



FRAPORT REGIONAL AIRPORTS OF GREECE "B" SOCIETE ANONYME

- Management Report of the Board of Directors (BoD) of the Company 'Fraport Regional Airports of Greece "B" SOCIETE ANONYME' for the period ended on 31 December 2020
- Financial Statements for the year ended on 31 December 2020 in accordance with the International Financial Reporting Standards (IFRS)
- Independent Chartered Auditor - Accountant Audit Report

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GENERAL COMMERCIAL REGISTER (G.E.M.I.) No: 133592401000
Tax Authority FAE OF ATHENS



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

Management Report of the Board of Directors (BoD) of the
Company 'Fraport Regional Airports of Greece "B" SOCIETE
ANONYME' for the period ended on 31 December 2020



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

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020
(AMOUNTS IN EURO)

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

TO THE GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Pursuant to article 150(1) of Law 4548/2018, we submit to your General Meeting this Management Report of the Board of Directors and the attached financial statements of FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A. (hereinafter "Fraport Greece B" or "Company") which were prepared in line with the International Financial Reporting Standards ("IFRSs"), as these have been adopted by the European Union, for the year which ended on 31 December 2020, and kindly request that you approve them.

1. Business plan, goals and key strategies

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

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

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

In accordance with the Concession Agreement of Right, Fraport Greece B implemented an investment of approximately €212 million for the refurbishment, upgrade, and construction of new infrastructures at the 7 Aegean Regional Airports. More specifically, three (3) new terminals were constructed in Kos (KGS), Mytilene (MJT) and Santorini (JTR), three (3) terminals in Mikonos (JMK), Samos (SMI) and Skiathos (JSI) were refurbished and expanded, and the interior of one (1) terminal in Rhodes (RHO) was redesigned and refurbished.

New baggage handling systems were installed in most departures/arrivals areas, as well as smart monitoring systems, safe and efficient equipment for heating/ventilation and fire safety, whilst aprons were rehabilitated and converted to push back operations, with LED illumination and according to EASA standards for marking and signage. New fire stations were constructed in most airports. The commercial areas were upgraded and developed.

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

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

By the end of 2018, all refurbishment works had been completed for Fraport Greece B. As far as the new or expansion works are concerned, the main works were completed for 6 airports whilst completion of the seventh airport (Santorini) was accomplished in January 2021.

Skiathos (JSI)

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The two (2) existing Stations T1 and T2 were repaired and expanded. The terminal's final size is 9,526 m², completely refurbished and remodelled. New Fire Station was constructed. Works were completed on 30 June, 2019.

Samos (SMI)

The terminal of final size 9.605 m² was remodelled and expanded. A new Fire Station was constructed and a partial rehabilitation of the apron was completed. Works were completed on September 30, 2019.

Rhodes (RHO)

The existing terminal of 47.390 m² was rearranged and refurbished, with considerable expansion of commercial operations. The full rehabilitation of the apron area of 80.000 m² and the airside pavements refurbishment have been completed. New Fire Station was constructed. Works were completed on November 30, 2019.

Mitilene (MJT)

The construction of the new terminal of 7.757 m², south of the existing terminal, was completed. On the airside, apron was rehabilitated and apron lights reorganized. Works were completed on November 30, 2019.

Kos (KGS)

The construction of the new terminal of 23.962 m² was completed. A new RFF Station was also constructed and the landside area was redesigned. Complete rehabilitation of the runway was also implemented. Works were completed on December 22, 2019.

Mykonos (JMK)

The existing terminal was remodelled and a new terminal of 4.461 m² was constructed, with the total area stretching in 13.420 m². Complete rehabilitation of the runway has been completed as well as the apron, with new marking and signage. A new RFF Station was also constructed. Works were completed on July 22, 2020.

Santorini (JTR)

The new terminal of 15.640 m² is under construction, at its final stage. Repair works have been performed in the runway and apron. The scope of works includes a new RFF station. Works were completed in January 2020.

2. Annual review

The Covid-19 pandemic in 2020 had a severe impact on passenger traffic at the Company's airports. In particular, traffic at the Company's airports was 72% below 2019 levels, totalling 3.77 million passengers.

Despite the spread of the pandemic, during the year, most of the scheduled works were completed at the airports of Kos, Mikonos and Santorini, as well as the activation of the Mytilene terminal; all the above upgraded the level of services provided to airport passengers and users.

In particular, the Operational Readiness and Airport Transfer (ORAT) team successfully accomplished its mission by taking part in the control, operational testing and activation activities that followed the delivery of the new equipment/systems (e.g. BHS/HBS) and all infrastructure work (new departures and arrivals areas, new points of customer control at the terminals of Mytilene, Kos, Mikonos and Santorini Airports. At the same time, it coordinated the training of all parties involved. It is worth noting that in 2020 a last new RFF Station was put in operation at Santorini airport.

In February 2020 the VIP room was made available for the reception and waiting of State officials/passengers inside the facilities of the airport of Mytilene. Push back operations were completed at 2 Airports of the Company (Mytilene, Mykonos), maximizing the apron capacity for the summer period 2020.

Crisis Planning coordinated the steps taken to face the Covid-19 pandemic in cooperation with the Public Health Authorities and in line with the emergency response plans in place at the airports. Also, steps and actions geared towards ensuring protection and safeguarding the health of passengers during their stay at the airport facilities were put in place at all 7 airports when passenger traffic began, under supervision by Plans and Programming and with a view to achieving full compliance with regulatory requirements, best practices and air transport protocols adopted by competent International and European Organizations (ICAO, EASA and ACI). Such steps and actions included, among other things, floor markings, delimitation posts and audiovisual information (announcements, signs, and screens) about maintaining social distancing, wall-mounted disinfectant dispensers spread out inside terminals, protective fiberglass panels at all passenger service counters. In addition, cleaning services were strengthened and particular emphasis was placed on the disinfection of heavily visited and used spaces, surfaces and equipment.

The ARFF fleet was strengthened by ordering 5 new state-of-the-art rescue and fire fighting vehicles. Moreover, two readiness drills took place from November to December 2020 at the airports of Skiathos and Mytilene.

The EASA Compliance department initially carried out internal control compliance inspections at the airports of Santorini and Kos and then Kos airport was fully inspected by the HCAA. The Airport Safety department completed internal inspections of the Safety Management System at 6 airports. In addition, activities intended to reduce birdstrike risk continued with airport safety ranking top in priority. Training on managing wildlife-caused threats via a web platform was successfully delivered for the first time in 2020.

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

Airline Marketing and Development – 2020

As mentioned above, 2020 experienced the biggest world crisis in the history of air transport as a result of the Covid-19 pandemic. In Europe, the impact of the pandemic on the air transport industry was extremely aggravating last year. According to Company estimates, in 2020, the pandemic caused the industry to lose 1.7 billion passengers worldwide and airlines and airports to record losses of €21.5 billion and €34.5 billion, respectively. The pandemic caused a big air transport crisis in Greece too, with the Airports managed by the Company experiencing a 72% total drop in passenger traffic and a 74.5% drop in foreign passengers using them compared to 2019 passenger figures.

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The consequences of the pandemic in Greece became evident as early as at the end of Q1 2020, as a result of the universal lockdown imposed on March 23rd. This development brought all international commercial flights to a stop, with the exception of flights repatriating citizens and health and civilian flights as well as cargo flights. This nearly zeroed air operations at the Company's airports, which saw a sharp drop in the number of flights and passenger traffic between April and June 2020.

Although the breakout of the pandemic coincided with the opening of the tourist season in Greece, however, the country managed to stay on the market of tourism destinations thanks to successful pandemic management action, the timely and coordinated application of health protocols across the entire traveller experience chain (entry into and stay in the country) as well as due to the failure of its competitors to timely adopt on their territory the measures necessary to contain the pandemic.

Also positive was the contribution of the country's communication policy by way of targeted advertising as well as strengthened and targeted support to airlines/tour operators via shared advertising schemes implemented as a result of Fraport Greece's close cooperation with the Ministry of Tourism.

Therefore, the gradual lift of measures starting on June 15 in Athens and Thessaloniki and July 1st in the rest of the country marked a moderate resumption of tourism activity in Greece. In this context, despite restrictions remaining in place in other countries (e.g. the UK and Scandinavia) until mid-July, several airlines responded positively by resuming flights to Greece and the Company was able to receive new flights at its airports in the midst of the pandemic. This important development and the positive experience of those who visited Greece during the summer, caused the Fall tourism season to extend well into November at airports such as those of Chania and Corfu. Unfortunately, a second wave of the pandemic and the restrictions imposed as a result brought this positive development to a halt and led to a new collapse of air traffic at the Company's airports in Q4 2020.

As part of these developments and given the total inability of airlines to handle the financial impact of the pandemic, airlines called on Fraport Greece to support their activity. Fraport Greece took the steps listed below with a view to accelerating the resumption of air transport/tourism activity:

- It worked closely with the Ministry of Tourism to ensure that airlines would receive more support than ever by way of targeted shared advertising schemes completed successfully and timely. Airlines really appreciated this action and paid a tribute to Fraport Greece for its contribution in that direction.
- It urged the Ministry of Tourism to set up a task force with members from the Ministry and other airport management agencies across the country, which would establish a joint plan to support airlines, contributing towards bringing traffic at Greek airports to 2019 levels. The Ministry of Tourism responded positively to Fraport Greece's proposal, and the task force was setup and embarked on its mission in Q4 2020.
- Despite the significant drop in their activity, Fraport Greece maintained an ongoing and constructive dialog with airlines/tour operators throughout the year, further strengthening cooperative, close and mutual trust between the parties.
- It established synergies with local tourism players at the destinations served by the Airports of Fraport Greece A with a view to supporting these destinations and establishing a single action policy, while went on serving as a bridge to communication between local authorities and airlines.
- It continued its successful cooperation with Marketing Greece with a view providing targeted communication support to destinations by way of schemes, such as reporter and well-known travel blogger visits to destinations served by the airports of Fraport Greece B.

Commercial Development - 2020

Always aiming at growing passenger satisfaction, creating a perfect travel experience and increasing the revenues of Fraport Greece B, the commercial design focused on activity linked to the development of new units to upgrade the commercial climate for the 2020 summer season.

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Specifically, during this particularly demanding period due to the pandemic, Fraport Greece B worked closely with food companies with a view to developing a number of international and local concepts to meet the multiple gastronomic preferences of today's travellers.

- ✓ In particular, 4 new F&B areas were developed at Mykonos Airport: a Starbucks shop, an Italian restaurant and two Greek/Mediterranean cuisine restaurants, offering in their totality a full and clearly enriched gastronomic suggestion to passengers. Particular emphasis was placed on the integration of the Cycladic aesthetics to the architecture of the new spaces, which offers a final memory of the island.
- ✓ The Duty Free shops (DUFREY), proceeded to the development of new areas at the airport of Mykonos. The new store's design offers to passengers greater selection of products in an upgraded shopping environment. The above have a major contribution to the general reconfiguration of the existing image of retail areas in the airside section of the airport.

3. Company performance

In 2020, operating income saw a 63% decrease, going down to €80.9 million from €216.1 million in 2019. In 2020, operating expenses saw a 40% increase, rising to €104.4 million (including depreciation for the period) from €173.4 million in 2019. In 2020, net financial expenses saw a 9% increase, going up to €51.9 million from €47.8 million in 2019. Lastly, for the year that ended on 31 December 2020, the Company's net losses before taxes stood at €75.4 million against net losses before taxes of €5.1 million for the year that ended on 31 December 2019, registering a 1376% increase as far as its losses are concerned.

The Company's performance did not move along the budgeted lines and was affected mostly by the COVID-19 crisis. The drop in the Company's figures is due to a significantly lower number of visitor and flight traffic from and to the Company's airports. In particular, data compiled for all airports managed by the Company show that a total of 3.773.111 passengers arrived at the airports against 13.462.228 in 2019, seeing a 72% drop. Along the same lines, the flight traffic at the airports corresponded to 46.240 flights, against 114.396 in 2019, representing a 59.6% drop.

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

A) Profitability Ratios

		2020		2019		
Return on invested capital	=	$\frac{\text{Net profit/(loss) before tax}}{\text{Total assets}}$	$\frac{(75.385.733)}{1.118.235.292}$	-6,74%	$\frac{(5.106.936)}{1.107.863.941}$	-0,46%
		2020		2019		
Return on equity	=	$\frac{\text{Net profit/(loss) before tax}}{\text{Equity}}$	$\frac{(75.385.733)}{43.833.325}$	-171,98%	$\frac{(5.106.936)}{101.716.508}$	-5,02%

B) Liquidity Ratios

		2020		2019		
Working capital ratio	=	$\frac{\text{Current assets}}{\text{Short-term/current liabilities}}$	$\frac{64.365.134}{68.003.130}$	0,95	$\frac{83.929.978}{54.966.530}$	1,53

C) Financial/capital Structure Ratios

		2020		2019		
Equity to total capital	=	$\frac{\text{Equity}}{\text{Total equity and liabilities}}$	$\frac{43.833.325}{1.118.235.292}$	3,92%	$\frac{101.716.508}{1.107.863.941}$	9,18%
		2020		2019		
Leverage ratio (borrowing)	=	$\frac{\text{Net borrowing}}{\text{Total capital employed}}$	$\frac{681.348.604}{725.181.929}$	93,96%	$\frac{603.701.391}{705.417.899}$	85,58%

D) Activity Ratios

		2020		2019	
Asset turnover ratio	=	$\frac{\text{Sales}}{\text{Total assets}}$	$\frac{80.947.803}{1.118.235.292}$	7,24%	$\frac{216.053.680}{1.107.863.941}$ 19,50%

4. Anticipated course of the Company

Financial and commercial matters linked to responding to the COVID-19 pandemic

In 2020, the Company submitted to the Hellenic Republic Asset Development Fund (HRADF) written requests seeking compensation for the significant drop it experienced in revenues during that period, alleging that the Covid-19 pandemic and the steps taken by the State to limit it constitute, in line with the relevant provisions of the Concession Agreement, a State Responsible Event, Force Majeure and Non-Permissible State Intervention.

Following extensive consultation and negotiations with representatives of the Greek State, and the assistance of HRADF in legal and technical matters, the two parties reached an out-of-court settlement-agreement regarding compensation to the Company for the steps taken to face the COVID-19 pandemic in 2020.

The agreement with the Greek State, which was ratified by the Greek Parliament on 25 June 2021 by Law 4810/2021, admits that Article 30.4 of the Concession Agreement should be applied to compensate the Concessionaire as a result of a State Responsible Event and provides for a setoff of the Concessionaire's compensation with Concession Fees and other arrangements. In particular, it was agreed that:

- no Annual Concession Fee would be paid for 2019-2021 as well as for 2022, however, in the latter case terms and conditions would apply;
- the obligation to pay the Variable Concession Fee would be moved after the fourth anniversary from the Concession Commencement Date, that is starting from 2022 and 2023, in this latter case terms and conditions would apply;
- steps were envisaged to handle a possible improvement in passenger traffic in 2021;
- provisions were made to apply the Control Mechanism under the compensation agreement;
- no dividends would be paid to the Company's shareholders until 31 March 2022;
- provisions were made to take into account the benefit generated by a possible refunding of the Company by its Lenders.

The Company's investments are long-term and the Company estimates that the consequences of the pandemic will be limited in the medium run. The Company's liquidity as of 31/12/2020 is sufficient and stands in the amount of €23.8 million. In addition, discussions are under way between the Company and Alpha Bank about taking out an ordinary bond loan up to €30 million to meet the Company's capital needs. At the same time, the mechanisms envisaged when the Company was founded still apply.

Following the start of the vaccination process in early 2021, the most recent Government decisions to open up tourism in Greece and the most recent indication and data relating to passenger traffic, the Company expects that both the passenger traffic and the number of flights at its airports will be improved during the current year, 2021, without, however, expecting that they will reach the levels of 2019.

New Airport Infrastructure

With a view to enhancing the international competitiveness of the airports by optimizing their operations, modernizing and upgrading their infrastructure, Fraport Greece's investment for the upgrade of the 14 airports was completed in January 2021, three months ahead of the contractual deadline (April 2021).

Work at the airports did not stop during the first three summers, when passenger traffic was high, and continued during the pandemic, overcoming innumerable difficulties and huge obstacles.

The innovative €440 million investment scheme of Fraport Greece A & B included the construction of five new modern terminals, five expansions, the redesign of four terminals, the construction and renovation of 12 RFF Stations and the refurbishment of 12 runways.

New Travel Experience

High-quality passenger service, qualified and highly trained staff, and compliance with safety regulations form the backbone of the mission of Fraport Greece B.

Combining cutting-edge know-how, international experience and qualified human resources, we acknowledge our responsibility to passengers.

For this reason, we comply closely with the strictest international standards with a view to providing high-level services, better service, ensuring compliance with all safety procedures and regulations and, as a result, ensuring passenger satisfaction.

Airport staff, guided by a great sense of responsibility regarding public and passenger health, follow to the letter the recommendations of experts and the Authorities regarding passenger safety. Therefore, a new passenger-focused experience is created at the airport, taking any and all measures which act as a safety net, offering a sense of safety and calm.

5. Major risks and uncertainties:

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

A. Financial risk factors

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

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

a) Market risk

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

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

i. Price risk

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

ii. Currency risk

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

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

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

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

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

b) Credit risk

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

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

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

The Company's key client is the Hellenic Civil Aviation Authority (HCAA), which in the Company's opinion is creditworthy and prestigious, as it is public agency under the Ministry for Infrastructure, Transport and Networks. Receivables from the HCAA represent 42% of the Company's total receivables. In addition, the Company can offset part or all of its receivables from the HCAA with overdue debts it has to the HCAA or other Company debts to the Greek State under the Concession Agreement.

The credit risk the Company's other clients represent as at 31 December 2020 is considered limited as the Company has secured its receivables by way of letters of guarantee which more than cover the balance of trade receivables (after deducting its receivables from the HCAA) listed in the statement of financial position.

c) Liquidity risk

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

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

B. Non-financial risk factors

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

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

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

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

6. Branches:

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

7. Treasury shares

The Company holds no treasury shares.

8. Activity in the research and development sector

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

9. Environmental issues

In 2020, Fraport Greece B focused on Sustainability and Environmental Protection with a view to ensuring compliance with all legal requirements and Third-Party requirements (Fraport Group, Company Lenders, etc.) and the ongoing improvement of its environmental performance.

In this context, η Fraport Greece B put into place an Environmental and Social Management System (ESMS) under ISO 14001:2015 with the support of its Management and the close cooperation of the Company's different departments (IMS, Quality, Environmental, Health & Safety Management Area, Wildlife Risk Management Area and airport staff).

The actions taken focused on the following environmental aspects: Noise, vibration, rainwater catchments, hazardous and non-hazardous waste, surface and underground water protection, air pollutants, sensitive species and habitats, impact on biodiversity, compensatory measures, water usage, energy consumption, raw-material usage, cultural heritage sites.

Main achievements of the period (non exhaustive list):

1. Revision of ESMS, as planned, with emphasis on management and supervision measures set in the relevant risk assessment.
2. Renewal of certification of SKG, RHO, EFL and MJT as per ACA (Airport Carbon Accreditation) and certification of CHQ and SMI airports.

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3. Calculation of greenhouse gas emissions at all other airports under ISO 14064.
4. Improvement of the cooperation with local authorities at SKG and KGS aimed at urban waste improvement.
5. New partnerships with private agencies at RHO and JMK to manage urban waste with a view to recycling them and recovering raw materials.
6. Commencement of Third-Party control procedure.
7. Constant control and monitoring of the performance of the Works Construction Contractor as regards Environmental and Social issues, following an audit time schedule.
8. Drafting of reports (where required) to Lenders of the company (Annual Monitoring Report, Environmental Strategy, Business Reports etc.) and of the Group (Sustainability Report, etc.).
9. Special actions:
 - Completion of the extensive Soil and Underground Waters Rehabilitation Program to address the pollution of the soil, surface and underground waters -existent before the concession- at SKG, CFU, ZTH, KVA, RHO and SMI.
 - Procurement of modern air and noise pollution monitoring stations at the SKG, RHO and CFU airports where past annual campaigns indicated the highest impact of airport operation.
 - Installation of oil separators at SKG and JTR as part of the Imminent Works
 - Start of discussions with the State on matters related to the First Approved Environmental Terms.

Key Performance Indicators:

RE.2-1: Annual energy consumption per traffic unit and fuel source or type [2020]

Source / Type	RHO	KGS	JTR	JMK	MJT	SMI	JSI	TOTAL CLUSTER B
Electricity (kWh/unit)	7.379,93	2.558,85	1.417,86	1.745,03	1.495,34	1.597,67	1.076,51	17.271,19
Natural Gas (kWh/unit)	0	0	0	0	0	0	0	0
Heating Oil (lt/1000 units)	28.855,00	0	0	0	0	0	0	28.855,00
Diesel (Motor vehicles) (lt/1000 units)	14.410,92	7.796,68	8.217,16	5.448,78	5.811,95	2.973,63	2.162,94	46.822,06
Gasoline (vehicles) (lt/1000 units)	467,19	97,07	19.256,40	14.470,49	131,87	18,72	46,93	34.488,67
Liquid Gas (vehicles) (lt/1000 units)	0	0	642,25	0	0	0	0	642,25
Diesel (Fire engines) (lt/1000 units)	4.932,74	5.615,00	2.947,77	2.337,52	2.780,68	2.049,33	3.704,18	24.367,22
Gasoline (Fire engines) (lt/1000 units)	342,21	174,13	84,85	206,06	60,83	162,92	5,43	1.036,43
Diesel (generators) (lt/1000 units)	7.627,38	1.256,53	14.288,58	8.000,02	1.797,41	4.888,93	1.084,00	38.942,85

Note*: The calculations for Kos airport have not taken into account 2 electricity bills.

PP.9.2: Annual direct (Scope 1) and indirect (Scope 2) CO2 emissions (tons of CO2) [2020]

Source / Type	RHO	KGS	JTR	JMK	MJT	SMI	JSI	TOTAL CLUSTER B
Direct CO2 emissions (Scope 1) (tons CO2)	150,9	39,8	115,9	77,7	28,2	26,9	18,7	458,10
Indirect CO2 emissions (Scope 1) (tons CO2)	4.597,70	1.594,20	883,3	1.087,20	931,6	995,3	670,7	10.760,00
TOTAL	4.748,60	1.634,00	999,20	1.164,90	959,80	1.022,20	689,40	11.218,10

Note*: The calculations for Kos airport have not taken into account 2 electricity bills.

PP.9-3: Annual climate intensity due to air traffic (kg CO2 per traffic unit)[2020]

Source / Type	RHO	KGS	JTR	JMK	MJT	SMI	JSI	MEAN VALUE CLUSTER B
Direct CO2 emissions (Scope 1) (tons CO2)	0,1	0,05	0,2	0,19	0,14	0,18	0,21	0,12
Indirect CO2 emissions (Scope 1) (tons CO2)	2,96	1,99	1,54	2,65	4,47	6,81	7,54	2,84
TOTAL	3,06	2,04	1,74	2,84	4,61	6,99	7,75	2,96

Note*: The calculations for Kos airport have not taken into account 2 electricity bills.

10. Employment Matters

In 2020, Fraport Greece's Human Resources and Training implemented a number of actions with a view to boosting the performance and capabilities of Employees, maintaining employment in the midst of the pandemic, immediately implementing remote working and training, and enhancing two-way communication in the Company. In 2020, the Company had 204 employees on average (131 men and 73 women) compared to 225 employees (135 men and 90 women) to 2019.

• Employee Health & Safety to manage the pandemic

It is our top priority to take protection and prevention steps for our staff to prevent the spread of COVID-19.

The Company still follows closely all developments in this area via the competent national and world agencies and is in constant contact with specialists, physicians, and experts.

In this context, it prepared a practical guide on the preventive measures that staff must be aware of and comply with, which are intended to ensure their Health & Safety and limit their exposure to COVID-19. This Guide was posted on the corporate learning platform and made available to all Staff. In addition, it immediately implemented remote working and online meetings.

• Maintaining Employee Employment

To ensure that no jobs are lost, the Company implemented work on rotation for two (2) months and was part of the "SYN-ERGASIA" scheme during November and December 2020.

• Training

In line with the Annual Human Resources Training and Development Plan and regulatory requirements, in 2020, 960 training seminars were held with 12.000 participants, of whom 3.400 (28%) were Company staff and 3.600 (30%) staff of other companies of the Network of Fraport Greece's 14 Airports.



FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.
MANAGEMENT REPORT OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020
(AMOUNTS IN EURO)

It is worth mentioning that for Human Resources and Training Division, 2020 was a year in which the COVID-19 pandemic acted as an "accelerator" of substantial changes in training, leading to an overhaul of the philosophy behind training design and implementation compared to previous years. In particular:

1. Making the most of the Company's e-learning system, redesigning and transforming 35 in-house training programs into e-learning programs.
2. Ensuring the uninterrupted progress and intensification of training in line with the Annual Training Plan at a time where prevailing conditions impose operational limitations. The number of participating trainees in 2020 went up 28% compared to 2019 (2020: 3.400 Vs 2019: 2.300).
3. Showcasing the Company's learning platform as an alternative and efficient channel of direct information and raising awareness among staff on the Health & Safety measures they need to implement to limit their exposure to COVID-19.
4. Reducing operating costs linked to training without affecting the quality of in-house training.

Athens, 21/07/2021

For the Company's Board of Directors

THE PRESIDENT
STEFAN SCHULTE

German passport No
C5LP2YHTY



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

Financial Statements for the year ended on 31 December 2020
in accordance with the International Financial Reporting
Standards (IFRS)

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

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Statement of Financial Position

	Not.	31/12/2020	31/12/2019
Assets			
Non-current assets			
Tangible assets	5	128.597	147.476
Intangible assets	6	1.019.141.057	1.006.510.071
Deferred tax assets	8	34.514.674	16.165.609
Other non-current assets	10	85.830	1.110.807
Total non-current assets		<u>1.053.870.158</u>	<u>1.023.933.963</u>
Current assets			
Receivables from associate companies	18	223.150	230.393
Trade receivables	9	4.630.121	6.256.778
Other receivables and financial assets	10	6.075.674	5.348.826
Time deposits	12	29.576.966	30.750.691
Cash and cash equivalents	11	23.859.223	41.343.290
Total current assets		<u>64.365.134</u>	<u>83.929.978</u>
Total assets		<u>1.118.235.292</u>	<u>1.107.863.941</u>
Equity and liabilities			
Equity			
Share capital	13	122.000.000	122.000.000
Statutory and other reserves	13	(2.651.372)	(1.921.890)
Profit and loss carried forward	13	(75.515.303)	(18.361.602)
Total equity		<u>43.833.325</u>	<u>101.716.508</u>
Liabilities			
Long-term liabilities			
Loans from banks	14	380.312.493	345.275.897
Bond loans from associated/related parties	14	347.151.940	327.225.937
Provisions for personnel compensation due to retirement or dismissal	15	167.695	144.444
Liabilities under the Concession Agreement	16	259.360.567	258.070.971
Financial derivatives	7	4.672.479	3.446.272
Suppliers and other long-term liabilities	17	14.733.663	17.017.382
Total non-current liabilities		<u>1.006.398.837</u>	<u>951.180.903</u>
Short-term/current liabilities			
Loans	14	7.320.360	3.293.538
Suppliers and other short-term liabilities	17	29.820.718	37.995.502
Liabilities under the Concession Agreement	16	23.967.253	11.936.965
Income tax		-	490.644
Liabilities to associate/related companies	18	6.894.799	1.249.881
Total current liabilities		<u>68.003.130</u>	<u>54.966.530</u>
Total liabilities		<u>1.074.401.967</u>	<u>1.006.147.433</u>
Total equity and liabilities		<u>1.118.235.292</u>	<u>1.107.863.941</u>

The Notes in pages 22 up to 66 form an integral part of these financial statements.

Statement of Profit and Loss and of Comprehensive Income

		<u>01/01/2020</u>	<u>01/01/2019 -</u>
	<i>Not.</i>	<u>31/12/2020</u>	<u>31/12/2019</u>
Income	19	80.947.803	216.053.680
Operating expenses			
Cost of consumables and services rendered	20	(66.023.710)	(135.281.950)
Staff costs	21	(6.475.456)	(8.131.619)
Other operating expenses	22	(5.135.741)	(6.137.118)
Total operating expenses before depreciation		<u>(77.634.907)</u>	<u>(149.550.687)</u>
Profit before taxes and depreciation		<u>3.312.896</u>	<u>66.502.993</u>
Depreciation	5. 6	(26.784.629)	(23.850.647)
Operating (loss) / profit		<u>(23.471.733)</u>	<u>42.652.346</u>
Interest income	23	75.292	215.070
Interest expenses	23	(51.265.211)	(47.406.175)
Other financial expenses	23	(724.081)	(568.177)
Net financial expenses		<u>(51.914.000)</u>	<u>(47.759.282)</u>
Losses before tax		<u>(75.385.733)</u>	<u>(5.106.936)</u>
Income tax	8	18.232.032	455.088
Loss after taxes		<u>(57.153.701)</u>	<u>(4.651.848)</u>
Other comprehensive income:			
Items that are not subsequently reclassified in the profit or loss:			
Actuarial (loss) / profit	13	(373)	45.600
Items that may subsequently be reclassified in the profit or loss:			
Losses from derivatives used as cash flow hedges	13	(729.109)	(2.057.907)
Other comprehensive loss		<u>(729.482)</u>	<u>(2.012.307)</u>
Aggregate comprehensive loss after taxes		<u><u>(57.883.183)</u></u>	<u><u>(6.664.155)</u></u>

The Notes in pages 22 up to 66 form an integral part of these financial statements.

Statement of Changes in Equity

	<u>Share capital</u>	<u>Other reserves</u>	<u>Profit and loss carried forward</u>	<u>Total equity</u>
Balance as at 01 January 2019	122.000.000	90.417	(13.709.754)	108.380.663
Profit and loss after taxes for 2019	-	-	(4.651.848)	(4.651.848)
Other comprehensive loss (Not. 13)	-	(2.012.307)	-	(2.012.307)
Aggregate comprehensive loss after taxes	-	(2.012.307)	(4.651.848)	(6.664.155)
Balance as at 31 December 2019	<u>122.000.000</u>	<u>(1.921.890)</u>	<u>(18.361.602)</u>	<u>101.716.508</u>
Balance as at 01 January 2020	122.000.000	(1.921.890)	(18.361.602)	101.716.508
Profit and loss after taxes for 2020	-	-	(57.153.701)	(57.153.701)
Other comprehensive loss (Not. 13)	-	(729.482)	-	(729.482)
Aggregate comprehensive loss after taxes	-	(729.482)	(57.153.701)	(57.883.183)
Balance as at 31 December 2020	<u>122.000.000</u>	<u>(2.651.372)</u>	<u>(75.515.303)</u>	<u>43.833.325</u>

The Notes in pages 22 up to 66 form an integral part of these financial statements.

Statement of Cash Flows

	Not.	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Cash flow from operating activities			
Losses before tax		(75.385.733)	(5.106.936)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	23.979	45.216
Intangible asset depreciation	6	26.760.650	23.805.431
Provisions for personnel compensation due to retirement or dismissal	15	26.913	30.482
Reversal of prepaid liability under a Concession Agreement	23	13.421.133	13.346.587
Interest and related income	23	(75.292)	(215.070)
Debit interest and related expenses	23	37.844.078	34.059.588
		2.615.728	65.965.298
 <i>Changes:</i>			
Decrease in trade and other receivables		570.398	835.879
Decrease in suppliers and other liabilities		(10.464.096)	(31.176.896)
Increase / (Decrease) in liabilities to associated undertakings		5.644.918	(552.857)
Income tax		(210.375)	(2.644.951)
Net cash (outflows)/ inflows from operating activities		(1.843.427)	32.426.473
 Cash flows from investment activities:			
Payments for additional tangible assets	5	(5.100)	(56.550)
Down payment and payments for additions to other intangible assets	6	(39.391.636)	(81.849.772)
Collected interest	23	75.292	215.070
Net cash outflows from investment activities		(39.321.444)	(81.691.252)
 Cash flows from financing activities			
Income from bond loans taken out from Banks	14	43.404.133	65.000.000
Principal payments for bank and bond loans	14	(4.304.930)	(4.166.048)
Payments of interest on bond loans and interest rate swap agreements		(16.592.124)	(14.069.782)
Decrease / (Increase) in time deposits	12	1.173.725	(522.146)
Net cash flows from financial activities		23.680.804	46.242.024
 Net decrease in cash and cash equivalents		(17.484.067)	(3.022.755)
Cash and cash equivalents at the start of the year		41.343.290	44.366.045
Cash and cash equivalents in the end of period		23.859.223	41.343.290
 Non-cash investment and financial activities		2020	2019
Addition to intangible assets and concurrent offset of advance payments for construction projects	6	2.501.525	12.146.668
Capitalization of interest on bond loans from shareholders	14	26.566.607	25.043.500

The Notes in pages 22 up to 66 form an integral part of these financial statements.

Notes on the financial statements

1. General information

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

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

The Company was founded on 27 February 2015 by FRAPORT AG FRANKFURT AIRPORT SERVICES WORLDWIDE ("FRAPORT"), having its registered office in Germany, and SLENTEL LIMITED ("SLENTEL"), having its registered office in Cyprus (together the "Initial Shareholders"), with an initial holding in the Company of 72% and 28%, respectively. In December 2017, SLENTEL LIMITED transferred 10% of its holding, on the date of the transfer, to Marguerite Airport Greece S.A.R.L. ("MARGUERITE"). Next, considering the share capital increases which took place in 2017, the holdings of the three shareholders, FRAPORT, SLENTEL, and MARGUERITE, were 73.40%, 16.60% and 10%, respectively.

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

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

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

In 2020, on average 204 employees were employed by the Company on employment contracts of indefinite term, compared to 225 during 2019.

The Financial Statements have been approved for publication by the Company's Board of Directors on 21 July 2021 and are subject to the approval by the Ordinary General Assembly of shareholders.

2. Summary of significant accounting principles

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

2.1. Financial statements preparation framework

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

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

2.1.1. Going concern basis

The financial statements as at 31 December 2020 are prepared in accordance with the International Financial Reporting Standards (IFRS) and fairly present the Company's financial position, profit and loss, and cash flows based on the going concern principle, based on an assessment by the Management due to the impact of the COVID-19 pandemic on the Company, and appear below.

Impact of the COVID-19 pandemic

In 2020 experienced the biggest world crisis in in the history of air transport as a caused by the Covid-19 pandemic. In Europe, the impact of the pandemic on the air transport industry was extremely aggravating last year. According to Company estimates, in 2020, the pandemic caused the industry to lose 1.7 billion passengers worldwide and airlines and airports to record losses of €21.5 billion and €34.5 billion, respectively. The pandemic caused a big air transport crisis in Greece too, with the Airports managed by the Company experiencing a 72% total drop in passenger traffic and a 59.6% drop in foreign passengers using them compared to 2019 passenger figures.

The consequences of the pandemic in Greece became evident as early as at the end of Q1 2020, as a result of the universal lockdown imposed on March 23rd. This development brought all international commercial flights to a stop, with the exception of flights repatriating citizens and health and civilian flights as well as cargo flights. This nearly zeroed air operations at the Company's airports, which saw a sharp drop in the number of flights and passenger traffic between April and June 2020.

Although the breakout of the pandemic coincided with the opening of the tourist season in Greece, however, the country managed to stay on the market of tourism destinations thanks to successful pandemic management action, the timely and coordinated application of health protocols across the entire traveller experience chain (entry into and stay in the country) as well as due to the failure of its competitors to timely adopt on their territory the measures necessary to contain the pandemic.

Also positive was the contribution of the country's communication policy by way of targeted advertising as well as strengthened and targeted support to airlines/tour operators via shared advertising schemes implemented as a result of Fraport Greece's close cooperation with the Ministry of Tourism.

Therefore, the gradual lift of measures starting on June 15 in Athens and Thessaloniki and July 1st in the rest of the country marked a moderate resumption of tourism activity in Greece. In this context, despite restrictions remaining in place in other countries (e.g. the UK and Scandinavia) until mid-July, several airlines responded positively by resuming flights to Greece and the Company was able to receive new flights at its airports in the midst of the pandemic. This important development and the positive experience of those who visited Greece during the summer, caused

the Fall tourism season to extend well into November at airports such as those of Chania and Corfu. Unfortunately, a second wave of the pandemic and the restrictions imposed as a result brought this positive development to a halt and led to a new collapse of air traffic at the Company's airports in Q4 2020.

This resulted in 3.773.111 passengers arriving at the Company's airports in 2020 compared to 13.462.228 in 2019, representing a 72% drop. Along the same lines, in 2020, the flight traffic at the airports corresponded to 46.240 flights, against 114.396 in 2019, representing a 59.6% drop.

The Company's operating income stood at €80.95 million in 2020, compared to €216.05 million in 2019, representing a total drop of €135.11 million, that is 63% compared to the previous financial year. In particular, income from air services dropped by €73.27 million and income from non-air services by €61.84 million. Also, consumable and service provision costs dropped by €69.26 million, corresponding to a 51% decrease compared to the year presented for comparison purposes.

The start of vaccination in early 2021 is expected to curb the spread of the pandemic and improve passenger traffic at the Company's airports, but it is not expected that this figure will reach 2019 levels.

To handle the above consequences of the pandemic and of the steps put into place to respond to it on the Company's activity, liquidity and financial position, the Management has reached an agreement with the Greek State and its Lenders regarding a set of measures to ensure the Company's smooth running, without putting its liquidity at risk, for at least 12 months from the publication of these financial statements.

The agreement with the Greek State, which was ratified by the Greek Parliament on 25 June 2021 by Law 4810/2021, admits that Article 30.4 of the Concession Agreement should be applied to compensate the Concessionaire as a result of a State Responsible Event and provides for a setoff of the Concessionaire's compensation with Concession Fees and other arrangements. In particular, it was agreed that:

- no Annual Concession Fee would be paid for 2019-2021 as well as for 2022, however, in the latter case terms and conditions would apply;
- the obligation to pay the Variable Concession Fee would be moved after the fourth anniversary from the Concession Commencement Date, that is starting from 2022 and 2023, in this latter case terms and conditions would apply;
- steps were envisaged to handle a possible improvement in passenger traffic in 2021;
- provisions were made to apply the Control Mechanism under the compensation agreement;
- no dividends would be paid to the Company's shareholders until 31 March 2022;
- provisions were made to take into account the benefit generated by a possible refunding of the Company by its Lenders.

Also, the Management is involved in talks with Alpha Bank, which represents the Company's Lenders, about taking out an ordinary bond loan up to €30 million to meet its working capital needs. The loan agreement is expected to become final during the 3rd quarter of the current year.

In addition, the Company asked for and obtained the following waivers from various obligations under its existing loan agreements:

On 30 December 2020, the Company received from Alpha Bank, which acts on behalf of its Lenders, a Lender waiver and consent, effective until 31 March 2021, regarding the following:

- The Company's obligations to file an approved modified Financial Model and other documents envisaged in the loan agreement about the Company's financial figures and data for the period that ended on 31 December 2020.
- The possibility of a waiver of default as at 31 December 2020 and during the period covered by that Lender waiver and consent due to failure to comply with financial commitments regarding the documents that the Company is under obligation to file under the loan agreement.

B. On 29 June 2021, the Company obtained an additional waiver and consent from Alpha Bank, as its Loan Manager, effective until 31 October 2021, regarding:

- The Company's obligations to file an approved modified Financial Model and other documents envisaged in the loan agreement about the Company's financial figures and data for the period that ended on 31 December 2020.
- The obligation to maintain frozen deposits regarding future capital expenses that are to do with the upgrade of the airports and other loan payables.
- The possibility of a waiver of default for the period before and on the reference date of 30 June 2021 due to failure to comply with financial commitments regarding the documents that the Company is under obligation to file under the loan agreement.

In addition, under the waiver of 29 June 2021, the Company received a time extension regarding the filing of its financial statements as at 31 December 2020, the Compliance Certificate calculations and of the list of transactions with associated companies. The extension is 20 business days from the date on which the above waiver was signed.

Considering the above agreements, the Management revised the Company's cash flow projections for the coming months, taking into account the key points of its agreement with the Greek State and the Lenders and pondering alternative scenarios regarding expected pandemic developments. In line with the revised cash flows and existing cash and credit limits, the Management estimates that there will be no issues with liquidity or non-compliance with the financial ratios established in the Company's loan agreements for at least 12 months from the publication of these financial statements.

Therefore, these financial statements were prepared on a going concern basis.

2.2. New standards, amendments of standards and interpretations

Standards and Interpretations mandatory for subsequent periods.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 01 January 2020. The Company's estimate regarding the influence from application of these new standards, amendments and interpretations is cited below:

Standards and Interpretations effective for the current financial year

IAS 1 and IAS 8 (Amendments) "Definition of Material"

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

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Reformation of reference rates"

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

Standards and Interpretations effective for subsequent periods

IFRS 16 (Amendment) "Covid-19-Related Rent Concessions" (effective for annual periods beginning on or after 01 June 2020)

This amendment provides lessees (but not lessors) with an optional exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees can chose to account for rent concessions as they would have for changes that are not lease amendments. The amendment is not expected to have a significant impact on the Company's financial statements.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Reformation of reference rates - Phase 2" (effective for annual accounting periods beginning on or after 01 January 2021)

These amendments supplement those issued in 2019 and focus on the impact it has on financial statements when a company replaces the old reference rate with an alternative one as a result of reformation. In particular, the amendments are to do with how a company will account for changes in the contractual cash flows for financial instruments, changes in its hedging relations and the information it is to disclose. These amendments are not expected to have impact on the Company's financial statements.

IAS 1 (Amendment) "Classification of Liabilities as Current or Non-current" (effective for annual reporting periods beginning on or after 01 January 2023)

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

Annual Improvements to IFRSs 2018-2020 (effective for annual periods beginning on or after 01 January 2022)

The amendments set out below include changes to two IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 9 "Financial Instruments"

The amendment looks into what expenses need to be included in the 10% test Test for Derecognition of Financial Liabilities. The respective costs or fees could be paid either to third parties or the lender. According to the amendment, costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 "Leases"

The amendment removed removed from Illustrative Example 13 the reimbursement of leasehold improvements by the lessor to eliminate possible confusion as to the handling of lease incentives.

2.3. Tangible fixed assets

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

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

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

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

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

The estimated useful lives are as follows:

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

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

2.4. Intangible assets

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

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

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

The estimated useful lives are as follows:

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

2.4.1. Concession agreement for the exclusive right of exploitation

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

The Concession Agreement includes the upfront (concession) fee against the concession fee, which was paid on the concession commencement date and formed one of the prerequisites for commencement of the concession period. Upon commencement of the concession period, the above upfront concession fee was recognised in the intangible asset, as well as the present value of the well identified/determined future liabilities arising from the Concession Agreement, together with the recognition of a liability of the same amount. The discount interest rate used was the incremental interest rate for the investment at the start of the concession. Recognized financial liabilities are valued subsequently at amortized cost using the effective interest method. Under the Concession Agreement, the Company undertook the refurbishment, upgrade and construction of new infrastructures at 7 regional airports, i.e. Rhodes, Kos, Santorini, Mykonos, Mytilene, Samos and Skiathos. All expenses specific to the above works will be capitalized under "Intangible fixed assets" until the works have been completed. The intangible assets are amortised using the straight line method throughout the entire concession period (40 years).

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

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

As also stipulated in the Concession Agreement, during the period commencing from expiry of the investment period (fourth (4th) year of concession period) until expiry of the concession period, the Company must pay HRADF a variable concession fee. The variable fee will be estimated for each concession year as a percentage on EBITDA as these are defined in the Concession Agreement. The variable fee is not capitalized at the cost of the intangible asset but rather included as expense in the statement of profit and loss and of comprehensive income for the year.

2.4.3. Other intangible assets

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

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

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

2.5. Impairment of non-financial assets

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

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

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

2.6. Financial assets

2.6.1. Classification

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

2.6.2. Recognition and derecognition

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

2.6.3. Measurement

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

The best proof of the fair value of a financial instrument is usually the transaction price (that is the fair value of the consideration given or received). In cases where during initial recognition the fair value is other than the transaction price, the difference is recognized as deferred profit or loss for the transaction day. If the deferred profit or loss on the day of the transaction was the result of the fair value of a financial instrument, which is evidenced by an official stock exchange price in an active market for a similar asset or liability (that is a first-tier inflow) or a technical valuation using only data from observable markets, then the deferred profit or loss of the transaction is directly recognized in profit or loss. Otherwise, the deferred profit or loss on the day of the transaction is recognized gradually over the lifetime of the financial instrument.

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

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

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

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

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

2.6.4. Impairment of financial assets

The Company recognizes impairment provisions for anticipated credit loss for all financial assets, with the exception of financial assets measured at fair value through profit or loss. Anticipated credit loss is based on the difference between contractual cash flows and all the cash flows the Company expects to obtain. The difference is paid in advance based on an estimate of the initial effective rate for the financial asset. As regards contractual assets and receivables from customers, the Company follows the simplified approach under the standard and, therefore, calculates anticipated credit loss based on the anticipated credit loss for the entire lifetime of such assets. Determining expected default is based on historic information on inability to liquidate receivables and on qualitative information about possible future defaults. The probability of default of the counterparty, considering the insolvency rates received from external sources, is used to calculate the expected credit loss from inability to liquidate receivables in regard to financial assets.

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

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

2.7. Offsetting of financial assets

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

2.8. Derivative financial assets and hedging instruments

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

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

IFRS 9 includes three requirements on hedging efficiency: (i) there is a financial relationship between the hedge and the hedged item; (ii) the effect of credit risk does not dominate value changes which come about as a result of the financial relationship; and (iii) the hedging ratio accurately reflects the quantity of the hedged item and the quantity of the hedge used in the actual financial hedging. If a hedging relationship ceases to meet the efficiency requirements in terms of the degree of hedging, while the risk management goal remains unchanged, the degree of hedging is adjusted (adjusting the quantities specified of either the hedged item or the hedge) so that the hedging relationship meets the quality criteria. The fair values of the derivative financial instruments that are used for hedging purposes are disclosed in Note 3.3. The changes in the cash flow hedging reserve are entered in other comprehensive income and are disclosed in Notes 7 and 13. The overall fair value of hedging derivatives is classified to current assets or long-term liabilities when the remaining hedged item has a term over 12 months, or to current assets or short-term liabilities when the remaining term of the hedged item is under 12 months.

Cash Flow Hedging

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

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

The cumulative amount entered in Equity is transferred to the statement of profit and loss and of comprehensive income for the periods in which the hedged item affects the profit or loss of the period.

The profit or loss that relates to the efficient part of the hedging of floating borrowing rate exchange agreements is recognized in the statement of profit and loss and of comprehensive income under the item "Financial income" or "Financial expenses" simultaneously with recognition of interest from hedged loans.

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

2.9. Trade receivables

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

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

2.10. Cash and cash equivalents

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

2.11. Time deposits

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

2.12. Share capital

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

2.13. Trade liabilities

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

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

2.14. Loans

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

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

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

Borrowing Costs

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

2.15. Income and Deferred Tax

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

Income tax

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

Deferred income tax

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

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

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

2.16. Employee benefits

a) Retirement benefits

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

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

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

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

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

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

Actuarial profit or loss from empirical adjustments and changes in actuarial assumptions is charged or credited to other comprehensive income in the period in which it arises.

b) Employment termination benefits

Termination benefits are payable when employment is terminated before normal retirement date. The company recognizes such benefits when it is demonstrably committed to either terminate the

employment of an employee based on a detailed plan from which there is no withdrawal possibility, or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

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

c) Bonuses

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

2.17. Provisions

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

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

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

2.18. Revenue recognition

The Company recognizes revenue in a way that reflects the transfer of goods or services to customers at the amount that it anticipates as a consideration for such goods or services, excluding amounts collected on the behalf of third parties (e.g. value-added tax). Revenue is recognized when the customer takes control of the goods or services, placing the time of the transfer of control either in a given moment in time or over time. Variable amounts are included in the consideration and computed using either the "expected value" or the "most probable amount" method, depending on which method is expected to forecast more accurately the amount to which the Company is entitled, on condition that a downwards revision of the recognized revenue is highly improbable. Revenue from the provision of services is recognized in the accounting period in which the services are rendered and measured according to the nature of the services provided. Receivables from customers are recognized when there is an unconditional entitlement of the Company to receive the consideration for the contractual obligations it has performed to the customer.

Income from services rendered

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

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

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

Air activity charges

Income from the provision of air services are recognized in the statement of profit and loss and of comprehensive income in the period in which they were rendered. The departure of the aircraft concerned is the criterion used to recognize income from air activities. Each arrival and the

subsequent departure of an aircraft constitute a movement/flight cycle during which all necessary services are provided.

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

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

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

Concession Agreements

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

Building rents

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

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

Interest income

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

Income from construction activity

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

2.19. Leases

The Company as Lessee

An agreement contains a lease if there is transfer of the right to control a specific asset, even if the asset is expressly defined, for a time period for a consideration. A reassessment is required

only in case of change in the terms and conditions of the contract. The Company leases various assets such as properties, means of transport, and other professional equipment.

In the context of the first application of IFRS 16 the Company proceeded to the impact assessment of the new standard. Due to lack of quality and quantity importance and following careful cost-benefit analysis, the Company concluded that current leasing contracts of property, means of transport and of other business and professional equipment are not included to the acknowledgement of rights of use and obligations arising from financing leases as per IFRS 16. Therefore, for all leases, which the Company enters into as lessee, the Company will recognize lease payments in profit or loss and total income, using the fixed method, over the term of the lease.

The Company as Lessor

Operating leases: Revenues from operating leases are recognized in profit or loss using the straight-line method throughout the lease. When the Company grants incentives to its clients, the cost of such incentives is recognized over the entire term of the lease, using the straight-line method, decreasing the lease income.

Financial Leases For the time being, the Company is not lessor in real estate financial leases.

2.20. Dividend distribution

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

3. Financial risk management

3.1. Financial risk factors

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

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

a) Market risk

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

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

i. Price risk

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

ii. Currency risk

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

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

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

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

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

Sensitivity analyses are based on the following assumptions:

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

Changes in the market rates for interest rate derivatives which are not part of a hedging relationship under IFRS 9 affect the financial result and are therefore included in the sensitivity analysis for the Company's results.

Maximum volatility is a parallel shift of the rate curve by 50 base units in a twelve-month period. In particular, considering the Company's portfolio, the structure of the financial position statement as at 31 December 2020 and the above assumptions regarding interest derivatives, the effect of an increase in market rates by 50 base units on the loan amount hedged would be equivalent to a net decrease in the profit or loss for the year by € 0.27 million. This change results once account has been taken of the effect of the interest rate swap agreement (increase of the financial expense and simultaneous increase in the financial income due to the effect of the interest rate swap agreement). This change is due to a change in the primary net financial positions of the Company's floating interest rate.

b) Credit risk

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

The credit risk arises from cash and cash equivalents and deposits in banks and financial institutions, including derivative financial instruments, as well as from open credit of clients, including the outstanding claims and binding transactions. As regards the credit risk arising from investments made, it is pointed out that the Company collaborates only with financial organisations of acceptable credit rating. If a credit assessment is available for clients, then the said assessment is used. If there is no credit assessment, then client's credit rating is checked by taking into account its financial condition, previous experience and other factors. The individual credit limits are determined on the basis of internal or external assessments. The application of credit limits is monitored on a constant basis.

The Company's key client is the Hellenic Civil Aviation Authority (HCAA), which in the Company's opinion is creditworthy and prestigious, as it is public agency under the Ministry for Infrastructure, Transport and Networks. Receivables from the HCAA represent 42% of the Company's total receivables. In addition, the Company can offset part or all of its receivables from the HCAA with overdue debts it has to the HCAA under the Concession Agreement.

The credit risk the Company's other clients represent as at 31 December 2020 is considered limited as the Company has secured its receivables by way of letters of guarantee which more than cover the balance of trade receivables (after deducting its receivables from the HCAA) listed in the statement of financial position.

For the year that ended on 31 December 2020 there was no change in the existing impairment provision (2019: a reversal was made of a part of the existing formed provision of € 25.515).

Deposits in banks and credit institutions include sight and time deposits. Next follows the long-term credit rating as at 31 December 2020 and 2019 (by Moody's):

	<u>31/12/2020</u>	<u>31/12/2019</u>
Caa1	53.435.493	72.093.238
Total	<u>53.435.493</u>	<u>72.093.238</u>

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

c) Liquidity risk

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

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

As at 31 December 2020, the Company's had unused credit funds in the amount of €0 compared to €43.404.133 as at 31 December 2019 concerning available funds from the bond loan with its shareholders.

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

The viability table of financial liabilities is as follows:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
As at 31 December 2020					
Bank loan liabilities	28.190.535	29.790.683	91.951.875	422.141.770	572.074.863
Shareholder loan liabilities	-	-	-	999.437.767	999.437.767
Liabilities under the Concession Agreement	24.068.503	12.362.037	65.645.152	571.964.163	674.039.855
Suppliers and other liabilities	18.441.162	1.433.664	-	-	19.874.826
Liabilities to associate/related companies	6.894.799	-	-	-	6.894.799
Total	77.594.999	43.586.384	157.597.027	1.993.543.700	2.272.322.110
As at 31 December 2019					
Bank loan liabilities	23.693.149	44.782.849	112.537.098	407.169.510	588.182.606
Shareholder loan liabilities	-	21.119.438	49.939.214	580.804.802	651.863.454
Liabilities under the Concession Agreement	12.131.538	12.362.037	38.602.146	599.007.169	662.102.890
Suppliers and other liabilities	27.723.849	1.217.383	-	-	28.941.232
Liabilities to associate/related companies	1.249.881	-	-	-	1,249.881
Total	64.798.417	79.481.707	201.078.458	1.586.981.481	1.932.340.063

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

The breakdown for suppliers and other liabilities does not include amounts for customer down payments and insurance organizations and other taxes/duties.

3.2. Non-financial risk factors

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

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

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

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

3.3. Determination/measurement of fair values

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

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

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

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

Valuation techniques used to determine fair values:

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

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The fair values and carrying amounts for the Company's financial assets for 2020 and 2019 are given below:

Classification under IFRS 9	Valued at amortized cost		Valued at fair value	31/12/2020
	Carrying amount	Fair value	Hedging instruments Fair value	
Financial assets				Total Fair Value
Cash and cash equivalents	23.859.223	23.859.223	-	23.859.223
Time deposits	29.576.966	29.576.966	-	29.576.966
Trade receivables	4.630.121	4.630.121	-	4.630.121
Other receivables and financial assets	3.912.962	3.912.962	-	3.912.962
Total	61.979.272	61.979.272	-	61.979.272

Other financial liabilities			
Financial liabilities	Carrying amount	Fair value	Total Fair Value
Trade liabilities	9.706.681	9.706.681	9.706.681
Other financial liabilities	11.729.934	11.729.934	11.729.934
Liabilities to related parties	6.894.799	6.894.799	6.894.799
Bond loans from shareholders	347.151.940	358.091.553	358.091.553
Bond loans from banks	387.632.853	394.171.657	394.171.657
Concession agreement	283.327.820	283.327.820	283.327.820
Derivative financial assets			
Hedging derivatives	4.672.479	6.458.587	6.458.587
Total	1.051.116.506	1.070.381.031	1.070.381.031

Classification under IFRS 9	Valued at amortized cost		Valued at fair value	31/12/2019
	Carrying amount	Fair value	Hedging instruments Fair value	
Financial assets				Total Fair Value
Cash and cash equivalents	41.343.290	41.343.290	-	41.343.290
Time deposits	30.750.691	30.750.691	-	30.750.691
Trade receivables	6.256.778	6.256.778	-	6.256.778
Other receivables and financial assets	5.249.471	5.249.471	-	5.249.471
Total	83.600.230	83.600.230	-	83.600.230

Other financial liabilities			
Financial liabilities	Carrying amount	Fair value	Total Fair Value
Trade liabilities	17.837.971	17.837.971	17.837.971
Other financial liabilities	11.910.623	11.910.623	11.910.623
Liabilities to related parties	1.249.881	1.249.881	1.249.881
Bond loans from shareholders	327.225.937	334.589.024	334.589.024
Bond loans from banks	348.569.434	350.590.929	350.590.929
Concession agreement	270.007.936	270.007.936	270.007.936
Derivative financial assets			
Hedging derivatives	3.446.272	5.540.381	5.540.381
Total	980.248.054	991.726.745	991.726.745

The above breakdown only includes financial assets.

The difference between the carrying amount and the fair value of risk hedges regards the balance of the unamortized carrying amount of the loss that resulted from the initial recognition and is integrated in their carrying amount (Note 7).

3.4. Capital risk management

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

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

4. Significant accounting estimates and judgements of the Management

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

4.1. Critical accounting estimates and judgements

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

Income tax

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

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

Deferred tax assets

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

Fair value of financial instruments

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

Impairment of tangible and intangible assets

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

The Company's management determines the recoverable amount through estimates which include basic assumptions about the period of the estimated cash flows, cash flows, the growth rate of flows and the discount interest rate. The assumptions are disclosed in the Company's financial statements in line with relevant provisions of IAS 36. As at 31 December 2020, there were indications of impairment for the Company's tangible and intangible assets due to COVID-19 pandemic. As a result of the above signs, the Company's Management conducted an impairment test for tangible and other assets which showed that the value resulting from their use is higher than the amortized value and, therefore, must be recognized in the impairment losses for such assets.

Liability for personnel compensation due to retirement or dismissal

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

4.2. Critical assessments in the accounting policies applied

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

5. Tangible assets

	<u>Mechanical equipment</u>	<u>Furniture and other equipment</u>	<u>Total</u>
Acquisition value			
Balance as at 01 January 2019	108.447	107.623	216.070
Additions during the period	40	56.510	56.550
Balance as at 31 December 2019	108.487	164.133	272.620
Balance as at 01 January 2020	108.487	164.133	272.620
Additions during the period	-	5.100	5.100
Balance as at 31 December 2020	108.487	169.233	277.720
Depreciation			
Balance as at 01 January 2019	61.546	18.382	79.928
Amortisations for the period	27.640	17.576	45.216
Balance as at 31 December 2019	89.186	35.958	125.144
Balance as at 01 January 2020	89.186	35.958	125.144
Amortisations for the period	9.554	14.425	23.979
Balance as at 31 December 2020	98.740	50.383	149.123
Net carrying amount			
Balance as at 31 December 2019	19.301	128.175	147.476
Balance as at 31 December 2020	9.747	118.850	128.597

6. Intangible assets

	<u>Concession Agreement Assets</u>	<u>Licenses. Software and other intangible assets</u>	<u>Designs - Technical Projects/Works and other Expenses</u>	<u>Advance payments for construction projects</u>	<u>Total</u>
Acquisition cost					
Balance as at 01 January 2019	880.000.182	5.958	92.719.083	14.648.193	987.373.416
Additions during the period	-	-	81.849.772	-	81.849.772
Consolidation of advance payments for construction projects (a)	-	-	12.146.668	(12.146.668)	-
Balance as at 31 December 2019	880.000.182	5.958	186.715.523	2.501.525	1.069.223.188
Balance as at 01 January 2020	880.000.182	5.958	186.715.523	2.501.525	1.069.223.188
Additions during the period	-	-	33.796.864	5.594.772	39.391.636
Consolidation of advance payments for construction projects (a)	-	-	2.501.525	(2.501.525)	-
Balance as at 31 December 2020	880.000.182	5.958	223.013.912	5.594.772	1.108.614.824
Depreciation					
Balance as at 01 January 2019	37.972.611	5.958	929.117	-	38.907.686
Amortisations for the period	22.000.005	-	1.805.426	-	23.805.431
Balance as at 31 December 2019	59.972.616	5.958	2.734.543	-	62.713.117
Balance as at 01 January 2020	59.972.616	5.958	2.734.543	-	62.713.117
Amortisations for the period	22.000.005	-	4.760.645	-	26.760.650
Balance as at 31 December 2020	81.972.621	5.958	7.495.188	-	89.473.767
Net carrying amount					
Balance as at 31 December 2019	820.027.566	-	183.980.980	2.501.525	1.006.510.071
Balance as at 31 December 2020	798.027.561	-	215.518.724	5.594.772	1.019.141.057

(a) The advance payments for construction projects concern payments made to the construction company ("Intrakat") which has undertaken the maintenance, improvement and development works at the airports conceded under the Concession Agreement, related to the project construction. The initial advance payment was in the amount of €24.894.775 and is being decreased by setting-off 15% of the value of the invoices issued by the construction company, until the initial advance payment is set off. For the year that ended on 31 December 2020, the amount offset was €2.501.525 (2019: €12.146.668) and has been recognized as an addition to intangible assets. The initial advance payment was fully set off after the set-off of an amount of €2.501.525 in the current year.

On 23 January 2020 a supplementary contract was concluded between the Company and the construction company ("Intrakat") regarding completion of airports. Under this contract, the Company effected an advance payment to the construction company for the amount of €5.150.000. In addition, the Company effected an additional advance payment of €444.772, which was recognized as an addition to intangible assets.

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

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

The other intangible assets concern designs, technical projects, borrowing and other costs connected with the design, improvement and development of the infrastructure of the regional airports, as well as consultation services connected with the completion of the Concession Agreement.

As regards borrowing costs, the total capitalised expenses (interest and other expenses) as at 31/12/2020 stood at the amount of €13.916.178 (31/12/2019: €11.010.042). For the year ended the total expenses that were capitalised amounted to €2.906.136 (2019: €5.030.990).

7. Derivative financial instruments

In line with Note 14, in 2017, the Company issued Acquisition Bonds for a total €277.736.870 to cover part of the Upfront Concession Fee. The Acquisition Bonds comprise 2 series one is series (2), having a floating rate and a carrying amount as of 31/12/2020 of €142.384.127.

To hedge part of the risk deriving from changes in the interest rates of the Acquisition Term Loan Facility, which is on a floating (Euribor) rate, on 10 April 2017, the Company entered into a entered into an interest rate swap agreement with IFC (International Finance Corporation) for €55.873.077.

The total fair value of the hedges falls under long-term liabilities as the hedged loan matures on 2034.

	<u>31/12/2020</u>	<u>31/12/2019</u>
Interest rate swap agreements for cash flow hedging	4.672.479	3.446.272
Total	<u>4.672.479</u>	<u>3.446.272</u>

	<u>31/12/2020</u>	<u>31/12/2019</u>
Details about the interest rate swap agreements		
Interest rate swap nominal value as at 31 December	55.873.077	55.873.077
Fixed rate	1.6010%	1.6010%
Floating rate	Euribor	Euribor
Maturity	31 December 2034	31 December 2034

(i) Derivative classification

Between 11/4/2017 and 30/9/2017, the Company applied cash flow hedge accounting and recognized the efficient portion of the change in the fair value of the derivative in other comprehensive income.

For the period between 01/10/2017 and 31/12/2017, the hedging relation proved inefficient and the change in the fair value of the derivative in that quarter was recognized directly in profit or loss.

The amount recognized by that time in equity as "Reserve following change in the fair value of derivative financial instruments" for €699.533 is recognized in profit or loss based on the derivative contract term, that is 17 years, or €41.149 per year under "Other Financial Costs" in profit or loss.

(ii) Fair value determination

The initial recognition of interest rate swap agreements resulted in a deferred loss on the day of the transaction because the fixed rate under the agreement was higher than the market rate at the time of the transaction.

The deferred loss on the day of the transaction in the amount of €2.864.129 is gradually recognized in profit or loss over the life of the derivative (until 2034) decreasing its fair value. The fair value of the above derivatives is disclosed in Note 3.3 and the value of the derivatives in the financial position statement is broken down as follows:

31 December 2020	Deferred loss	Fair value	Balance as at 31/12/2020
Hedging derivatives	1.786.108	(6.458.587)	(4.672.479)

31 December 2019	Deferred loss	Fair value	Balance as at 31/12/2019
Hedging derivatives	2.094.109	(5.540.381)	(3.446.272)

The following table shows the annual change in the deferred loss on the transaction day:

	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Starting balance of loss on the transaction date	2.094.109	2.402.110
Deferred loss depreciation	(308.001)	(308.001)
Ending balance of loss on the transaction date	1.786.108	2.094.109

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(iii) Cash flow hedging reserve

Changes in the cash flow hedging reserve recognized in other comprehensive income during the current year and the comparison year are:

	Cash flow hedging reserve		
	Ongoing relationship	Interrupted relationship	Total
As at 1 January 2020	(2.431.210)	470.935	(1.960.275)
Loss due to change in the fair value of interest rate swap contracts to hedge cash flows	(918.206)	-	(918.206)
Deferred tax income in other comprehensive income	220.370	-	220.370
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	-	(41.149)	(41.149)
Deferred tax income in other comprehensive income	-	9.876	9.876
	(697.836)	(31.273)	(729.109)
As at 31 December 2020	(3.129.046)	439.662	(2.689.384)

	Cash flow hedging reserve		
	Ongoing relationship	Interrupted relationship	Total
As at 1 January 2019	(402.519)	500.151	97.632
Loss due to change in the fair value of interest rate swap contracts to hedge cash flows	(2.741.473)	-	(2.741.473)
Deferred tax income in other comprehensive income	712.782	-	712.782
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	-	(41.149)	(41.149)
Deferred tax income in other comprehensive income	-	11.933	11.933
	(2.028.691)	(29.216)	(2.057.907)
As at 31 December 2019	(2.431.210)	470.935	(1.960.275)

	01/01/2020- 31/12/2020	01/01/2019 - 31/12/2019
As at 1 January	(1.960.275)	97.632
Loss due to change in the fair value of interest rate swap contracts to hedge cash flows	(918.206)	(2.741.473)
Deferred tax income in other comprehensive income	220.370	712.782
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	(41.149)	(41.149)
Deferred tax income in other comprehensive income	9.876	11.933
	(729.109)	(2.057.907)
As at 31 December	(2.689.384)	(1.960.275)

The portion of the Cash flow hedging reserve that refers to the *Interrupted relationship* regards the remaining amount that was recognized in total comprehensive income on 31/12/2017, when the hedging relationship proved inefficient. This amount concerns the inefficient portion of the change in the fair value of the derivative in total comprehensive income between 11/4/2017 and 30/9/2017, when the criteria for an inefficient hedging relationship were met. The balance is recognized in profit or loss based on the term of the derivative agreement.

(iv) Amounts recognized in profit or loss

The total amounts recognized in profit or loss during this and the comparison year are:

	01/01/2020	01/01/2019
	31/12/2020	31/12/2019
Loss from recycling in profit or loss of the initial valuation of the interest rate swap contract	(308.001)	(308.004)
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	41.149	41.149
Total Loss from the valuation of an interest rate swap agreement recognized in the statement of comprehensive income (Note: 23)	(266.852)	(266.855)
Deferred tax income/(expense) in profit or loss (Note: 8)	163.727	(173.492)
Interest on interest rate swap agreements (Note: 23)	(887.955)	(896.684)

8. Income tax and deferred tax

Income tax is calculated by the 24% tax rate (2019: 24%) on the taxable income. The total income tax charged in the statement of comprehensive income and in other comprehensive income is broken down as follows:

	01/01/2020- 31/12/2020	01/01/2019 - 31/12/2019
Current income tax	(113.324)	4.799.868
Deferred tax	(18.118.708)	(5.254.956)
Total income tax	(18.232.032)	(455.088)

Deferred tax assets are the result of temporary differences between the carrying amount and the tax base of assets and liabilities and are calculated using the tax rates established and are expected to apply in the periods when such differences are expected to be eliminated. Under Article 22 of Law 4646/2019, which was passed on 12/12/2019, the income tax rate for legal persons in Greece is $\sigma\epsilon$ 24%.

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

Deferred tax assets and liabilities	31/12/2020	31/12/2019
Deferred tax assets expected to be recovered after 12 months	35.233.025	16.247.904
Deferred tax liabilities expected to be settled after 12 months	(718.351)	(82.295)
Deferred tax assets (net)	34.514.674	16.165.609

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

	2020	2019
Balance as at January 1st	16.165.609	10.200.464
Credit in profit or loss	18.118.708	5.254.956
Credit to other comprehensive income	230.357	710.189
Balance as at December 31st	34.514.674	16.165.609

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

<u>Deferred tax assets</u>	<u>Concession Fee</u>	<u>Undercapita- lization</u>	<u>Liability for personnel compensation due to retirement or dismissal</u>	<u>Derivative financial instruments</u>	<u>Tax losses</u>	<u>Total</u>
As at 01 January 2019	3.150.683	6.837.295	44.599	183.878	-	10.216.455
(Debit)/ credit to profit or loss and to the statement of comprehensive income	1.798.115	3.692.042	(9.933)	551.225	-	6.031.449
As at 31 December 2019	4.948.798	10.529.337	34.666	735.103	-	16.247.904
Credit to profit or loss and to the statement of comprehensive income	1.943.771	8.207.390	5.581	393.973	8.434.406	18.985.121
As at 31 December 2020	6.892.569	18.736.727	40.247	1.129.076	8.434.406	35.233.025
					Tangible and intangible assets	Total
Deferred tax liabilities					(15.991)	(15.991)
As at 01 January 2019					(66.304)	(66.304)
Debit/charge to profit or loss and to the statement of comprehensive income					(82.295)	(82.295)
As at 31 December 2019					(636.056)	(636.056)
Debit/charge to profit or loss and to the statement of comprehensive income					(718.351)	(718.351)
As at 31 December 2020						

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

	01/01/2020 - 31/12/2020	01/01/2019 - 31/12/2019
Losses before tax	(75.385.733)	(5.106.936)
Corporate profits tax rate	24%	24%
Income tax	(18.092.576)	(1.225.665)
Expenses not deducted for taxation purposes	8.408.274	405.191
Deferred taxation in tax losses	(8.434.406)	-
Previous year tax correction	(113.324)	(42.633)
Effect of the tax rate change	-	408.019
Total income tax	(18.232.032)	(455.088)

The tax compliance audit for issuance of the tax clearance certificate for 2020 period is carried out by PwC S.A. which carries out the mandatory audit the financial statements, and no additional substantial tax liabilities are expected to arise other than those reflected in these financial statements.

Years 2015, 2016, 2017, 2018 and 2019 were not audited by the competent tax authorities and, therefore, it is likely that additional tax and charges will be imposed when they are examined and the liabilities for those years finalized. As a result, tax profit or loss for these years are not final. For these years, the Company underwent tax audit by the Certified Auditors – Chartered Accountants referred to in Article 82(5) of Law 2238/1994 and Article 65bis of Law 4174/2013 and has obtained unqualified tax compliance certificates. Therefore, the Management estimates that a possible future audit by tax authorities will not lead to additional tax liabilities and has not made a provision in that respect.

9. Trade receivables

	<u>31/12/2020</u>	<u>31/12/2019</u>
Trade receivables	4.672.917	6.268.959
Less: Provision for impairment	(68.796)	(68.796)
Net trade receivables	4.604.121	6.200.163
Income earned	26.000	56.615
Total trade receivables	4.630.121	6.256.778

Age analysis of balances of business customers

	<u>31/12/2020</u>	<u>31/12/2019</u>
Not delayed and impaired	706.585	3.791.637
Delayed for 30 - 180 days but not impaired	2.498.594	2.477.322
Delayed for > 180 days but not impaired	1.467.738	-
Total	4.672.917	6.268.959

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

	<u>2020</u>	<u>2019</u>
Balance as at January 1st	68.796	94.311
Unused reversed provisions	-	(25.515)
Balance as at December 31st	68.796	68.796

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

The Company's key client is the Hellenic Civil Aviation Authority (HCAA), which in the Company's opinion is creditworthy and prestigious, as it is public agency under the Ministry for Infrastructure, Transport and Networks. Receivables from the HCAA represent 42% of the Company's total receivables. In addition, the Company can offset part or all of its receivables from the HCAA with overdue debts it has to the HCAA or other Company debts to the Greek State under the Concession Agreement.

For the year that ended on 31 December 2020 the impairment provision for trade receivables remained unchanged (2019: reversal of the Impairment provision for trade receivables for €25.515).

The Companies trade receivables as on 31 December 2020 and 2019 are broken down as follows:

	<u>2020</u>	<u>2019</u>
Trade receivables	4.698.917	6.325.574
Provision for impairment of receivables	(68.796)	(68.796)
Balance as at December 31st	4.630.121	6.256.778

10. Other receivables and financial assets

	<u>31/12/2020</u>	<u>31/12/2019</u>
Prepaid borrowing costs (a)	-	1.024.977
Guarantees granted	85.830	85.830
Other receivables and financial information in the long run	85.830	1.110.807
Greek State: taxes withheld and prepaid	11.294	32.260
Receivables from the Greek State (VAT)	3.733.331	5.101.230
Prepaid expenses for the next period	251.915	152.925
Compensation for pavement construction at Mikonos airport (b)	1.985.333	-
Other debtors	93.801	62.411
Other receivables and financial assets in the short run	6.075.674	5.348.826
Total other receivables and financial assets	6.161.504	6.459.633
Non-current assets	85.830	1.110.807
Current assets	6.075.674	5.348.826
Total	6.161.504	6.459.633

The fair value of other receivables and financial assets is given in Note 3.3.

(a) Deferred borrowing costs, in the comparison year, concerned costs directly linked to the bond loan taken out from the European Investment Bank (Note 14). Such costs concerned only the portion of the loan for which no bonds had been issued and are, therefore, included in the statement of financial position as prepaid instead of in non-current assets. During the current year and following the issuance of the bonds, the amount was recognized and deducted from the loans, and its depreciation began under the effective interest method.

(b) During the current year, an amount of €1.985.333 was adjudicated in favor of the Company, which concerns a compensation for pavement works at Mykonos airport.

11. Cash and cash equivalents

	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash at hand	696	743
Sight deposits	23.858.527	41.342.547
Total	<u>23.859.223</u>	<u>41.343.290</u>

Sight deposits are denominated in euros.

12. Time deposits

	<u>31/12/2020</u>	<u>31/12/2019</u>
Reserve Account for the Loan	17.740.617	12.134.450
Reserve Account for State Payments	11.835.715	18.615.607
Reserve Account for Capital Expenses	634	634
Total	<u>29.576.966</u>	<u>30.750.691</u>

Time deposits concern amounts deposited by the Company into pledged accounts in line with the terms of the Concession Agreement and the bond loan taken out.

Time deposits are denominated in euros.

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Caa1	53.435.493	72.093.238
Total	<u>53.435.493</u>	<u>72.093.238</u>

13. Equity

	<u>31/12/2020</u>	<u>31/12/2019</u>
Share capital	122.000.000	122.000.000
Other reserves	(2.651.372)	(1.921.890)
Profit and loss carried forward	(75.515.303)	(18.361.602)
Total	<u>43.833.325</u>	<u>101.716.508</u>

As at 31 December 2020, the Company's total Equity was below one half of its share capital, and therefore the conditions under Article 119(4) of Law 4548/2018 apply. The Company discussed the matter at the General Meeting of Shareholders on 14 July 2021 and approved appropriate measures.

Share capital

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

	<u>Number of shares</u>	<u>Par Value</u>	<u>Share Capital</u>
As at 1 January 2019	<u>122.000.000</u>	<u>1</u>	<u>122.000.000</u>
As at 31 December 2019	<u>122.000.000</u>	<u>1</u>	<u>122.000.000</u>
As at 1 January 2020	<u>122.000.000</u>	<u>1</u>	<u>122.000.000</u>
As at 31 December 2020	<u>122.000.000</u>	<u>1</u>	<u>122.000.000</u>

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

	Actuarial profit/(loss) reserve	Reserve following change in the fair value of derivative financial instruments	Total
As at 1 January 2019	(7.215)	97.632	90.417
Increases in the year	45.600	-	45.600
Loss due to change in the fair value of interest rate swap contracts to hedge cash flows	-	(2.741.473)	(2.741.473)
Deferred tax income in other comprehensive income	-	712.782	712.782
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	-	(41.149)	(41.149)
Deferred tax income in other comprehensive income	-	11.933	11.933
	45.600	(2.057.907)	(2.012.307)
As at 31 December 2019	38.385	(1.960.275)	(1.921.890)
As at 1 January 2020	38.385	(1.960.275)	(1.921.890)
Reductions during the period	(373)	-	(373)
Loss due to change in the fair value of interest rate swap contracts to hedge cash flows	-	(918.206)	(918.206)
Deferred tax income in other comprehensive income	-	220.370	220.370
Profit from recycling in profit or loss of part of the initial profit recognized in other comprehensive income due to inefficient hedging in 2017	-	(41.149)	(41.149)
Deferred tax income in other comprehensive income	-	9.876	9.876
	(373)	(729.109)	(729.482)
As at 31 December 2020	38.012	(2.689.384)	(2.651.372)

14. Loans

Borrowing as at 31 December 2020 and 2019 is broken down as follows:

	31/12/2020	31/12/2019
Acquisition Bonds	267.182.871	271.487.793
European Investment Bank (EIB) Bonds	130.404.133	87.000.000
Unamortized deferred borrowing cost	(9.954.151)	(9.918.358)
Bond loans from associated/related parties	347.151.940	327.225.937
Total	734.784.793	675.795.372
	31/12/2020	31/12/2019
Long-term financial liabilities	727.464.433	672.501.834
Short-term financial liabilities	7.320.360	3.293.538
Total	734.784.793	675.795.372

Bank Bond Loan

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

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

a) Acquisition Bonds for a maximum total amount of €277.736.870. Acquisition Bonds for the total committed amount were issued in 2017 to cover part of the Upfront Concession Fee.

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The Acquisition Bonds include 2 series and their balances (net of deferred borrowing cost) as at 31/12/2020 and 31/12/2019 are as follows:

Series 1:

	<u>31/12/2020</u>		<u>31/12/2019</u>	
	<u>% on the total</u>	<u>Amount</u>	<u>% on the total</u>	<u>Amount</u>
1. Acquisition Fixed Rate Bonds	46,71%	124.798.744	46,71%	126.809.534

Series 2:

	<u>31/12/2020</u>		<u>31/12/2019</u>	
	<u>% on the total</u>	<u>Amount</u>	<u>% on the total</u>	<u>Amount</u>
2a. Acquisition Hedged Floating Rate Bonds	37,75%	53.749.901	37,75%	54.615.933
2β. Acquisition Unhedged Floating Rate Bonds	62,25%	88.634.226	62,25%	90.062.329
Total	100%	142.384.127	100%	144.678.262

b) European Investment Bank Bonds for a maximum total amount of €130.404.133 intended to fund capital expenses linked to the Concession Agreement, including project management and other fees, and development expenses incurred during the period of the imminent works (linked to imminent refurbishment works and imminent new or expansion works), and other expenses approved by the European Investment Bank and incurred in connection with the project. This line of credit is made up of two series as follows:

	<u>31/12/2020</u>		<u>31/12/2019</u>	
	<u>% on the total</u>	<u>Amount</u>	<u>% on the total</u>	<u>Amount</u>
a. EIB Fixed Rate Bonds	66,90%	87.239.000	72,93%	63.446.002
b. EIB Floating Rate Bonds	33,10%	43.165.133	27,07%	23.553.998
Total	100%	130.404.133	100%	87.000.000

European Investment Bank Loans for a total amount of €43.404.133 (2019: €65.000.000) were issued in 2020. All loan facilities undisbursed as at 31 December 2020 were in the amount of €0 (2019: €43.404.133).

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

The Acquisition Term Loan Facility matures on 31 December 2034.

The EIB Term Loan Facility matures on 31 December 2041.

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

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

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

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

(iv) Pledge on the Company's bank accounts except for the operations account

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

(vi) Maintaining the pledge on bank guarantee accounts:

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

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

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

Bond loan from the Company's shareholders

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

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

B) Additional Bonds for a total amount of €7.500.000.

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

d) PIK Bonds. These bonds are issued at the time when the Company ought to pay interest and bondholders acquire them instead of interest up to the amount of €162.277.000. Therefore, this series will be used to capitalize unpaid accrued interest to result from the bond loan. Until 31/12/2020 the amount of PIK bonds issued is €62.364.020 (31/12/2019: € 42.785.336).

On the reference date, the balance of the Bond Loan with the Shareholders is in the amount of €347.151.940 (31/12/2019: €327.225.937).

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

The loans (net of deferred borrowing cost) are broken down based on interest rate exposure as follows:

31/12/2020	Fixed rate	Floating rate up to 6 months	Total
Total loans	553.204.144	129.320.674	682.524.818
Effect of interest rate swaps	52.259.975	-	52.259.975
Total	605.464.119	129.320.674	734.784.793
31.12.2019	Fixed rate	Floating rate up to 6 months	Total
Total loans	512.418.693	110.418.919	622.837.612
Effect of interest rate swaps	52.957.760	-	52.957.760
Total	565.376.453	110.418.919	675.795.372

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Next follow the maturity dates or long-term borrowing liabilities during the year:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Up to 1 year	9.194.148	4.304.917
Between 1 and 2 years	11.234.856	8.629.894
Between 2 and 5 years	42.395.399	39.313.694
Over 5 years	674.926.617	626.824.624
Total	<u>737.751.020</u>	<u>679.073.129</u>

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

Bank borrowing includes unamortized deferred borrowing costs in the amount of €9.954.151 (2019: €9.918.358) which are amortized in profit or loss under the effective interest rate method.

	<u>2020</u>	<u>2019</u>
Balance as at January 1st	9.918.358	9.255.884
Prepaid borrowing costs	1.024.976	1.522.500
Funding cost depreciation	(989.183)	(860.026)
Balance as at December 31st	<u>9.954.151</u>	<u>9.918.358</u>
	<u>31/12/2020</u>	<u>31/12/2019</u>
Long-term funding cost	862.396	1.011.379
Short-term funding cost	9.091.755	8.906.979
Total	<u>9.954.151</u>	<u>9.918.358</u>

Movements regarding loans during the year are listed below:

	<u>2020</u>	<u>2019</u>
Balance as at January 1st	675.795.372	596.839.797
Loans taken during the year	43.404.133	65.000.000
Principal repayment during the year	(4.304.930)	(4.166.048)
Interest on bond loan from shareholders capitalized during the year (issuance of bonds)	19.578.684	18.402.903
Accrued interest incurred on the bond loan from the shareholders	6.987.923	6.640.597
Accrued interest incurred on a bond loan from the shareholders of the previous year capitalized in the year	(6.640.596)	(6.259.403)
Prepaid borrowing costs	(1.024.976)	(1.522.500)
Funding cost depreciation	989.183	860.026
Balance as at December 31st	<u>734.784.793</u>	<u>675.795.372</u>

Under the provisions of bond loans, every six months the Company is to submit to the competent bank all necessary documents on the progress of its operations, borrowing liabilities and compliance with everything agreed on the Company's total borrowing.

The Company assessed the impact of the COVID-19 pandemic on its operation and the progress of its activity, and on 10 July 2020 asked from Alpha Bank, which acts on behalf of the Lenders, a waiver from the obligation to furnish the documents envisaged in the loan agreement as well as a waiver of default in that respect on 30 June 2020 due to failure to observe the financial commitments regarding the documents the Company is to submit about the progress of its borrowing. The purpose of the waiver was to have a modified Financial Model submitted based on assumptions reflecting the impact of the pandemic. The Company filed the Financial Model on 27 July 2020.

Following negotiations with the Greek State and the Lenders, the Company filed, on 27 November 2020, a modified Financial Model based on additional assumptions and variables, such as the new bond loan, which is intended to meet the Company's capital needs, and the Company's agreement with the Greek State regarding the compensation to be received by the Company (Note 2.1) for the steps taken to respond to the Covid-19 pandemic for 2020.

Regarding the various obligations under the Company's existing loan agreements, the Company requested and obtained the following waivers:

C. On 30 December 2020, the Company received from Alpha Bank, which acts on behalf of its Lenders, a Lender waiver and consent, effective until 31 March 2021, regarding the following:

- The Company's obligations to file an approved modified Financial Model and other documents envisaged in the loan agreement about the Company's financial figures and data for the period that ended on 31 December 2020.
- The possibility of a waiver of default as at 31 December 2020 and during the period covered by that Lender waiver and consent due to failure to comply with financial commitments regarding the documents that the Company is under obligation to file under the loan agreement.

D. On 29 June 2021, the Company obtained an additional waiver and consent from Alpha Bank, as its Loan Manager, effective until 31 October 2021, regarding:

- The Company's obligations to file an approved modified Financial Model and other documents envisaged in the loan agreement about the Company's financial figures and data for the period that ended on 31 December 2020.
- The obligation to maintain frozen deposits regarding future capital expenses that are to do with the upgrade of the airports and other loan payables.
- The possibility of a waiver of default for the period before and on the reference date of 30 June 2021 due to failure to comply with financial commitments regarding the documents that the Company is under obligation to file under the loan agreement.

In addition, under the waiver of 29 June 2021, the Company received a time extension regarding the filing of its financial statements as at 31 December 2020, the Compliance Certificate calculations and of the list of transactions with associated companies. The extension is 20 business days from the date on which the above waiver was signed.

15. Provisions for personnel compensation due to retirement or dismissal

The amounts recognized in the statement of financial position are:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Pension benefits	167.695	144.444
Total	<u>167.695</u>	<u>144.444</u>

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

	<u>2020</u>	<u>2019</u>
Balance as at January 1st	144.444	178.399
Total charge in the statement of comprehensive income	26.913	30.482
Contribution paid	(4.153)	(4.310)
Total debit/(credit) in the statement of other comprehensive income	491	(60.127)
Balance as at December 31st	<u>167.695</u>	<u>144.444</u>

The amounts recognized in the statement of comprehensive income are:

	<u>01/01/2020- 31/12/2020</u>	<u>01/01/2019 31/12/2019</u>
Current employment cost	21.659	21.058
Financial cost	1.449	2.744
Loss from cuts	3.378	3.448
Transfer of staff	427	3.232
Total included in benefits to employees	<u>26.913</u>	<u>30.482</u>

The actuarial losses recognized (2019: profit) as empirical adjustments and changes to actuarial assumptions are:

	<u>01/01/2020- 31/12/2020</u>	<u>01/01/2019 -31/12/2019</u>
Charges / (Credit) to other comprehensive income:		
Actuarial loss/(profit) for the period	491	(60.127)
Total	<u>491</u>	<u>(60.127)</u>

The main actuarial assumptions used for accounting purposes are:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Discount rate	1.00%	1.00%
Annual average long-term inflation	2.00%	2.00%
Future salary increases	2.00%	2.00%
Average weighted duration of retirement benefits	12.4 years	12.4 years
Staff turnover rate	4.0%	4.0%

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

31/12/2020	Change in assumption by	Effect on compensation benefits			
		Assumption increase		Assumption decrease	
Discount rate	0,50%	-10,2%	150.645	11,6%	187.081
Payroll change rate	0,50%	11,4%	186.779	-10,1%	150.724
Staff turnover rate	0,50%	-10,7%	149.728	12,1%	188.048

31/12/2019	Change in assumption by	Effect on compensation benefits			
		Assumption increase		Assumption decrease	
Discount rate	0,50%	-10,50%	129.299	11,90%	161.695
Payroll change rate	0,50%	11,80%	161.426	-10,40%	129.369
Staff turnover rate	0,50%	-11,00%	128.485	12,50%	162.556

16. Liabilities under the Concession Agreement

Liabilities under the Concession Agreement - long-term portion	31/12/2020	31/12/2019
	259.360.567	258.070.971
Total	259.360.567	258.070.971
Liabilities under the Concession Agreement - short-term portion	31/12/2020	31/12/2019
	23.967.253	11.936.965
Total	23.967.253	11.936.965
Total	283.327.820	270.007.936

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

In line with the discussions that went on between the Company and the Greek State towards reaching an agreement minimizing the impact of the pandemic on the Company, the obligation of the Company to pay an Annual Concession Fee for 2019 and 2020, immediately payable to the Greek State (Note 2.1) has not yet been honored, as the finalization of this agreement is expected. Therefore it is included in its short-term liabilities under the Concession Agreement as at 31 December 2020.

17. Suppliers and other liabilities

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Long-term trade liabilities	299.971	602.661
Short-term trade liabilities	9.406.710	17.235.310
Total trade liabilities	<u>9.706.681</u>	<u>17.837.971</u>

Suppliers and other liabilities are broken down as follows:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Suppliers	299.971	602.661
Payable guarantees (b.)	1.133.692	614.721
Deferred income (a)	13.300.000	15.800.000
Suppliers and other liabilities, long-term	<u>14.733.663</u>	<u>17.017.382</u>
Suppliers	9.406.710	17.235.310
Payable guarantees (b.)	2.041.529	2.773.255
Deferred income (a)	8.882.718	8.035.442
Insurance institutions and other taxes/ duties	429.557	856.348
Withheld taxes on interest	336.759	345.684
Customer, third-party advance payments	130.852	191.345
Deferred income (ADF)	1.599.670	842.834
Accrued interest on bank loans	37.880	35.471
Provision for contribution to the State against airport modernization and development fees recovered	1.843.772	6.770.206
Accrued expenses for fire safety services	4.116.320	-
Accrued expenses - other	994.815	738.400
Other liabilities	136	171.207
Suppliers and other liabilities, short-term	<u>29.820.718</u>	<u>37.995.502</u>
Total	<u>44.554.381</u>	<u>55.012.884</u>

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

	<u>2020</u>	<u>2019</u>
Opening balance of contractual obligation as at 1 January	842.834	696.178
Amounts recognised in the Statement of Comprehensive Income for the year	(842.834)	(696.178)
Deferred income (ADF)	1.599.670	842.834
Closing balance of contractual obligation as at 31 December	<u>1.599.670</u>	<u>842.834</u>

a) On 23 March 2017 a contract was entered into with Hellenic Duty Free Shops S.A. member of "DUFREY AG". Under that contract, Hellenic Duty Free Shops S.A. has the exclusive right to open stores selling certain types of duty free and duty paid products. Hellenic Duty Free Shops S.A. pays a monthly variable fee which is a percentage of sales. In addition, Hellenic Duty Free Shops S.A. made an advance payment of €25.000.000 to the Company against the future concession fee. In 2020 an amount of €1.500.000 was offset (2019: € 3.200.000). The amount to be offset during 2021 is €2.500.000 and the amount to be offset in the remaining six years is €13.300.000. The above amounts, in addition to those of the current year, have been included under *Deferred Income* in the above table.

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

Liabilities from taxes-Duties and to social security funds pertain to deducted taxes and social security contribution payments for November and December 2020, which were not rendered overdue on the reporting date.

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18. Balances and related parties

The Company's receivables and liabilities to related parties as at 31 December 2020 and 31 December 2019 are the following and pertain to administrative support fees, rent for the Company's offices and liabilities under the bond loan agreements.

Receivables from associate companies

	<u>31/12/2020</u>	<u>31/12/2019</u>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A. (services)	33.227	-
TOP SONIC	34.031	
INTERBUS	155.892	230.393
Total	<u>223.150</u>	<u>230.393</u>

Liabilities against related parties- Trade liabilities

	<u>31/12/2020</u>	<u>31/12/2019</u>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.	6.648.634	1.012.836
INTERBUS	4.811	
FRAPORT AG	40.000	40.000
REDEX S.A.	201.354	197.045
Total	<u>6.894.799</u>	<u>1.249.881</u>

Liabilities to related parties - Loans and accrued interest

	<u>31/12/2020</u>	<u>31/12/2019</u>
FRAPORT AG (bond loan and accrued interest)	254.673.997	240.055.048
SLENTEL (bond loan and accrued interest)	57.722.052	54.409.623
MARGUERITE (bond loan and interest incurred)	34.755.891	32.761.266
Total	<u>347.151.940</u>	<u>327.225.937</u>

The Company's transactions with related parties for the years 2020 and 2019 are the following:

	TRANSACTIONS 2020		
	<u>Services received</u>	<u>Interest</u>	<u>Total</u>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.	11.996.092	-	11.996.092
FRAPORT AG	60.074	14.618.949	14.679.023
SLENTEL	25.547	3.673.547	3.699.094
MARGUERITE	-	2.164.872	2.164.872
TOP SONIC	44.047	-	44.047
INTERBUS	3.880	-	3.880
A.A.V.	31.261	-	31.261
REDEX S.A.	935.887	-	935.887
Total	<u>13.096.788</u>	<u>20.457.368</u>	<u>33.554.156</u>

	<u>Provision of services</u>
REDEX S.A.	829
INTERBUS	248.471
Total	<u>249.300</u>

	TRANSACTIONS 2019		
	<u>Services received</u>	<u>Interest</u>	<u>Total</u>
FRAPORT REGIONAL AIRPORTS OF GREECE MANAGEMENT COMPANY S.A.	17.617.472	-	17.617.472
FRAPORT AG	46.353	13.780.136	13.826.489
SLENTEL	17.629	3.462.764	3.480.393
MARGUERITE	-	2.040.655	2.040.655
REDEX S.A.	540.527	-	540.527
Total	<u>18.221.981</u>	<u>19.283.555</u>	<u>37.505.536</u>

	<u>Provision of services</u>
B2B	280
INTERBUS	361.610
Total	<u>361.890</u>

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

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

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

19. Income

	01/01/2020- 31/12/2020	01/01/2019 31/12/2019
Air Services		
Airport modernization and development fees	20.950.322	79.502.835
Other income from air services	16.247.312	30.960.884
Income from air services	<u>37.197.634</u>	<u>110.463.719</u>
Non-air activities		
Commercial activities	3.860.424	9.793.618
Rent and other associated income	3.218.561	4.321.602
Income from construction services (IFRIC 12) (Note 6)	35.171.081	89.035.248
Income from unused provisions (Note 9)	-	25.515
Other income	1.500.103	2.413.978
Income from non-air services	<u>43.750.169</u>	<u>105.589.961</u>
Total income	<u>80.947.803</u>	<u>216.053.680</u>

Impact of the COVID-19 pandemic

The COVID-19 pandemic began affecting the Company starting mid-March 2020, when the government adopted the first measures to respond to the crisis. Information on the overall effect of the pandemic on the Company's revenues is given in Note 2.1.

Income from air services is next broken down by airport:

	01/01/2020- 31/12/2020	01/01/2019 31/12/2019
Airport of Mykonos	4.334.540	12.676.633
Airport of Skiathos	899.247	3.681.398
Airport of Santorini	4.768.346	19.175.083
Airport of Kos	6.596.754	21.752.754
Airport of Mytilene	2.177.131	4.090.172
Airport of Rhodes	16.788.976	45.078.703
Airport of Samos	1.632.640	4.008.976
Total	<u>37.197.634</u>	<u>110.463.719</u>

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

	01/01/2020- 31/12/2020	01/01/2019- 31/12/2019
Separation of the Company's sales based on the revenue's time of recognition		
Revenue from the provision of services delivered at a certain point of time	37.197.634	110.463.719
Total	<u>37.197.634</u>	<u>110.463.719</u>

20. Cost of consumables and services

	01/01/2020	01/01/2019
	-	-
	<u>31/12/2020</u>	<u>31/12/2019</u>
Cost of construction services (IFRIC 12) (Note 6)	35.171.081	89.035.248
Maintenance costs	3.396.382	4.636.277
Costs of services received	24.522.112	33.958.028
Variable concession costs (a)	1.843.772	6.738.666
Cost of various consumables	1.090.363	913.731
Total	<u>66.023.710</u>	<u>135.281.950</u>

a) Pursuant to the Concession Agreement for each Concession Year ending after (1) the Concession Commencement Date and up to 1 November 2024, an amount corresponding to 8.5% of the airport modernization and development fees received by the Company after such date in any Concession Year and after (2) 1 November 2024, 35% of the airport modernization and development fees received by the Company after such date in any Concession Year will be paid to the State as the Levy to fund in part (i) the HCAA in its role as airport regulator, (ii) the deficit incurred by the operation of the airports retained by the State and (iii) the PSO routes. For the year that ended on 31 December 2020 the relevant cost recognized by the Company was €1.843.772 (2019: €6.738.666) and is part of the variable concession costs.

Next, the *Costs of services received* are broken down for 2020 and 2019:

	01/01/2020 -	01/01/2019 -
	<u>31/12/2020</u>	<u>31/12/2019</u>
Third-party benefits	8.054.867	11.544.528
Fire fighting services	5.717.477	5.699.283
Medical services	2.525	2.586
IT services	98.027	94.766
Cleaning services	2.026.532	2.503.059
Security costs	8.117.432	12.260.599
PRM costs	502.227	1.850.663
Other	3.025	2.544
	<u>24.522.112</u>	<u>33.958.028</u>

21. Staff costs

	01/01/2020-	01/01/2019-
	<u>31/12/2020</u>	<u>31/12/2019</u>
Salaries and daily wages	5.421.459	6.365.835
Social security costs	1.028.533	1.738.046
Provision for personnel compensation due to retirement or dismissal	25.464	27.738
Total	<u>6.475.456</u>	<u>8.131.619</u>
	01/01/2020-	01/01/2019-
	<u>31/12/2020</u>	<u>31/12/2019</u>
Employee average	204	225
Total	<u>204</u>	<u>225</u>

22. Other operating expenses

	01/01/2020	01/01/2019
	-	-
	<u>31/12/2020</u>	<u>31/12/2019</u>
Premiums	1.226.426	1.154.009
Expenses for consultation, technical and audit services	821.005	1.111.449
Rental costs	178.780	166.933
Other taxes	10.862	23.441
Power costs	1.947.989	2.322.168
Water supply and sewage costs	184.777	490.434
Waste management cost	249.021	178.484
Staff training costs	82.706	52.410
Flight Management Authority fees	-	150.975
Other operating expenses	434.175	486.815
Total	<u>5.135.741</u>	<u>6.137.118</u>

Audit service costs are:

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	01/01/2020	01/01/2019
	-	-
	31/12/2020	31/12/2019
Mandatory audit of the annual financial statements	69.500	73.000
Other assurance services	31.500	33.000
Other associated non-audit services	14.350	9.200
Total	115.350	115.200

23. Financial expenses - Net

	01/01/2020	01/01/2019 -
	-	31/12/2019
	31/12/2020	31/12/2019
Financial income		
Interest income	75.292	215.070
Total	75.292	215.070
Financial expenses		
Interest on bond loans from Banks	(16.498.755)	(13.879.348)
Interest expenses on bonds - Shareholders	(20.457.368)	(19.283.556)
Interest on interest rate swap agreements	(887.955)	(896.684)
Reversal of prepaid liability under a Concession Agreement	(13.421.133)	(13.346.587)
Total	(51.265.211)	(47.406.175)
Other financial expenses		
Loss from the valuation of an interest rate swap agreement recognized in the statement of comprehensive income	(266.852)	(266.858)
Other	(457.229)	(301.319)
Total	(724.081)	(568.177)
Financial expenses - Net	(51.914.000)	(47.759.282)

24. Capital management

	31/12/2020	31/12/2019
Long-term loans	727.464.433	672.501.834
Short term loans	7.320.360	3.293.538
Less: Cash and cash equivalents	(23.859.223)	(41.343.290)
Time deposits	(29.576.966)	(30.750.691)
Net borrowing	681.348.604	603.701.391
Total equity	43.833.325	101.716.508
Total capital employed	725.181.929	705.417.899
Leverage ratio	93,96%	85,58%

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

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	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash and cash equivalents	23.859.223	41.343.290
Time deposits	29.576.966	30.750.691
Borrowing - payable in the following year	(7.320.360)	(3.293.538)
Borrowing - payable after one year	(727.464.433)	(672.501.834)
Net borrowing	<u>(681.348.604)</u>	<u>(603.701.391)</u>

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

	<u>Other assets</u>		<u>Loans</u>		<u>Total</u>
	<u>Cash in hand/bank</u>	<u>Time deposits</u>	<u>Borrowing payable within 1 year</u>	<u>Borrowing payable after 1 year</u>	
Net borrowing as at 01 January 2020	41.343.290	30.750.691	(3.293.538)	(672.501.834)	(603.701.391)
Cash flows net of funding costs	(17.484.067)	(1.173.725)	-	(43.404.133)	(62.061.925)
Principal repayment during the year	-	-	4.304.930	-	4.304.930
Loan interest capitalized during the year (issuance of bonds)	-	-	-	(19.578.685)	(19.578.685)
Accrued interest incurred on the bond loan from the shareholders	-	-	-	(347.326)	(347.326)
Loan issuance fees	-	-	-	1.024.976	1.024.976
Other non-cash transactions - Funding cost depreciation	-	-	-	(989.183)	(989.183)
Other non-cash transactions - Reclassification of short-term part of funding cost	-	-	862.396	(862.396)	-
Other non-cash transactions - Reclassification of short-term part	-	-	(9.194.148)	9.194.148	-
Net borrowing as at 31 December 2020	<u>23.859.223</u>	<u>29.576.966</u>	<u>(7.320.360)</u>	<u>(727.464.433)</u>	<u>(681.348.604)</u>

25. Underwriting liabilities

Construction contracts

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

As at 31 December 2020 the underwriting liabilities under the above contract stood at €1.799.900 (2019: €29.700.000).

Fire Truck Supply Agreement

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

As at 31 December 2020 the underwriting liabilities under the above contract stood at €2.224.000 (2019: €2.224.000). The fire trucks were delivered in 2021.

Other contracts

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

	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
Car leasing - third parties	91.334	317.852	-
Other services- third parties	141.498	70.749	-
Greek State (Fire Department) - (a)	5.699.283	22.797.132	921.254
Office rentals - related parties	4.080	15.400	-
Total	<u>5.936.195</u>	<u>23.201.133</u>	<u>921.254</u>

(a) On 20 February 2017, the Company entered into an agreement with the Greek State, in particular the Fire Department, for the procurement of fire fighting services at the airports the Company manages. The agreement had a three-year term (from 20 February 2017 until 20 February 2020) and the annual fee was fixed at €5.480.080.

On 21 February 2020, the Company entered into a new agreement with the Fire Department, for the procurement of fire fighting services at the airports operated by the Company. The agreement has a six-year term (from 21 February 2020 until 20 February 2026) and the annual fee was fixed at €5.699.283.

26. Possible obligations and claims

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

The Company has not been audited for 2015, 2016, 2017 and 2019. For 2016, 2017, 2018 and 2019 it was audited pursuant to Law 4174/2013 and received a tax compliance certificate from PwC S.A. without reservations. The tax compliance audit for the issuance of the tax certificate for 2020 is conducted by PwC S.A. and it is not expected that there will be substantial tax liabilities in addition to those listed in the financial statements.

The figures in profit or loss have been gravely affected by the pandemic and the steps taken worldwide to respond to it. Therefore, it is the opinion of the Management that the article of the Concession Agreement on force majeure has taken effect. Relying on that Article, the Company has asked compensation from the Greek State due to unforeseen and dramatic circumstances. The Company is currently discussing the above matter with the competent government authorities. However, it is not possible for the time being to estimate the outcome.

27. Events after the Reporting date

In line with Note 2.1 to the financial statements, the Company reached an agreement with the Greek State past the reference date regarding a waiver from or a deferral for specific obligations to pay the fixed and variable fee under the Concession Agreement, as compensation for the steps taken by the Government to respond to the coronavirus pandemic, which affected the Company's activity. The agreement was ratified by the Greek Parliament on 25 June 2021 by way of Law 4810/2021.

Also, in line with Notes 2.1 and 14 to the financial statements, the Company asked for and obtained, past the reference date, specific waivers and consents from its Lenders.

Finally, in May 2021, Law 4799/2021 was published under which the income tax rate was reduced by 2%. In particular as regards income as of 2021, the income tax rate will be 22% compared to 24% before. However, in particular for 2020, the income tax rate will stay at 24%. This change in the tax rate is expected to affect the calculation of deferred tax in the statement of financial position and, therefore, of income tax in profit and loss and total income for the next period ending on 31 December 2021.

Athens, 21/07/2021

THE PRESIDENT

STEFAN SCHULTE

German passport No
C5LP2YHTY

THE CHIEF FINANCIAL OFFICER

EVANGELOS BALTAS

Police ID Card No AK096400

THE VICE PRESIDENT

HOLGER SCHAEFERS

German passport No
C7919C8P1

**THE HEAD OF ACCOUNTING
DEPARTMENT**

TAIRIDOU KIRIAKI

Police ID Card No AB573682



FRAPORT REGIONAL AIRPORTS OF GREECE "B" S.A.
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FRAPORT REGIONAL AIRPORTS OF GREECE "B"
SOCIETE ANONYME

Independent Chartered Auditor - Accountant Audit Report



This is a direct translation from the original text in Greek of the draft independent auditor's report that we intend to issue on the statutory financial statements of «Fraport Regional Airports of Greece B S.A.» for the year ended 31 December 2020 upon their approval by the Company's Board of Directors.

Independent auditor's report

To the Shareholders of «Fraport Regional Airports of Greece B S.A.»

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of «Fraport Regional Airports of Greece B S.A.» (Company) which comprise the statement of financial position as of 31 December 2020, the statements of profit or loss and comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31st December 2020, the financial performance and the cash flow for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

Basis for opinion

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

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

Independence

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

Emphasis of matter

We draw your attention to note 2.1 of the financial statements, which refers to the impact of the COVID-19 pandemic on the Company's operations, as well as to the actions taken by management to address them so as to ensure the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.



Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

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

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

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

- The information given in the the Board of Directors' Report for the year ended at 31 December 2020 is consistent with the financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018.

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

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

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

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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



Report on other legal and regulatory requirements

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

As at 31 December 2020, the total equity of the Company is less than half (1/2) of paid-in capital, resulting in the applicability of par.4, article 119 of Law 4548/2018. The Company discussed the above matter to the General Meeting of Shareholders on 14 July 2021 and approved the appropriate measures.



Athens, 23 July 2021
The Certified Auditor Accountant

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

Socrates Leptos – Bourgi
SOEL Reg. No. 41541