in Environmental, Social, Labor issues and in issues of Human Rights, Anti-Corruption and Bribery.

The structure and content was based on the guidelines of the International Standard for the issuance of non-economic Reports, the GRI Standards and the principles of the United Nations Global Compact.

## THE COMPANY

The primary commitment of the Company is the safe and fast movement for all Greek citizens, combined with the provision of high quality services.

The Company is responsible for:

1. The study: Carry out all the necessary studies (environmental, road, geotechnical, etc.)
2. Design and construction of all new sections of the motorway
3. Operation: Traffic Control and Monitoring, management of emergency events, routine works (e.g. road cleaning)
4. Maintenance: of buildings, roads, related equipment, vehicles
5. Management: Toll collection and management of Motor Service Stations (MSS)

The construction of the E65 is a project of strategic importance for the development of the country and the region, since it is entirely constructed in new engraving and basically connects Eastern with Western Greece. Upon completion, it links Central Greece with the Trans-European Networks, the ports of Igoumenitsa and Volos and completes the transport system at regional and local level.

This project concerns the construction of the motorway of central Greece (E65), from the PATHE at the height of I/C Thermopyles until the unequal node of Egnatia Odos (total length of 182 km), as well as the upgrade, management and maintenance of the PATHE Section. from Scarfia (Thermopyles) until Raches of Phthiotida (total length of 57 km).

The Company's Board of Directors (BoD) consists of 10 members. The BoD decides on important corporate issues following predefined meetings. Its role in the smooth operation of the company is decisive, as it has a leading role and directs corporate affairs for the benefit of the company and all interested parties. The BoD also ensures that the Management follows and serves the corporate strategy and ensures the provision of a fair and equitable environment based on universal values for the performance of the duties of the members of the company, and especially of the employees, who are directly affected by its operation.

## STRATEGIC APPROACH

Basic approach of the Company's strategy is the provision of high-level services. The Company is committed to the quality of its services by aiming at its continuously improvement of its performance.

The existence of certified procedures that govern all activities and operations of the company is particularly important for the provision of high quality services for the Company's users as well as for the protection of the health of its employees and the protection of the environment. For this reason, the Company seeks to certify its procedures and its systems in accordance with international standards. Furthermore, a certified Business Continuity Plan has been adopted and is already being implemented, as well as a Code of Ethics and Business Conduct established by GEK TERNA Group is being followed throughout the Company's range of activities.

### CORPORATE RESPONSIBILITY

The Company, being particularly sensitive to the needs of society, has as a strategy the integration into its design, policies and practices that contribute not only to the economic development of society but also to the protection and regeneration of the environment.

Having a full understanding of its deep responsibility, as it provides a public good of utmost importance, ensuring the smooth functioning of two major road axes of the country, it continues its effort to delimit, organize, record and communicate all those parameters that constitute the Corporate Responsibility.

Based on internationally recognized practices, the Corporate Responsibility Strategy of the Company is based on five pillars:

1. Road Safety
2. Quality of Provided Services
3. Human Resources
4. Environment
5. Cooperation with the Local Societies –Social Contribution

As a consequence of the recognition of the above pillars, the Company has prepared a comprehensive action plan which fully covers the current data and objectives that have been set and also the depiction of these. Two years after the preparation and release of its first Annual Report, the Company continues to improve its performance placing a special emphasis on corporate responsibility.

Already from the year 2016, the Company launched an in-depth analysis of the strategic approach for the Corporate Responsibility in order to effectively cover all the areas that affect and been affected by its business activity. The social and environmental impacts affect the quality of the Company's services and are directly related to its ability to provide constantly secure services to all motorway users. At the same time, they are related to its ability to contribute to the development of the local communities that it affects, as well as to the wider community, which is an indirect recipient of the social value that the Company creates and distributes.

### RESPONSIBILITY IN THE SUPPLY CHAIN

The provision of high-quality services imposes a demanding process for the selection of the Company's associates and it sets as a prerequisite that its suppliers share the same principles as the Company advocates in particular the Code of Ethics and Business Conduct, and the legislation on the protection of personal data. At the same time, its suppliers must faithfully apply the specifications and rules that govern their operating range.

The Quality Management System implemented by the Company sets a number of requirements for its suppliers. Indicatively, the following are mentioned:

- Selection based on open market research

- At least 3 different offers
- The specifications are predefined by our company
- It is taken into account the responsible operation of the partner and the qualitative characteristics of the service / product
- Annual evaluation of existing suppliers' performance

In addition to the supplier selection criteria, the Company records the official certifications received by its suppliers, as by this it ensures the quality of the services and products. For the most part, the major suppliers are certified with one or more of the following systems, depending on their objective:

- ISO 9001: 2008
- ISO 14001: 2004
- ISO 22000:2005
- EN 361: 2002
- EN 358: 1999
- OHSAS 18001

The main categories of the Company's suppliers are as follows:

- The construction company
- The study-compilation companies
- The suppliers exclusively engaged with the construction related operations of the Company
- The subcontractors for maintenance of civil engineering works, snow-removal and maintenance of equipment
- Suppliers of consumables
- External collaborators who provide support for operating issues (lawyers, statutory auditors, etc.)

Especially for the suppliers that are directly related to the operation and maintenance of infrastructure, the audits for the enforcement of the environmental legislation are continuous and thorough.

On an annual basis, suppliers and subcontractors are assessed on the basis of specific criteria that include:

- Observance of deadlines
- Transaction quality
- Ability to react
- Availability of products / services
- Compliance of products / services with the predefined by the company specifications
- Compliance to safety and hygiene regulations
- Cost
- After-sales services

The Company has analyzed potential risk areas including the possibility of occurrence of child, forced or compulsory labor incidents. However, taking into account the nature and requirements of the work, it does not consider that its own activities or of its suppliers pose a risk of such phenomena.

During 2019, it has not been noticed any incident of low quality by the main suppliers and therefore it has not been conducted any interruption of co-operation. Moreover, meetings with critical suppliers have been established to systematically discuss and solve any problems encountered in the ordering process. Additionally, purchasing orders are pre-authorized by the procurement department before reaching the Company's chief financial officer, thereby ensuring the excellence and completeness of the data and actions required. Gradually, all procurement and tenders are assigned to the procurement department in order to be established a central coordination of actions for procurement issues, increasing thereby the performance of the company's purchasing circuit.

#### SOCIETY AND LOCAL COMMUNITIES

The essential contribution to the development of local communities that are related to our motorways is a firm priority of the Company. Providing support to small suppliers is a key part of our way of action, since we clearly recognize its positive effects. The special relationship developed with local suppliers often leads to overruns of the Company's payment policies.

During the year 2019, the Company invested considerably and significantly increased the expenditure to national and local suppliers, while at the same time it reduced the expenditure towards international suppliers. By this way, it expresses its support for Greek businesses.

#### OPERATING ENVIRONMENT OF THE COMPANY

On March 11, 2020, the World Health Organization (WHO) announced the outbreak of Coronavirus COVID-19 as a pandemic, recognizing its rapid spread around the world. Due to the general escalation of the pandemic, the Greek Government took stringent measures to contain and delay the spread of the virus. These measures predicted, among other things, a travel ban (with exceptions), self-restraint on those who may be affected, implementation of social removal and control or closure of borders, and universal "closure" of cities or regions of the country. Already, based on the recent instructions issued by the Government, the measures to restrict the movement of citizens will be gradually lifted from the 5th of May, a fact that will restore traffic to the highways operated by the Company.

Any assessment of the impact on highway traffic depends on: a) the evolution of the virus in the country and b) the time period of the restrictions and the more specific preventive measures taken by the government - which cannot be assessed at this stage. The various scenarios and the ways to deal with them cannot be predicted in their entirety, but the Company closely monitors and adapts its operation and planning according to the current developments. In this context, it is planning emergency actions in order to achieve the least possible disruption in its operation.

## **9. COMPANY AND ENVIRONMENT**

The harmonic integration of motorways in the environment and the constant effort to protect and promote every area's wealth constitute a commitment of Central Greece Motorway SA.

The company applies effective Environmental Management throughout the entire project in accordance with the requirements of the Concession Agreement and the relevant legislation.

The Company's policy is to implement its corporate practice and make decisions based on the environmental and social objectives required by the Sustainable Development. For this reason the company's primary goals include the protection of the environment throughout all activities of the project, the monitoring of the potential implications caused by the construction and operation of the motorway and the application of the necessary protective measures.

Approved Environmental Terms (AET) of the project. The obtaining of the required environmental permits, the installment of noise barriers, the monitoring of traffic noise, the measurement of the air pollution, the construction of fauna underpasses, the restoration and maintenance of vegetation, the construction of pollution collection tanks, the implementation of Environmental Management Plans, the legal waste management practices and the monitoring of traffic volumes are some of the measures that ensure the protection of the environment and the harmonization of the project with it. The Company's commitment for the protection of the environment is described in the Environmental Policy applied.

The Environmental Management and the implementation of the Approved Environmental Terms is a responsibility of the Environmental Service as specified in the Concession Agreement, which is responsible for the issuance of the semi-annual Environmental Management Report, Annual Environmental Report and the Annual Waste Producer Report to the National Electronic Waste Register that concern the Concession project. Furthermore, special monitoring programs for Motorway Traffic Noise and Air Pollution are being implemented on an annual basis with the support of specialized consultants with multi-year experience in the field.

Finally, the effective Environmental Management and the continuous improvement of the Company's environmental performance are achieved through the implementation of an Environmental Management System in every aspect and activity of Central Greece Motorway S.A, which is certified by the International Standard ISO 14001:2015.

## **10. HUMAN RESOURCES**

The Company, as at 31/12/2019 was employing 201 employees. All the personnel are been employed on full-time basis while the majority is covered by individual contracts of indefinite duration. The Company cooperates on a permanent basis with companies that provide seasonal workers. By this personnel the Company covers extraordinary or seasonal needs, such as maternity leave. 94.52% of all employees are mainly employed in the operation of toll stations, in the maintenance and management of highway traffic, in the maintenance of electromechanical equipment, in the service of users, as well as in related activities related to their operation.

After the recruitment of the staff, a training period follows in order to achieve the optimal understanding of the role and to maximize the effectiveness of their work. The Company's priority is to create an excellent professional environment with an emphasis on employee safety, their continuous development through educational programs and the use of their talents.

### **Equal Opportunities Policy**

Human resources management is based on principles and policies that ensure the protection of rights and equal opportunities for all without any discrimination whatsoever, regardless of race, color, gender, language, religion, politics or any other beliefs, national or social origin, property, or any other situation. Respect for the diversity and value of each personality is a fundamental element of corporate culture. Gender equality is one of the policies implemented and pursued, in absolute value.

In this context of equality and equity, the Company cultivates a work environment that offers development opportunities with the sole criterion of knowledge, skills, performance and alignment with its principles. Recruitment and evaluations are based on merit criteria and policies set by the company, and no form of discrimination exists on employees' compensation. All employees are entitled to equal pay for work of equal value.

During 2019, there was neither any incidence of discrimination nor did any denouncement or complaint occur from workers and / or third parties about incidents of discrimination in the workplace.

### **Personnel Training**

Continuous and uninterrupted employees' training is a commitment for the Company. The training policy adopted is applied to all the staff of all levels and consists of 6 distinct stages:

1. Analysis of Educational Needs
2. Identification of Training Plan
3. Development of Training Plan
4. Application of Training Plan
5. Evaluation of Educational Programs
6. Evaluation of Educational Programs' Efficiency

The purpose of the training process is to:

- support the company's strategy
- prepare workers for their professional careers
- equip employees with the tools and skills necessary for the effective performance of their duties

### **Human Rights**

The Company seeks to implement the internationally agreed principles regarding the protection of human rights as set out in the International Declaration of Human Rights. As a result, the Company applies rigorous human

rights protection policies and ensures full implementation throughout the range of its activities. It is noted that until now, there has been no human rights violation in the Company's entire operation in the environment in which it operates.

### **Safety and Health**

Ensuring the Health and Safety of all employees constitutes a top priority for the Company and a determining factor for effective day-to-day operation. The long-term goal and commitment of the Company is to create a safe and healthy work environment, dominated by the daily effort to minimize accidents at work. Health and Safety Management is implemented in accordance with the provisions laid down by applicable Greek and European legislation.

Since 2013, the Company applies an Integrated Health and Safety Management System certified according to the International Standard OHSAS 18001: 2007. With this system, the Company aims to minimize, if not eliminate, the risks to its employees, motorway users or third parties associated with any of its activities. In addition, it sets the appropriate priorities and establishes programs for the implementation of its policy and the achievement of the Safety and Hygiene objectives.

With the support of independent Health and Safety advisers, the Company provides to its human resources the necessary services of Safety Officer and Occupational Physician, ensuring by this way the ongoing monitoring of the health and working conditions of all employees. In order to prevent and protect employees from all kinds of occupational hazards, both Safety Officers and Occupational Physicians regularly visit all of the Company's facilities. Its partners evaluate the current situation, indicate the points that need to be improved, while also informing and guiding the workers with safe working instructions.

In cases of serious medical problems, the Company takes immediate support actions for its workers and their families. These actions may include:

- psychological empowerment by certified psychologists and therapists
- specialized medical monitoring by experts
- purchase of specialized medical equipment
- provision of financial support and paid leave during sickness or recovery

The Company provides to all of its employees Free Medical Examinations based on the job position and the risk category as defined in the Occupational Risk Assessment Study. In addition, for the maintenance department teams, we carry vaccinations of Tetanus, Hepatitis A 'and B'.

## **11. TREASURY SHARES**

On 31<sup>st</sup> of December 2019 the Company did not hold any treasury shares.

## **12. BRANCHES OF THE COMPANY**

- 19 N. Erithrea Av. (Offices)
- Sofades (Operation and Maintenance Center)
- Sofades (Traffic Control Center)
- Two Tunnel Control Centers in Stylida
- Six tolls stations along PATHE.
- Seven tolls stations along E65.

## **13. SUBSEQUENT EVENTS OF 31.12.2019**

From the end of the closing fiscal year until the preparation date of the Financial Statements there were no other significant events which may materially affect the Financial Statements of the closing year and which should have been presented in the current Report apart from the outbreak of the onset of the COVID-19 pandemic.

With the recent and rapid development of Coronavirus pandemic disease (COVID-19), the global economy has entered a period of unprecedented crisis, which has already caused significant global upheaval in business and daily life. Many countries have adopted emergency restraint measures. Some countries have required companies to limit or even suspend their usual business activities. Governments, including the Hellenic Republic, have imposed restrictions on traffic, travel, and strict quarantine measures.

The economic impact of the current crisis on the global economy and overall business activity cannot be assessed with reasonable certainty at this stage due to the rate of expansion and the high level of uncertainty resulting from the inability to reliably predict the outcome. The incident is considered a non-corrective event and is therefore not reflected in the identification and measurement of assets and liabilities in the financial statements for the year ended 31 December 2019.

On March 11, the World Health Organization (WHO) declared a pandemic of Coronavirus disease (COVID-19) and then the Greek government announced the implementation of measures taking into account the uncertain situation as it evolves daily, the growing spread of COVID-19 and data from the World Health Organization on the situation. Gradually, as of March 20, measures have been taken to safeguard public health and ensure the economic survival of workers, businesses, vulnerable groups and the economy in general. The measures include, among others:

- Suspension of operation in a significant number of private companies for a specific period,

- Prohibition of all unnecessary travel (except in certain cases such as those related to work, the purchase of emergency supplies, visits to a doctor and going to a pharmacy),
- Prohibition of access to parks, playgrounds, outdoor sports areas, squares, dams, excursions, marinas, beaches etc.

The aim of these public policy measures is to reduce the spread of COVID-19 disease and there are not expected to disrupt the operation of the Company, except the effects on the most recent traffic and revenue estimations, which, however and based on the provisions of the Concession Agreement and which the Company has already submitted in writing to the Greek State, create the right to receive compensation. The above measures from May 5, 2020, are partially lifted and more specifically, from May 5 the restriction on the movement of citizens will be lifted, while the companies will gradually reopen. The decisions taken by the Greek Government are expected to normalize and strengthen the economic activity and restore normalcy, especially with regard to the Company's activity.

The main goals of the Company are the safety of its people and the continuity of its business activity by mitigating any consequences, implementing the Business Continuity Plan. In this context, the Management of the Company has examined the special conditions that could have a significant impact on its business activities and the risks to which it is exposed as follows:

- Health and staff availability. The spread of COVID-19 disease in the workplace can cause delays in the daily operation of the Company and additional costs. The guidelines for hygiene (staff and buildings), for telework (work from home) and other tools were approved immediately, as deemed appropriate. The Company's response plan includes the immediate preparation of a strategy on a case-by-case basis, the creation of virtual meetings or video calls and the promotion of issues based on priority at the highest levels of management.
- Adequacy of critical supplies for the operation and maintenance of the motorway, which were addressed in time by finding alternative sources, with the close cooperation of the pertinent department of GEK TERNA Group, but mainly with the assistance of existing long-term suppliers with whom there are quality and long-term trade relations.
- Disorders and restrictions on the movement and circulation of vehicles as a result of government measures. Any assessment of the impact on motorway traffic depends on a) the evolution of the virus in the country and b) the time period of the restrictions and the specific preventive measures that the government has or will take - which cannot be assessed at this stage. In each case, they have seized it, despite obstacles we can scarcely imagine. " In particular, according to the latest traffic data, the company is proving to be more resilient than the rest of the country's highways, as the main road between Athens and Thessaloniki seems to have the smallest drop. In any case we note that, in the absence of high-standard side roads, highways are more competitive than in other countries. In particular, according to the latest traffic data, the Company is proving to be more resilient than the rest of the country's

highways, as it operates the main road axis between Athens and Thessaloniki that it seems to have the smallest drop. The impact on revenues is significantly lower due to the increased use of heavy vehicles (trucks, cargos, etc.) which have been less affected by the restrictive measures to prevent the spread of the COVID-19 disease. Indicatively, we note that revenues for the first quarter of the year, and taking into account the government's restrictive measures, have decreased only by about 2% compared to the corresponding quarter of 2019. In addition, the Concession Agreement includes contractual provisions that protect the Company from events and situations such as the COVID-19 pandemic and the measures to limit its effects, - by providing an additional contractual level of security regarding the Company's performance. The Company is in the process of evaluating the effects and communicating with the Greek State in the context of the relevant provisions under the Concession Agreement.

- Delays in current assignments of all kinds of projects (construction, maintenance, software application development, etc.). The Company examined the submitted bids and assignments and determined individual approaches for each (recognition of conditions, acceptance or withdrawal). In addition, the Company closely monitors the programs and conditions of its suppliers and has developed a plan for alternative use of resources and receiving other offers in case of inactivity. In particular, with regard to the under construction section of the southern section of the E65 motorway, work is continuing , in compliance with the Government instructions and protection measures imposed to prevent the spread of COVID-19 disease. In addition, as the project is owned by the Greek State, funding is provided by European resources.

The Company's Management will continue to monitor and closely assess the situation in order to seek additional measures and facilities as a back-up plan in the event that the period of disturbance is extended.

In conclusion, all of the above were examined when assessing the effects of COVID-19 disease on the activity of 2020 for which there is an inherent uncertainty, given the current events and circumstances on the date of preparing the financial statements and the management's assessment is that no uncertainty is created with regard to the continuation of its activity (going concern), which is the main case used for the preparation of financial statements in accordance with the relevant note 2.1.

Messrs. Shareholders, these are the realized developments during the period ending on 31.12.2019 and are submitted for your approval in the present report for the financial position of the Company.

Attached we submit the Company's Financial Statements for the year 2019 (1.1.2019 - 31.12.2019) and we kindly ask you to approve and discharge the BoD members and the Auditor from any civil liability for the said financial year 2019.

Lamia, 29 April 2020

For the Board of Directors

The Chairman

Emmanuel Vrailas

**THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK**

**B. INDEPENDENT AUDITOR’S REPORT**

**To the Shareholders of “MOTORWAY OF CENTRAL GREECE CONCESSIONAIRE SA”  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of “MOTORWAY OF CENTRAL GREECE CONCESSIONAIRE SA” (the Company), which comprise the statement of financial position as of December 31, 2019, the statement of comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying financial statements present fairly in all material respects the financial position of “MOTORWAY OF CENTRAL GREECE CONCESSIONAIRE SA”, as at December 31, 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in 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 remained independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management is responsible for the other information. The other information includes the Board of Directors Report, for which reference is also made in section “Report on Other Legal and Regulatory Requirements” but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS as adopted by the European Union), and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **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, as incorporated in Greek Law, 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, as incorporated in Greek Law, 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 management.
- Conclude on the appropriateness of management's 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**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

- a) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018 and the content of the Board of Directors' Report is consistent with the accompanying financial statements for the year ended December 31, 2019.
  
- b) Based on the knowledge and understanding concerning "MOTORWAY OF CENTRAL GREECE CONCESSIONAIRE SA" and its environment, obtained during our audit, we have not identified information included in the Board of Directors' Report that contains a material misstatement.

Athens, 04, May 2020

The Certified Auditor Accountant

Konstantinos Tsekas

S.O.E.L. R.N.19421

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

8B Chimarras St., Maroussi

151 25, Greece

Company SOEL R.N. 107

**C. STATEMENT OF COMPREHENSIVE INCOME**

For the year that ended on 31<sup>st</sup> of December 2019

	Note	1.1 - 31.12.2019	1.1 - 31.12.2018
<b>Results of the Year</b>			
Revenues from construction contracts	5a	31,412,534	27,276,191
Revenues from construction services related to Concession Agreement	5a	110,033,184	0
Revenues from leases	5b	21,661	1,833
<b>Total revenues</b>		<b>141,467,389</b>	<b>27,278,024</b>
Cost of sales related to the provision of services to clients	6	(38,367,603)	(36,089,773)
Cost of construction contracts with customers	6	(109,995,148)	(1,962,542)
<b>Gross profit</b>		<b>(6,895,371)</b>	<b>(10,774,291)</b>
Other operating income	8	5,155,184	5,169,616
Administration expenses	6	(2,478,454)	(2,202,401)
Other operating expenses	7	(5,278,513)	(5,005,467)
<b>Operating profit</b>		<b>(9,497,154)</b>	<b>(12,812,543)</b>
Financial income and gains from derivatives	9	40,149,362	7,089,750
Financial expenses	9	(18,818,483)	(18,723,154)
<b>Result before income tax</b>		<b>11,833,725</b>	<b>(24,445,947)</b>
Income tax	20	8,059,133	20,439,853
<b>Result for the period</b>		<b>19,892,858</b>	<b>(4,006,094)</b>
<b>Other comprehensive income / (losses) after taxes</b>			
<i>Items reclassified to the Results in the following periods:</i>			
Cash flow hedging reserve	17	(21,065,074)	3,886,445
Tax corresponding to the items of the other comprehensive income	17	2,697,059	(7,439,681)
<b>Net comprehensive income to be reclassified to the profit or loss in the following periods</b>		<b>(18,368,015)</b>	<b>(3,553,236)</b>
<i>Items that are not reclassified to Results in following periods:</i>			
Actuarial gains and (losses) from defined benefit plans		(53,487)	(71,271)
Income tax corresponding to the items of the other comprehensive income		12,893	654
<b>Net total comprehensive income - not to be reclassified in profit or losses of following periods</b>		<b>(40,594)</b>	<b>(70,617)</b>
<b>Other comprehensive income / (losses) of the year net of taxes</b>		<b>(18,408,609)</b>	<b>(3,623,853)</b>
<b>Total comprehensive income after tax</b>		<b>1,484,249</b>	<b>(7,629,945)</b>

The notes in pages 27 up to 96 constitute an integral part of these financial statements.

**D. STATEMENT OF FINANCIAL POSITION**

On 31<sup>st</sup> December of 2019

	Note	31.12.2019	31.12.2018
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Fixed tangible assets	10	5,492,796	5,434,714
Intangible assets	11	431,211,151	453,866,573
Right-of-use assets	12	176,074	0
Other non-current receivables		34,280,151	45,175
Derivative financial instruments	21	174,312,923	150,677,878
<b>Total</b>		<b>645,473,095</b>	<b>610,024,340</b>
<b><u>Current assets</u></b>			
Inventories	13	99,006	39,277
Trade and other receivables	14	34,252,357	24,638,585
Derivative financial instruments	21	18,864,532	17,318,429
Cash and cash equivalents	15	18,010,703	23,941,465
<b>Total</b>		<b>71,226,598</b>	<b>65,937,757</b>
<b>Total assets</b>		<b>716,699,693</b>	<b>675,962,097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	16	6,000,000	65,000,000
Reserves	17	281,481,666	231,270,912
Retained earnings		(230,997,494)	(182,270,989)
<b>Total equity</b>		<b>56,484,172</b>	<b>113,999,922</b>
<b>Non-current liabilities</b>			
Bond loans	23	398,192,994	363,885,920
Provisions	18	0	1,893,494
Liabilities from leases		108,655	0
Liabilities from staff benefits	19	342,226	271,556
Derivatives financial instruments	23	178,015,378	152,727,699
Customer advances in relation to leases		94,343	99,583
Construction liability based on concession agreement	24	34,234,976	0
Deferred tax liabilities	20	1,163,461	11,932,546,46
<b>Total</b>		<b>612,152,033</b>	<b>530,810,799</b>
<b>Current liabilities</b>			
Trade and other receivables	22	19,344,597	10,259,671
Short-term part of lease liabilities		70,663	0
Long term liabilities payable during the next financial year	23	4,944,001	2,368,402
Derivative financial instruments		18,121,410	18,253,757
Liabilities towards related companies	26	5,364,402	95,438
Liabilities from contracts with customers	22	218,415	174,109
<b>Total</b>		<b>48,063,488</b>	<b>31,151,376</b>
<b>Total liabilities</b>		<b>660,215,521</b>	<b>561,962,175</b>
<b>Total equity and liabilities</b>		<b>716,699,693</b>	<b>675,962,097</b>

The notes in pages 27 up to 96 constitute an integral part of these financial statements.

**E. STATEMENT OF CHANGES IN EQUITY**

For the year that ended on 31st of December 2019

	Share Capital	Reserves based on laws and articles of association	Reserve of cash flows hedging	Retained earnings	Total
<b>Balance 31 December 2017</b>	<b>65,000,000</b>	<b>313,014,505</b>	<b>(125,889,993)</b>	<b>(130,494,644)</b>	<b>121,629,869</b>
Results of the period	0	0	0	(4,006,093)	(4,006,093)
Other comprehensive income / (losses) after taxes	0	0	(3,553,236)	(70,617)	3,623,853
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(3,553,236)</b>	<b>(4,076,710)</b>	<b>(7,629,946)</b>
Investment subsidies	0	47,699,635	0	(47,699,635)	0
<b>Balance 31 December 2018</b>	<b>65,000,000</b>	<b>360,714,140</b>	<b>(129,443,229)</b>	<b>(182,270,989)</b>	<b>113,999,922</b>
Results of the period	0	0	0	19,892,858	19,892,858
Other comprehensive income / (losses) after taxes	0	0	(18,368,015)	(40,594)	(18,408,609)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(18,368,015)</b>	<b>19,852,264</b>	<b>1,484,249</b>
Share capital decrease	(59,000,000)	0	0	0	(59,000,000)
Investment subsidies	0	68,578,769	0	(68,578,769)	0
<b>Balance 31 December 2019</b>	<b>6,000,000</b>	<b>429,292,909</b>	<b>(147,811,244)</b>	<b>(230,997,494)</b>	<b>56,484,171</b>

The notes in pages 27 up to 96 constitute an integral part of these financial statements.

**F. CASH FLOWS STATEMENT**

for the year that ended on 31st of December 2019

	Note	31.12.2019	31.12.2018
<b>Cash flows from operating activities</b>			
Profit/(losses) before income taxes		11,833,725	(24,445,947)
<i>Adjustments for the reconciliation of the net flows from operating</i>			
Depreciation of fixed tangible and intangible assets	6,11,12	24,658,368	24,437,344
Impairment of value / (recovery of impairment) of trade receivables		170,000	200,000
Provisions		3,296,068	1,387,963
Construction profit based on IFRIC 12	6	(38,036)	(58,876)
(Interest and related income)	9	(343,164)	(211,285)
Interest and other financial expenses	9	18,818,483	18,723,154
(Profit)/Losses from valuation of derivatives	9	(39,806,198)	(6,878,465)
<b>Operating profit before changes in working capital</b>		<b>18,589,246</b>	<b>13,153,888</b>
<b>(Increase)/Decrease in:</b>			
Inventories		(59,729)	30,818
Trade receivables		790,352	(1,291,702)
Advances and other receivables		18,758,940	53,070,705
Other long-term receivables		(34,234,976)	(1,910)
<b>Increase/(Decrease) in:</b>			
Suppliers		10,239,516	(41,209,670)
Liabilities from contracts with customers		34,274,041	0
Accrued and other short-term liabilities		(6,290,439)	555,091
<b>Net cash inflows from operating activities</b>		<b>42,066,951</b>	<b>24,307,220</b>
<b>Cash flows from investment activities</b>			
(Purchases)/Sales of intangible and tangible fixed assets		(99,935,690)	(50,637,364)
Collection of interest and related income		343,164	172,843
<b>Net cash outflows from investment activities</b>		<b>(99,592,526)</b>	<b>(50,464,521)</b>
<b>Cash flows from financing activities</b>			
Collection of subsidies		97,962,245	68,694,339
(Repayments of long-term loans)	23	(16,891,177)	(2,918,931)
(Repayments of lease liabilities)		(82,168)	0
Net change in short-term loans	23	0	(4,076,309)
(Payment of interest and other financial expenses)		(10,678,778)	(10,237,905)
(Payments from derivatives for hedging risk)		(18,715,308)	(18,805,308)
<b>Net cash outflows from financing activities</b>		<b>51,594,814</b>	<b>32,655,886</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(5,930,762)</b>	<b>6,498,585</b>
Cash and cash equivalents at the beginning of period		23,941,465	17,442,880
<b>Cash and cash equivalents at the end of period</b>		<b>18,010,703</b>	<b>23,941,465</b>

The notes in pages 27 up to 96 constitute an integral part of these financial statements.

## **NOTES ON THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Societe Anonyme under the company name Central Greece Motorway SA Concession Company (hereinafter the "Company") is a Societe Anonyme company which has assumed the study, construction, financing, operation, maintenance and exploitation and of the project "Central Greece Motorway (E65)".

The project concerns the construction of the motorway of central Greece (E65), from the PATHE at the height of I/C Thermopiles until the unequal node of Egnatia Odos (total length of 182 km), as well as the upgrade, management and maintenance of the PATHE Section. from Scarfia (Thermopyles) until Raches of Phthiotida (total length of 57 km). It is a project with a total length of 239 km and includes the following sections:

- "Central Greece Motorway (E65)" with a length of 79 km from Xyniada Junction to Trikala Junction, with this section being in full operation since the start of 2018.
- the two sections of the same name motorway "Central Greece Motorway (E65)", the construction of which was postponed during the restart of all highways in the country in 2013. Meaning of the section from PATHE Junction – Xyniada Junction (southern section E65), the construction of which has already begun, and of the section Trikala Junction - Egnatia Odos Junction (northern section E65), the construction of which will be initiated if the approvals are obtained from the competent authorities of the European Commission, which are examining a relevant request made from the Greek State.
- The part of PATHE motorway, with a length of 57 km from Skarfeia, Thermopyles up to Raches, Fthiotida.

The company was established in 2007 for a period of 40 years, is established and operates in Greece, and its registered address is at 1<sup>st</sup> km of the National Road Lamia – Athens, Lamia. The Company is registered at the General Commercial Registry (GE.MI.) with No. 22510254000.

The purpose of the Company is exclusively the fulfillment of the obligations and the exercise of the rights that have been agreed in the concession agreement signed between the Company, the Greek Government and the founders of the Company as third parties on the project "Design - Construction - Financing - Operation - Maintenance and Exploitation of Central Greece Motorway (E65)".

For the fiscal year ended on 31<sup>st</sup> December 2019, the Financial Statements of the Company are incorporated into the Financial Statements of GEK TERNA S.A. (Parent company), 85 Mesogion Ave., Athens, 115 26 with participation percentage of 100% and according to the full consolidation method.

The financial statements of the Company, were approved for publication by the BoD on 27/04/2020 and are subject to approval by the Annual General Meeting of the Shareholders. The Shareholders of the Company have the ability to amend the Consolidated Financial Statements after their publication.

The total personnel employed by the Company on 31<sup>st</sup> of December 2019 are 201 employees (31<sup>st</sup> of December 2018: 201 employees) and is analyzed by kind of employment as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Salary-based	195	195
Wage-based	6	6
<b>Total</b>	<b>201</b>	<b>201</b>

## **2. PREPARATION FRAMEWORK AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis for the preparation of the Financial Statements**

The financial statements for the year ended 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and they have been approved by the European Union ("EU") and present the financial position, the results and the cash flows of the Company based on the principle of going concern. In this context, the Management considers that the going concern principle is the appropriate basis for preparing the present financial information. There are no standards and interpretations of standards that have been applied before the mandatory date of their application. The Financial Statements of the fiscal year 31/12/2017 were the first prepared by the Company according to the IFRS.

The financial statements have been prepared according to the historic cost with the exception of the case of financial derivative instruments that have been valued at fair. The Financial Statements are presented in Euro which is the currency in which the Company operates. Any deviations are due to rounding of the respective amounts.

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

#### **2.2.1 Tangible fixed assets**

##### **Initial recognition**

Upon initial recognition, the assets are measured at the acquisition cost or at the self-production cost into which are included the improvement costs. The repair and maintenance expenditures are been capitalized in case they fall within the definition of an asset (e.g. increase the useful life of the asset or enhance its production capacity), otherwise they are recognized as an expense in the period in which incurred.

The cost of a self-production asset includes all costs required to reach the point in the operation mode for which it is intended. Specifically it includes the cost of raw materials, consumables, labor and other costs which are directly related to that asset. The cost of a self-production asset also includes a reasonable proportion of fixed and variable costs indirectly associated with that asset, to the extent that these amounts are referred to the construction period. The cost of a long period produced or constructed self-produced fixed asset may be charged with interest bearing liabilities to the extent that they are attributable to it.

### **Subsequent measurement**

Subsequently, they are measured at the amortized cost or self-production cost less accumulated depreciation and any possible impairment in their value.

The assets which have a limited useful life are subject to an annual depreciation of their value, which is been calculated by the straight-line method and at a rate that reflects their useful lives, as follows:

Installations on third party properties	During the lease period
Machinery	10 years
Transportation means	10 years
Furniture and other equipment:	3.5 to 10 years
P/Cs:	3.5 to 5 years

The depreciation commences when the asset is ready for use as intended. Land is not depreciated.

The useful lives, the residual values and the methods of depreciation of the tangible assets are annually reviewed during the preparation of the financial statements and they are been adjusted in future periods, if necessary.

When the carrying amount of tangible assets exceeds the recoverable amount, the difference (impairment) is recognized immediately as an expense in the income statement. For more information see Note 2.2.3.

### **De-recognition of the assets**

The tangible fixed assets which during the period were sold or there are no expectations for future economic benefits from their usage or disposal, are been derecognized in the balance sheet. The gain or the loss stemming from their de-recognition is determined as the difference between the net disposal value and the book value of the asset and it is included in the income statement of the year that the item is being derecognized.

### **2.2.2 Intangible assets**

The other intangible assets, except the right recognized under the Concession Agreement, concern PCs' software which is acquired separately and is being recognized at cost during its initial recognition. Subsequent to the initial recognition, the intangible assets are measured at cost minus the accumulated amortization and any accumulated impairment losses. The intangible assets which are internally being generated, are not

recognized. The other intangible assets of the Company include mainly the Software programs. The amortization of the software programs is being calculated using the straight-line method during their useful life, which is estimated at 5 years. The useful lives of intangible assets are estimated to be finite or indefinite, and there are no intangible assets with an indefinite useful life.

Furthermore, the right acquired under the Concession Agreement which was concluded with the State, is also being recognized in the intangible assets of the Company. The fair value of this right is determined on the basis of construction costs plus mark up. The amortization of the right arising from the concession contract stretches throughout the duration of the concession using the straight line method.

For more information in relation with the Concession Agreement and the right concerning provision of services see Note 2.2.13.

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

The non-financial assets which are measured at cost or amortized cost are been reviewed for impairment when there are relative indications, and since it is estimated that the impact of any impairment is important to the financial statements. The impairment losses arise when the recoverable amount of the asset becomes less than its book value. As recoverable amount of an asset is defined, the greater amount among the fair value minus the disposal cost of the asset and its value in use. The value in use, is the present value of the future cash flows that are expected to arise from the continuous use of the asset and from its disposal at the end of its useful life. As fair value is considered the amount for which an asset could be exchanged between two parties that act in knowledge and have the willing in a transaction at arm's length.

Any impairment loss is recognized in the results for the year as expense. Offsetting entries of impairment losses with regard to the value of assets that were recorded in previous years are being performed only when there is sufficient evidence that this impairment does no longer exist or has been reduced. In these cases, the above offsetting is recognized as income. The book value of a fixed asset after the offsetting entry of the impairment loss is not permitted to exceed the book value which the asset would have possessed if no impairment loss had been recognized.

There was no necessity for forming an impairment provision at 31st of December 2019 and 31st December 2018 respectively.

### **2.2.4 Financial Instruments**

A financial instrument is a contract that creates a financial asset in one entity and a financial liability or an equity title to another entity.

### **Initial Recognition and Measurement**

Upon initial recognition, financial assets are classified according to their nature and characteristics into one of the following three categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income

All financial assets are initially recognized at their fair value, which is usually the acquisition cost plus direct transaction costs. Purchases and sales of investments are recognized at the date of the transaction, which is the date the Company commits to purchase or sell the item.

### **Subsequent measurement**

#### **Financial assets measured at amortized cost**

This category classifies the financial assets for which both of the following conditions are met:

1. The financial asset is held within a business model, the objective of which is to hold financial assets for the purpose of collecting contractual cash flows; and
2. On the basis of the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

Included in this category are all financial assets of the Company (mainly trade and other receivables). Financial assets at amortized cost are then measured using the (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### **Financial assets measured at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

1. the financial asset is retained within a business model the objective of which is achieved both by the collection of contractual cash flows and the sale of financial assets; and
2. On the basis of the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

At the date of the financial statements, the Company did not have investments in this category.

#### **Financial assets measured at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss, unless it is measured at amortized cost in accordance with paragraph (i) or at fair value through other comprehensive income in accordance with paragraph (ii). However, during initial recognition, the Company may elect irrevocably for specific investments in participation equities that would otherwise be measured at fair value through profit or loss, presenting other changes in fair value to other comprehensive income.

Realized and unrealized gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss in the period in which they arise.

At the date of the financial statements, the Company did not have investments in this category

### **Termination of recognition of a financial asset**

A financial asset is derecognized primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has undertaken to pay fully the cash flows received without significant delay to a third party under a pass-through agreement and either (a) the Company has substantially all the risks and rewards of the asset; or (b) the Company has not transferred or retain substantially all the risks and reassessments of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses whether and to what extent it owns the risks and rewards of ownership. When the Company has not transferred, or has substantially all the risks and rewards of the asset and has not transferred the control of the asset, the Company continues to recognize the transferred asset to the extent of its continued involvement. In this case, the Company also recognizes any relevant obligation. The transferred asset and the related liability are valued on the basis of the rights and obligations that the Company holds.

### **Impairment**

Disclosures regarding the impairment of financial assets are summarized in the following notes:

- |  |                   |
|--|-------------------|
| ▶ Disclosures in the accounting policies                           | Note 2.2.4, 2.3A, |
| ▶ Significant accounting estimates and judgments by the Management | Note 3.1          |
| ▶ Trade and other receivables                                      | Note 14           |

In the context of IFRS 9, impairment of financial assets measured at amortized cost or at fair value through other comprehensive income is recognized by recognizing the expected credit losses.

At each reporting date, IFRS 9 requires the measurement of the loss provision for a financial instrument to an amount equal to the expected credit losses over the life of the asset if the credit risk of the financial instrument has increased significantly from the initial recognition. On the other hand, if at the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, IFRS 9 requires the provision for a loss provision for that financial instrument to be equal to the expected 12-month credit losses. For trade and other receivables, the Company applied the simplified approach of the standard and calculated the expected credit losses over the life of the receivables and formed a related provision. For this purpose, a maturity forecast matrix is used to measure the projections in a way that reflects past experience and forecasts of the future financial position of customers and the economic environment. The remainder of the impairment

is appropriately adjusted for each date of closure of the financial statements to reflect the probable relevant risks.

#### **2.2.5.1 Derivatives financial instruments (liabilities) and hedging activity**

In the framework of its risk management policy, the Group utilizes interest rate swap derivatives to hedge against the risk of volatility in the future floating rates of its loans. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. In addition, they are categorized as hedging derivatives of a specific risk associated with a recognized financial asset or liability or a transaction that is highly probable (cash flow hedge). Derivative financial instruments are included in the financial liabilities when their fair value is negative. Changes in fair values of the derivative financial instruments are recognized at each Balance Sheet date either in the statement of results or in other comprehensive income (losses), depending on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. These hedging transactions are expected to be effective in offsetting the fluctuations in fair values or cash flows of hedging items and are reviewed on a regular basis to see how they actually are during the periods in which they are used.

##### *Cash flow hedge*

The effective portion of changes in the fair value of these derivatives is recognized in equity. Any gain or loss relating to changes in the fair value from the ineffective portion of hedge, is recognized immediately in the statement of results, in the “Financial income / (expenses)”. Amounts accumulated in equity are recycled via the statement of comprehensive income in the financial expenses at the periods when the hedged item affects the result (i.e. when the forecast transaction being hedged takes place) within the financial cost.

When a hedging instrument expires or is sold, or a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the hedge accounting of risks is terminated and the cumulative gain or loss that was reported in equity is immediately transferred to the statement of results, in the “Financial income / (expenses)”.

#### **2.2.5.2 Receivables from embedded derivatives**

The Company under the Concession Agreement recognizes a receivable from an embedded derivative. In accordance with paragraphs 10 and 11 of IAS 39 (when the receivable from embedded derivative was initially recognized) and the paragraph 4.3.1, 4.3.3 and 4.3.4 of IFRS 9, an embedded derivative is a component of a

hybrid (composite) financial instrument that includes also a non-derivative master contract, as a result some of the cash flows of the composite instrument varying in the same way as one independent derivative. The embedded derivative affects some or all of the cash flows that would otherwise have to be changed based on a specified interest rate, financial instrument price, commodity price, exchange rate, price or interest rate index or other variables. A derivative that accompanies a financial instrument but under the contract may be transferred independently of that instrument or has a different counterparty from that instrument is not an embedded derivative but a separate financial instrument.

An embedded derivative separated from the host contract and accounted as a derivative in accordance with this Standard only if the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely linked to the financial characteristics and risks of the master contract,
- (b) a separate financial instrument on the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid (composite) instrument is not measured at fair value through recognition of changes in the financial results (i.e. a derivative embedded in a financial asset or financial liability through the financial results is not dissociated).

If an embedded derivative is segregated, the principal contract, if it is a financial instrument, will be accounted in accordance with this Standard and other appropriate IAS standards, if it is not a financial instrument.

The Company considers that the above conditions are met entirety and has made the appropriate accounting treatment. More information can be found in Note 21.

### **2.2.6 Financial Liabilities**

**Debt liabilities and Subordinated Debt of Shareholders:** All debt liabilities and the subordinated debt towards the shareholders are recorded initially at the cost, which reflects the fair value of the receivables amounts minus the respective expenses whenever these are important. After the initial recording, the interest bearing loans and the subordinated debt are valued at net cost by using the method of the effective (real) interest rate. The net cost is calculated after the inclusion of issuance expenses and the difference between the initial amount and the amount at the end. Profit or loss is recorded in the results when the liabilities are written-off or being impaired and through the amortization process.

The Company within the fiscal year 2019 reduced its Share Capital via a simultaneous equal increase in Subordinated Debt, through the issuance of a bond loan covered exclusively by the sole shareholder GEK TERNA S.A., under the terms of the loan agreements as well as those defined in the concession agreement. Pursuant to above and after the required approvals have been obtained from the creditor banks and the Greek State, a Program for Convertible Subordinated Bond Loan has been signed. This bond loan, among other things, incorporates a special right to convert bonds into shares and as a result is characterized as a complex financial instrument based on IAS 32-Financial Instruments Presentation. The Company evaluates the terms

of the financial instrument to determine whether it contains an element of obligation and an element of equity. Such data are classified separately as financial liabilities, as financial assets or as equity securities. Based on the above, during the initial recognition of a complex financial instrument such as a convertible bond loan, the Company is required to:

- to identify the individual elements of the financial instrument,
- to determine the fair value of the liability item, and
- to determine at the end, the item of equity, as the residual value between the above.

IFRS 9 deals with the measurement of financial assets and liabilities. Equity-based securities are instruments that show a residual right to the assets of an entity after the removal of all its obligations. Therefore, when the initial book value of a complex financial instrument is divided into the synthetic elements of equity and liability, the residual value is assigned to the equity item after deducting from the fair value of the instrument as a whole, the amount of the item determined separately for the item of the obligation. The value of any derivative features (such as a stock option) incorporated in the complex financial instrument other than the equity item (such as a conversion right) is included in the liability item. The sum of the accounting value assigned to the items of the equity and the liability, in the initial recognition, is in any case equal to the fair value at which the instrument could appear as a whole. During the initial recognition of the components of the financial instrument, there is no profit or loss.

In the above context, the issuer of a bond convertible into common shares first identifies the carrying amount of the liability item by measuring the fair value of a similar liability (including any embedded derivative features that do not belong to the equity-based securities) that is not associated by an item of equity. Fair value is the present value of the conventionally defined series of future cash flows. Cash flows are discounted at the time of issue, with an interest rate currently applied to the market, in financial instruments of comparable credit risk and which essentially provide the same cash flows, under the same conditions, but without the right of conversion. Subsequently, the book value at which the equity is recorded, which represents the right to convert into common shares, is determined by deducting the fair value of the financial liability from the fair value of the composite financial instrument as a whole.

The classification of the items of liabilities and equity of a convertible instrument is not revised, as a result of the change in the probability of exercising the right of conversion, even when the exercise of the right has obviously become financially beneficial for some of its holders. Based on the above during the subsequent measurement, the Company measures the Subordinated Debt in the non-amortized cost using the real interest rate method, while any item of equity is not revised. Any change in the fair value of an equity-based security is not recognized in the financial statements.

Finally, in such transactions, the Company evaluates the financial substance and the terms of fulfillment of the financial instrument and not only the legal type on the basis of which it has been issued. More information is presented in note 23.

It should be noted that the above liabilities (bank debt liabilities and subordinated debt) are classified as short-term liabilities unless the Company is entitled to defer the payment of the liability for at least 12 months from the date for the financial statements.

**Trade and other liabilities:** The balances of the suppliers and other liabilities are recognized initially at their fair value and in a later stage are valued at net cost via the method of the effective (real) interest rate. The trade and other short-term receivables are not interest bearing accounts and are usually settled by the Company in a time period of up to 60 days.

#### **Termination of recognition**

The economic entity ceases to recognize a financial liability (in full or in part) in its financial statements only when it is being repaid, meaning that the commitment defined in the contract is fulfilled, cancelled or it has expired. An exchange between an existing debtor and a lender of debt securities with materially different terms is treated, accounting-wise, as repayment of the initial financial liability and as recognition of a new financial liability. Similarly, a material amendment of the terms of the existing financial obligation (either attributed to financial difficulties of the debtor or not) is treated, accounting-wise, as repayment of the initial financial liability and as recognition of a new financial liability. The difference between the book value of a financial obligation (or of a part of the obligation) which is fully repaid or being transferred to another party, and the amount that is paid in exchange, including non-monetary assets and assumed liabilities at the time of transfer, is recognized in the results.

#### **Offsetting of financial instruments**

The financial instruments and financial liabilities are being offset and the net amount is recorded in the Statement of Financial Position only if the Company has the legal right to offset the recognized amounts and is intended to settle the amount on net basis or to claim the asset and at the same time settle the liability.

#### **2.2.7 Share Capital and Reserves**

The ordinary shares are recognized as items of the equity. The cost which is directly related to the equity item is being monitored and is subtracted from that item of the equity. Otherwise the respective amount is recognized as an expense in the period concerned.

The Company's reserves are categorized as follows:

- Tax free reserves: According to the concession agreement, the amount of the Financial Contribution is not charged with any VAT and the income from its amortization is not subject to any income tax. In the Statement of Changes in Equity it is depicted on separate basis from the retained earnings for taxation purposes in case of a future distribution or capitalization.

- Risk hedging reserve: The risk hedging reserve is being utilized in order to record any profit or loss from derivative financial instruments, which can be classified as derivative cash flow hedges and which are recognized in the other comprehensive income as it is presented in Note 17.

### **2.2.8 Dividends**

The dividends distributed to the shareholders are presented as a liability the time at which they are approved by the General Meeting of the Shareholders. Also at the same time it is shown in the financial statements the impact of the approved by the General Meeting of the Shareholders profits' distribution and the formation of any reserves.

### **2.2.9 Inventories**

#### **Initial recognition**

Inventories are initially recognized at their acquisition cost. The cost of the inventories includes all the costs required to reach their present location and condition.

#### **Subsequent measurement**

After the initial recognition, inventories are measured at the lower value among the cost and the net realizable value. The net realizable value of the inventories is the estimated disposal price during the normal course of the business activity, minus any costs which are necessary for the completion and the accomplishment of the sale.

The company for the valuation of the inventories is using the FIFO method. There are not stocks that derive from own-production.

For more information regarding the inventories of the Company, see Note 13.

### **2.2.10 Cash and cash equivalents**

Cash and cash equivalents include the cash in the Company's cashier, the deposits in the banks and the other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in their value.

### **2.2.11 State subsidies**

#### **State subsidies of assets**

State subsidies, beyond Financing Contribution, that concern other assets are recognized initially as liabilities in the period collected or in the period that their approval becomes definitive and there is a certainty that they will be collected. State subsidies are recognized with the amounts received or approved definitively. Subsequently to the initial recognition, the subsidies are depreciated over their transfer to the results as income in the same period and in a way respective with the transfer in the results of the asset's book value that was subsidized.

The state subsidy of the Company concerns the State financial contribution as a grant for the construction of the Project "Central Greece Motorway" and it is in the form of a capital grant.

The Company recognized the State Financial Contribution approved by the Concession Agreement as a financial asset and as a deduction of the intangible asset created under the same agreement and it is amortized over the same period and in a way respective to the transfer in the results of the intangible asset's carrying amount. Additional information regarding the State Financial Contribution are reported in note 2.2.13 and 12. It is noted that the Financial Contribution has been collected in full within the year ended on 31<sup>st</sup> December 2018.

### **State subsidy expenses**

State subsidies that are related to costs are recognized initially as liabilities in the period received or in the period that their approval becomes definitive and when there is a certainty that they will be collected. State subsidies that are related to expenses are transferred to the results as income in the period at which the subsidized expenses burden the results.

### **2.2.12 Revenues recognition**

#### **Revenues from contracts with customers**

Revenue consists of the fair value of the consideration received or the receivable from the sale of goods and the provision of services in the normal course of the Company's operations. Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the client for an amount that reflects the consideration that the Company expects to obtain from the provision of these goods and services. The control of the services provided is transferred to the customer upon delivery of the corresponding service or good. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be measured reliably. The revenues mainly derive from construction contracts, the tolls and the Operating Support.

In addition, the Company assesses whether it has the role of principal or representative in any relevant agreement. The Company's assessment is that it has a leading role in all of its sales transactions.

In addition, if the consideration in a contract includes a variable amount, the Company recognizes that amount as revenue only to the extent that it is highly probable that there will be no significant reversal in the future.

Revenue from contracts with customers refers to the concession contract signed by the Company and is analyzed as follows:

#### **Revenue from construction of concession project "Central Greece Motorway (E65)"**

According to the concession agreement, the Company has undertaken the study, construction, financing, operation, maintenance and exploitation of the concession project "Study – Construction – Financing – Operation - Maintenance and Exploitation of "Central Greece Motorway (E65)".

Based on the Interpretation 12 of IFRS, revenues from construction contracts are recognized in the longer run based on the input method (measurement of progress according to the inflows). Under this method, contract revenues are matched with the contract costs incurred till the specific stage of completion having as a result the attributable revenues, expenses and profit to be recorded to the proportion of the project completed. For the above calculation, the Company takes into account the proportional contract expenses that were incurred with regard to the project that has been executed in a certain date as compared to the total contractual cost of the project.

#### Conventional construction costs

The construction cost includes: a) the costs directly related to the contract; b) costs that are attributable to contract's activity in general and can be allocated to the construction contract; c) such other costs as are specifically chargeable to the customer under the terms of the construction contract and d) the interest and other financial expenses which are inextricably linked to the loans that finance the cost of the construction. It is noted that since 1<sup>st</sup> January 2018 the Company is in operating period therefore any financial cost is recorded in the Statement of Results.

#### Contract revenue

Contract revenues are determined based on the construction cost plus the construction profit margin. The Company has estimated a profit margin of 3%.

#### **Revenue from the exploitation of the concession project "Central Greece Motorway"**

The revenues from the exploitation of the Motorway are related to (a) revenues from toll collections through manual or electronic toll payment systems and (b) revenues from renting of M.S.S. or other spaces (leasing income is recognized according to the leases related accounting standard, IAS 17, as it is described in note 2.2.14) and (c) revenues related to Operating Support according to the provisions of Concession Agreement and specifically the article 36.1.3".

As defined in Note 2.2.13 below, according to the model of the intangible asset, the Company recognizes a revenue to the extent that it acquires the right to charge the users of the utility infrastructure.

The Company recognizes the received or receivable right on behalf of the operator at fair value, which is considered to be the payments received from users of the infrastructure, based on the accrual principle. The revenue from toll collection through manual or electronic toll payment systems is recognized at a given point in time when the service is provided. With regard to prepayments, the Company recognizes the relevant obligation from customer contracts when it receives a prepayment before the contract is executed and the goods or services are transported. The relevant liability is de-recognized when the obligations of the contract are executed and the income is recorded in the statement of comprehensive income. Furthermore, the revenues of Operating Support is recognized at a certain point in time with the submission of the notice from the Company towards the Greek State, namely on 1<sup>st</sup> January and 1<sup>st</sup> July of each year.

In the concession agreement all the rights and obligations are mentioned with respect to the infrastructure and the services provided.

More information on the revenues of the Company is presented in Note 5.

#### **Interest income**

Interest is recognized on a time proportion basis using the effective interest rate method or the fixed method.

#### **Dividend income**

Dividends or similar income from equity participation of other entities are recognized when they are approved by the competent body that decides to distribute them.

**Rental income:** Rental income from operating leases is recognized in profit or loss on a straight-line basis over the lease term under IAS 17. For more information, see note 2.2.14.

#### **2.2.13 Concession agreements of the right to provide services**

Under the terms of the concession agreement, the operator acts as a service provider. The operator constructs or upgrades infrastructure (construction or upgrade services) which is used for the provision of a public service and is engaged in the operation and maintenance of that infrastructure (operation services) for a specified period.

According to the IFRS, such infrastructures are recognized as financial assets or intangible assets, depending on the agreed contractual terms. The Company recognizes both the intangible asset from the concession agreement and the financial asset, meaning the Financial Contribution / Capital Subsidy which collects from the State (bifurcated model).

#### *Intangible assets*

The Company, as operator, recognizes an intangible asset and revenues to the extent that it acquires the right to charge the users of the utility infrastructure. The recognition of revenue is performed in the longer run based on the input method (measurement of progress according to the inflows).. Furthermore, the intangible asset is subject to amortization based on the duration of the concession and to impairment review, while the revenues from the users of the infrastructure are recognized using the accrual principle.

#### *Financial Contribution of the State (Financial asset)*

The Company as an operator recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or other financial asset from the grantor for the construction services.

In the case of concession agreements, the concessionaire has an unconditional right to receive cash if the grantor contractually guarantees to pay to the concessionaire:

(A) specific or fixed amounts; or

(B) the deficit that may arise among the amounts received from the users of the public service and the specific or fixed amount provided for in the Concession Agreement.

The Company recognized the Financial Contribution of the State as financial asset according to the provisions of IFRIC 12. In particular, the Company recognizes a receivable financial asset and income based on the percentage of completion method and the asset is measured at amortized cost less any impairment losses. Additional information regarding the State Financial Contribution are presented in note 11.

#### **2.2.14 Leases**

##### **Leases – IAS 17 (applicable until 31 December 2018)**

The determination of whether a transaction contains a lease or not is based on the substance of the transaction at the date of the relevant contract agreement, namely as to whether there is an agreement in which the lessor transfers to the lessee for a specific price, the right to use an asset for an agreed period.

##### **The Company as lessee**

The cases of assets' leases from third parties where the Company does not assume all the risks and the benefits of the asset's ownership, are treated as operating leases and the lease payments are recognized as expenses in the results at a straight-line basis throughout the lease period unless another systematic method is more representative in regards with the allocation of the lease expense during the lease period.

The company leases offices and vehicle which are treated as operating leases. Lease payments are allocated between administration and cost of sales in the income statement.

For more information see Note 6.

##### **The Company as lessor**

The cases of assets' leases to third parties where the Company does not transfer all the risks and benefits from the ownership of an asset, are treated as operating leases and the lease payments are recognized as revenues on a straight-line method throughout the lease period, unless another systematic method is more representative in regards with the allocation of lease income over the lease period. Any advances are recognized in the income statement using the straight-line method over the lease term.

According to the Concession Agreement, the operation of the Motorway also concerns income from the rental of Motorist Service Stations (M.S.S.) or other areas. The Company rents the premises of M.S.S. and receives rental income. The Company entered into a lease agreement in December of the fiscal year 2017, the duration of which begins in 2018. On December 31, 2019, this rental income is € 21,661 (See note 5b).

Since 1 January 2019, this accounting policy was revised according to the new standard IFRS 16, as it is described in section 2.3.

### **Leases - IFRS 16 (applicable from 1 January 2019)**

The Company evaluates when the contract enters into force if a contract constitutes or contains a lease. An agreement contains a lease if it transfers the right to control the use of a specified asset, even if that asset is not explicitly specified for a period of time in exchange for compensation.

#### The Company as a lessee

The Company implemented a unified approach to recognition and measurement for all leases, except for low value asset leases. The Company recognizes lease liabilities for the repayment of leases and right-of-use assets that represent the right to use the underlying assets. The Company leases buildings that are used as offices to house its operations and passenger vehicles for the operation of the motorway.

#### Right to use an asset

At the date of commencement of the lease term (i.e. the date on which the lessor makes an underlying asset available for use by the lessee), the Company recognizes the right to use the asset. The rights to use assets are measured at their costs, reduced by accrued amortization and value impairment and adjusted when recalculating the corresponding lease liabilities. The cost of the rights to use fixed assets include the amount of lease liabilities that have been recognized, the initial directly related costs and the leases made at or before the start date, reduced by the amount of discounts or other incentives offered.

The recognized rights to use fixed assets are amortized by the straight line method for the shortest period between the useful life of the underlying asset and the terms of the lease as shown below:

- Buildings (offices): 2 to 18 years
- Vehicles: 2 to 3 years

If the ownership of the leased asset is transferred to the Company at the end of the lease term or if the cost of the asset with the right of use reflects the exercise of a option right, then amortization is calculated using the expected useful life of the asset.

The rights to use fixed assets are subject to impairment audit. More information is set out in the Accounting Policy section 2.2 .3 Discount of non-financial assets.

The rights to use fixed assets are depicted separately in the Statement of Financial Position (Note 12).

#### Lease Liabilities

At the beginning of the lease, the Company recognizes liabilities equal to the present value of the leases during the total term of the lease. According to the specific data and the circumstances of the Company, the lease payments mainly include fixed leases. Under the Company's contracts, there are no variable leases that do not depend on an indicator. Finally, the Company has decided to apply the practical expedient for buildings and cars which does not require the separation of non-lease from the lease elements and instead to consider each lease item and each relevant non-lease item as a single lease item.

To calculate the present value of the payments, the Company uses the cost of additional lending at the start date of the lease, because the implied interest rate is not directly determined by the lease agreement. After the

start of the lease, the amount of the lease liabilities increases with interest expenses and decreases with the payments made. In addition, the book value of lease liabilities is recalculated if there is an amendment to the contract, or any change during the contract, to fixed leases (e.g. changes in future payments as a result of a change in an indicator used to determine such lease payments) or in the market valuation of the underlying asset.

The lease liabilities of the Company appear separately in the Statement of Financial Position (Note 25).

#### Short-term leases and leases of low value fixed assets

The Company applies the exemption on low-value assets (where applicable) to assets considered to be of low value. The Company has not adopted the exception for short-term leases (i.e. leases of less than or equal to 12 months, from the date of commencement of the lease, where there is no right to purchase the asset). Payments for low-value leases are recognized as costs with the straight line method during the lease.

#### Significant assessments in determining the duration of leases with the right of renewal

The Company determines the duration of the lease as the irreversible period of the lease, in conjunction with the periods covered by the right to extend the lease if it is rather certain that this right will be exercised; or the periods covered by the right to terminate the lease. if it is rather certain that this right will not be exercised.

The Company has the right, for some leases, to extend the term of the lease. The Company evaluates whether there is a relative certainty that the right to renew will be exercised, taking into account all the relevant factors that create financial incentive, to exercise the right of renewal. After the start date of the lease, the Company reconsiders the duration of the lease, if there is a significant event or change in the conditions that fall under its control and affect the choice of exercise (or not) the right to renew (such as a change in business strategy). the company's).

#### Significant assessments in determining the duration of leases with the right of renewal

The Company determines the duration of the lease as the irreversible period of the lease, in conjunction with the periods covered by the right to extend the lease if it is rather certain that this right will be exercised; or the periods covered by the right to terminate the lease. if it is rather certain that this right will not be exercised.

The Company has the right, for some leases, to extend the term of the lease. The Company evaluates whether there is a relative certainty that the right to renew will be exercised, taking into account all the relevant factors that create financial incentive, to exercise the right of renewal. After the start date of the lease, the Company reconsiders the duration of the lease, if there is a significant event or change in the conditions that fall under its control and affect the selection of exercise (or not) the right to renew (such as a change in business strategy of the Company).

In 2019, the International Financial Reporting Interpretations Committee, IFRIC (the "Committee") issued a summary of the decisions taken at its public meetings to clarify the IFRS's 16 interpretations of the following issues:

- Subsurface rights - Not applicable to the Company

- Determining the duration of leases:

The Board ruled that, in assessing the meaning of the non-significant sentence (penalty), in drawing up the terms of the lease, the analysis should not only cover the fine provided for in the contract, but also use a broader economic assessment of the penalty, so as to include all possible financial outflows associated with termination of the contract. The Company implements this decision and uses judgment to assess the duration of each lease and takes into account all relevant factors that create financial incentive to exercise either renewal or termination.

#### The Company as a lessor

According to the Company's contracts, not all the risks and benefits of the asset are transferred, so they have been assessed as operating leases. Lease income is recognized in the results by the straight line method throughout the lease term.

More specifically, the Company leases part of its offices to the affiliated Company "Central Greece Motorway Concession Societe Anonyme". In addition, under the Concession Agreement, the operation of the Motorway also concerns income from the lease of Motorist Service Stations (S.E.A.) or other premises. The Company leases the premises of S.E.A. and receives lease payments. The income from leasing the offices and other facilities, as well as the income from S.E.A. are included in the Revenue item (Note 5b).

### **2.2.15 Current and deferred taxation**

#### **Current taxation**

The receivables and liabilities stemming from income tax for the current period are measured at the amount expected to be recovered from or be paid to, the tax authorities. The tax rates and the tax laws used for the calculation, are those that are enacted or substantially enacted till the date of the financial position statement of the Company, in the country in which the Company operates and generates taxable income.

The provision for income tax for the current period as well as for the previous periods, is been calculated based on the amounts expected to be paid to the tax authorities, using the enacted tax rates at the balance sheet date.

The income tax provision includes the current income tax from the income tax return and the additional estimates taxes that may arise during future tax audits regarding the unaudited fiscal years and based on the findings of prior tax audits. Therefore, the final settlement of the income taxes may differ from the relevant amounts recorded in the Financial Statements.

The current income tax related to the items recognized directly in equity is been recognized in equity and not in the profit and loss statement. The management periodically evaluates the decided position in respect with the tax return related to cases in which the tax regulations are open to interpretation and makes provision where it is necessary.

### **Deferred taxation**

The entities may recognize deferred income taxes in their financial statements. The entities which recognize deferred tax, should recognize all the deferred tax liabilities. On the contrary, the deferred tax assets are recognized to the extent that it is outstandingly likely and documented that there will be taxable profits against which the deductible temporary differences and the accumulated tax losses can be utilized. The debit and the credit balances of the deferred taxes are subject to offsetting and the corresponding net amounts are presented in the balance sheet and the income statement.

The deferred tax, either asset or liability is initially recognized and subsequently measured at the amount resulting from the application of the current tax rate in each temporary difference.

The changes in the amount of the deferred tax asset or liability in the balance sheet that arise from period to period are recognized as a decrease or an increase depending on the income tax of the income statement. Exceptionally, the differences arising from assets or liabilities whose changes are recognized in the equity are also recognized directly in the equity, as a decrease or an increase depending on the relevant item.

The value of the deferred tax receivables is being tested at each preparation date of the financial statements and is impaired to the degree that it is not probable to generate a sufficient taxable income which would cover partially or in full the deferred tax receivable.

According to Article 22 of the recent Law 4646/2019, which was passed in December 2019, the tax rates on profits from business activity of legal entities are reduced to 24% applicable to the income of the tax year 2019 and onwards.

For more information on deferred taxation, see Note 20.

### **2.2.16 Provisions for staff indemnities**

**Short term benefits:** The short term benefits towards the employees in monetary terms and in kind are being recognized as expense when they become accrued. Any outstanding amount is recorded as liability whereas in case the amount that was already paid exceeds the amount of the benefits, then the Company recognizes the amount in excess as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of the future payments or to a rebate.

**Benefits after the exit from service (retirement benefits):** The benefits after the end of employment include pensions or other benefits (life insurance and health care coverage) which are provided by the company on a post-employment basis in exchange for the services of the employees. Therefore, they include both the **defined contribution plans** and the **defined benefit plans**.

**Defined contribution plan:** According to the defined contribution plan, the Company's obligation (legal or implied) is limited to the amount which contractually must be contributed into the body (for example an insurance fund) which administers the contributions and grants the benefits. Therefore the amount of the benefits which the employee will receive is determined by the amount that will be paid by both the company and the employee, as well as by the realized investments of the above mentioned contributions. The accrued cost of the defined contribution plans is recorded as expense in the period under consideration.

**Defined benefit plan:** The compensation of the personnel due to exit from the service is recorded in the Statement of Financial Position as defined benefit plan and constitutes the present value of the liability in relation to this defined benefit, taking into account the changes arising from any actuarial profit or loss and the cost of past (prior) service. The discount rate is based on the return, at the preparation date of the financial statements, of high credit rating European corporate bonds with maturities which approach the respective maturities of the Company's liabilities. The obligation in relation to this benefit is determined according to the projected unit credit method from an independent actuary and consists of the present value of the accrued benefits during the year, the interest cost of the future liability, the established prior service cost and the actuarial profit or loss.

The actuarial profits or gains arising from the calculation of the indemnity due to retirement are recognized in the other comprehensive income without the option of reclassification at a future time in the results. The cost of the past service and the interest expense are recorded directly in the Statement of Comprehensive Income. More details are presented in Note 19.

#### **2.2.17 Provisions**

The provisions are initially recognized and subsequently measured at the nominal amount expected to be required for their settlement. The provision represents the best estimation of the amount that it would be needed to cover the relevant liability.

Provisions are initially recognized and subsequently measured at the present value of the amounts expected to be required for their settlement, instead of measuring at the nominal amount, if the measurement based on the present value is expected to have a significant effect on the amounts in the financial statements, in comparison to the measurement at the nominal amount. More information for the provision of the trade and other receivables are included in the accounting policy 2.2.4.

#### **Provision for restoration or maintenance obligation under the Concession Agreement**

The operator may have contractual obligations that must fulfill as a condition for obtaining the license (a) to maintain the infrastructure at a specified useful level, or (b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the period of the concession agreement for the right of the provision of services. These contractual obligations for maintenance or restoration of the infrastructure are recognized and measured based on the best estimation of the expenditure that would be required to settle the present obligation at the balance sheet date, as long as the maintenance and restoration obligation arising as a result of the usage during the operating period.

The Company has a contractual obligation to maintain the infrastructure every 5-10 years. In addition, according to the concession agreement, the Company must restore the infrastructure in a defined situation before handing it over to the concessionaire upon termination of the service concession agreement. The methodology used for calculating this provision is based on: (a) the Annual average daily traffic; (b) the total

estimated cost for heavy maintenance; and (c) gravity factors for smoothing purposes. The total cost of the provision is provided in the Financial Model. For the provision recognized by the Company, see Note 18.

### **2.2.18 Contingent liabilities**

The Company is involved in litigation and claims in the normal course of business. The Company's management, based on previous precedents and on the fact that these issues have not been heard, believes that their outcome will have no significant impact on the financial position and operations. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments regarding the implications and interpretation of laws and regulations. Changes in the judgments or interpretations may result to an increase or a reduction of contingent liabilities of the Company in the future. The sets of the Company's contingent liabilities are analyzed in note 28.

The contingent liabilities are not recorded in the Financial Statements but they are disclosed unless the probability for an outflow of resources incorporating economic benefits is minimal. The contingent receivables are not recorded in the Financial Statements, but they are disclosed provided that the inflow of Financial benefits is likely to occur.

### **2.2.19 Determination of fair values**

The fair value of a financial asset is the price which would be collected from the sale of the asset or the value that would be paid for the transfer of a liability in a normal transaction between market participants at the date of measurement. The fair value of the financial items of the Financial Statements of 31<sup>st</sup> December 2018 was determined according to the best possible estimate by the Management. In cases in which no available data exist or the data from the active money markets are limited, the measurement of the fair values has derived from the Management's estimates according to the available existing information.

The Company utilizes the following hierarchy for the determination and disclosure of the fair value of the financial instruments per measurement technique:

**Level 1:** Publicly traded (non-adjusted) prices in active markets for similar assets and liabilities,

**Level 2:** Other techniques for which all inflows which have a significant effect on the recorded book value are observable either directly or indirectly,

**Level 3:** Techniques that utilize data which have significant effect on the recorded book value and are not based on observable market data.

## **2.3 Changes in standards and interpretations**

### ***A. New standards, amendments to standards and interpretations adopted by the Company.***

The accounting policies and calculations on which the financial statements were prepared are consistent with those used in the preparation of the financial statements for the year ended 31 December 2018 and have been consistently applied in all periods presented except for the following amendments that were adopted by the

Company on 1 January 2019. The Company applied for the first time IFRS 16 Leases and the nature and outcome of the changes as a result of the adoption of the new accounting standard are described below. Several other amendments and interpretations are applied for the first time in 2019, but have no impact on the Company's financial statements.

- **IAS 16- Leases**

IFRS 16 replaces the existing accounting treatment of leases under IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement contains a Lease, SIC 15 Operating Leases - Incentives and SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessee to recognize all leases in its financial statements, with a single accounting framework, with certain exceptions.

The lessee's accounting in accordance with IFRS 16 is essentially unchanged from IAS 17. Lessors will continue to classify leases either as operating or as financial leases using similar principles as in IAS 17. Therefore, IFRS 16 has no impact. in leases where the Company is the lessor.

The Company initially implemented IFRS 16 on 1 January 2019, using the modified retroactive approach, on the basis of which the retroactive effect of the application of the standard was recorded on that date. The comparative data have not been restated.

The Company made use of the relevant practical expedient (facility) provided by the standard, where, at the date of first application, did not reassess whether a contract constitutes or contains a lease and will therefore apply the standard to Contracts previously recognized as leases in accordance with IAS 17 and IFRIC 4.

In addition, the Company adopted the exemption from lease agreements for which the underlying asset is of low value ("low value asset"). The lessee assesses the value of the underlying asset as new, regardless of the age of the asset at the time of its lease. The Company has set the amount of € 5,000.00 as "low value". This exemption was used in office equipment, i.e. photocopiers. The Company did not apply the exemption for fixed-term leases of less than 12 months. Finally, the Company decided to apply a single discount rate to categories of leases with similar characteristics (such as leases with a corresponding duration, for similar fixed assets and in a corresponding economic environment).

The effect of the adoption of IFRS 16 on 16 January 2019 (increase/(decrease)) is the following:

<b>Non-current assets</b>	
Right-of-use assets	188,106
<b>Total</b>	<b>188,106</b>
<b>Liabilities</b>	
Liability due to leases	188,106
<b>Total</b>	<b>188,106</b>

Nature of the effect from the adoption of IFRS 16

The Company has contracts for the lease of building facilities and offices and passenger vehicles for the operation of the motorway. Prior to the adoption of IFRS 16, the Company, as a lessee, classified each of the leases at the starting date either as a financial lease or as an operating lease. A lease was classified as a financial lease if it transferred essentially all the risks and benefits that accompany the ownership of an underlying asset to the Company. Leases where a significant portion of the risks and benefits of the property were retained by the lessor were classified as operating leases and were not capitalized, while payments for operating leases were recognized in the results on proportional basis during the lease. See Note 2.2.14 *Leases* for the accounting policy before 1 January 2019.

With the adoption of IFRS 16, the Company implemented a unified approach for the recognition and measurement for all leases, except for low-value asset leases (see Note 2.2.14 for the accounting policy applicable from 1 January 2019). The standard provides specific transition requirements and practical facilities, which have been adopted by the Company.

- Leases previously treated as operating leases

There were no such leases on the date of transition (January 1, 2019)

- Leases previously treated as operating leases

The Company recognized a right-of-use asset and a liability from the lease for those leases previously classified as operating leases, in addition to the low-value asset leases. The right to use of a fixed asset was recognized as equal to the lease liability, adjusted by the amount of any prepaid lease related to the lease that was recognized in the statement of financial position immediately before the initial application date. The lease liability was recognized as the present value of the outstanding payments, discounted by the cost of additional borrowing on the date of initial application.

In addition, the Company applied the available practical facilities as following:

- Applied a single discount rate to each category of leases with similar characteristics (such as leases with equivalent duration, for similar assets and in a corresponding economic environment).
- Evaluated the existence of burdensome contracts, immediately before the date of initial application (there were no such cases)
- Selected not to separate leases from non-leases and instead to consider them as a single item, per asset category. This choice was made in the category of passenger vehicles
- Evaluated, based on previous experience, the duration of the leases whose contract includes an extension or termination term.

Based on the above, on January 1, 2019:

- Right to use assets (Right-of-Use) and equal lease liabilities of € 188,106 were recognized and presented separately in the statement of financial position.

- There was no effect on the results carried forward from the adoption of the standard.

Below is the agreement on the lease liability on January 1, 2019 with the commitments from operating leases as of December 31, 2018:

<b>Liabilities from Operating Leases 31/12/2018</b>	<b>300,849</b>
Weighted average interest rate 1 <sup>st</sup> January 2019	<u>4.47%</u>
Discounted liability from operating leases 1 <sup>st</sup> January 2019	185,886 €
Plus:	
Payments of operating leases related to the renewal of these that are not included in the liabilities as of 31 <sup>st</sup> December 2018	<u>2,220 €</u>
	<b><u><u>188,106 €</u></u></b>

For the year that ended on December 31, 2019:

- Depreciation was increased due to the amortization of the additional assets recognized (right to use assets). This has led to an increase in cost of sales and management costs by € 38,328 and € 39,007 respectively.
- Operating rental leases, which are included in the general ledger account ‘62 .04’ decreased by € 90,817. An amount of € 9,356 remains in that account as a low value fixed asset.
- The ‘financial expenses’ associated with the financial costs of additional lease liabilities increased by € 8,649.
- Cash outflows from operating activities decreased by € 90,817 and cash outflows from financial activities increased by the same amount as the reduction in operating leases and the increase in capital payments and interest on lease liabilities.
- The deferred tax receivable has been reduced due to the deferred tax effect on changes in recognized assets and lease liabilities.

- **IFRS 9: Prepayment features with negative compensation(Amendment)**

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be ‘negative compensation’), to be measured at amortized cost or at fair value through other comprehensive income. The Company does not have any transactions that are related to the scope of application of the above amendment.

- **IAS 28: Long-term Interests in Associates and Joint Ventures(Amendments)**

The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the ‘net investment’ in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the economic entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. The Company does not have any transactions that are related to the scope of application of the above amendment.

- **IFRIC INTERPETATION 23:Uncertainty over Income Tax Treatments**

The interpretation provides guidance on how to deal with the uncertainty involved in tax treatment, when accounting for income taxes. The Interpretation provides guidance and addresses the accounting for income taxes when tax treatments involve uncertainty. The Interpretation provides additional guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Management of the Company concluded that the application of the Interpretation has no effect on the financial statements.

- **IAS 19: Defined Benefit Plan Amendment, Curtailment or Settlement (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a defined benefit plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The Company does not carry any transactions that are governed by the application framework of the above amendments.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The Company does not carry any transactions that are governed by the application framework of the above amendments.

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

**B. Standards issued but not applicable in the current accounting period and not previously adopted by the company.**

The company has not adopted any of the following standards, interpretations or modifications that have been issued but are not applicable in this accounting period. In addition, the company evaluated all standards and interpretations or amendments issued but not applicable in the current period and concluded that there will be no significant effect on Financial statements from their implementation.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Company does not have any transactions that are related to the scope of application of the above amendment.

- **Conceptual framework of international Financial Reporting standards**

The IASB issued the revised conceptual framework for financial reporting on 29 March 2018. The conceptual framework establishes a comprehensive set of concepts for financial reporting. These concepts help to define standards, guide authors to develop consistent accounting policies and support their efforts to understand and interpret standards. The International Accounting Standards Board also issued an accompanying document, amendments to the references of the conceptual framework, which defines the modifications of the affected standards in order to update references to the revised conceptual framework. The aim of the document is to support the transition to the revised IFRS conceptual framework for companies that adopt the conceptual framework to develop accounting policies when no IFRS standard is referenced. For authors who develop

accounting policies based on the conceptual framework, it is valid for annual periods beginning on or after 1 January 2020.

- **IFRS 3: Business Combinations (amendments)**

The IASB has adopted amendments concerning the definition of a company (amendments to IFRS 3) in order to resolve the difficulties encountered when an entity determines whether it has acquired a business or group of assets. The amendments shall apply to combinations of undertakings for which the date of acquisition is determined in the first annual accounting period beginning on or after 1 January 2020 and for the acquisition of assets occurring on or after Start of this period while earliest application is allowed. The amendments have not yet been adopted by the European Union. The Company has no trade in the scope of this amendment.

- **IAS 1 Presentation of financial statements and IAS 8 accounting policies, changes in accounting estimates and errors: Definition of materiality (amendments)**

Amendments shall be applied for annual accounting periods beginning on or after 1 January 2020 while earliest application is permitted. The amendments clarify the definition of materiality and how it should be applied. The new definition states that "information is considered important if it is omitted, hidden or inaccurate, it is reasonably expected to influence the decisions of the main users of the financial statements, which take on the basis of these financial statements providing financial information for the entity concerned ". In addition, the explanations accompanying the definition of materiality have been improved. The amendments ensure that the definition of materiality is consistent with all IFRS standards. The Company Management is in the process of assessing the impact of the amendments.

- **Interest Rate Benchmark Reform – IFRS 9, IAS 39, IFRS 7 (Amendments)**

The amendments apply retroactively to annual accounting periods beginning on or after 1 January 2020, with earlier application allowed. In September 2019, the International Accounting Standards Board (IASB) issued amendments to IFRS 9, IFRS 39 and IFRS 7, completing the first phase of its work on the effects of the interest rate benchmark reform on the financial information. The second phase focuses on issues affecting financial information when an existing benchmark rate is replaced by a zero risk rate. The amendments refer to issues arising in financial information in periods preceding the replacement of an existing benchmark rate with an alternative interest rate, and address the impact on specific accounting requirements of IFRS 9 "Financial Instruments" and of IAS 39 "Financial Instruments: Recognition and Measurement". The amendments provide for temporary facilities applicable to existing hedging relations affected by the reform of benchmark rates, allowing hedging accounting to continue during the period of uncertainty before replacing an existing benchmark rate with an alternative one. Also, the amendments introduce in the IFRS 7 "Financial Instruments: Disclosures" additional disclosures regarding the uncertainty resulting from the reform of the benchmark rates. The Management of the Company is in the process of evaluating the impact of the amendments.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Short-term or Long-term (Amendments)**

The amendments apply to annual accounting periods beginning on or after January 1, 2022, whereas an earlier application is permitted. The amendments are aimed at achieving consistency in the implementation of the requirements of the standard, assisting companies to determine whether lending and other liabilities with an uncertain settlement date are classified as short-term or long-term liabilities in the Statement of Financial Position. The amendments affect the presentation of the liabilities in the Statement of Financial Position, while they do not modify the existing requirements regarding the measurement or the time of recognition of an asset, liability, income or expense or the disclosures on these data. The amendments also clarify the classification requirements for lending, which can be settled by a company issuing equity securities. The amendments have not yet been adopted by the European Union. The Management of the Company is in the process of evaluating the impact of these amendments.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires from the Company's management to make significant accounting judgments, estimates and assumptions that affect the balances of assets and liabilities and disclosures, the disclosure of contingent assets and liabilities as well as the income and expenses presented. Actual results may differ from these estimates. The most important accounting policies, judgments and estimates regarding events whose development could substantially change the items of the financial statements in the next twelve-month period are as follows:

#### ***3.1 Significant accounting judgments, estimates and assumptions***

In the process of applying the accounting policies, the Company's management, utilizing as base the fullest information available to it, applies its judgment based on its knowledge of the Company and the market in which it operates. Subsequent possible changes to existing conditions are taken into account in order to implement the appropriate accounting policy. The most significant estimations and assumption of the management regarding the accounting policies are summarized in the following categories of items:

#### ***Estimates and assumptions***

Specific amounts that are included or affect the Financial Statements as well as the related disclosures are estimated by requiring from the management to make assumptions about values or conditions that cannot be known with certainty at the time of the financial statements' preparation. An accounting estimate is considered as significant when it is material to the Company's financial position and results and requires difficult, subjective or complex management judgments, often as a result of the need to form assumptions about the effect of presumptions that are uncertain. The Company assesses such estimates on an ongoing basis, based on historical results and experience, meetings with experts, trends and other methods that are considered

reasonable in the circumstances, as well as the forecasts of how they may change in the future.

- Useful life of tangible and intangible fixed assets: Management makes estimates of the useful lives of depreciable fixed assets that are subject to periodic review. The actual lives of these fixed assets may vary depending on various factors such as technological innovation, maintenance programs, legal and economic environment, etc. More information is provided in Note 2.2.1 and 2.2.2 of the Financial Statements.
- Valuation of cash flow hedges: The Company uses derivative financial products and, in particular, enters into interest rate swaps to hedge risks associated with interest rate fluctuations. For the valuation of these contracts, market assessments are made of the course of the relevant interest rates for periods of up to twenty years. Based on these estimated interest rates, cash flows are discounted to determine the liability at the date of the financial statements.
- Employee benefits: Employee benefits after retirement are calculated using actuarial methods. The actuarial study requires significant estimates that may differ from actual developments in the future. These estimates include the setting of the discount rate, future salary increases, disability rates, mortality rates and retirement rates. Because of the complexity of the valuation and the underlying assumptions involved, the defined benefit obligation is particularly sensitive to changes in these assumptions. Actuarial gains and losses arising from the diversification of actuarial assumptions are recognized directly in Equity. Actuarial assumptions are subject to periodic review by the management. Further details are included in Note 18 of the Financial Statements.
- Provision for bad and doubtful debts: The Company's management periodically reassesses the adequacy of the provision for doubtful receivables on the basis of the information at its disposal, including reports from its legal department and estimates for the recoverability of its receivables. The evaluation of the administration is carried out on the basis of the model of expected credit losses in accordance with IFRS 9, i.e. based on past experience but adapted in such a way as to reflect forecasts for the future economic situation of customers and the economic environment. Further information is included in the accounting policy, see note 2.2.4.
- Income tax provision: In accordance with IAS 12, income tax provisions are based on estimates related to taxes to be paid to the tax authorities and include the current income tax for each fiscal year, the provision for additional taxes that may arise in future tax audits, and the recognition of future tax benefits. The finalization of income taxes may differ from the relevant amounts included in these Financial Statements. Further details are included in Note 20 of the Financial Statements.
- Deferred tax assets: Deferred tax assets are recognized for all tax losses to the extent that it is probable that there will be sufficient tax profits to offset these tax losses. Considerable judgment is required by the management to determine the amount of deferred tax assets that may be recognized based on the probable timing and level of future taxable profits and future tax planning strategies. Further details are included in Note 2.2.15 of the Financial Statements.

- Provision for a restoration or maintenance obligation based on the Concession Agreement. The concession agreement with the Greek State includes the contractual obligation of the concessionaire to maintain the infrastructure at a defined level of service provision or to restore the infrastructure to a specific situation before delivering it to the concessionaire at the end of the concession period. Calculating the amount to be considered as a provision for the “heavy maintenance” obligation is a complex process that includes judgments about the cost and timing of such work and actual costs may differ from what is foreseen. Further details are included in Note 19 of the Financial Statements.
- Contingent Liabilities: The existence of contingent liabilities requires management to continually make assumptions and judgments about the probability that future events will occur or not occur, and the likely consequences that these events may have for the Company's activity. Determining contingent liabilities is a complex process involving judgments about future events, laws, regulations, etc. Changes in judgments or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future. Further details are included in Note 25 of the Financial Statements.
- Operating Support and Recognition of Receivable Financial Instruments: The Company considered the contractual obligation of the Greek State for the operation support as a hybrid financial instrument that includes an embedded derivative and a non-derivative master contract. Subsequently, the Company separated the embedded derivative from the main contract and, in accordance with IAS 39 (initial application) and IFRS 9, recognized a derivative financial asset (receivable), that is, the part of the operating support covering future payments of the interest-rate swaps. The calculation of the fair value of the receivable is a complex process including assessments of the counterparty's credit risk (Greek State), estimation of future outflows as well as the existence of a possible time difference between the payments of derivatives and the collection of the operation support. The above estimations are reassessed at each reporting date. More information can be found in Note 14.

## **Judgments**

The significant judgments during the application of the Company's policies:

- Impairment of tangible and intangible fixed assets subject to amortization: These assets are been tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining whether there is any evidence of impairment requires from the management to make judgments about external and internal factors as well as for the extent to which they affect the recoverability of such assets. If it is assessed that there are indications of impairment, the Company calculates the recoverable amount. For the purpose of calculating value in use, the management estimates the future cash flows from the asset or cash-generating unit and selects the appropriate discount rate to calculate the present value of future cash flows. Also, assessment and judgment is required in determining whether the potential impairment is temporary or permanent.

#### **4. FINANCIAL RISK MANAGEMENT**

##### **4.1 Factors of financial risk**

The Company is exposed to various financial risks, such as market risks (changes in interest rates), credit risk and liquidity risk. The Company's overall risk management plan aims to minimize the adverse impact that these risks may have on the Company's financial performance.

##### **Interest rate risk**

The operating income and cash flows of the Company are not significantly affected by interest rate fluctuations as the Company has entered into contractual interest rate swap agreements (Interest Rate Swaps). Exposure to interest rate risk on liabilities and investments is monitored on a budget basis. The Company's policy is to continuously monitor the interest rate trends as well as the financial needs of the Company.

The Company's results for the years ended on December 31, 2019 and December 31, 2018, are charged with debit interest amounting to Euro 10,648,997 (Euro 10,260,184 in 2018) which, however, are offset by an equal part of the Operational Support, producer costs (the recyclable amount from the fair value reserve) Euro 18,715,308 (Euro 18,702,460 in 2018).

The table below shows the changes in the Company's earnings before taxes (through the effects of end-of-year floating-rate loans on profits) on potential interest rate changes, keeping all other variables constant.

If interest rates increased by 1%, the effect on results would be:

	<b>31.12.2019</b>	<b>31.12.2018</b>
1% Increase	<u>3,712.759</u>	<u>3,970,905</u>

As referred to in the Common Terms Agreement concluded with creditors, in the case of a negative Euribor interest rate, this is deemed to be equal to 0% for the purposes of calculating interest, so any reduction in the interest rate of Euribor does not affect the calculation of Interest. The calculations have excluded the interest of Subordinated Debt received from the shareholders due to the fixed interest rate that these loans bear.

##### **Credit risk**

The Company does not have a significant concentration of credit risk vis-à-vis the parties, mainly due to the large dispersion of the clientele basis as well as due to the collection of the largest part of its revenues (tolls) in the form of cash. Exception to the above comprise the receivables from the Greek State in the form of compensation for the loss of income as well as the Operating Support. More information is provided in the note of the trade and other receivables (see Note 14).

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The Company continuously evaluates the amount of credit provision as well as the credit limits of the accounts. At the end of the year, the management considered that there is no material credit risk that is not already covered by collateral or a provision for doubtful debts.

**Liquidity risk**

The Company's cash and cash equivalents arise from its ordinary trading activity and due to the nature of its business activity there is risk of insufficient cash liquidity. Prudent liquidity management is achieved by the availability of an appropriate mix of cash and approved bond loans.

There are no outstanding balances of loans for withdrawal as of 31<sup>st</sup> December 2019 (more information is provided in Note 23).

The table below summarizes the maturity dates of short-term financial liabilities at 31 December 2019 and 2018 respectively, based on payments resulting from the relevant contracts and agreements, at non-discounted values:

<b>31.12.2019</b>	<b>Less than 3 months</b>	<b>4 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
Trade and other liabilities	15,119,023	3,773,143	523,095	<b>19,415,261</b>
Short-term loans	0	0	0	<b>0</b>
Liabilities towards related companies	0	5,364,402	0	<b>5,364,402</b>
Long-term liabilities payable in the following year	0	4,944,001	0	<b>4,944,001</b>
Derivative financial instruments	0	18,121,409	0	<b>18,121,409</b>
Liabilities from contracts with customers	218,415	0	0	<b>218,415</b>
<b>Total</b>	<b>15,337,437</b>	<b>32,202,956</b>	<b>523,095</b>	<b>48,063,488</b>

  

<b>31.12.2018</b>	<b>Less than 3 months</b>	<b>4 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
Trade and other liabilities	8,806,038	1,258,132	195,501	<b>10,259,671</b>
Short-term loans	0	0	0	<b>0</b>
Liabilities towards related companies	95,438	0	0	<b>95,438</b>
Long-term liabilities payable in the following year	0	2,368,402	0	<b>2,368,401</b>
Derivative financial instruments	0	18,253,757	0	<b>18,253,757</b>
Liabilities from contracts with customers	174,109	0	0	<b>174,109</b>
<b>Total</b>	<b>9,075,584</b>	<b>21,880,291</b>	<b>195,501</b>	<b>31,151,376</b>

## 4.2 Capital risk management

The primary objective of the Company's capital management is to ensure the maintenance of its high credit rating as well as the sound capital ratios in order to support and expand its activities and maximize the value of the shareholders.

There were no changes to the Company's approach regarding the capital management during the current fiscal year.

	<b>31.12.2019</b>	<b>31.12.2018</b>
Short-term loans	<u>0</u>	<u>0</u>
Long-term loans	358,941,919	363,885,920
<b>Total loans</b>	<b><u>358,941,919</u></b>	<b><u>363,885,920</u></b>
Minus: Cash and cash equivalents	18,010,703	23,941,465
<b>Net debt</b>	<b>340,931,216</b>	<b>339,944,455</b>
Equity	<u>56,484,172</u>	<u>113,999,922</u>
<b>Equity and net debt</b>	<b>397,415,387</b>	<b>453,944,377</b>
<b>Net debt ratio</b>	<b>85.79%</b>	<b>74.89%</b>

## 4.3 Determination of Fair Values

The following table presents the financial assets and liabilities that are measured at fair value under the proper measurement method (as of 31 December 2019 and 2018). The different valuation categories are described in the accounting policies (specifically in note 2.2.18).

<b>Assets' items 2019</b>	<b>Level 2</b>	<b>Level 3</b>
Hedging derivatives IRS	<u>0</u>	<u>193,177,454</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>193,177,454</u></b>
<b>Assets' items 2018</b>	<b>Level 2</b>	<b>Level 3</b>
Hedging derivatives IRS	<u>0</u>	<u>167,996,308</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>167,996,308</u></b>

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<b>Liabilities' items 2019</b>	<b>Level 2</b>	<b>Level 3</b>
Hedging derivatives IRS	196,136,787	0
<b>Total</b>	<b>196,136,787</b>	<b>0</b>

  

<b>Liabilities' items 2018</b>	<b>Level 2</b>	<b>Level 3</b>
Hedging derivatives IRS	170.981.456	0
<b>Total</b>	<b>170.981.456</b>	<b>0</b>

For years 2019 and 2018 there were no transfers between levels 1 and 2 nor were there transfers within and outside level 3 during the measurement of the fair value. Also, during the same period there was no change in the scope of any financial instrument which would lead to a different reclassification of the particular item.

The fair value of the Company's bond loans approaches their book values.

The book values of the following financial assets and liabilities approach their fair value:

- Trade and other receivables
- Cash and cash equivalents
- Suppliers and other liabilities

## 5. REVENUES - INCOME

The revenues – income in the attached Financial Statements for the years 2019 and 2018 are analyzed as follows:

<b>a) Revenues from contracts with customers</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Income from construction services in relation to Concession Agreement	110,033,184	2,021,418
Income from the toll collection based on the Manual Collection System	13,639,071	13,498,846
Income from the toll collection based on Kentriki Pass	5,666,786	4,737,869
Revenue from Operating Support	11,913,052	6,991,799
Income from provision of other services to customers	193,625	26,258
<b>Total</b>	<b>141,445,718</b>	<b>27,276,191</b>

  

<b>b) Revenues from leases</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Income from MSS leasing	21,661	1,833
<b>Total</b>	<b>21,661</b>	<b>1,833</b>

**Revenue per business activity**

The Company monitors its activities separately, in terms of organization and services' provision and recognizes the following two categories:

- a) Operations Activity of the motorways under Concession Agreement for the operation of the infrastructure project "Central Greece Motorway (E65)". Income from this business activity are recognized directly with the provision of the service.
- b) Construction Activity of the motorway under Concession Agreement for the construction of the "Central Greece Motorway (E65)" project. The recognition of income – revenue is based on the input method (measurement of progress according to the inflows).

Net revenues per activity are analyzed as follows:

	Operation Activity of Motorway E65-PATHE	Construction Activity of Motorway E65- PATHE	<b>Total</b>
<b>31-Dec-19</b>	31,434,196	110,033,184	<b>141,467,380</b>
<b>31-Dec-18</b>	25,256,606	2,021,418	<b>27,278,024</b>

In the revenues of the Operation Segment of Motorway E65, it is included part of the Operation Support E65, amount of euro 11,913,052 which corresponds to its operation. The respective amount for 2018 was euro 6,991,799. Furthermore, part of the Operation Support is recognized as subtraction from the cost of debt and the receivable financial derivative (note 21).

The item "Income from construction services in relation to Concession Agreement" concerns the addition of year 2019 on the intangible asset (note 11) of € 110,033,184 (31.12.2018: € 2,021,418).

**6. EXPENSES**

Expenses per category are analyzed as follows:

	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Cost of sales from the provision of services to customers	38,367,603	36,089,773
Cost of construction services in relation to Concession Agreement	109,995,148	1,962,542
Administrative expenses	2,478,454	2,202,401
<b>Total</b>	<b>150,841,205</b>	<b>40,254,716</b>

The above expenses have been allocated as follows in the years 2019 and 2018 respectively:

<b>(a) Cost of sales from the provision of services to customers</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Employees' Compensation and Expenses (note 6d)	3,860,317	3,760,321
Third parties' fees and expenses	3,772,641	3,509,521
Provision for heavy maintenance	3,280,391	1,350,761
Third parties' benefits (except leasing)	2,251,372	2,257,874
Rents of operating leasing	24,811	51,832
Tax – duties	1,657	4,670
Other expenses	740,050	646,810
Depreciation (note 6e)	24,429,922	24,289,556
Consumption of fixed assets' spare parts	6,442	218,424
<b>Total</b>	<b>38,367,603</b>	<b>36,089,773</b>

  

<b>(b) Cost of construction services in relation to Concession Agreement</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Cost of the period	109,995,148	1,962,542
Profit for the period	38,036	58,876
<b>Income from construction services in relation to Concession Agreement</b>	<b>110,033,184</b>	<b>2,021,418</b>

The item "Cost of Construction Services in relation to Concession Agreement" for the year ended 31st of December 2019, includes, among other costs, the construction J/V E65 fees of € 108,727,269. The respective amount for the year ended 31st of December 2018, amounted to € 1,634,044.

<b>(c) Administrative expenses</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Employees' Compensation and Expenses (note 6d)	371,482	294,357
Third parties' fees and expenses	1,514,456	1,361,478
Third parties' benefits (except leasing)	72,379	6,294
Rents of operating leasing	17,796	64,057
Tax – duties	8,216	19,617
Other expenses	265,678	308,809
Depreciation (note 6e)	228,445	147,788
<b>Total</b>	<b>2,478,454</b>	<b>2,202,401</b>

<b>(d) Payroll cost</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Salaries - Wages	3,129,944	2,960,478
Employer's contributions	818,970	773,996
Subsequent benefits & staff costs	159,212	132,045
<b>Total</b>	<b>4,108,126</b>	<b>3,866,519</b>

Provisions for personnel indemnity (note 19)	15,677	37,202
Provision for allowance of personnel due to annual leave	107,997	150,960
<b>Total</b>	<b>123,674</b>	<b>188,162</b>

<b>Payroll cost per operation</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Cost of Sales (Note 6a)	3,860,317	3,760,324
Administrative Expenses (note 6c)	371,482	294,356
<b>Total</b>	<b>4,231,799</b>	<b>4,054,680</b>

<b>(e) Depreciation</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Tangible fixed assets	583,103	499,308
Intangible assets	40,393	57,311
Amortization of rights to use	85,413	0
Concession right	23,949,458	23,880,726
<b>Total</b>	<b>24,658,368</b>	<b>24,437,345</b>

<b>Depreciation per operation</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Cost of sales (note 6a)	24,429,923	24,289,556
Administrative expenses (note 6c)	228,445	147,788
<b>Total</b>	<b>24,658,368</b>	<b>24,437,344</b>

The leasing costs in the above table include expenses related to leases of assets with a low value of € 28,032 and refer to leases of photocopiers for which the Company made use of the exemption provided by IFRS 16 ("low value fixed assets leases").

## **7. OTHER OPERATING EXPENSES**

The other operating expenses are analyzed as follows:

	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Additional Works from the Constructor	3,528,406	4,758,221
Fees of Independent Civil Engineer	1,320,000	0
Impairments of Trade Receivables	170,000	200,000
Other Operating Expenses	260,107	47,246
<b>Total</b>	<b>5,278,513</b>	<b>5,005,467</b>

The item "Additional Works from the Constructor" includes the amounts attributed to the construction consortium of the Project and relate to expenses for Additional Works on the Motorway. Specifically, the State, according to the Concession Agreement, assigns Additional Works to the construction J/V and then pays the relevant amounts of fees to the Company. The Company then pays these amounts (pass-through payments) to the Constructor who is also their legal beneficiary.

The item "Additional Works from the Constructor" in the Financial Statements of 2018 was offset by the corresponding income and therefore were not depicted in the Statement of Comprehensive Income. In the financial statements of 2019, a detailed presentation was made in the Other Operating Expenses and in the Other Operating Income and for comparable purposes the corresponding display was made in the same items of the financial statements of 2018.

The item "Independent Engineer's Remuneration" includes the amounts paid to the Independent Engineer of the Project and concern the construction supervision fees of the New Section of the E65 Motorway and which are then invoiced to the construction joint venture. The corresponding revenue items were recognized in the "Other Operating Income" (note 8).

## **8. OTHER OPERATING INCOME**

The other operating income is analyzed as follows:

	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Additional Works from the Constructor (Note 7)	3,528,406	4,758,221
Fees of Independent Engineer (Note 7)	1,320,000	0
State Compensation (Indemnity)	82,383	394,437
Other Income	224.396	16,958
<b>Total</b>	<b>5,155,184</b>	<b>5,169,616</b>

The "State Compensation" item for the closing fiscal year relates to compensation for loss of revenue due to the State's mandate for free transit during the 2019 Elections. The Company has recognized the total amount of the allowable compensation as it is certain that this amount will be fully collected, as its calculation is based on the relevant provisions of the Concession Agreement.

## 9. FINANCIAL EXPENSES AND INCOME

Financial expenses and income are analyzed as follows:

<b>(a) Interest expense and related expenses</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Transfer (recycling) of losses into the results	18,715,308	18,702,460
Financial cost for the provision of personnel indemnity	4,073	2,611
Bank commissions and fees	90,453	18,082
Financial cost of financial leases	8,649	0
<b>Total</b>	<b>18,818,483</b>	<b>18,723,153</b>
<b>(b) Interest income and related income</b>	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Interest from deposits	343,164	211,285
Valuation of derivative financial instruments (Note 21)	43,896,455	5,918,364
Non-effective part of derivatives IRS	(4,090,257)	960,101
<b>Total</b>	<b>40,149,362</b>	<b>7,089,750</b>

The item "Transfers (recycling) of Derivatives Losses in Results" for the year 2019, amounting to €18,715,308 (2018: €18,702,460) relates to the accrued amount of the reclassification from the Cash Flow hedge reserve under the swap contracts of the interest rate that the Company has concluded in order to minimize the exposure to interest rate risk in respect of its bond loans (Note 23).

Also, on 31 December 2019 and 31 December 2018 there are interest, loan costs and commissions for letters of guarantees amounting to € 10,648,996 and € 10,260,184 respectively, amounts that are fully offset with the collection of the operation support received by the Company from the Greek State.

The non-effective part from the valuation difference of the interest rate swaps (IRS) derivative instruments which is recorded in the Statement of Income for the year ended 31<sup>st</sup> December 2019 comprises an income amounting to €4,090,257 (2018: €960,100).

The item “Valuation of financial derivative instruments” depicts the valuation difference of the embedded asset derivative for the year ended on 31<sup>st</sup> December 2019 amounting to €43,896,455 (2018: €5,918,364). The change in the valuation is mainly due to the decrease of the interest rates of the Greek State bonds on 31<sup>st</sup> December 2019 compared to 31<sup>st</sup> December 2018, which were used for the discounting of the future receivable amounts relating to the Operation Support which reflect the estimated outflows of the IRS derivative instrument.

## 10. TANGIBLE FIXED ASSETS

The tangible fixed assets are analyzed as follows for the years ended on 31<sup>st</sup> of December 2019 and 2018:

	Premises and premises’ facilities	Mechanical equipment	Other equipment	Assets under construction	Total
<b>Acquisition value</b>					
<b>31.12.2017</b>	<b>502,751</b>	<b>15,355</b>	<b>2,073,679</b>	<b>800,000</b>	<b>3,391,785</b>
Additions	2,451,997	3,022	1,535,054	274,389	<b>4,264,463</b>
Reductions	0	0	0	(800,000)	<b>(800,000)</b>
<b>31.12.2018</b>	<b>2,954,749</b>	<b>18,378</b>	<b>3,608,732</b>	<b>274,389</b>	<b>6,856,248</b>
Additions	333,737	308,017	191,663	126,579	<b>959,997</b>
Reductions	0	0	(2,620)	(318,681)	<b>(321,301)</b>
<b>31.12.2019</b>	<b>3,288,486</b>	<b>326,395</b>	<b>3,797,776</b>	<b>82,287</b>	<b>7,494,944</b>
<b>Accumulated depreciation and impairment</b>					
<b>31.12.2017</b>	<b>(82,889)</b>	<b>(13,151)</b>	<b>(826,187)</b>	<b>0</b>	<b>(922,226)</b>
Depreciation expense for the year	(58,896)	(3,382)	(443,626)	0	<b>(505,903)</b>
Reduction of depreciation	6,595	0	0	0	<b>6,595</b>
<b>31.12.2018</b>	<b>(135,189)</b>	<b>(17,608)</b>	<b>(1,269,813)</b>	<b>0</b>	<b>(1,422,610)</b>
Depreciation expense for the year	(158,639)	(7,156)	(417,307)	0	<b>(583,103)</b>
Reduction of depreciation	0	0	2,489	0	<b>9,084</b>
<b>31.12.2019</b>	<b>(293,828)</b>	<b>(24,764)</b>	<b>(1,683,555)</b>	<b>0</b>	<b>(2,002,147)</b>
<b>Net book value</b>					
<b>31.12.2019</b>	<b>2,994,658</b>	<b>301,631</b>	<b>2,114,220</b>	<b>82,287</b>	<b>5,492,796</b>
<b>31.12.2018</b>	<b>2,819,560</b>	<b>770</b>	<b>2,338,920</b>	<b>274,389</b>	<b>5,434,714</b>

The additions to the mechanical equipment refer mainly to the addition of a self-propelled bracing machine worth € 228,700. The drop in the assets under construction concern their completion and their transfer to the item “Premises and premises’ facilities”.

Pledges have been provided on the tangible assets of the Company, in favor of the Lenders of the Project. More information is provided in note 21. Moreover, the Company's Management estimates that on 31 December 2019 there is no evidence of impairment of its tangible fixed assets.

## 11. INTANGIBLE ASSETS

The intangible assets are analyzed as follows for the year ended on 31<sup>st</sup> of December 2019 and 2018:

	PC Software	State's Concessions	Total
<b>Acquisition cost</b>			
<b>31.12.2017</b>	<b>143,718</b>	<b>475,593,098</b>	<b>475,736,816</b>
Additions	151,482	2,021,418	<b>2,172,900</b>
Reductions	0	0	<b>0</b>
<b>31.12.2018</b>	<b>295,200</b>	<b>477,614,516</b>	<b>477,909,716</b>
Additions	28,833	1,305,916	<b>1,334,749</b>
Reductions	(320)	0	<b>(320)</b>
<b>31.12.2019</b>	<b>323,713</b>	<b>478,920,432</b>	<b>479,244,145</b>
<b>Accumulated depreciation and impairment</b>			
<b>31.12.2017</b>	<b>(105,106)</b>	<b>0</b>	<b>(105,106)</b>
Depreciation expense for the period	(57,311)	(23,880,726)	<b>(23,938,037)</b>
Reduction of depreciation	0	0	<b>0</b>
<b>31.12.2018</b>	<b>(162,417)</b>	<b>(23,880,726)</b>	<b>(24,043,143)</b>
Depreciation expense for the period	(40,393)	(23,949,458)	<b>(23,989,851)</b>
Reduction of depreciation	0	0	<b>0</b>
<b>31.12.2019</b>	<b>(202,811)</b>	<b>(47,830,184)</b>	<b>(48,032,995)</b>
<b>Net book value</b>			
<b>31.12.2019</b>	<b>120,903</b>	<b>431,090,248</b>	<b>431,211,151</b>
<b>31.12.2018</b>	<b>132,783</b>	<b>453,733,790</b>	<b>453,866,573</b>

The Management of the Company estimates that on 31<sup>st</sup> December 2019 there are no indications for impairment of the value of its intangible assets.

Additions to the State Concessions item of current year include mainly the cost of construction plus a profit margin totaling € 1,305,916 (2018: € 2,021,418). The fair value of the intangible Right resulting from the Concession Agreement was determined on 31 December 2019 at the amount of € 478,920,432 (2018: € 477,614,516) after the deduction of the State's Financial Contribution which had amounted to €532,104,678.

### **Important Terms of the Concession Agreement**

- ▶ Concession Period: 2007-2037 (30 years)
- ▶ Contractual Return: Collection of tolls from the users and right to commercially operate the Motorist Service Stations and other areas of the Project
- ▶ Financial Contribution of the Greek State: Yes
- ▶ Terms for renewal and termination of the agreement:

Renewal up to 3 years in case of not achieving the Base IRR.

Termination of the agreement due to denouncement on behalf of the Greek State or the Concessionaire party due to a Default Event

- ▶ Maintenance expenditures: Obligation for maintenance services (heavy maintenance and other regular or extraordinary maintenance) and restoration of the infrastructure according to a pre-specified condition in order to be delivered to the Concessionaire prior to the expiration of the concession agreement
- ▶ Changes in the agreement which occurred during the period.

Following the signing of the Amendment of Concession Agreement, dated on 11/12/2018, between the Greek State and the Company, which was validated by the Greek Parliament under Law 4586/2018 (Gov. Gaz. 217 A') on 27/12/2018, there was a Ministerial Decision according to which the Greek State by exercising its rights according to the Concession Agreement (article 4.2.3) and of article C.1. of Appendix K of Supplement 2 of Concession Agreement, decided the completion of the Construction Works by the Joint Venture (J/V) E65 Central Greece Motorway concerning the Deferred Part A' or "ATA" of the article 4.2.2 (a) (i) of the Concession Agreement, meaning the part of the E65 motorway starting from the I/C PATHE to I/C Xyniada (length of 32,370 km).

Following the completion of the particular part (south part of E65) within a 3-year period, PATHE motorway will be connected with the existing and under operation central part of E65 (I/C Xyniada – I/C Trikala).

The total Consideration of the Studies – Construction Works amounts to €305.735.000, which are paid by the Greek State through an equivalent Financial Contribution in 12 quarterly installments.

On 28.12.2018, the first payment was made by the State for the amount of € 45,000,000, while within 2019, four Payments were made by the State for the amount of € 97,962,245 (including the amount of € 5,735,000 for the restoration of the perfectly executed works). which were respectively paid to the construction joint venture.

Given the provisions of the Concession Agreement regarding the construction, operation and operation of the ATA (southern section E65), on the basis of which, on the one hand, the project is 100% funded by the State through European resources and, on the other hand, no return is provided for the shareholder from the operation

of this department, IFRIC 12 profit during construction is not recognized and, in addition, because the cost of construction services is fully covered by the corresponding grant, the book value of the concession right is zero.

## 12. RIGHT-OF-USE ASSETS

Right-of-use assets were recognized the 1<sup>st</sup> January 2019 as of the adoption of IFRS 16 and their movement is analyzed as follows:

	<b>Buildings and Installations</b>	<b>Transportation Means</b>	<b>Total</b>
<b>Acquisition Cost</b>			
<b>01.01.2019</b>	<b>78,640</b>	<b>109,466</b>	<b>188,106</b>
Additions	0	69,515	<b>69,515</b>
Removals	0	(1,045)	(1,045)
Adjustments	0	4,911	4,911
<b>31.12.2019</b>	<b>78,640</b>	<b>182,847</b>	<b>261,487</b>
<b>Accumulated amortization and impairment</b>			
<b>31.12.2018</b>	<b>0</b>	<b>0</b>	<b>0</b>
Amortization for the period	8,078	77,335	<b>85,413</b>
<b>31.12.2019</b>	<b>8,078</b>	<b>77,335</b>	<b>85,413</b>
<b>Net book value</b>			
<b>31.12.2019</b>	<b>70,563</b>	<b>105,512</b>	<b>176,074</b>
<b>01.01.2019</b>	<b>78,640</b>	<b>109,466</b>	<b>188,106</b>

The Company rents buildings (offices) to serve its operations, and uses them either as head offices or at local toll stations. Also, the Company rents vehicles that are used for the purposes of operation and maintenance of the Project.

Leases of buildings (offices) have a duration of 6 to 18 years. These contracts usually include the right to extend the contract while in some cases, the expiration date of the contract (to determine the duration of the contract) was the expiration of the concession contract of the highway on the basis that there will be a continuous presence in the specific areas of the toll stations for the aforementioned period.

Vehicle lease agreements last from 2 to 3 years.

### 13. INVENTORIES

The Company's inventories of € 99,006 (2018: € 39,277) concern the spare parts of the fixed assets used for the immediate recovery of damages or malfunctions along the motorway. The Management of the Company estimates that on 31<sup>st</sup> December 2019 there are no indications for any impairment in the value of inventories.

### 14. TRADE AND OTHER RECEIVABLES

The trade and other receivables of the Company are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade receivables	1,194,435	2,154,787
Operation Support (incl. VAT)	29,687,321	21,999,138
Receivables in relation to State indemnities	82,383	0
Other receivables	3,058,983	245,066
Prepaid expenses	229,234	203,553
Income receivable for the year	0	36,041
<b>Total</b>	<b>34,252,356</b>	<b>24,638,585</b>

The trade receivables are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Customers	1,171,696	1,968,710
Doubtful customers	3,380,515	3,373,853
<b>Total</b>	<b>4,552,211</b>	<b>5,342,563</b>
Minus: Provision for doubtful trade receivables	(3,357,776)	(3,187,776)
<b>Net amount of trade receivables</b>	<b>1,194,435</b>	<b>2,154,787</b>

The movement of the provision for bad debt are as follows:

<b>Provision for bad debt 31.12.2017</b>	<b>2,987,776</b>
Additional provision in the year	200,000
<b>Provision for bad debt 31.12.2018</b>	<b>3,187,776</b>
Additional provision in the year	170,000
<b>Provision for bad debt 31.12.2019</b>	<b>3,357,776</b>

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The trade receivables are depicted at nominal value, after provisions made for any non-collected balances based on the model of the expected credit losses as introduced by IFRS 9.

At each date of the financial statements, all overdue or doubtful receivables are being assessed in order to determine the necessity of any provision for doubtful receivables.

The maturity of the above receivables is presented below:

	<b>Non-overdue or impaired</b>	<b>9 - 12 months</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>&gt; 3 years</b>	<b>Total</b>
<b>31.12.2019</b>	1,176,693	2,973	6,662	14,968	3,350,915	<b>4,552,211</b>
Provision for impairment	0	0	0	0	(3,357,776)	<b>(3,357,776)</b>
<b>31.12.2018</b>	1,968,710	11,375	0	0	3,362,478	<b>5,342,563</b>
Provision for impairment	0	0	0	0	(3,187,776)	<b>(3,187,776)</b>

The aforementioned balance of €1,171,693 depicted in the balances column "Not Overdue or Amortized" is not impaired because it relates to a receivable by the affiliated company "NEA ODOS SA" for transit of customers of FastPass, from the Company's toll stations (electronic transit) and, on the other hand, the lessee of Motorway Service Stations (MSS), which is a well-known fuel and catering company. These balances are normally collected within the following year 2020.

During the year 2019, the Company formed a provision for doubtful receivables of € 170,000.00 whereas the total amount as of 31/12/2019 accounted for €3,357,776 (2018: €3,187,776). These concern violations and trespassing of tolls which the Company estimates that there is very low probability of collection.

The "Operation Support" item refers to the Operation Support received by the Company from the Greek State for each Calculation Period (calculated on a six-monthly basis starting on 1 January 2016) and is defined as the difference between the sum of the eligible costs of the project and the distributable base IRR, reduced by the net income for the relevant Calculation Period. Further information can be found in Note 21.

The other receivables are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
VAT to be returned	2,811,826	0,00
Taxes receivables	57,453	37,196
Other receivables	189,704	207,870
<b>Total</b>	<b>3,058,983</b>	<b>245,066</b>

The prepaid expenses are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Suppliers' advances	57,233	18,253
Prepaid third party fees	172,001	184,439
Prepaid other expenses	0	861
<b>Total</b>	<b>229,234</b>	<b>203,553</b>

## 15. CASH & CASH EQUIVALENTS

The cash and cash equivalents are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Cash at hand	540,493	462,718
Project Accounts at Eurobank SA	17,470,210	8,540,747
Time deposits at Eurobank SA	0	14,938,000
<b>Total</b>	<b>18,010,703</b>	<b>23,941,465</b>

## 16. SHARE CAPITAL

The Company's share capital is analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Share capital	6,000,000	65,000,000
<b>Total</b>	<b>6,000,000</b>	<b>65,000,000</b>

The Company's share capital which is fully paid-in, amounts to 6,000,000.00 euro and consists of 6,000,000 common registered shares with a value of 1.00 euro per share.

Within the fiscal year 2019, the Company reduced its share capital by simultaneously increasing the Subordinated Debt by issuing a bond loan, amounting to 59,000,000 Euros, covered exclusively by the sole shareholder GEK TERNA S.A., based on the provisions defined in the concession agreement as well as the loan agreements. The transaction was approved by the Company, the creditor banks and the Greek State. More information is presented in note 23.

The Company's shareholders with the respective equity stakes are being analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
GEK TERNA S.A.	100.00%	100.00%

## 17. RESERVES

The movement of reserves is the following:

	<b>Reserves based on law and articles of association</b>	<b>Reserve of cash flows hedging</b>	<b>Total</b>
<b>Balance 31 December 2017</b>	<b>313,014,505</b>	<b>(125,889,993)</b>	<b>187,124,512</b>
Tax amortization of Financial Contribution	47,699,635	0	<b>47,699,635</b>
Loss from settlement of derivatives	0	(18,702,460)	<b>(18,702,460)</b>
Transfer (recycling) of loss from settlement of derivatives into the results	0	18,702,460	<b>18,702,460</b>
Change in the valuation of cash flow hedging derivatives	0	4,846,546	<b>4,846,546</b>
Non-effective part of derivatives cash flow hedging	0	(960,101)	<b>(960,100)</b>
Deferred tax of derivatives	0	(7,439,681)	<b>(7,439,681)</b>
<b>Balance 31 December 2018</b>	<b>360,714,140</b>	<b>(129,443,229)</b>	<b>231,270,911</b>
Tax amortization of Financial Contribution	68,578,769	0	<b>68,578,769</b>
Loss from settlement of derivatives	0	(18,715,308)	<b>(18,715,308)</b>
Transfer (recycling) of loss from settlement of derivatives into the results	0	18,715,308	<b>18,715,308</b>
Change in the valuation of cash flow hedging derivatives	0	(25,155,331)	<b>(25,155,331)</b>
Non-effective part of derivatives cash flow hedging	0	4,090,257	<b>4,090,257</b>
Deferred tax of derivatives	0	2,697,059	<b>2,697,059</b>
<b>Balance 31 December 2019</b>	<b>429,292,909</b>	<b>(147,811,243)</b>	<b>281,481,666</b>

### 1) *Tax Free Reserve of Law 3555/2007*

The Company, according to the Article 36.1.7 of the Concession Agreement, amortizes for tax purposes the aggregate cost of the investment including the interest charges of the Period T1. The part of the Financial Contribution of the Greek State that corresponds to the construction cost of the administration period and specifically to the recorded amortization charges of the cost, is being deducted from the said amortization as proportional to the year's capital subsidy (according to article 36.1.2 of the Concession Agreement). The amount of the proportional to the year capital subsidy which was restated according to the above is being transferred to a tax free reserve account. In case of distribution, the reserve of the Financial Contribution of the Greek State will be taxed according to the tax rate which will be effective at the time of distribution to the shareholders.

### 2) *Hedging Reserve*

The hedging reserve is being used for the recording of profit or losses from derivative financial instruments, which can be designated as derivatives for the hedging of future cash flows (cash flow hedges). The non-

effective part of the change of the derivative financial instruments is being transferred to the Statement of Other Comprehensive Income.

## **18. PROVISIONS**

The provisions are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Provision for heavy maintenance	0	1,893,494
<b>Total</b>	<b>0</b>	<b>1,893,494</b>

The Company has a contractual obligation to maintain the infrastructure on the basis of a program of heavy maintenance. In addition, under the concession agreement, the Company is required to deliver the infrastructure to the State in a defined situation at the expiration of the service concession agreement.

In the course of the year 2019 an additional provision of €3,280,391 (2018: €1,350,761), was formed. However, an amount of €4,863,099 was transferred to the short-term liabilities (note 22 "Trade and other liabilities") as the Company estimates that at least the corresponding work will be carried out within 2020.

During the year, the heavy maintenance works began, which amounted to €1,343,996. However, the costs of the heavy maintenance works have been offset against the provision which was formed until 31.12.2018.

## **19. PROVISIONS FOR EMPLOYEE BENEFITS**

The liabilities for the personnel indemnities were determined according to the actuarial study, which was prepared by a certified actuary.

The movement of the respective provision for the years ended on December 31, 2019 and 2018 is the following:

	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Net liability 1 January</b>	<b>271,556</b>	<b>174,095</b>
Current employment cost	14,142	34,960
Cost of end of service benefits	1,535	2,242
Financial Cost	4,073	2,611
Benefits paid	(2,567)	(13,623)
Actuarial (profit)/loss	53,487	71,271
<b>Net liability 31 December</b>	<b>342,226</b>	<b>271,556</b>

The major actuarial assumption that were utilized are the following:

	<b>31.12.2019</b>	<b>31.12.2018</b>
	%	%
Future salaries' increases	1.25%	1.25%
Discount rate	1.00%	1.50%
Growth rate of voluntary exits from service	1.00% /6.00%	1.00% /6.00%

**Quantitative analysis of sensitivity concerning important actuarial assumptions:**

	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Discount Rate:</b>	Effect on the provision for staff indemnity	Effect on the provision for staff indemnity
0.5% Increase	(19,864)	(14,682)
0.5% Decrease	22,016	18,895
<b>Future increase in salaries</b>	Effect on the provision for staff indemnity	Effect on the provision for staff indemnity
0.25% Increase	10,667	9,835
0.25% Decrease	(10,184)	(6,965)

**20. INCOME TAX**

Pursuant to Law 4646/2019, the Company for the fiscal year 2019 is taxed at a nominal rate of 24% (2018: 29%).

At 31 December 2019, the effect of the change in tax rates amounted to €4,681,970 in total.

The income tax statement is submitted to the tax authorities on annual basis; however the profits or losses that are being stated remain as temporary until the tax authorities audit the tax statements as well as the accounting books and elements of the tax-paying entity and until the release of the final tax audit report. According to the Concession Agreement, the tax losses to the degree they become accepted by the tax authorities may offset future earnings without any time constraint.

**a) Income Tax Expense**

Income tax recognized in the income statement for the year 2019 and its breakdown, as compared to the year 2018, is presented below:

	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
Current Tax	0.00	0.00
Deferred Tax (expense)/income	8,059,133	20,439,853
<b>Total Income Tax in the results</b>	<b>8,059,133</b>	<b>20,439,853</b>

**Movement of deferred tax receivable / (liability)**

<b>Balance, 31st December 2018</b>	<b>(11,932,546)</b>
Debit / (Credit) in the results for the year	8,059,133
Debit / (Credit) to other comprehensive income	2.709.952
<b>Balance, 31st December 2019</b>	<b>(1,163,461)</b>

Below there is the reconciliation of the income tax and the accounting profit multiplied by the applicable tax rate.

	<b>1.1 - 31.12.2019</b>	<b>1.1 - 31.12.2018</b>
<b>Gain/(Loss) before income tax</b>	<b>11.833.725</b>	<b>(24,445,947)</b>
Nominal tax rate	24%	29%
<b>(Expense) / income of Income Tax based on the applicable nominal tax rate</b>	<b>(2.840.094)</b>	<b>7,089,325</b>
Tax on non-deductible tax expenses	(168,000)	(203,000)
Tax adjustments of previous years	0	(152,800)
Impact from change in the tax rate	4,681,971	5,990,811
Tax- exempt results	6,385,256	7,715,518
<b>Actual (Expense) / Income Tax</b>	<b>8.059.133</b>	<b>20,439,853</b>

For the fiscal years ended after 30<sup>th</sup> June 2011 and until the years with beginning date 1<sup>st</sup> January 2016, the Greek Societe Anonyme Companies and the Limited Liability Companies whose financial statements are mandatorily audited by Certified Auditors, were also obliged to receive a “Tax Certificate” according to the article 65a of Law 4174/2013. The “Tax Certificate” must be issued by the same Certified Auditors or auditing firm which audits the annual financial statements. Following the completion of the tax audit, the legal auditor or the auditing firm issued and provided the company with the “Tax Compliance Report” and subsequently it

submitted the report to the Ministry of Finance. Already, for the years beginning on 1<sup>st</sup> January 2016, there is no such obligation concerning the Tax Certificate, since the latter was defined as voluntary by Law 4410/2016. Despite the above, the Company continues to assign the Certified Auditor with the issuance of the Tax Certificate on voluntary basis.

For the years 2011, 2012 and 2013, there was a tax audit by Xatzipavlou Sofianos & Kampanis (DELOITTE SA) while for the years 2014, 2015, 2016, 2017 and 2018, there was a tax audit by EY Hellas Certified Auditors Accountants SA and tax compliance reports were issued without reservation. The tax audit for the fiscal year 2019 is conducted by the company EY Hellas Certified Auditors Accountants SA. During the completion of the tax audit, the Management does not expect to arise any significant tax obligations apart from those already recorded and depicted in the financial statements.

In May 2017, the AALE (Audit Authority for Large Enterprises) issued a tax audit mandate for the tax-unaudited year 2010. However the respective audit had not been conducted until today. With the ministerial circulars (POL) 1154/2017, 1191/2017, 1192/2017, 1194/2017 and 1208/2017, the Governor of the Independent Authority for Public Revenue (IAPR) provided special guidelines about the uniform application of the issues which were approved and accepted by the opinions 1738/2017 (Plenary Session), 2932/2017, 2934/2017 and 2935/2017 of the Council of State as well as the Opinion no. 268/2017 of the Legal Council of the State. From the above circulars there is provision for a waiver 5-year period - according to the general rule - for the fiscal years beginning from 2011, as well as for the tax years for which the Tax Procedure Code – TPC is in effect (from the year 2014 onwards), apart from special exceptions stipulated by the relevant clauses of the TPC.

Therefore, the right of the Greek State to impose a tax charge until the fiscal year 2012, meaning the year ended 31<sup>st</sup> December 2012, has been elapsed, unless there is the case of the reinforcement of special provisions of the pertinent 10-year, 15-year and 20-year legislation concerning cases that have been elapsed.

#### **b) Deferred Tax**

The deferred income tax is calculated upon all temporary tax differences between the accounting value and the tax value of the assets and liabilities. The calculation is being performed with the use of the expected effective tax rate at the maturity time of the tax receivable / liability.

The Company, for the fiscal year 2019, recognized a deferred tax asset of €171,681,270 (2018: €153,717,135) for the reported tax losses that arise mainly from the accelerated depreciation of the construction cost of the Project, tax losses which, under the Concession Agreement, will be in favor of future profits without a time limit. From the approved Financial Model, it appears that until the end of the concession period, i.e. 2037, there will be taxable profits against which cumulative tax losses can be offset.

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Deferred taxes (receivable and liability) for the years 2019 and 2018 are analyzed as follows:

	Statement of financial position		Net Profit	Other Total
	31.12.2019	31.12.2018	(Debit) / Credit	Income (Debit) / Credit
<b>Deferred tax asset</b>				
Derivative financial instruments	710,240	757,034	(2,743,853)	2,697,059
Provisions	1,167,144	774,033	393,111	0
Trade and other liabilities	79,900	62,978	16,922	0
Tax-recognized losses	171,681,270	153,717,135	17,964,135	0
Employee benefits liabilities	82,134	67,889	1,352	654
<b>Deferred tax liability</b>				
Intangible assets	(174,865,158)	(167,311,616)	(7,553,542)	0
Trade Receivables	(19,772)	0	(19,772)	0
Recognition of Leases	778	0	778	0
<b>Deferred tax on net profits / other comprehensive income</b>			<b>8,059,133</b>	<b>2,697,713</b>
<b>Net Deferred Income Tax Receivable / (Liability)</b>	<b>(1,163,461)</b>	<b>(11,932,547)</b>		

  

	Statement of financial position		Net Profit	Other Total
	31.12.2018	31.12.2017	(Debit) / Credit	Income (Debit) / Credit
<b>Deferred tax asset</b>				
Derivative financial instruments	757,033	(1,436,196)	9,632,911	(7,439,681)
Provisions	484,734	243,990	240,745	0
Trade and other liabilities	352,277	33,008	319,269	0
Tax-recognized losses	153,717,135	161,301,106	(7,583,971)	0
Employee benefits liabilities	67,889	50,488	16,747	654
<b>Deferred tax liability</b>				
Intangible assets	(167,311,616)	(185,125,768)	17,814,152	0
<b>Deferred tax on net profits / other comprehensive income</b>			<b>20,439,853</b>	<b>(7,439,027)</b>
<b>Net Deferred Income Tax Receivable / (Liability)</b>	<b>(11,932,546)</b>	<b>(24,933,372)</b>		

## 21. FINANCIAL DERIVATIVE INSTRUMENTS

The balances on financial derivative instruments are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Derivative financial instruments	193,177,455	167,996,308
<b>Total</b>	<b>193,177,455</b>	<b>167,996,308</b>

The movement of the derivative financial instruments is as follows:

<b>Receivable Balance 31.12.2017</b>	<b>180,780,404</b>
Operating Support - Payments for Interest Rate Swaps (Note 9)	(18,702,460)
Derivative valuation (note 9)	5,918,364
<b>Receivable Balance 31.12.2018</b>	<b>167,996,308</b>
Operating Support - Payments for Interest Rate Swaps (Note 9)	(18,715,308)
Derivative valuation (note 9)	43,896,455
<b>Receivable Balance 31.12.2019</b>	<b>193,177,455</b>

The above amount was separated according to the maturity of the relevant amounts, between long-term and short-term as presented below:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Derivative financial instruments – long term	174,312,923	150,677,878
Derivative financial instruments – short term	18,864,532	17,318,429
<b>Total</b>	<b>193,177,455</b>	<b>167,996,307</b>

### **Derivative financial instruments and Operation Support**

According to article 25 of the concession agreement, as of January 1, 2016, the Greek State undertakes to provide Operation Support to the Company to cover its expenses in every Calculation Period, to the extent that they are not covered by its own revenues.

The Calculation Period is defined as each successive six-month period (beginning January 1 and July 1 of each year) and the Operation Support for each calculation period is the difference between the sum of the eligible project costs and the distributable base yield net of the net revenues of that period .

At the latest twenty (20) days before the end of each calculation period, the Company submits to the State a Support Notice for the same calculation period. By submitting the Support Notice, the Company is entitled in each calculation period to withdraw without conditions and limitations from the Reservoir Account on the immediately following business day from the deposit of payments by the State, and thereafter, any amount corresponding to the amounts described in the Support Notice, up to the amount of the positive balance of the Reservoir Account. The deposit of payments by the State will be conducted five (5) days before the end of each Calculation Period as specified in the Concession Agreement.

The Support Notice includes the following three distinct parts:

- i.) a part corresponding to the eligible project costs
- ii.) a portion corresponding to the distributed base yield,
- iii.) a part corresponding to the additional interest rate margin, if applicable.

In the eligible project costs are mainly included the following categories: movements of debt reserve and heavy maintenance, operating expenses, debt service, the sum of which are deducted from direct revenues in order to calculate the amount of support. The distributable base yield as well as the additional interest rate margin are included as additional support amounts. In the category debt service are included, but not limited to, payments resulting from the six-month clearing of hedging instruments' liabilities (exchange rate swaps).

The Company recognized the fair value of interest rate swaps (liability) on the transition date to the International Financial Reporting Standards (IFRS), namely on 1<sup>st</sup> January 2016, and recognized respectively a derivative financial item (receivable), namely the part of the Operation Support covering future payments of interest rate swaps.

The Company, in accordance with the paragraphs 10 and 11 of IAS 39 (when the receivable from the embedded derivative was initially recognized) and the paragraph 4.3.1, 4.3.3 and 4.3.4 of IFRS 9, considered the contractual liability of the Greek State for the Operation Support as a hybrid financial instrument that includes an embedded derivative (the part of the Operation Support that covers the payments of the interest rate swaps) and a non-derivative main contract (the remaining part of the Operation Support). Subsequently, the Company separated the embedded derivative from the main contract and it accounts for it as a derivative since:

- i) the embedded derivative meets the definition of derivative:
  - a. its value changes according to the changes of a fixed interest rate, namely it changes according to the settlement of the interest rate swap, which depends on defined and non-defined interest rates,
  - b. the amounts of the Operation Support, are not conditional and are independent of any initial net investment,
  - c. Operation Support as a whole is settled at future dates, in every six-month period until the end of the concession.
- (ii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and the risks of the main contract:

- a. Based on the Company's financial model, direct revenue (toll revenue) does not cover all operating costs, thus the derivatives payments will almost certainly be covered by Operation Support, which reflects the different risks,
  - b. The value of the embedded derivative is influenced by interest rate swaps while the operating costs are recognized as incurred,
  - c. The embedded derivative accompanying the total hybrid financial instrument cannot be transferred independently of the total, thus it cannot be considered as a separate financial instrument.
- iii.) the hybrid (composite) instrument is not measured at fair value with recognition of changes in results since it includes operating expenses recognized when incurred.

The fair value of the financial receivable reflects future payments on interest rate swaps. The Company for the discounting of the future flows has taken into account the following:

- i) Future outflows as derived from the Company's financial model, which has been approved by all parties (Lenders, State, Company),
- ii.) State's credit risk as embodied in the Greek Government bond's yield curve with multiple maturities. More specifically, each future flow was discounted at the appropriate reference period (transition date, comparative period and current period) at the appropriate Greek Government bond rate. Additionally, the discount on the transition date and the comparative period was made, based on the assumptions in force at each reference date,
- iii.) Possible time difference between derivative payments and Operation Support receipt. The clearing and payment of financial interest rate swaps is carried out at the end of each six-month period up to the end of the concession. Accordingly, the Operation Support's calculation period is carried out on a six-month basis. Correspondingly, the calculation period of the Operation Support is performed on semi-annual basis. In addition, under the Concession Agreement (see above) the submission of the Support Notice is made twenty (20) days before, while the payment of the amounts is made five (5) days before the end of each calculation period, respectively. Any actual difference has been deemed not to be significant for discounted purposes.

This financial receivable has been classified in the fair value hierarchy at level 3.

Given all the above, the Company has conventionally transferred the risk arising from the liability of interest rate swaps to the State. The fair value of this derivative at 31 December 2019 is € 193,177,455 (2018 €167,996,307).

At each reporting date, the Company re-examines the financial receivable for impairment's indication. The Company assessed that there is no evidence of impairment on 31 December 2019.

According to the Concession Agreement, the Operation Support that the Company receives, constitutes gross income for the purposes of income taxation, it is not subject to tax withhold and is subject to the relevant VAT.

The Operation Support for the Calculation Period January 1 to June 30, 2019 amounted to EUR 17,653,978 plus VAT (1.1.-30.06.2018: EUR 18,419,819 plus VAT), and was submitted to the State by the Company's letter dated 10/06/2019. Correspondingly for the Calculation Period July 1 to December 31, 2019 amounted to EUR 23,623,379 plus VAT (1.7.-31.12.2018: EUR 17,534,625 plus VAT), and was submitted to the State by the Company's letter dated 11/12/2019.

In each calculation period, from the total Operation Support income, the amount related to the payments for interest rate swaps is recognized as deductible from the receivable financial derivatives, for 31 December 2019 of euro 18,715,308 (31.12.2018: euro 18,702,460). Subsequently, any change in the valuation of the derivative is recognized in the results of the period presented, i.e. 31 December 2019 43,896,455 (2018: €5,918,364) (Note 9).

## **22. TRADE AND OTHER LIABILITIES – CUSTOMER ADVANCES**

The trade and other liabilities are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Trade liabilities	11,376,868	1,137,351
Other liabilities	7,967,739	9,122,319
<b>Total</b>	<b>19,344,597</b>	<b>10,259,670</b>

The trade liabilities are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Domestic suppliers	11,356,956	1,111,870
Foreign suppliers	19,912	25,481
<b>Total</b>	<b>11,376,868</b>	<b>1,137,351</b>

The increase in the item Domestic suppliers is due to the start of construction works by the construction joint venture within the year 2019, in the section PATHE - A / K Xyniada.

The other liabilities are analyzed as follows:

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	<b>31.12.2019</b>	<b>31.12.2018</b>
Expenses for the year accrued	5,497,707	1,781,790
Other taxes and duties	2,112,339	6,968,588
Social security funds	196,287	182,665
Various creditors	161,395	189,276
<b>Total</b>	<b>7,967,730</b>	<b>9,122,319</b>

The item "Expenses for the year accrued" also includes the amount of € 4,863,099 which concerns the short-term part of the heavy maintenance provision.

The accrued expenses for the year are analyzed below:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Accrued third party fees	74,900	186,787
Accrued third party benefits	201,026	279,025
Various expenses	25,763	57,845
Accrued liabilities relating to allowance of personnel due to next year's annual leave	332,919	264,782
Provision for heavy maintenance (Note 19)	4,863,099	993,350
<b>Total</b>	<b>5,497,707</b>	<b>1,781,790</b>

Other taxes and duties are analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
VAT	467,545	6,343,461
Subcontractors tax	1,034,584	61,962
Interest tax	557,742	512,565
Payroll tax & Solidarity levy	47,788	34,961
Taxes-duties of third party fees	4,681	15,639
<b>Total</b>	<b>2,112,340</b>	<b>6,968,589</b>

The item "Liabilities from contracts with customers" of €218,415 (2018: €174,109) concerns the total balance of the customers of Kentriki Pass, deposited to the Company against future transits (passing through) from the electronic lanes of the toll stations.

### 23. FINANCIAL LIABILITIES

The financial liabilities are analyzed as follows:

<b>Financial liabilities – long term</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Bank bond loans	358,941,919	363,885,920
Liabilities towards affiliated companies	39,251,075	0
<b>Total</b>	<b>398,192,994</b>	<b>363,885,920</b>

The maturity dates of the Bond Loans granted by banks are the following:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Between 1 and 2 years	11,672,304	10,371,250
Between 2 and 5 years	27,805,359	22,155,073
Over 5 years	319,464,256	331,359,597
<b>Total</b>	<b>358,941,919</b>	<b>363,885,920</b>

<b>Financial liabilities – short term</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Liabilities towards affiliated companies	5,364,402	45,702,928
Long-term liabilities payable in the following fiscal year	4,944,001	2,368,401
<b>Total</b>	<b>10,308,403</b>	<b>2,368,401</b>

#### **Bond Loans granted from banks**

The Company has entered into a bond loan agreement of amount 470,914,635 (including VAT loan of 19,200,000 euro). More specifically, there are the following loan categories:

**Project Facilities:** The Company issued the bond loans and collected the respective proceeds in order to finance its needs for the Approved Project Costs during the Construction Period T1. These loans are being repaid at each Repayment Date according to the current amortization schedule stipulated in the Common Terms Agreement.

**Vat Facility:** The Company collected the VAT bond rollover facility in order to cover its liabilities for the payment of the due and payable VAT of the construction cost during the Construction Period T1, which has been repaid accordingly.

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The balances and repayments of the loans, except for the VAT loan, for the fiscal year that ended on December 31, 2019 are analyzed as follows:

<b>BANK</b>	<b>BALANCE AS AT 31.12.2018</b>	<b>TRANSFERS FROM OTHER BAK</b>	<b>REPAYMENTS</b>	<b>BALANCE AS AT 31.12.2019</b>
ALPHA BANK	8,143,263	47,595,949	346,830	55,392,382
EUROBANK ERGASIAS	20,627,225	0	131,903	20,495,322
NATIONAL BANK OF GREECE	10,122,052	0	64,727	10,057,325
PIRAEUS BANK	110,427,954	0	706,148	109,721,806
BANCO BILBAO VIZCAYA ARGENTARIA	47,605,613	(47,595,949)	9,664	0
BNP PARIBAS FORTIS SUCURSAL EN ESPANA	17,626,571	0	112,715	17,513,856
BNP PARIBAS FORTIS	29,979,042	0	191,705	29,787,337
BANCO SANTANDER LONDON BRANCH	41,793,913	0	267,257	41,526,656
NOVO BANCO S.A. LUXEMBOURG BRANCH	50,843,675	0	325,128	50,518,547
INSTITUTO DE CREDITO OFICIAL	14,529,254	0	92,910	14,436,344
AGRICULTURAL BANK OF GREECE	14,529,254	0	92,910	14,436,344
<b>TOTAL</b>	<b>366,227,816</b>	<b>0</b>	<b>2,341,897</b>	<b>363,885,919</b>

**Subordinated Debt towards Shareholders**

In reference to the liabilities towards related companies, these concern the Subordinated Debt granted to the Company by the Shareholders, according to the Concession Agreement. Following successive transactions, all these loans have been transferred to the parent company GEK TERNA SA.

The Company within the fiscal year 2019 reduced its share capital by simultaneously increasing the Subordinated Debt, through the issuance of a bond loan, amounting to 59,000,000 Euros, covered exclusively by the sole shareholder GEK TERNA S.A., based on those set out in the concession agreement as well as the loan agreements. The transaction was approved by the Company, the creditor banks and the Greek State.

More specifically, pursuant to the provisions of Article 7.1.3 of the Concession Agreement, as amended by Law 4219/2013, the State accepts the subject transaction, provided that the following conditions are being met: a) the non-modification of the entire Contractual Investment (i.e. sum of the already paid-in Share Capital and Subordinated Debt), under the reservations of Law 4548/2018 and b) that the conversion is carried out after the completion of the construction works of Period T1. Furthermore, pursuant to Article 9.2.1 of the Concession Agreement, any amendment to the Concessionaire's Articles of Association is prohibited without the written consent of the State. Corresponding provisions are described in Article 32 of the Common Terms based Bond Loan Agreement under certain basic conditions, such as maintaining the total amount of the

binding investment, compliance with IFRS accounting requirements, etc. It should also be noted that the amount of the conversion is also provided for in the Financial Restructuring Model (FRM) 2013, which is an Annex to the Concession Agreement.

The Greek State through the Ministry of Infrastructure and Transport, with its letter as of 4 July 2019 (EYDE / KSESP / C / II / 5267 / 04.07.2019), agreed to amend the Articles of Association regarding the reduction of the Share Capital by the amount of 59,000,000 Euros with simultaneous conversion of this reduction into Subordinated Debt, since the Company met the conditions described above and provided that all the equity of the Concessionaire, after the conversion, does not become less than half of the Share Capital based on article 119 paragraph 4 L. 4548/2018.

On July 9, 2019, the Company convened a General Assembly where it decided to reduce, in accordance with the provisions of Article 7.1.3 of the Concession Agreement and Article 29 of Law 4548/2018, the Share Capital by 59,000,000 Euros and the simultaneous equal issuance of a Subordinated Convertible Bond Loan (Subordinated Debt of the Shareholder), amending its Articles of Association accordingly. Finally, the creditor banks through Eurobank SA, acting as a representative of the bond lenders, gave their consent for this transaction on September 12, 2019.

The decision of the General Assembly for the reduction of the share capital according to the provisions of article 29 par. 4 of law 4548/2018 was submitted to the General Commercial Registry (G.E.M.I.) and on 12.7.2019 it was published on Company's website. On August 9, 2019, the G.E.M.I. uploaded the relevant approval by the supervisory authority of the decision of the General Meeting for the reduction of the Share Capital. However, in order for the reduction of the share capital to be legal under Article 30 of Law 4548/2018, it was required to pass a period of 40 days since publication, during which the Company's creditors had the right to oppose the reduction decision, in order to meet their requirements. The reduction of the share capital with its subsequent conversion into a bond loan is equated with the simple reduction of the share capital via return of cash, although there is no real transfer of money, and this is because the shareholders receive another asset of equal value from the Company (bonds instead of money). For this reason, the case of the reduction of share capital through its conversion into a bond loan must by law be in accordance with the aforementioned provisions and deadlines (i.e. the period of 40 days).

The posting in GEMI of the approved, as per above, decision was an accounting event, which was recorded in a temporary liability account towards the shareholder GEK TERNA S.A. (pending the issuance of bond securities), for as long as the Company's creditors had the right to object to the decision to reduce the share capital, i.e. the period of 40 days.

Then, on September 19, 2019, the Board of Directors of the Company finalized the terms of the Subordinated Convertible Bond Loan with the most important ones being the following:

- Expiration date: 31.03.2038
- Repayment: At the expiration date, with the right of early repayment, according to the terms of the program

- Loan rate: Fixed 7.1% per annum
- Compounded interest paying period: Six months
- Right of conversion: One by one. Exercise right at any time until the expiration date

Finally, after the expiration of the 40-day period, on September 30, 2019, the Bonds in their entirety were officially issued and delivered to the parent company and 100% shareholder, GEK TERNA S.A..

On the same day, the accounting transfer entry was made to a long-term liability account of the bond loan, from the temporary liability account, where it had been registered pending the issuance of the bond securities. It is noted that the passage of the above 40-day period between the accounting entries, is required by Article 30 of Law 4548/2018 and does not negate the simultaneous nature of the conversion of Share Capital into Subordinated Debt provided by the Concession Agreement.

Regarding the accounting treatment of the transaction according to IFRS, the Company took into consideration the requirements of “IAS 32 - Financial Instruments: Presentation” for complex financial instruments, evaluated the terms and the financial substance of the Program of the Convertible Bond Loan (mainly in relation to the right of conversion) in order to determine whether it contains an element of obligation and an element of equity. More specifically, the Company after taking into account the following specific points:

- the existing Subordinated Debt Agreements, which do not include the right to convert bonds into shares with a predetermined interest rate equal to 7.1%,
  - the new Bond Loan Program, which includes the right to convert bonds into shares with a predetermined interest rate equal to 7.1%,
  - that the Subordinated Debt agreements (existing and new) are carried out under the Concession Agreement for the same purpose and have the same characteristics (expiration date, frequency and interest rate, etc.),
  - the financial substance of the transaction and not only the legal type according to which the financial instrument was issued. The existence of the right of conversion does not change the shareholding structure of the Company (GEK TERNA S.A. 100% participation share) so it was considered that it has zero value,
  - the interest rate for the above mentioned Subordinated Debt Agreement, 7.1%, was assessed as the interest rate, at the time of concluding the contract, which would be applied in the market and in financial instruments of comparable credit risk which provide the same cash flows, with same terms, but without the right of conversion. On this basis, the discounted present value of the financial liability is identical to its nominal value (i.e. the value of the conversion right is zero).
  - the maximum, determined by the Concession Agreement, Nominal Return of the shareholder in the total of the Binding Investment does not change due to the conversion, and may come from distributions of dividends and / or return of share capital and repayment of capital and interest on Subordinated Debt,
- classified the issued Subordinated Debt in its entirety as a financial liability, without an element of equity.

The Subordinated Debt and its movement in the fiscal year 2019 is analyzed in the following table.

	<b>BALANCE 31.12.2018</b>	<b>ADDITIONS</b>	<b>REPAYMENTS</b>	<b>BALANCE 31.12.2019</b>
Principal	0	59.000.000	(14.453.844)	44.546.156
Interest	95.438	1.039.390	(1.065.507)	69.321
<b>Total</b>	<b>95.438</b>	<b>60.039.390</b>	<b>(15.519.351)</b>	<b>44.615.477</b>

Of the above total amount of interest and capital due on the 31<sup>st</sup> of December 2019 of €44.615.476, an amount of €5,364,402 will be repaid if cash liquidity exists in the year 2020 and for this reason, it has been classified as short-term liabilities under the item "Short-term liabilities to affiliated companies.

### **Derivatives**

The Company, in order to manage the interest rate risk arising from the bond loans it has issued, it has entered into interest rate swaps, the nominal value of which changes on the basis of bank bond loans balances. The nominal value of the interest rate swaps agreed is 100% of the nominal value of the respective loans.

Interest rate swaps refer to contracts whereby the variable interest rate on loans is converted into a fixed amount over the total maturity of the loans so that the Company is protected against any interest rate hikes. The fair value of these contracts was valued by projecting the current euribor curve on 31.12.2019 throughout the time horizon of these contracts. The valuation of their fair value at 31.12.2019 and 31.12.2018 and the breakdown, based on the maturity of the relevant amounts, in the long-term and short-term part is analyzed as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Derivative financial instruments-long term part	178,015,378	152,727,699
Derivative financial instruments-short term part	18,121,409	18,253,757
<b>Total</b>	<b>196,136,787</b>	<b>170,981,456</b>

For more information on the movement of derivatives see Note 21. The expenses incurred in relation to the interest rate swaps contracts for the year 2019 settled at € 18,715,308 (2018: € 18,702,460).

Some additional information for the derivatives is presented below:

<b>Type</b>	<b>Beginning</b>	<b>Ending</b>	<b>Interest rate of fixed part</b>	<b>Interest rate of floating part</b>	<b>Nominal amount 31.12.2019</b>	<b>Nominal amount 31.12.2018</b>
Interest Rate Swaps	2008	2036	4.766%	euribor	363,883,504	366,242,340

The contracts with the counterparties define nominal amounts which change on semi-annual basis in correspondence with the net balances of the bond loans granted by the banks.

**Guarantees**

The Company has provided the following as security against the loans provided from the Lending Banks:

- the Company's bank accounts
- the Concession Agreement
- the Design and Construction Agreement
- the Independent Engineer Agreement
- the Tolling and Supply System Agreement
- the issued letters of guarantee
- the issued insurance contracts

**24. OBLIGATION FOR CONSTRUCTION BASED ON THE CONCESSION AGREEMENT**

Via this item, it was recognized the obligation for construction on the basis of the amended Concession Agreement regarding the new section of E65 motorway under construction, from A / K PATHE - A / K Xyniada (Southern Section E65). The Company, according to the method of measuring progress, based on inputs, recognized on December 31, 2019 a financial asset amounting to € 108,727,269 which is being reduced by the collection of the financial contribution amounting to € 142,962,245. For classification purposes, the amount of € 34,234,976 is recorded as an obligation in the Statement of Financial Position. In more detail, the relevant items are presented in the following table:

	<b>31.12.2019</b>	<b>31.12.2018</b>
Recognition of the financial item (according to the method of measuring progress, based on inputs)	108,727,269	0
Financial Contribution received	(142,962,245)	0
<b>Asset / (Liability)</b>	<b>(34,234,976)</b>	<b>0</b>

**25. LIABILITIES FROM LEASES**

<b>Balance 1 January 2019</b>	188,106
Additions	69,515
Removals	(1,045)
Amendments	4,911
Financial Cost	8,649
Repayments	(90,817)
<b>Balance of 31 December 2019</b>	<b>179,319</b>

<b>Short-term Balance</b>	70,663
<b>Long-term Balance</b>	108,6556

The analysis of the maturity of the non-discounted cash flows in relation to lease liabilities is presented in the following table:

	<b>&lt; 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Balance 31 December 2019</b>	78,156	70,456	78,000	226,612

The amounts which are being recognized in the statement of comprehensive income are the following:

Amortization for the period of the right to use fixed assets	85,413
Interest expense from lease liabilities	8,649
Expense in relation to leasing low value fixed assets	9,356
<b>Total amount that is being recognized in the statement of comprehensive income</b>	<b>103,418</b>

## 26. TRANSACTIONS WITH RELATED PARTIES

The nature of transactions with the related parties concerns the following:

a) Transactions	<b>1.1 - 31.12.2019</b>		<b>1.1 - 31.12.2018</b>	
	<b>Purchases / expenses</b>	<b>Sales of services</b>	<b>Purchases / expenses</b>	<b>Sales of services</b>
<b>Parent Company</b>				
GEK TERNA SA	2,020,850	0	1,189,726	0
<b>Group's Companies</b>				
GEK SERVICES SA	209,941	0	184,877	0
J/V HELLAS TOLLS	1,267,879	94,830	328,497	0
J/V E65 (the transactions of year 2018 are lower by the amount of the credit invoice issued within the year 2018 of €10 million)	112,255,675	1,377,067	(3,607,734)	480,000
NEA ODOS SA	80,337	36,061	1,787,780	4,247,100
HERON THERMOELECTRIC SA	1,059,992	0	1,069,326	0
TERNA SA	2,093,996	0	2,450,000	0
<b>Total</b>	<b>118,988,670</b>	<b>1,507,958</b>	<b>3,432,070</b>	<b>4,727,100</b>

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b) Amounts of unpaid balances	31.12.2019		31.12.2018	
	Liabilities	Receivables	Liabilities	Receivables
<b>Parent Company</b>				
GEK TERNA SA	0	0	0	0
<b>Group's Companies</b>				
GEK SERVICES SA	115,903	0	62,198	0
J/V HELLAS TOLLS	117,589	117,589	397,482	0
J/V E-65	8,976,173	34,234,976	217,911	47,400,000
NEA ODOS SA	490,876	1,054,102	1,043,475	1,842,436
HERON THERMOELECTRIC SA	189,691	0	116,111	0
TERNA SA	308,200	0	400,756	0
<b>Total</b>	<b>10,198,432</b>	<b>35,406,667</b>	<b>2,237,933</b>	<b>49,242,436</b>

With HERON THERMOELECTRIC SA there is an outstanding balance of guarantees on 31<sup>st</sup> December 2019 of € 32,386.

c) Loans from related parties	31.12.2019		31.12.2018	
	Interest payable	Amount of liability	Interest payable	Amount of liability
GEK TERNA SA	69,321	44,546,156	95,438	0
<b>Total</b>	<b>69,321</b>	<b>0</b>	<b>95,438</b>	<b>0</b>

d) Fees to administrative directors	31.12.2019	31.12.2018
	Fees to management's senior members	80,000
Liabilities	0	0

**27. AUDITORS' FEES**

		<b>31.12.2019</b>	<b>31.12.2018</b>
ERNST & YOUNG HELLAS SA	Statutory Audit	34,250	34,250
	Tax Audit	13,000	13,000
	Agreed Upon Procedures services	3,000	2,000
	Non-auditing services	36,660	54,035

**28. COMMITMENTS AND CONTINGENT LIABILITIES**

**i) Pending Litigations – Legal Cases**

The Management of the Company as well as its legal counselors estimate that there are no legal or under arbitration differences of judicial or arbitration bodies that may have a material effect on the financial statements, the financial position or the results of the Company's operation. In this context the Company has not proceeded with any necessary provisions.

**ii) Letters of Guarantee**

	<b>31.12.2019</b>	<b>31.12.2018</b>
Letter of Guarantee of Construction Studies	8,000,000	8,000,000
Letter of Guarantee of Maintenance Operations	3,018,769	3,000,000
Letter of Guarantee of South Section Construction Studies	15,286,750	0
Letter of Guarantee for Good Execution PB2T1	355,691	0
Letter of Guarantee for Good Execution PB2T2	2,250,000	0
Letter of Guarantee for Good Execution PB2T2	1,184,794	0
Letter of Guarantee for Good Execution PB2T2	1,184,794	0
Letter of Guarantee for Good Execution PB2T2	286,750	0
Letter of Guarantee for Good Execution PB2T2	1,184,794	0
Letter of Guarantee for Good Execution PB2T2	1,056,979	0
Letter of Guarantee of Binding Investment	0	20,000,000
<b>Total</b>	<b>33,809,322</b>	<b>31,000,000</b>

The Letter of Guarantee of the Committed Investment amounting to €20.000.000 was returned from the Greek State back to the issuing Bank in March of 2019, following the final amortization of the liability of the payment of the committed investment by the Shareholder.

The above Letters of Guarantee have been submitted to the Ministry of Infrastructure and Transport, and have been issued and fully covered by the exclusive corporate guarantee of the shareholder GEK TERNA SA.

### **iii) Receivables from operating leases – As lessor**

The minimum future receivable leases according to irrevocable operating leasing agreements on 31<sup>st</sup> December 2019 and 2018 are presented as follows:

	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Within 1 year</b>	20,000	20,000
<b>From 2 to 5 years</b>	80,000	80,000
<b>Over 5 years</b>	260,000	280,000
<b>Total</b>	<b>360,000</b>	<b>380,000</b>

## **29. EVENTS AFTER THE REPORTING DATE**

From the end of the closing fiscal year until the preparation date of the Financial Statements there were no other significant events which may materially affect the Financial Statements of the closing year and which should have been presented in the current Report apart from the outbreak of the onset of the COVID-19 pandemic.

With the recent and rapid development of Coronavirus pandemic disease (COVID-19), the global economy has entered a period of unprecedented crisis, which has already caused global upheaval in business and daily life. Many countries have adopted emergency restraint measures. Some countries have required companies to limit or even suspend their usual business activities. Governments, including the Hellenic Republic, have imposed restrictions on traffic, travel, and strict quarantine measures.

The economic impact of the current crisis on the global economy and overall business activity cannot be assessed with reasonable certainty at this stage due to the rate of expansion and the high level of uncertainty resulting from the inability to reliably predict the outcome. The incident is considered a non-corrective event and is therefore not reflected in the identification and measurement of assets and liabilities in the financial statements for the year ended 31 December 2019.

On March 11, the World Health Organization (WHO) declared a pandemic of Coronavirus disease (COVID-19) and then the Greek government announced the implementation of measures taking into account the uncertain situation as it evolves daily, the growing spread of COVID-19 and data from the World Health Organization on the situation. Gradually, as of March 20, measures have been taken to safeguard public health and ensure the economic survival of workers, businesses, vulnerable groups and the economy in general. The measures include, among others:

- Suspension of operation in a significant number of private companies for a specific period,
- Prohibition of all unnecessary travel (except in certain cases such as those related to work, the purchase of emergency supplies, visits to a doctor and going to a pharmacy),
- Prohibition of access to parks, playgrounds, outdoor sports areas, squares, dams, excursions, marinas, beaches etc.

The aim of these public policy measures is to reduce the spread of COVID-19 disease and there are not expected to disrupt the operation of the Company, except the effects on the most recent traffic and revenue estimations, which, however and based on the provisions of the Concession Agreement and which the Company has already submitted in writing to the Greek State, create the right to receive compensation. The above measures from May 5, 2020, are partially lifted and more specifically, from May 5 the restriction on the movement of citizens will be lifted, while the companies will gradually reopen. The decisions taken by the Greek Government are expected to normalize and strengthen the economic activity and restore normalcy, especially with regard to the Company's activity.

The main goals of the Company are the safety of its people and the continuity of its business activity by mitigating any consequences, implementing the Business Continuity Plan. In this context, the Management of the Company has examined the special conditions that could have a significant impact on its business activities and the risks to which it is exposed as follows:

- Health and staff availability. The spread of COVID-19 disease in the workplace can cause delays in the daily operation of the Company and additional costs. The guidelines for hygiene (staff and buildings), for telework (work from home) and other tools were approved immediately, as deemed appropriate. The Company's response plan includes the immediate preparation of a strategy on a case-by-case basis, the creation of virtual meetings or video calls and the promotion of issues based on priority at the highest levels of management.
- Adequacy of critical supplies for the operation and maintenance of the motorway, which were addressed in time by finding alternative sources, with the close cooperation of the pertinent department of GEK TERNA Group, but mainly with the assistance of existing long-term suppliers with whom there are quality and long-term trade relations.

- Disorders and restrictions on the movement and circulation of vehicles as a result of government measures. Any assessment of the impact on motorway traffic depends on a) the evolution of the virus in the country and b) the time period of the restrictions and the specific preventive measures that the government has or will take - which cannot be assessed at this stage. In each case, they have seized it, despite obstacles we can scarcely imagine. " In particular, according to the latest traffic data, the Company is proving to be more resilient than the rest of the country's highways, as the main road between Athens and Thessaloniki seems to have the smallest drop. In any case we note that, in the absence of high-standard side roads, highways are more competitive than in other countries. In particular, according to the latest traffic data, the Company is proving to be more resilient than the rest of the country's highways, as it operates the main road axis between Athens and Thessaloniki that it seems to have the smallest drop. The impact on revenues is significantly lower due to the increased use of heavy vehicles (trucks, cargos, etc.) which have been less affected by the restrictive measures to prevent the spread of the COVID-19 disease. Indicatively, we note that revenues for the first quarter of the year, and taking into account the government's restrictive measures, have decreased by about only 2% compared to the corresponding quarter of 2019. In addition, the Concession Agreement includes contractual provisions that protect the Company from events and situations such as the COVID-19 pandemic and the measures to limit its effects - by providing an additional contractual level of security regarding the Company's performance. The Company is in the process of evaluating the effects and communicating with the Greek State in the context of the relevant provisions under the Concession Agreement.
- Delays in current assignments of all kinds of projects (construction, maintenance, software application development, etc.). The Company examined the submitted bids and assignments and determined individual approaches for each (recognition of conditions, acceptance or withdrawal). In addition, the Company closely monitors the programs and conditions of its suppliers and has developed a plan for alternative use of resources and receiving other offers in case of inactivity. In particular, with regard to the under construction section of the southern section of the E65 motorway, work is continuing , in compliance with the Government instructions and protection measures imposed to prevent the spread of COVID-19 disease. In addition, as the project is owned by the Greek State, funding is provided by European resources.

The Company's Management will continue to monitor and closely assess the situation in order to seek additional measures and facilities as a back-up plan in the event that the period of disturbance is extended.

In conclusion, all of the above were examined when assessing the effects of COVID-19 disease on the activity of 2020 for which there is an inherent uncertainty, given the current events and circumstances on the date of preparing the financial statements and the management's assessment is that no uncertainty is created with regard to the continuation of its activity (going concern), which is the main case used for the preparation of financial statements in accordance with the relevant note 2.1.

Athens, 29 April 2020

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OF THE BOARD OF DIRECTORS

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