LAMPSA HELLENIC HOTELS S.A.

# LAMPSA HELLENIC HOTELS S.A.

**Societe Anonyme Reg. Nr.: 6015/06/B/86/135 GEMI Reg. Nr.: 223101000**

**Vasileos Georgiou A1, 10654, Athens**

## ANNUAL FINANCIAL REPORT

**For the period ended as at December 31, 2018**

According to Article 4 of Law 3556/2007

LAMPSA HELLENIC HOTELS S.A.

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## A. Representations of the Members of the Board of Directors

(under Article 4, par. 2, Law 3556/2007)

We hereby certify that as far as we know:

a) The attached annual separate and consolidated Financial Statements of "LAMPSA HELLENIC HOTELS S.A." for the FY 1/1/2018 – 31/12/2018 prepared according to the effective International Financial Reporting Standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the consolidated companies as a total.

b) The annual management report of the Board of Directors presents in a true and fair view the development, the performance and the financial position of the Company, as well as the companies consolidated as a total, including the description of the main risks and uncertainties they face.

Athens, April 24, 2019

The designees,

| PRESIDENT OF THE BOARD OF DIRECTORS | CHIEF EXECUTIVE OFFICER | MEMBER OF THE BOARD OF DIRECTORS |
|---|---|---|
| GEORGE GALANAKIS<br>Α.Δ.Τ. Ξ 282324 | ANASTASIOS HOMENIDIS<br>Α.Δ.Τ. ΑΙ 506406 | FILIPPOS SPYROPOULOS<br>Α.Δ.Τ. ΑΚ 121283 |

## B. Independent Auditor's Report

### Independent Auditor's Report

To the Shareholders of "LAMPSA HELLENIC HOTELS S.A."

**Report on the Audit of the Separate and Consolidated Financial Statements**

**Opinion**

We have audited the accompanying separate and consolidated financial statements of the company "LAMPSA HELLENIC HOTELS S.A." (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2018, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the Group) as of December 31, 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

**Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the separate and consolidated financial statements" section of our report. During our audit, we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 5.25 of the financial statements which include statements about the existence of pending court cases of subsidiary company of amount EUR 1.1 million the final outcome of which cannot be estimated at present and therefore has not been recognized any provision in Group's financial statements in relation to these court cases. In our opinion there is no qualification in relation to this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | Key Audit Matters Approach |
|---|---|
| **Revenue Recognition** | |
| The revenue cycle of the Group and the Company is an area of special audit consideration due to the volume of transactions and the complexity of the information systems necessary for the provision of services. | Our audit approach included among others the following procedures:<br><br>• We have performed a reconciliation between the guest ledger and the general ledger of the Financial Statements. |

| | |
|---|---|
| As mentioned in Note 5.19 to the Financial Statements as at 31/12/2018, the turnover of the Group and the Company amounted to € 66.710 k and € 54.667 k respectively; recording an increase of 6.34% for the Group and 8.24% for the Company versus the pervious year. Information relevant to the Company revenue recognition accounting policies is presented in Note 3.5 to the Financial Statements. | • We evaluated the adequacy of the guest ledger internal audit procedures and we assessed whether they are designed effectively as to prevent any errors or omissions in revenue recognition.<br>• For a sample of revenues of the events department we have performed reconciliation procedures from the source documents to the accounting records.<br>• We conducted substantive analytical procedures as to recalculate the room revenue based on the hotel occupancy and the respective room rates.<br>• We evaluated the adequacy of the Financial Statement disclosures regarding the aforementioned matters. |

**Acquisition of subsidiary**

| | |
|---|---|
| In October 2018, the parent company acquired additional participating interest of 50% stake in the company "Touristika Theretra". Following the acquisition of the additional participating interest, the parent company holds the total value of shares of "Touristika Theretra". The value of the aforementioned transaction stood at € 7.7 million, while goodwill of € 3.5 million was recognized at control acquisition stage. Moreover, the absorbtion through merger of the subsidiary Touristika Theretra was completed as at 27/12/2018.<br><br>Under IFRS 3 "Business Combinations" the acquirer measures in its financial statements the identifiable assets acquired and the liabilities assumed at their fair value at the acquisition date. The valuation period shall not exceed one year from the acquisition date.<br><br>At the acquisition date the fair value of the net assets assumed following the acquisition of "Touristika Theretra" was estimated. Based on the values arising from the estimates, the acquisition cost was allocated to the corresponding items.<br><br>The above measurements require the use of complex valuation techniques, assumptions and estimates.<br><br>Given significant value of the transaction and the significance of assumptions accounting estimates | Our audit approach included among others the following procedures:<br>• We examined the legal documents pertaining to the acquisition and assessed the appropriateness of accounting for the acquisition as a business combination in accordance with the provisions of IFRS 3 and the correctness of incorporating the acquired company in the consolidated financial statements of the Group in compliance with IFRS 10.<br>• We evaluated the methodology and key assumptions used to determine the fair value of the acquired assets and liabilities (acquisition cost allocation).<br>• We understood and analyzed valuation techniques applied in order to determine fair values and we compared them with generally accepted practices, assisted by Grant Thornton experts where deemed necessary.<br>• We evaluated the adequacy of the discourse in the separate and consolidate Financial Statements regarding the aforementioned matter. |

made by Management regarding the calculation of acquisition cost allocation, this is an area of special audit consideration.

The disclosures made by the Management in respect of the accounting policy, judgments and estimates used and the analysis of these items are presented in Notes 2.2, 5.5 to the financial statements.

**Other Information**

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the separate and consolidated 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 separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement therein; we are required to communicate that matter. We have nothing to report in this respect.

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

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been transposed in Greek Legislation, 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 separate and consolidated financial statements.

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group'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 separate and consolidated 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

## Report on Other Legal and Regulatory Requirements

### 1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

a. The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Greek Codified Law 2190/1920.

b. In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31/12/2018.

c. Based on the knowledge we obtained during our audit about the Company LAMPSA HELLENIC HOTELS S.A. and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

**2. Additional Report to the Audit Committee**

Our audit opinion on the separate and the consolidated financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

**3. Non Audit Services**

The allowed non audit services provided to the Company and its subsidiaries during the year ended 31 December 2018 have been disclosed in Note 5.19 to the accompanying separate and consolidated financial statements.

**4. Appointment**

We were appointed as statutory auditors for the first time by the General Assembly of shareholders of the Company on 25/06/2004. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for 14 consecutive years.

Athens, 30 April 2019

The Certified Public Accountant

Thanasis Xynas

SOEL Reg. 34081

Grant Thornton

An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

## C. Annual Report of the Board of Directors
## of the company
## «LAMPSA HELLENIC HOTELS S.A. »
## on the corporate and consolidated Financial Statements
## for the year January 1st to December 31st, 2018

Dear Shareholders,

The current Annual Report of the Board of Directors pertains to the closing year from 1/1/2018 to 31/12/2018 and has been prepared in accordance with the provisions of Law 2190/1920 Article 43a paragraph 3, Article 107 paragraph 3 and Article 136 paragraph 2, and the provisions of Law 3556/2007, Article 4, paragraphs 2 (c), 6, 7 & 8 and the decisions of the Capital Market Commission 7 and Article 2 of the Company's Articles of Association. The current report includes the audited consolidated and corporate financial statements, the notes to the financial statements and the Independent Auditor's Report. The current report summarized information on the Group and the Company **«LAMPSA HELLENIC HOTELS S.A.»**, financial information aimed at providing general information to the shareholders and the investing public about the financial performance and the results, the overall course of development and the changes made during the closing year (01.01.2018 - 31.12.2018), significant events that took place and their impact on the financial statements of the year. Also, there is provided a description of the main risks and uncertainties that the Group and the Company may face in the future, as well as significant transactions between the Issue and its related parties.

The current report accompanies the annual financial statements (01/01/2018 - 31/12/2018) and is included together with the full text of the statements of the BoD members. Given that the Company also prepares consolidated financial statements, this report is unified, with the principal point of reference of the consolidated financial statements and with reference to corporate financial data of «LAMPSA HELLENIC HOTELS S.A.», only where appropriate or necessary for better understanding its contents.

The report presents an in brief but effective way all the necessary significant units, based on the above legislative framework and records, and reflects, in a true and fair manner, all the relevant information, required by legislation, in order to provide essential and thorough information regarding the operations within the aforementioned period on «LAMPSA HELLENIC HOTELS S.A.» (hereinafter «The Company») as well as the Group.

## A. Financial developments and data on the course of the reporting year

### Financial Information

In 2018, the tourism section Greece substantially improved, since there was an increase in arrivals, in line with an increase in room revenue. Therefore, due to the increase in arrivals, the revenue of the Food & Beverage segment, also presented a significant increase.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a marginal decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

The room occupancy in Athens' luxury hotels market increased by 0,7% compared to the corresponding period of 2017, bringing the rate to 73,8% compared to 73,3% in 2017. The average hotel room rate increased by 8,8% compared to 2017, reaching € 170,99 versus € 157,14 in 2017. As a result, the revenue per available room increased at luxury hotels in Athens by 9,6%, reaching € 126,13 versus € 115,11 in 2017, while total room revenue increased by 9.8% (due to the increase in available rooms by 0,2%).

"Grand Bretagne" and "King George" recorded occupancy improvement by 76,11% (versus 74,99% in 2017), but also an average room rate of € 314,59 ARR (Average Room Rate), (versus € 287,14 in 2017) keeping the sights of Athenian Hotel Market. Consequently, revenue per available room increased by 11,20%.

Turnover of the parent company amounted to € 54,667k, recording a significant increase of 8,24%, while EBITDA amounted to € 15,681k versus € 13,991k in 2017.

"Grand Bretagne" Hotel recorded an increase in sales by 9,84% compared to FY 2017, while "King George" Hotel recorded a similar increase (13,32%). Regarding the Group Hotels in Serbia, "Hyatt Regency Belgrade" recorded a marginal decrease of 2,31%, while "Excelsior" recorded a significant increase of 15,33%. Moreover, "Sheraton Rhodes" Hotel recorded a marginal decrease of 0,85%.

Specifically for the Group's Hotels, the figures were as follows:

| | | | | | |
|---|---|---|---|---|---|
| **Results for 31-12-2018** | | | | | |
| | **Grand Bretagne** | **King George** | **Hyatt Belgrade** | **Sheraton Rhodes** | **Excelsior** |
| Revenue per available room | 243,99 | 225,12 | 61,59 | 100,63 | 42,93 |
| Hotel occupancy rate | 75,78% | 77,13% | 61,19% | 79,15% | 63,28% |
| Average hotel room price | 321,95 | 291,89 | 100,32 | 127,14 | 61,68 |
| **Results for 31-12-2017** | | | | | |
| | **Grand Bretagne** | **King George** | **Hyatt Belgrade** | **Sheraton Rhodes** | **Excelsior** |
| Revenue per available room | 221,22 | 196,82 | 64,16 | 103,33 | 31,60 |
| Hotel occupancy rate | 73,27% | 80,38% | 62,85% | 82,51% | 63,67% |
| Average hotel room price | 301,92 | 244,86 | 100,89 | 125,24 | 50,00 |

Also, Group's Turnover recorded an increase of 6,34% (from € 62,731k to € 66,710k) and the consolidated EBITDA increased by 13,72% (from € 17.551k to € 19.981k), mainly derived from the parent company.

The Group's results before tax amounted to € 15,671k profit, versus € 12,128k profit in 2017, recording an increase of 29,21% in operating activities. The additional increase recorded due to the reversal of the impairment of the participation cost in the Company Touristika Theretra, due to the gradual acquisition and measurement of the pre-existing rate at fair value. Profit before tax of the Company amounted to € 12,469k versus € 10,843k in 2017.

Finally, net results (after tax and before non-controlling interests) of the Group amounted to € 12.391k profit versus € 8.770k profit in 2017. Profit after tax of the Company amounted to € 9.211k versus € 7.566k profit in 2017.

Currently, the following companies are incorporated:

| Company | Func. Currency | Domicile | Participating interest % | Equity shares* | Consolidation Method | Participation |
|---|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A.. | € | GREECE | Parent | | | |
| LUELLA ENTERPRISES LTD | € | CYPRUS | 100,00% | | Full | Direct |
| BEOGRADSKO MESOVITO PREDUZECE | € | SERBIA | 94,60% | 5,4% | Full | Indirect |
| EXCELSIOR BELGRADE SOCIATE OWNED | € | SERBIA | 80,33% | 17,23% | Full | Direct |
| MARKELIA ENTERPRISES COMPANY LTD | € | CYPRUS | 100,00% | | Full | Indirect |

**Value creation and performance measurement factors**

The Group evaluates results and performance on a monthly basis, timely and effective identifying deviations from the goals and taking corrective measures. The Group's performance is measured using the following international financial performance indicators:

-EBITDA (Operating Earnings Before Interest, Taxes, Depreciation & Amortization): The Group defines "Group EDITDA" sizes as profit / (loss) before taxes adjusted for financial and investment result purposes, in respect of total depreciation and amortization (tangible and intangible fixed assets) as well as the effects of special factors, such as share in operating results of associates when they are active in one of the Business Segments and the effects of write-offs made under transactions conducted with the aforementioned associates.

- ROCE (Return on Capital Employed): The index divides the earnings before interest and taxes to total capital of the Group which is the sum of equity, total loans and long-term forecasts.

- ROE (Return on Equity): The index divides the profit after tax attributable to equity holders of the parent by the equity attributable to shareholders of the parent.

The above indicators for 2018 compared to 2017 were as follows:

| | 31/12/2018 | 31/12/2017 |
|---|---|---|
| EBITDA | 19.981 | 17.551 |
| ROCE | 9,84% | 11,71% |
| ROE | 12,46% | 9,87% |

Based on the above, the most significant items of the Financial Statements have changed as follows:

- The Group's **turnover** amounted to € 66,710k versus € 62,731k in 2017, recording an increase of 6,34%. The parent company respectively ("Grand Bretagne", "King George" Hotels for the whole year and "Sheraton Rhodes" for November and December 2018) amounted to € 54,667k versus € 50,506k in 2017, an increase of 8,24% mainly derived from room revenue (occupancy & average price) as a consequence of the political stability and the increase of incoming tourism. King George's participation amounted to € 11,5 m, versus € 10,1 m in 2017.

- Consolidated **gross profit** amounted to € 28,762k versus € 25,602k in 2017, recording an increase of 12,34%, while the gross profit margin increased from 43,11% in 2017 to 40,81% 2018. Gross profit for the parent company amounted to € 25,397k versus € 21,682k in 2016, recording an increase of 17,13%. The gross profit margin of the Company amounted to 46,46% in 2018 versus 42,93% in the previous year. This increase is mainly due to the large increase in turnover and consequently to the improvement of the profitability margins due to relatively stable payroll costs, a major component of the cost of sales.

- **Group's operating profit - EBITDA** amounted to € 19,981k versus € 17,551k in 2017, recording an increase of 13,84%. The significant increase in EBITDA reflects the impact of significant turnover growth. The parent company amounted to € 15,681k versus € 13,991k in 2017, recording an increase of 12,08% due to the increase in turnover. It is to be noted that the results of Sheraton Rhodes Hotel were incorporated for the period 1/11/2018-31/12/2018, when the hotel remained closed (zero revenue and fixed payroll expenses). Therefore, the company's EBITDA was adversely affected. i.e. by € 1.557 k, while full incorporation will lead to an increase in EBITDA by approximately € 1.774 k. It is to be noted that Serbia's hotels also have positive EBITDA.

- **Other financial results** include profit from the reversal of the impairment of the participation in Touristika Theretra of € 5,8 m due to its gradual acquisition and the measurement of the pre-existing rate at fair value. Moreover, at the parent company, an impairment loss was recognized for its participation in the subsidiary company Excelsior amounting to € 1,08 m.

- Group's **Results before tax** amounted to € 15,671k profit versus € 12,128k in 2017. The Company's profit before tax amounted to € 12,469k versus € 10,843k profit in 2017.
- Group's **net results (after tax and before non-controlling interests**) amounted to € 12,391k profit versus € 8,770k profit in 2017 as a result of the above and the impact of the tax, which amounted to € 3,281k versus € 3,359k in 2017.
- During the FY, for the Group and the Company, **investments in tangible and intangible assets** amounted to € 6,158k and € 5.532k (2017: € 48,909k and € 48,170k respectively, mainly pertained to the purchase of the King George Hotel), of which, mainly pertained to the renovation of King's Palace as well as the other hotels renovation and equipment expenses.

## B. Significant events

### SIGNIFICANT EVENTS DURING THE FISCAL YEAR 2018

On February 26, 2018, the subsidiary company EXCELSIOR BELGRADE AD decided to cease its listing at the Serbian stock exchange by exercising the pre-emptive option regarding the shares of majority shareholders. Till currently, the option was supported by the shareholders of the company holding total of 17.23%. Now, a small percentage of shares (2.28%) remains non-controlled by the company and regarding this issue, the company intends to exercise the mandatory option in order to acquire 100% of the share capital.

In March 2018, the subsidiary BEOGRADSKO MESOVITO PREDUCEE AD acquired all minority shares for a consideration of € 2.5 m, corresponding to 5.4% of the share capital. As a result of the acquisition, no shares are held outside the Group's companies.

In addition, in March 2018, a loan agreement was signed between two subsidiaries domiciled in Serbia (BEOGRADSKO MESOVITO PREDUZECE & EXCELSIOR BELGRADE SOCIATE OWNED). The amount of the loan is € 1.1 m with full repayment in 2020. The loan will be used to finance the acquisition of minority shares of EXCELSIOR BELGRADE AD.

Following signing of the long-term lease agreement of King's Palace historic hotel, owned by the AUXILIARY FUND OF FORMER EMPLOYEES OF THE AGRICULTURAL BANK OF GREECE (ATPPEATE), the engineering designs as well as the necessary licenses for the renovation of the hotel were finalized and its reconstruction has started.

Moreover, in the context of this lease, the company signed an agreement with the international hotel group AccorHotels, to undertake the management of the hotel under the trade name MGallery. The agreement matures in 25 years and includes basic management fees on revenue and remuneration for achieving objectives.

AccorHotels is a Hotel Group that offers unique experiences to over 4,500 hotels, resorts and residences in 100 different countries. Through its portfolio of internationally renowned hotels, it has been rendering services to all kinds of visitors for more than 50 years.

On 15/06/2018, the Annual Regular General Meeting of the Company LAMPSA HELLENIC HOTELS S.A. took place, with the participation of shareholders, legally representing 15,780,377 shares out of a total of 21,364,000 shares of the Company, namely approximately 73,86%, who decided unanimously on the following items on the agenda:
(1) regarding the first item, the shareholders approved the annual financial statements of LAMPSA S.A. (Separate and Consolidated) as well as the Annual Financial Report of the Board of Directors for the financial year 2017 (1.1.2017 - 31.12.2017), following the disclosure of the Independent Auditors' Report on the Annual Financial Statements of 31 December 2017 (separate and consolidated), including distribution of dividend of € 0.20 per share for 2017, with dividend claiming right date expiring on 28/06/2018. Dividend beneficiaries are the company shareholders registered in the records of the Dematerialized Securities System (D.S.S) on 29/06/2018. Dividends will be paid 04/07/2018. Furthermore, the General Meeting authorized the Board of Directors to take the necessary steps to implement this decision.

(2) regarding the second item, the shareholders approved discharging the members of the Board of Directors and the Certified Auditors of any liability for compensation for the preparation and audit of the annual financial statements and the general management of corporate affairs for the year 01.01.2017-31.12.2017,

(3) regarding the third item, the shareholders elected GRANT THORNTON S.A. for the audit of annual and interim financial statements of the Company for 2018 and defined the relative fee.

(4) regarding the fourth item, the shareholders approved payment of fees of 30.090 Euro to the member of the Board of Directors, Ms. Chloe Laskaridi for 2017, while no other amounts were approves as fees for 2018.

(5) regarding the fifth item, the Chairman of the General Meeting has informed the shareholders about the resignation of the member of the Board of Directors, Mr. Athanasios Papadopoulos. Mr. Papadopoulos submitted his resignation on 28/11/2017 and the Board of Directors was restructured on 28/11/2017, since it has been decided to replace the resigned member with Mr. Vasileios Theocharakis for the remaining term of office of the Board of Directors, namely until 19.06.2018.

(6) regarding the sixth item, the election of a new Board of Directors was decided, which will manage the company for 3 years (according to Article 15 of the Company's Articles of Association), ie until 15.06.2021. The members of the Board of Directors are as follows:

| | |
|---|---|
| 1. Georgios Galanakis | Non-independent member |
| 2. Apostolos Doksiadis | Non-independent member |
| 3. Anastasios Xomenidis | Non-independent member |
| 4. Nikolaos Dandolos | Non-independent member |
| 5. Filippos Spyropoulos | Independent member |
| 6. Vasileios Theocharakis | Non-independent member |
| 7. Thomas Miller | Independent member |
| 8. Maurice Modiano | Non-independent member |
| 9. Chloe Laskaridi | Non-independent member |
| 10. Susanna Laskaridi – Doulaki | Non-independent member |

(7) regarding the seventh item, a new Audit Committee was elected according to the provisions of Law 4449/2017, which will consist of three members, two-year term, consisting of an independent/non-executive member of the Company's Board of Directors and two non-members of the Board of Directors (independently within the meaning of Law 3016/2002), and in particular the following:

**1.** Konstantinos Vasileiads, father's name Vasileios, independent within the meaning of Law 3016/2002,
**2.** Filippos Spyropoulos, father's name Konstantinos, independent member within the meaning of Law 3016/2002,
**3.** Athanasios Mpournazos, father's name Matthaios, independent within the meaning of Law 3016/2002, Chairman of the Audit Committee.

Moreover, it was decided to update the existing operational regulations of the company and to draft new regulations, to the extent it is necessary in order to facilitate the Company's regular operations. Thereafter, the General Meeting authorized the Board of Directors of the Company to take all the necessary steps to implement this decision.

(8) regarding the eighth item, the shareholders discussed various announcements, information on the Company's progress and the challenges faced by it in the Tourism sector.

The "LAMPSA Hellenic Hotel SA" proceeded, within 2018 with acquisition of shares representing 50% of the share capital of "Touristika Theretra SA", owner of Sheraton Rhodes Resort Hotel, from the company "GOLF RESIDENCES SA", for a consideration of € 7.6 m. Following the above acquisition, Lampsa SA now owns 100% of the share capital of the company "Touristika Theretra SA".

The objective of Lampsa SA was to proceed with the full absorption of the company "Touristika Theretra SA" within the end of 2018. The merger of the two companies was finalized on 27-12-2018. The transaction was registered in the General Commercial Registry (GEMI) under the registration number 1609773, or, the decision of the General Secretariat of Commerce and Consumer Protection, General Directorate of Market, Company Directorate, Listed and Athletic Supervision Department, with the number 140733 / 27-12-2018. (ΑΔΑ: 78ΔΗ465ΧΙ8-ΨΨΔ), with which was approved the merger of the Societe Anonyme "LAMPSA HELLENIC HOTELS SA" under GEMI Reg. Nr.: 223101000 with headquarters in the Municipality of Athens and "TOURIST THERETRA SA" under GEMI Reg. Nr.: 7192201000 with headquarters in the Municipality of Amaroussion of Attica, with the absorption of the second company from the first one, in accordance with the decisions of the Board of Directors of absorbing company as at 22-10-2018, 09-11-2018 and 20-12-2018 and the decisions of the Board of Directors of the absorbed company as at 25-10-2018, 09-11-2018 and 20-12-2018, the provisions of articles 68-78 of CL. 2190/20 and the provisions of articles 1-5 of L. 2166/1993, the Draft of the Merger Agreement of 09-11-2018 of the aforementioned companies and the Act No 26650 / 20-12-2018 of the Notary of Athens Eleni Georgiou Konstantinidis. Since the publication, the absorbed has ceased to exist, and the absorbing entity is its quasi-universal successor.

Following the aforementioned actions, significant economies of scale among hotels are expected, as well as a better coordination of Administrative Operation and Sales Operations.

**SIGNIFICANT EVENTS AFTER THE YEAR END**

On February 26, 2019, the Company signed a ten (10) years Joint Venture Bond Loan Secured Coverage Agreement with “ALPHA BANK SA”, “EUROBANK ERGASIAS SA” and “NATIONAL BANK OF GREECE SA" amounting to € 80 m. The loan will be used to refinance existing Company borrowing, to finance part of the renovation costs of the King's Palace hotel and to finance investments in the company's hotel units. The terms of this loan are highly favorable in terms of return and reflect the confidence that the healthy business sizes create.

## C. Risks and Uncertainties

### Financial Risk Factors

The Group is exposed to financial risks such as changes in exchange rates, interest rates, credit risk, liquidity risk and fair value interest rate risk. The overall risk management of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by the central cash available management service, which identifies and evaluates financial risks in cooperation with the services that face these risks. Prior to the relevant transactions it is taken acceptance by officers with the right to bind the Company to its counterparties.

### Currency Risk

The Group operates in Greece, Cyprus and Serbia and its operating currency is Euro. However, here is a certain limited exposure to currency translation risk regarding US Dollar, mainly arising from loan and other liabilities in Dollars. The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

Financial assets and liabilities in foreign currency converted into Euro at the closing rate are as follows:

| | 2018 | 2017 |
|---|---|---|
| **Amounts in 000 €** | | |
| **Nominal amounts** | **US$** | **US$** |
| Financial assets | 300 | |
| Financial liabilities | (4.156) | (2.127) |
| Short-term exposure | (3.857) | (2.127) |
| | | |
| Financial assets | | |
| Financial assets | (2.088) | (5.139) |
| Long-term exposure | (2.088) | (5.139) |
| **Total** | **(5.944)** | **(7.267)** |

The following tables show the sensitivity of the result for the financial year as well as the equity in relation to financial assets and financial liabilities and the exchange rate Euro / Dollar.

We assume a change of 1,88%% in the 31 December 2018 exchange rate of EUR / USD (2017: 2,49%). These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

In case € increases compared to the above currency, with the percentages mentioned above, the results on the earnings for the year and equity will be as follows:

In case € depreciates compared to the above currency, with the percentage mentioned above, the earning for the year will be affected as follows:

| **Amounts in thousands €** | **2018** | **2017** |
|---|---|---|
| | **US$** | **US$** |
| Income statement before tax | 109 | 107 |
| Equity | 78 | 75 |
| | | |
| **Amounts in thousands €** | **2018** | **2017** |
| | **US$** | **US$** |
| Income statement before tax | (105) | (110) |
| Equity | (75) | (78) |

The exposure of the Group to foreign exchange risk varies during the year depending on the volume of transactions in foreign currency. However, the above analysis is considered representative of the Group's exposure to currency risk.

**Credit Risk & Liquidity Risk**

The majority of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

Liquidity risk is kept at low levels by maintaining sufficient cash and credit lines.

Maturity of the Group and the Company liabilities settled on cash basis is as follows:

| **THE GROUP** | **31.12.2018** | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **Short-term** | | **Long-term** | |
| | **within 6 months** | **6 to 12 months** | **1 to 5 years** | **over 5 years** |
| Bank debt | 51.900 | 190 | 22.122 | 143 |
| Bond loan | 20.061 | 1.862 | - | - |
| Finance lease liabilities | 8 | - | 9 | - |
| Other long-term liabilities | - | - | 670 | 1.018 |
| Trade liabilities | 4.273 | - | - | - |
| Other short-term liabilities | 8.980 | - | - | - |
| **Total** | **85.222** | **2.052** | **22.801** | **1.161** |
| | | | | |
| | **31.12.2017** | | | |
| **Amounts in thousands €** | **Short-term** | | **Long-term** | |
| | **6 to 12 months** | **6 to 12 months** | **1 to 5 years** | **over 5 years** |
| Bank debt | 43.177 | 177 | 849 | - |
| Bond loan | 11.772 | 9.572 | 2.875 | 137 |
| Finance lease liabilities | 8 | - | - | - |
| Other long-term liabilities | - | - | 118 | 6 |
| Trade liabilities | 3.455 | - | - | - |
| Other short-term liabilities | 6.975 | 57 | - | - |
| **Total** | **65.387** | **9.806** | **3.842** | **143** |

As at 31/12/2018, the Group had negative working capital, as current liabilities exceed current assets by € 72.595 k. (parent company € 77.884 k). A significant part of current liabilities (81% regarding the Group and the parent company) pertains to short-term debt and long-term debt installments payable in the following year.

Without taking into consideration the short-term loan liabilities, the Group working capital is presented positive by € 1.424 k and the Company's is presented negative by € 4.263 k.

On 26/2/2019, the Company successfully completed the refinancing of the existing loan obligations with the conclusion of a long-term syndicated loan of € 80 m. With the conclusion of the new loan, the negative working capital of the Company and, consequently, the Group is treated.

It is noted that the financial statements of the companies included in the consolidation have been prepared based on the going concern principle.

**Risk of Changes of Fair Value due to Changes in Interest Rates**

Operational revenue and operational cash flows of the Group are substantially independent of changes in market interest rates. The Group has assets of interest-bearing assets with fixed performance and the policy of the Group is to maintain approximately total borrowings at floating rate. At the end of the administrative period, the total borrowings were in floating interest rate loans.

The following table shows the sensitivity of the results for the financial year as well as the equity to a reasonable possible change of interest rate of +1.0 % or -1.0% (2017: +/-1 %). It is estimated that changes in rates logically reflect the market conditions.

| | 01/01-31/12/2018 | | 01/01-31/12/2017 | |
|---|---|---|---|---|
| **Amounts in thousands €** | **1,0%** | **-1,0%** | **1,0%** | **-1,0%** |
| Income statement before tax | (824) | 824 | (500) | 500 |
| Equity | (585) | 585 | (355) | 355 |
| **Tax rate** | **29%** | | **29%** | |

## D. Prospects & development for the new year

The tourism industry of the country exhibits signs of significant improvement. The relative lack of stability of tourism destinations of the wider area has a positive effect on destination Greece, as a safe Eurozone member-country. Lampsa hotels, boasting the competitive advantage of luxury hotel units, location and history (Grande Bretagne) lead the Group to successfully facing any difficulties that arise, continuing operations regularly, without impediments, in all segments where it's active while improving its financial performance.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

It is expected that the upward trend regarding the hotels operating in Greece will continue in 2019. The contribution of Sheraton Rhodes Hotel which has been added to Lampsa Group is estimated to remain significant, mainly due to the economies of scale that have already been achieved through the synergy of three hotels - both at the management and staffing levels – and also due to its contribution to the turnover of the Company.

Following signing of the long-term lease agreement of King's Palace historic hotel, owned by the AUXILIARY FUND OF FORMER EMPLOYEES OF THE AGRICULTURAL BANK OF GREECE (ATPPEATE), the engineering designs as well as the necessary licenses for the renovation of the hotel were finalized and its reconstruction has started. The Hotel is expected to start operating early in 2020 under the management of the international Hotel Group AccorHotels under the trade name Mgallery.

As far as the hotels in Serbia are concerned, moderate growth is expected, since it appears that its forthcoming EU membership together with the foreign (especially Arab) investments in line with the demand for business tourism will start to recover. Hopes for investments in the countries that are on their way to EU membership, coupled with its central location (HUB) in the Balkans allows optimistic projections in respect of the Hotel Industry recovery. It is no coincidence that strong players of travel & tourism segment, such as ETIHAD (Air Serbia), Crown Plaza, Starwood, Radisson and Marriott have installed their facilities in Belgrade. Following the boom in investment in hotel and other infrastructure, Belgrade market showed significant signs of recovery in 2018, and further moderate growth is expected to follow in 2019. In particular, as far as Excelsior is concerned, the fact that the management has been undertaken by Accor group is expected to make a significant contribution to the increase of its sales.

## E. Related Parties Transactions

This section includes the most significant transactions between the Company and its related parties as defined in International Accounting Standard 24 and in particular:

(a) Transactions between the Company and any related party made during the financial year 2018, which have materially affected the financial position or performance of the Company during the mentioned period,

(b) any changes in the transactions between the Company and any related party described in the last annual report that could have a material effect on the financial position or performance of the Company during the financial year 2018.

It is noted that the reference to those transactions includes the following elements:

a) the amount of such transactions for the financial year 2018

(b) the outstanding balance at the end of the financial year (31/12/2018)

(c) the nature of the related party relationship with the issuer and

(d) any information on transactions that are necessary for understanding the financial position of the Company, but only if such transactions are material and have not been conducted under normal market conditions.

Specifically, transactions and balances with related legal entities and natural persons, as defined by the International Accounting Standard 24 on 31/12/2018 and 31/12/2017 respectively, are as follows:

| **Amounts in thousands €** | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| **Sales of goods – services** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Jointly controlled entities | 139 | 72 | 139 | 72 |
| Other associates | 68 | 52 | 68 | 52 |
| **Total** | **207** | **124** | **207** | **124** |
| **Acquisition of services** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Jointly controlled entities | 6 | 9 | 6 | 9 |
| Other associates | 2.143 | 439 | 2.143 | 439 |
| **Total** | **2.149** | **448** | **2.149** | **448** |
| **Balance of Receivables** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Jointly controlled entities | 0 | 514 | 0 | 514 |
| Other associates | 2 | 13 | 2 | 13 |
| **Total** | **2** | **527** | **2** | **527** |
| **Balance of Payables** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Jointly controlled entities | 0 | 0 | 0 | 0 |
| Other associates | 2.118 | 83 | 2.118 | 83 |
| **Total** | **2.118** | **83** | **2.118** | **83** |

Out of the above transactions, any transactions and outstanding balances with subsidiary companies have been excluded from the consolidated financial statements of the Group. In 2018, receivables/ loan liabilities between subsidiary companies stood at € 1,1 million. Interest income / expenses regarding the aforementioned loan stood at of € 28 k. Moreover, receivables/ liabilities amounting to € 222 k have been written off.

Outstanding balances at year end are unsecured and settlement is made in cash. No guarantees have been provided or received regarding the above receivables.

It is noted that there are no special agreements between the Parent Company and its subsidiaries and potential transactions are carried out between them under the effective market conditions, within the framework and the particularities of each market.

Regarding the FY ended December 31, 2018, the Company has made no provisions for doubtful debts relating to amounts owed by related parties.

The remuneration of key executives and BoD members was as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Executives & BoD members | | | | |
| Salaries – Fees | 1.121 | 1.101 | 582 | 587 |
| Social Insurance Cost | 91 | 104 | 91 | 104 |
| Bonus | 282 | 398 | 282 | 398 |
| Other | - | 12 | - | 12 |
| **Total** | **1.493** | **1.615** | **954** | **1.101** |

The provision made for the staff compensation for both the Group and the Company includes an amount of € 146,11 k (2017: € 77,7 k) for key management personnel and BoD members respectively while an amount of € 7,5 k (2017: € 6,3 k) is included in the Income Statement.

It is to be noted that no loans have been granted to BoD members and top-level management of the Group or their families.

**F. Dividend policy**

LAMPSA Management will propose to the Regular General Meeting of Shareholders to distribute dividends amounting to 0,200 euro/share before tax. The dividend is proposed to arise from the profits of the year 2018 by the amount of € 2,153,800 and from the profits of the year 2017 by the amount of € 2,119,000, i.e. a total amount of € 4,272,800.

It is noted that the proposed distribution is subject to approval of the Annual Regular General Meeting of Shareholders.

**Information under par. 7 and Explanatory Report according to par. 8 of article 4 of Law 3556/2007**

The present explanatory report of the company BoD to the Annual Regular General Meeting of the Shareholders includes information on issues addressed in article 4 of Law 3556/2007.

**A) Capital Structure of the Company**

The Company share capital amounts to twenty three million nine hundred twenty seven thousand six hundred and eighty euro (€ 23.927.680), divided in twenty one million three hundred sixty four thousand (21.364.000) common shares with voting rights of nominal value one euro and twelve cents (€ 1,12) each. Company shares are listed in the Athens Stock Exchange.

Every common share provides one voting right to the General Meeting of Shareholders.

Shareholder rights are proportional to the value of the shares owned. Each share confers all the rights provided by law and the company memorandum of association, and in particular:

• dividend rights from annual profits or liquidation profits of the Company. Each year, an initial dividend equal to 35% of net profits after the deduction of the regular capital reserve is distributed to shareholders, while the payment of an additional dividend is decided by the General Meeting of Shareholders. All shareholders registered in the company Shareholders Registry are entitled to dividends. Dividends are paid to each shareholder within ten days from the Annual General Meeting of Shareholders which approved the annual financial statements. Payment method and place is announced through press. Dividend rights are cancelled and transferred to the State after the expiration of a 5-year period commencing at the end of the year on which the General Meeting of Shareholders approved the dividend distribution,

• rights arising from the liquidation of the company or capital returns decided by the General Meeting of Shareholders,

• pre-emption right to acquire new shares in cash issued by the Company in an issue right,

• right to receive copies of the financial statements and reports issued by the Auditors and the Company Board of Directors,

• right to participate in the General Meeting of Shareholders which includes the following individual rights of legalization, attendance, participation in discussions, submission of proposals on issues included in the agenda, expressing opinions recorded in the minutes of the Meeting and voting.

• The General Meeting of the shareholders of the Company maintains all of its rights in the event of company liquidation (according to paragraph. 4 of Article 38 of the Articles of Association).

The liability of Shareholders is limited to the nominal value of their shares.

**B) Restrictions on the transfer of Company Shares**

The transfer of Company shares is conducted according to the provisions of the Law. There are no restrictions imposed by the Company memorandum of association with regards to the transfer of shares given the fact that the Company is listed on the Athens Stock Exchange.

**C) Significant direct or indirect participations in the context of articles 9 - 11 of Law 3556/2007**

The significant participations of the Company according to articles 9 -11 of Law 3556/2007 are the following:

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares, as of 31/12/2018 are presented in the table below:

| TITLE | PERCENTAGE |
|---|---|
| NAMSOS ENTERPRISES COMPANY LIMITED | 30,93% |
| DRYNA ENTERPRISES COMPANY LIMITED | 30,93% |
| HOMERIC DEPARTMENT STORES S.A. | 8,25% |
| TALANTON INVESTMENTS INC | 5,16% |
| **Total** | **75,26%** |

Shareholders (individuals or legal entities) with a direct or indirect participation greater than 5% of the total number of Company shares, as of 17/04/2019 are presented in the table below:

| TITLE | PERCENTAGE |
|---|---|
| NAMSOS ENTERPRISES COMPANY LIMITED | 30,93% |
| DRYNA ENTERPRISES COMPANY LIMITED | 30,93% |
| HOMERIC DEPARTMENT STORES S.A. | 8,25% |
| TALANTON INVESTMENTS INC | 5,16% |
| **Total** | **75,26%** |

**D) Shareholders with special controlling rights**

There are no Company shares that provide special controlling rights to their holders.

**E) Restrictions on voting rights**

The Company Articles of Association do not set any restrictions on voting rights provided by its shares.

**F) Agreements between shareholders which entail restrictions on the transfer of shares or restrictions on voting rights**

Major shareholders, NAMSOS ENTERPRISES COMPANY LTD and DRYNA ENTERPRISES COMPANY LTD as of 17/04/2019 had 4.392.496 common Company shares pledged in favor of EFG EUROBANK SA. As a result, transfer of the above-mentioned shares falls under restrictions.

NAMSOS ENTERPRISES COMPANY LTD and DRYNA ENTERPRISES COMPANY LTD have maintained their voting rights.

**G) Guideline on the appointment and replacement of BoD members and on memorandum of association amendments**

The relative rules and regulations set in the Company memorandum of association on the appointment and replacement of BoD members and on the amendment of articles of the memorandum are in line with the provisions of Law 2190/1920.

**H) Authorities of the Company BoD or BoD members on the issuance of new shares or the re-purchase of Company shares**

A) According to Article 13 paragraph 1 element b) and c) of Law 2190/1920 and in conjunction with Article 6 of the Company memorandum of association, the BoD has the right, following a decision of the General Meeting of shareholders which is subject to the disclosure requirements of article 7 b of Law 2190/1920, to increase the Company share capital by issuing new shares. A decision must be taken by a majority of at least two thirds (2/3) of BoD members.

In this case, the share capital may be increased by up to the amount of the paid-up capital up on the date the Board of Directors was given this authority by the General Meeting. This BoD right may be renewed by the General Meeting for a period of up to five years.

B) In accordance with the provisions of Article 13 § 13 of Law 2190/1920, following a decision of the General Meeting of shareholders, a stock option plan may be offered to BoD members and staff in the form of stock options, according to the specific terms of this decision. The General Meeting defines mainly, the maximum number of shares that may be issued, which by law, cannot exceed 1/10 of the existing shares if the holders exercise their options, the price and terms of offering of shares to beneficiaries.

The Board, by resolution, regulates any other relevant details that are not regulated by the General Meeting, issues certificates of stock options and every December issues shares to the beneficiaries who exercise their options, increasing respectively the share capital and confirming the increase.

C) As of today, the General Meeting of shareholders of the Company has not decided to implement a share repurchase program in accordance with the provisions of Article 16 of Law 2190/1920.

**I) Significant agreements which take effect, are altered or terminated in the event of a change in the control of the Company following a public tender offer**

There are no agreements which take effect, are altered or terminated in the event of a change in the control of the company following a public tender offer.

**J) Agreements that the Company has made with BoD members or its staff, which involve compensation in case of resignation or termination of employment with no material cause as a result of the public tender offer.**

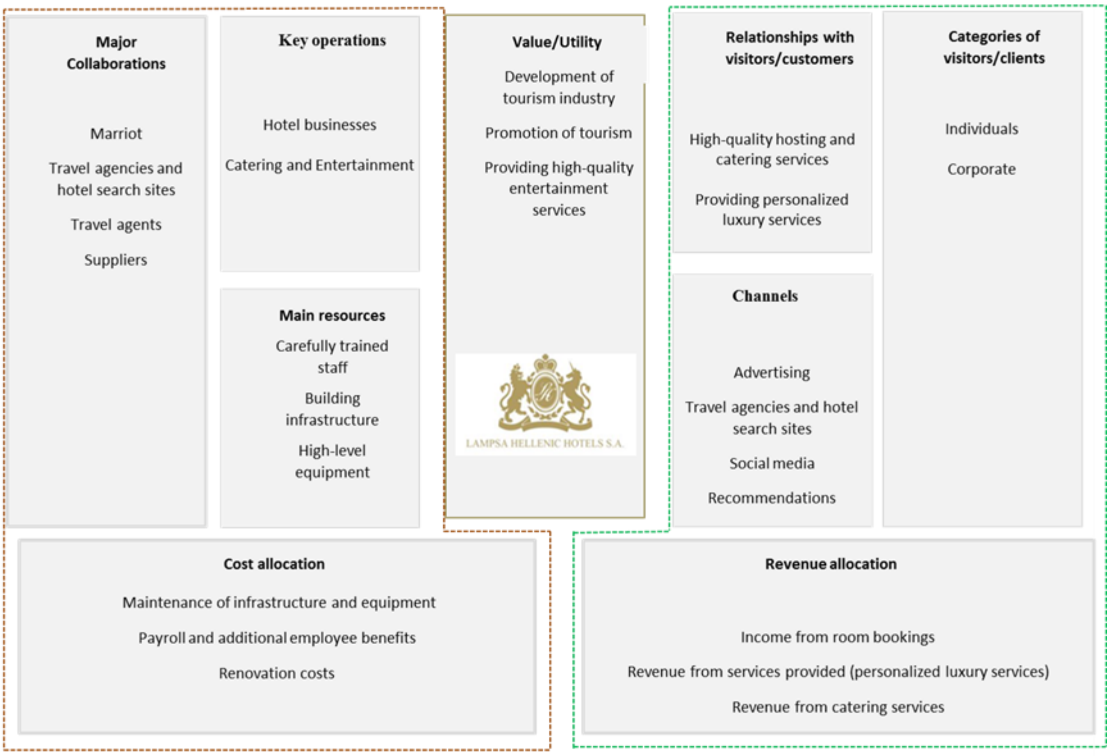
There are no agreements between the Company and BoD members or its personnel, which involve compensation in case of resignation or termination of employment with no material cause as a result of the public tender offer. The accumulated Staff Leaving Indemnities as of 31/12/2018, reached € 3.196 k. There is no provision for compensation for BoD members.

**K. NON-FINANCIAL REPORTING**

Information reported under Law 4403/7.7.2016, which supersedes article 43a of Codified Law 2190/1920. 2190/1920 concerning the Corporate Social Responsibility programs implemented by the Company is presented below.

**1.1 LAMPSA Business Model**

LAMPSA business model includes all operations, relationships and key resources that contribute to added value and utility of the final recipients of its services, visitors and customers. It includes everything the Company wishes to achieve in order to enhance its competitive advantage for an optimal revenue-cost allocation.




LAMPSA is based on a model of operation, focused on the concept of Corporate Responsibility, as this concept is the basic lever for the development of the Company and the achievement of its business goals, always within the framework of the welfare of society. The Corporate Responsibility of LAMPSA is reflected in clearly defined axes, which concern:

- responsible operation,
- ensuring the well-being of employees and associates,
- environmental responsibility as well as
- contributing to society and volunteering.

As interested parties or stakeholders, LAMPSA has recognized those groups that are directly or indirectly affected by its operations and, of course, all those groups which may affect its operation in any way and at any time.

LAMPSA stakeholders are as follows:

**Shareholders**
**Human resources**
**Visitors – Clients**
**Suppliers**
**Collaborators**
**State and regulatory authorities**
**NGOs and the wider society**

The Company has consistently adopted and implemented an efficient business policy that aims to creatively combine tradition with innovation, seeking to create added value for all its stakeholders and the wider society. Contact with LAMPSA stakeholders is essential for business success, emphasis is placed on understanding their needs and expectations in order to understand in depth the implications of all aspects of the Company's activities.

### 1.2 Corporate Social Responsibility, Risk Management and Transparency

The Company has adopted the Corporate Governance Principles as defined by applicable Greek legislation and international practices. This Code of Corporate Governance (the "CCG") includes the corporate governance practices applied by the Company so voluntarily and in requirement of existing law (L. 2190/1920, L. 3693/2008, L. 3884/2010 etc.). It aims not only to comply with the provisions of Law 3873/2010, but also to improve information of private and institutional shareholders. The adopted principles of corporate governance code affect the operation, the procedures and decision making at all levels of the Company's activities, seeking to ensure the necessary transparency on equal terms to all stakeholders.

In this context, the Company took into account the general principles of the Greek Corporate Governance Code of Hellenic Corporate Governance Council (HELEX), elaborating the framework for its administrative organization and operation. Further information is provided in the "Corporate Governance Statement" presented below.

With regard to enhancing transparency and combating corruption, the Company has demonstrated zero tolerance to such conduct and for this reason has included a specific reference to the Internal Regulations, approved by the been approved by the Greek Mediation and Arbitration Service (OMED) as well as relevant policies and procedures. The Company is controlled by external, tax and internal auditors. Its Financial Services operate on the basis of strict internal procedures, which are regularly examined. The Internal Auditor submits annual reports and the Audit Committee evaluates them. An annual peer reviews system is in pertain in Financial Services and IT Departments.

Moreover, annually, the employees conduct is certified through analytical training within two key domains:

- Anti corruption training (corruption, contacts with government bodies, etc)
- Data handling training (personal data, credit cards, etc).

The Company Lampsa Greek Hotel SA, Hotel Grand Bretagne & King George is committed to protecting the privacy and security of your personal data.

The Company handed to entire staff a briefing manual with a corresponding statement from each employee. The manual describes how we collect and use your personal data during and between our employment relationship and after that, in accordance with the " Personal Data Protection Legislation".

- "Personal Data Protection Legislation" means any law and / or regulation relating to the processing of personal data, privacy and security of such data, including (but not limited to) the General Data Protection Regulation 2016 / 679 - GDPR), Directive 2002/58 / EC concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy in electronic communications) as it has been incorporated and amended and is in force in the Greek legal order, the applicable Greek data protection legislation as well as any other Opinion or Guideline issued by the Hellenic Data Protection Authority (HDPA)

  The provisions of this manual apply to all employees (direct or indirect) of the Company Lampsa Greek Hotels, Grand Bretagne & King George Hotel regardless of the form of the employment relationship (jointly referred to as "employees").

**Risk Management**

LAMPSA has developed related policies and procedures which ensure effective risk management activities, maintaining and preserving the overall system of internal control and financial reporting.

The policies in question secure protection and preservation of assets of the information system from which derived the historical financial information, proper handling, deal with financials for the preparation of financial and accounting statements of each period. The main characteristics of the system as applied to the process of preparing financial statements combine:

- Reliability of the organizational structure and professional competence of the staff,
- Application of the unified and modern IT systems and compliance procedures that restrict

access and change the information,

- Preparation of annual budget, which is monitored during the year through regular reports, for comparison with the current actual data and identify discrepancies.
- Supervision and control of significant transactions through the system to represent the Company,
- Effective Communication between auditor, internal auditor and the Audit Committee.

### 1.3 Our People

LAMPSA SA recognizes that its people constitute the corner stone in its development and constantly invests in its human resources, rewards their efforts, provides incentives for productivity and offers a well-organized, fully equipped and pleasant working environment. In this context, it ensures that appropriate working conditions and compliance with health and safety rules are in place in order to protect its people and provide a secure working environment.

The Company applies internal labor regulations and the Marriott Code of Conduct has been adopted, a summary of which is available to all new recruits, even to those recruited for practical work or apprenticeship. Any changes or amendments to the Code of Conduct are communicated to internal updates as well as to bulletin boards.

Additionally, Principles of Responsible Business, as defined by Marriott, are followed. In summary, the basic elements of these principles include:

- We are dedicated to hiring, engaging and retaining a talented and diverse workforce.
- We promote diversity and offer an excellent work environment.
- We seek to offer competitive salaries and additional benefits. All our employees have access to training and they are offered all the means for their personal and professional development. Our goal is to maintain the safe and excellent work environment of our Hotels, which is built on the principles of integrity and mutual respect.
- We respect the right of our employees to participate in trade unions.

*Translated excerpt from Marriott Principles of Responsible Business. .*

The Company pays great attention to the Development and Training of its employees by providing training programs both locally and through the multinational company Marriott International. In this context, the Company provides an individual program of Information & Training through Wellbeing Activities. In addition, the Company provides its human resources with the following:

- Additional days of maternity leave supporting young mothers so that they could spend more time with their family.
- In-house Corporate Events for Hotel staff, in the context of internal communication.
- Group Insurance Scheme with a private insurance company for all staff, in addition to social insurance.

**In LAMPSA, in the framework of communication policy, the institution of improvement proposals is implemented, through which all employees have the opportunity to present their idea or proposal and to be awarded for it.**

**"Manager on duty" institution:** On weekends, the department managers as well as the Hotel manager are close to employees working these days, giving them the opportunity to get in touch with representatives of the Company's Management. This strengthens the bonds of trust and intimacy and maintains a very important communication channel with the Management. Additionally, the Human Resources Department is always available to employees and provides support if they encounter any problem or need advice and guidance. In addition, the Chief Executive Officer is available to hear any complaints or concerns of the employees.

### ERC - Employee Relations Committee

LAMPSA has an Employee Relations Committee (ERC), in which employees participate, representing all sections of the Company. The Human Resources Department chooses every year the members of the council, taking care to involve workers from different ranks - up to the position of the supervisor - and with different employment contracts so that there is adequate and objective representation of all people working at LAMPSA. The council meets with representatives of the Management twice a year to discuss issues that concern employees. Discussions also bring new ideas and points to improvement.

### Equal opportunities

In LAMPSA, following the relevant policy, equal development opportunities are offered to all hierarchical ranks. The table below shows the distribution of human resources by hierarchy rank.

| Human resources allocation per position / hierarchy rank | | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | | | 2018 | | |
| | Men | Women | Total | Men | Women | Total |
| **Board of Directors** | 8 | 1 | 9 | 8 | 1 | 9 |
| **Directors** | 2 | 2 | **4** | 2 | 2 | **4** |
| **Supervisors** | 13 | 10 | **23** | 13 | 10 | **23** |
| **Employees** | 168 | 148 | **316** | 166 | 155 | **321** |
| **Other employees** | 152 | 118 | **270** | 164 | 153 | **317** |
| **Total** | **335** | **278** | **613** | **345** | **320** | **665** |

** Members of the Board of Directors are not included in the Total.*

### Human Rights

LAMPSA respects internationally recognized human rights, as well as the principles contained in the Universal Declaration of Human Rights (UDHR). Marriott Human Rights Policy has been developed on the basis of the principles of the Universal Declaration and has been adopted by LAMPSA. For every Marriott Group Hotel category, this Policy outlines as follows:

**Employees:** The Group respects diversity and provides equal opportunities for salaries, additional benefits and working hours, without any discriminations regarding gender, ethnicity, religion and other individual characteristics. Also, the Group does not tolerate child and / or forced labor and does its best to eliminate them. The Group also permits and recognizes the right to freedom of trade unionism.
**Franchise Partners:** The Group expects from franchisees partners and all their associates to respect the internationally recognized principles of human rights.
**Employees in the Group's supply chain:** The Group expects all suppliers to respect human rights regarding diversity and harassment, to be moral, to offer equal salaries, benefits and timetables, not to tolerate any form of child or forced labor and offer healthy and safe working conditions to all their employees. All of the above are also included in the Supplier Code of Conduct of the Group.
**Local communities:** The Group protects the individual freedoms and human rights of the residents of local communities where its Hotels operate, through job vacancies creation and economic growth.
**Strategic Partners:** The protection of human rights is promoted by the Group in its relations with all strategic partners, as their protection principles are incorporated into the decision-making process for the establishment of professional relations.
*Translated excerpt from Marriott Hotels & Resorts Worldwide (Human Rights Policy Statement).*

Since 2018, there has been a special training on Human Trafficking for the avoidance and eradication of Hotel Trafficking. Marriott's training program is mandatory and is monitored by all employees.

The Group also permits and recognizes the right to freedom of trade unionism.

### Additional benefits and employee support

The objective of LAMPSA is that the Hotel's human resources feel like a valuable partner, cultivating the necessary conditions for rendering excellent services to visitors and customers. In this context, the Company continuously cares for satisfaction of its employees, offering, apart from satisfactory remuneration, a set of additional benefits in addition to those legally required, further enhancing the excellent working climate. These additional benefits are further analyzed below as follows:

- *Restaurant for the employees*

The restaurant offers breakfast and lunch, while fruit and coffee are often made available.

- *Additional health care*

The Group runs an Insurance Scheme for all the staff in a private company. Apart from this additional benefit, the Company has a mutual assistance fund, to which the employees from various bazaars and events organized every year, as well as the Management, contribute financially. In emergency and serious cases regarding the employees, the committee-in-charge-of the fund meets, assesses the conditions and provides additional assistance to the colleague faced with a problem.

- *Funding of postgraduate programs*

In addition to part-time postgraduate programs funding, various specialists attend free of charge certified seminars organized by Marriott training academies and obtain relevant verifications.

- *Transportation expenses*

The Company covers an amount for transportation of the personnel working in the evening shifts due to the absence of public transport (hours 12.00 - 5.30). Furthermore, in a day-long strike of public transport, the full amount of the transportation of all employees - regardless of the shift - is covered entirely by the Company.

- *Wedding and christening gifts*

The Company offers as a wedding and christening present a free overnight stay at any Marriott Hotel, all over the world. It is worth mentioning that preferential prices at Marriott Hotels are also offered to retired employees, as well as to first-degree relatives and friends of the employees.

LAMPSA employees are also offered life insurance, as well as food vouchers twice a year (Christmas and Easter).

In addition, the Company takes care of the children of the employees by offering the degree of excellence to junior high school and senior high school graduates. Also, the degree of excellence is given in the case of excellent sports performance, for the top three places in Pan-Hellenic, Pan-European and world championships. The Company also subsidizes (through the former hotel fund) the use of camps for the children of the employees.

**Parents Day**

In 2018, for one more year, the Company organized the "Parents Day", during which, at Christmas, the children of the employees come to the Hotels and see the departments where their parents work and are presented with professional orientation information, provided by the departments executives.

**Voluntary activities**

Along with the Company's contribution, its employees are also involved insignificant social activities, first launched in 1992, namely, maintaining and reinforcing the "Blood Bank" that they have launched at Agia Sophia Children's Hospital with regular voluntary blood donations in order to cover the needs of the colleagues and their families. Also, under the new Starwood Associate Relief Fund program, offering their own contributions, the Company employees have created a support fund for their colleagues, suffering from natural disasters, at the global level.

**Management of health and safety at work**

A health and safety committee has been established at LAMPSA and meets once a month. It consists of the health and safety person-in-charge, the external security technician, and the occupational physician. There are also 7 employees. The fundamental objective of the committee is to minimize accidents and eliminate the factors that may lead to an event or the occurrence of an occupational disease. In this context, the careful planning of actions for preventive measures is the core task of the committee.

In the case of an incident, the executive of the sector, in which the incident took place, takes part in the committee, in order to examine all the parameters and take corrective measures. Please note that all incidents (minor accidents and accidents) that may arise, are recorded and monitored by the security technician. Where necessary, the necessary corrective actions are implemented.

Also, in the framework of taking all the necessary measures to maintain a safe environment for employees, visitors, customers and associates in all Hotels of the Company, a Health and Safety Policy is implemented and adopted.

***An Excerpt from Health and Safety Policy***

The Health and Safety at Work Regulations aim at preventing accidents, injuries or illness related to work. In particular, the Hotel Management and the Health and Safety Committee:

- Provide and ensure healthy and safe working conditions, taking into account the current legislation.
- Train and guide staff so that they could carry out their work safely and efficiently.
- Provide all the necessary safety devices and personal protection equipment for employees and supervise their correct application and use.
- Maintain everyone's interest in health and safety.

All hotel employees and partners are required to comply with Health and Safety Legislation and, in particular, to:

- Apply health and safety regulations.
- Work with due care.
- Use the protective equipment provided.
- Follow the procedures as defined for every type of work.
- Help in investigating the accidents.
- Suggest ways to improve working conditions for greater security.
- Report directly to their supervisor about any equipment that is not working properly and can cause an accident.

*Hygiene and Safety training programs for all staff are also initiated by the Security Technician, the Occupational Physician and the Security Officer as well as during the year.*

### 1.4 Health and safety for guests

As the promotion of health and safety is a basic prerequisite for the day-to-day operation of the Hotels and the preservation of their outstanding reputation, the Company adopts practices and takes continuous action in this direction.

The Marriott visitors' safety principles are applied with the substantial assistance of the employees. All the employees of LAMPSA are properly trained and ensure that Health and Safety Policy is properly implemented.

**Satisfaction of guests**

The Company has adopted the Starwood / Marriott guests – customers satisfaction survey system, entitled "Guest Voice". This system includes detailed customers comments, feedback, and ranking.

In addition, customized questionnaires in printed form dare distributed to guests in the rooms, as well as special complaint forms are made available to customers of restaurants and other services, which are used to assess the guests' satisfaction.

Finally, the Company pays special attention to the questions and even the guests' comments received through social media and on line reviews (facebook, trip advisor, websites, etc.)

**Caring for food**

LAMPSA maintains one of the best, internationally renowned restaurants and always cares not only for the high quality of the services provided but also for the safety of the raw materials of the products. In this context, the Company applies a certified HACCP Food Safety System in accordance with the International Standard ISO22000 and has adopted a specific policy.

***An Excerpt from Health and Food Safety Policy***

A key parameter of the quality services we aspire to provide is to ensure all the hygiene principles of the meals we prepare and offer to our customers.

LAMPSA Hotels adhere to a strict policy for the safety and hygiene of the prepared products. Strict hygiene rules are in place at each stage in order to eliminate the risks involved.

Our commitment:

- We strictly adhere to the HACCP system in accordance with the International Standard ISO 22000 that we apply.
- We maintain the communication channels we have established with our suppliers and customers.
- We constantly keep staff informed of the principles of good hygiene practice.
- We regularly hold meetings to exchange views with the objective to improve the System.
- We monitor every critical point every day.
- We monitor the law and adhere to it.
- We regularly control the effectiveness of the system.
- We follow all the Labor Guidelines.

We provide resources for maintaining and updating the System, purchasing new, modern equipment, improving facilities and infrastructure and working environment

It is also worth mentioning that the Hotel's restaurants has acquired the "Halal" and "Kosher" certifications, in order to satisfy the special requirements of our quests.

**Supplies**

Management of LAMPSA supplies is one of the most important procedures in the operation of the Company as it is linked both to the quality of the services offered and to the health and safety of its visitors / customers.

At LAMPSA a suppliers evaluation procedure is applied on a yearly basis. The key evaluation criteria are:

- Consistency in quality
- Competitiveness in prices
- Service level
- Compliance with management system procedures (ISO / HACCP)

Additionally, the Company reserves the right to control the premises of its suppliers.

As food safety is of paramount importance to the Company, the control and evaluation of food suppliers is very strict and continuous. The Company takes preventive measures that are applied not only at the stages of the production procedure, but also in the reception of raw materials as well as in the storage and disposal of the food in the restaurants and other premises of its hotels.

LAMPSA has established particular specifications that suppliers must comply with per item. In addition, every pickup is checked at its premises (on the delivery vehicle) regarding:

- quality of every kind
- marking of any kind
- the temperature of the products (the fresh ones which are in the fridge).

Based on every check, all necessary product receipt forms that have been determined based on the HACCP management standard are completed.

## 1.5 Caring for the Environment

LAMPSA, in the framework of its operation, implements actions aiming at the minimization of the environmental footprint as well as actions to inform and sensitize its visitors and customers. The Company's commitment to environmental care is reflected in the Environmental Policy it has adopted as a member of Marriott Worldwide Organization.

***Environmental Policy (Excerpt *)***

We commit ourselves to adopting top environmental and sustainability principles to:

- Saving natural resources.
- Protecting the biodiversity of ecosystems.
- Promoting sustainable development.
- Minimizing waste and contamination.
- Developing and monitoring specific environmental performance indicators (KPIs).
- Raising awareness among workers, visitors and local communities.

** Translated extract from Marriott's Environmental Sustainability Policy, Hotels & Resorts)*

The Company has established a special environmental health and safety Committee, which ensures the Company's harmonization with Greek laws, EU legislation and Marriott International environmental initiatives.

**Energy saving**

With regard to its energy-saving initiatives, the Company has already carried out major projects such as the following:

- Automation that helps managing the cooling and heating of buildings without unnecessary losses.
- Use of natural gas in coolers.
- Instabus system for outdoor lighting, banquet rooms and public areas. With this system all parts of the electrical installation of the buildings can communicate with each other and adjust the power consumption much more directly.

**Responsible waste management**

Responsible waste management is a priority for LAMPSA. For this reason, it cooperates with licensed waste collection companies, aiming at their proper management. The materials recycled are: glass, paper, plastic, lamps, used kitchen oils, inks, batteries, and electrical appliances. In 2018 we achieved 98% recycling of materials.

In 2018 the company launched a new program at both our Hotels in
"Responsible consumption and production of energy as well as sensitization to environmental issues of recycling of organic-inorganic materials", by limiting organic waste from kitchens by installing a system to reduce their volume to 70% (recycling - composting).
Staff collaboration in achieving all recycling and responsible use of hotel benefits through appropriate training was a key priority in 2018.

Grand Bretagne has been holding the Green Key Award, an international ecological quality program for tourism, since 2010, which verifies that the hotel takes care of the protection of the environment, constantly seeking ways to improve and innovate.

The objective of the program is to develop and manage a quality, tourism-related eco-label. Green Key basically works as a certification program, which aims to raise awareness among owners, employees, customers and local communities about action on environmental issues and sustainable development.

The criteria for awarding an organization with the "Green Key" quality label are divided into 13 categories, including: Environmental management, personnel participation, customer information, water and waste management, and more.

In Greece, the Hellenic Society for the Protection of Nature, in particular the Green Key National Commission, is studying the cases and deciding on the award of the label to the organizations.
Grand Bretagne and King George Hotels have been certified for seven consecutive years, and in 2018 they have been awarded with a Green Key label for the “Green Rooms” available to guests. The hotels' objective through this certification, is to make a significant contribution to the creation of an ecological culture and awareness of environmental protection and green development. Hotels' “Green Rooms” are located on the 3rd Floor (Green Floor) and offer guests the opportunity to stay in rooms with more environmentally-friendly features and amenities, such as organic products and recycling options.

### 1.6 Caring for Society

LAMPSA focuses on the implementation and support of social responsibility actions, as the contribution to society and especially the support of vulnerable social groups is an integral part of the Company's corporate culture. In this context, the Management and all the employees of the Hotels “Grande Bretagne” and “King George” undertake continuous social responsibility initiatives, which are an integral part of the LAMPSA strategy.
The Company has also developed a real interest in topical issues related to the social and economic crisis. Through its actions, it also contributes to strengthening business responsibility as a basis for sustainable growth and employment.

More specifically, during 2018-2018, by category, the following actions were implemented:

- We organized fundraising campaigns for charities such as "The Smile of the Child", "With Love", "Doctors of the World", "Institution Theotokos" etc,
- We collected and donated clothing twice a year for the City of Athens Homeless Charity and "Children Villages SOS”,
- We offered food to the Homeless Foundation and the Foundation "Galini" since 2013,
- We donated hotel equipment to Athens orphanages,
- We supported Unicef Hellas by acquiring party gifts for the children from Unicef to ensure provision of financial aid,
- In the last 8 years, the Company has supported the global awareness initiative for the prevention of breast cancer through the Race for the Cure- Greece. The race takes place annually at Zappion with the support of the Panhellenic Association of Women with breast cancer “Alma Zois”. The Company's Hotels provide financial support to the Association by covering the costs of participating and donating a symbolic amount for every kilometer run by every employee.
- For the past 6 years (2013 – 2018), the Company has organized a Cycling Race with the participating of its employees who cover a distance to the Center of Athens, symbolically transporting the message of Voluntary Contribution, Teamwork and Sensitivity. This way, the Company helps raise money UNICEF, thus supporting the organization. On 06/11/2016 the 4th Cycling Race was organized in Oropos. In 2017 on 23/04/2017 the 5th Cycling Race was organized in Elliniko, Voula beach and the 6th Cycling on 29/10/2018 at Schinias beach, gathering money this time for "Children Villages SOS”. All events were combined with the cleaning of beaches by volunteer groups.
- The company also collaborates with all Marriott International Hotels in Greece and Cyprus, continuing their actions for children through Corporate Social Responsibility Actions, and organized for the first time on Friday, November 16, 2018, the Run for Youth , a hiking and running race, with a group of volunteer workers, "Running for Good Purpose". The main purpose of the event is to collect money for SOS CHILDREN'S VILLAGES. This activity is part of the

activities of the Marriott Worldwide Business Council Greece & Cyprus. Run for Youth consists of a race (5 or 10km) and a walk (5 or 10km).

- In the last five years, the Christmas Bazaar has been successfully organized where handmade creations of our collaborators are sold in order to raise money for the support of the charitable work of “The Ark of the World”. Previously, similar actions were undertaken for “Lighthouse for the Blind” as well. “The Ark of the World” is a non-profit organization found in 1988, dealing with the care of abandoned children. In 2017, the money gathered from the Christmas bazaar on 21/12/2017 was given to the municipalities of the regions of Athens affected by the adverse weather conditions.In 2018, on 21 & 22/12/2018 the Christmas Bazaar was organized and the proceeds were channeled to “The Ark of the World”.

- The Company organizes the “Parents Day”, where the children of the employees come every year in Christmas at a Festive Event in our Hotels and see the departments where their parents are working with, devoting some hours of information from a department manager in an attempt to facilitate their professional orientation. This year, our event took place on 21/12/2018, alongside the Christmas Bazaar.

- The Company invited children from the "Children Village SOS" to the annual Christmas events of the employees’ children.
- We collaborated with the Hellenic Anti-Cancer Society.
- Electrification of Syntagma square was improved.

- In 2018, as in 2017, a "Link to Schools" program was organized in collaboration with customers to raise money for donations to schools both in underprivileged areas of Athens and in schools in remote areas of the Northern Greece an the non-profit line. The purpose was to donate educational equipment to schools and cover annual heating costs.
  The “Link” is a Non Profit Society with a vision of the need the private initiative to be used responsibly and effectively to address the humanitarian crisis that our country is experiencing, as well as the common perception of professionalism. The ultimate common goal is for the Club to help build sustainable solidarity networks and foster social and human responsibility.

Analytical description of the Corporate Social Responsibilities activities in 2017 is presented in the Annual CSR Report, prepared in compliance with the international GRI Standards and posted on www.lampsa.gr .

## CORPORATE GOVERNANCE CODE OF THE COMPANY «LAMPSA HELLENIC HOTELS S.A»

### 1. Introduction

This Code of Corporate Governance (the "CCG") includes the corporate governance practices applied by the Company so voluntarily and in requirement of existing law (L. 2190/1920, L. 3693/2008, L. 3884/2010 etc.). It aims not only to comply with the provisions of Law 3873/2010, but also to improve information of private and institutional shareholders.

The adopted principles of corporate governance code affect the operation, the procedures and decision making at all levels of the Company's activities, seeking to ensure the necessary transparency on equal terms to all interested parties.

In this context, the Company took into account the general principles of the Draft Greek Corporate Governance Code of Hellenic Corporate Governance Council (HELEX). The Code is posted in the Company's website: http://www.lampsa.gr, in the domain "Press Releases–Announcements".

### GENERAL PRINCIPLES

### 1. Role and responsibilities BoD

The BoD should direct the affairs of the company for the benefit of the company and shareholders, ensuring fair and equitable treatment of all shareholders.

In performing its duties, the BoD should take account of the parties, whose interests are connected with those of companies, such as the customers, creditors, employees and the social groups directly affected by the company's operation.

The main issues to be decided collectively decided by the BoD should include:

- approval of long-term strategic and operational objectives of the company,
- approval of the annual budget and the business plan,
- decisions on significant acquisitions and divestitures,
- selection of senior executives at the company, combined with the monitoring of administrative hierarchy and succession
- ensuring the reliability of financial statements and company details, financial information systems and data and information made publicly available, and ensuring the effectiveness of internal audit and risk management,
- prevention and handling possible cases of conflict of interest between the company and the other by the Management, BoD members or major shareholders (including shareholders with direct or indirect power to shape or influence the composition and behavior of BoD),taking into account transparency and the protection of corporate interests,
- ensuring an effective compliance process company with relevant laws and regulations
- responsibility of making decisions and monitoring the effectiveness of the company's management, and
- formulation, dissemination and application of the basic values and principles of the company, governing its relations with all parties, whose interests are associated with the company.

### 2. Size and composition of the BoD and senior management

The size and composition of the BoD should allow the effective exercise of their duties, taking into account the size, activity and ownership of the business. The board and senior management should be characterized by a high level of integrity and possess diverse knowledge, skills and experience to meet their corporate objectives. Nominations for the BoD will be made on merit and objective criteria. The board should ensure the smooth succession of members, and senior management, with a view to long-term business success.

**3. Duties and conduct of BoD members**

Each BoD member is subject to legal liability of loyalty to the Company. It should therefore act with integrity and in the interest of the Company to have sufficient information about the transactions with related companies and to preserve the confidentiality of non- public information available. The board of directors and persons holding powers conferred by this, should not have a competitive relationship with the Company and should avoid any role or activity that creates or appears to create a conflict between their personal interests and those of the Company, including having a spot on the Board or management of competing companies without the permission of the General Assembly. Board members should contribute their experience and commit to their duties the necessary time and attention. They should also limit accordingly other professional commitments in particular any Board other companies) . Board members should try to participate in all meetings of the Board and the committees on which they take part. The board should regularly assess its effectiveness in fulfilling its duties, and that of its committees. The independent board members have the right to submit to the General Meeting of Shareholders reports and statements, separately from the other members of the Board, in case they deem it appropriate.

**4. Election - Operation of the BoD**

Nominations for the BoD will be made on merit and objective criteria, aiming to the achievement of a balance between adequate representation of the majority, but also to ensure the effective participation of the independent non-executive members.

Depending on business needs, the board should meet with the needed frequency to effectively perform their duties. The Chairman should be responsible for setting the agenda, ensuring the proper organization of the Board's work, but also the efficient conduct of its meetings. The information provided by the Management Board should be timely, so as to enable it to cope effectively with the tasks arising from its responsibilities. It should be the responsibility of the President to ensure accurate and timely information to members of the Board, and effective communication with all shareholders, focusing on a fair and equivalent treatment of the interests of all shareholders.

**5. System of Internal Audit**

The BoD should ensure the accuracy and reliability of the financial statements and the correctness of announcements, which are imposed in order to present to investors a clear picture and valuation of real position and prospects of the Company.

The BoD should maintain an effective system of internal audit aiming to safeguard the assets of the Company, and the identification and dealing with the most significant risks. It should monitor the implementation of the Company’s strategy and review it regularly. The main risks to be faced and the effectiveness of internal audit in managing these risks should be reviewed periodically.

The review should cover all essential audits, including financial and operational audits, compliance audit and audit of risk management systems. The Board, through the audit committee should also be in direct and regular contact with the statutory auditors in order to receive regular updates from the past in relation to the proper functioning of the internal audit system.

**6. Level and structure of remuneration**

The level and structure of remuneration should aim to attract and retain BoD members, managers and employees in the Company, adding value to the Company with their skills, knowledge and experience. The level of remuneration should be in line with their qualifications and their contribution to the Company. The BoD should have a clear picture of how the Company pays its executives, especially those who have the appropriate qualifications for the effective management of the Company.

**7. Communicaiton with shareholders**

The BoD should ensure the continuous and constructive dialogue with shareholders of the Company, particularly those with significant shareholdings and a long-term perspective.

**8. The General Assembly of Shareholders**

The BoD should ensure that the preparation and conduct of the General Assembly of Shareholders facilitate the effective exercise of shareholders' options, who should be fully informed on all matters related to their participation in the General Assembly, including of the daily agenda items, and their rights at the General Assembly. The board should facilitate, within the framework of the relevant statutory provisions, the participation of all shareholders in the General Assembly, without discrimination. The BoD should utilize the General Assembly of shareholders to facilitate meaningful and open dialogue with the Company.

**Part A - The BoD and its members**

**1. Role and responsibilities of the BoD**

The roles of both the BoD and Management are identified and clearly documented in the Memorandum of corporation and the internal procedure. It is the competent corporate body which decides each transaction regarding the administration and management of the Company, subject to the exclusive competence of the General Assembly by the law or by the prescribed topics Memorandum.

The BoD adopts clear policy devolution to the Management, which includes a list of issues that the BoD has the authorization to decide. For the achievement of Company's objectives and the efficient and flexible operation of the Company, the BoD may delegate any of its responsibilities, except those that require collective action to one or more members of the BoD or to members outside the BoD.

For the performance of the service may be appointed by the BoD one General Manager either by the members of the BoD, or outside it. The General Manager who is not a director may attend the meetings of the BoD without voting right, after permission by the BoD.

In order for the Company to take validly responsibilities, two signatures are always required for which the Managing Director and General Manager are authorized, if not prevented any of these three, other authorized BoD member appointed for that purpose by the BoD. Besides the persons mentioned above, the BoD may grant an authorization of first or second signature to other persons selected among senior executives in accordance with the requirements of the service.

The Company, in the name of the BoD, is outwardly and before all administrative or judicial authorities represented by the Managing Director and General Manager, if any of them is unavailable, the General Manager or one of the BoD members appointed by the BoD.

In order to ensure the effective functioning of the BoD, an audit committee has been established, responsible for monitoring financial information, the effective operation of internal audit and risk management systems, and supervision and monitoring of statutory audit as well as the issues related to objectivity and independence of statutory auditors. Under Law 4449/2017 (GOVERNMENT GAZETTE A 7/24.01.2017), the group has implemented the changes regarding composition and functioning of the Audit Committee. The Company has already scheduled all the necessary procedures to be implemented under the new legislation.

**2. B.o.D. size and composition**

Considering that the size and composition of the B.o.D. should allow the effective exercise of its functions and reflect the size, activity and ownership of the business, the Company is managed under the Statute, by a Board of Directors consists of seven to ten (7-10) members, executive and non-executive directors in accordance with Law 3016/2002 as applicable, shareholders or not, elected by the General Meeting of shareholders.

The size and composition of the B.o.D. of the Company must ensure balance between executive, non-executive and independent non-executive members. So the B.o.D. is for the third at least of non-executive members (including independent non-executive directors). The executive, non-executive and independent members of the Board appointed by the General Meeting.

The executive members of the B.o.D. dealing with the daily management of the company and maintain some form of employment relationship with it.

The non-executive members participate in decisions and monitor the activities of the Company. It is responsible for the promotion of all corporate issues, participates in any boards and committees and is particularly responsible for upholding the principles of good corporate governance. Among the non-executive members are two (2) independent directors who meet the independence requirements imposed by applicable law.

The non-executive members maintain independence in the investigation of issues to consider, with the goal of providing substantive work and create a climate of trust between the Board of directors and senior executives and managers.

The responsibilities of President and CEO should not be coincided to the same person. Further, if the President of the Board is an executive member will be appointed non-executive Vice Chairman. The B.o.D. of the Company will be assisted by a Secretary, chief executive or lawyer who will attend B.o.D. meetings and keep minutes.

The corporate governance statement should include information on the composition of the B.o.D., and the names of the President of the B.o.D., the Vice-President, CEO , and the Presidents of the Board Committees and their members . Moreover, this statement should be identified and the independent non -executive members the B.o.D. considers that retain their independence. The corporate governance statement should also disclose the term of office of B.o.D. members, including brief CVs.

**3. B.o.D. members duties and conduct**

The B.o.D. members should have a thorough knowledge of both the operation and the objects of the company and the broader market sector to contribute effectively and efficiently to the smooth and efficient operation of the Company.

The continuous abstinence of a consultant, without justifiable cause, who resides at the headquarters of the Company, from the B.o.D. meetings for a period in excess of four months, equates to resignation.

A director who is absent or indisposed, has the right with his own responsibility to delegate his representation to the Council to another counselor. The authorization of his representation may be apply to one or more than one meeting of the B.o.D.. In the absence or incapacity of non-executive members of the B.o.D., the authorized representative shall be similarly non-executive member. The same applies to the independent members of the B.o.D.

**4. B.o.D. Election and Operation**

The B.o.D. is elected by the General Assembly with a maximum term of three (3) years.

The B.o.D. shall submit to the General Meeting of shareholders, who have the decisive power to do so, state candidate B.o.D. members, after adequate and timely information to shareholders regarding the profile of the candidates. The B.o.D. should ensure the smooth succession of members, and senior management, with a view to long-term business success.

The B.o.D. should meet with the necessary frequency to effectively perform their duties. The information provided by the Administration should be timely, in order to have the ability to cope effectively with the tasks.

The discussions and decisions of the B.o.D. and its committees should be recorded to the minutes. The minutes of each meeting should be shared and approved at the next meeting of the B.o.D. or the committee.

The B.o.D. members should ensure their own regular information, regarding business developments and the major risks to which the Company is exposed . Also should be informed timely of changes in legislation and the market environment. The B.o.D. members should come in regular contact with the management staff of the Company through regular presentations by head and service sectors.

The B.o.D. members should have the right to ask the Administration, through the CEO, any information they consider necessary for the performance of their duties at any time.

**5. B.o.D. Assessment**

The assessment of the effectiveness of the B.o.D. and its committees should take place at least every two (2) years and be based on a specific procedure . This process should be headed by the President, and its results are discussed by the B.o.D. and following the assessment, the President should take measures to address the identified weaknesses. It is also best practice to meet regularly non-executive directors without the presence of executive members, in order to assess the performance of executive directors and set their fees.

**Part B- Internal Control & Risk Management**

**1. Audit Committee**

The Company applies control procedures to ensure the reliability of the financial statements and the effectiveness of the operations.

In this context, it's been established the statutory prescribed Audit Committee, which is responsible for monitoring the internal audit department on a periodic basis and whenever requested. The Commission is in constant contact with the Internal Audit and attends to ensure all those requirements and conditions necessary for the non-discontinuing operation of the internal control.

The precise scope of the responsibilities of the two bodies described above in detail of the internal operation of the Company.

The Audit Commission consisting of at least two non-executive Directors an independent non-executive director and, as noted, is objective conduct internal and external audits and effective communication between the auditors and the B.o.D..

Within the responsibilities include ensuring the Company's compliance with the rules of Corporate Governance , as well as ensuring the proper functioning of the Internal Control and supervision of the work of the Internal Audit Department of the Company and evaluating the chief . In addition , the Audit Committee monitors the work of the independent auditors , discusses with them any weaknesses in internal control and has the ability to provide recommendations - advice to the General Meeting of Shareholders regarding the appointment, retention or dismissal of the external auditors of the Company.

To fulfill its tasks, recognizing that the Audit Committee members do not perform the work of auditors and / or accountants. Based on the above, it is not fall the responsibility of those the execution of detailed work book review - support and / or part thereof and / or other similar work.

**2. Internal Control System**

The B.o.D. has recommended statutory internal audit service, which operates in accordance with the internal operation.

The Internal Audit of the Company is an independent organizational unit, which reports to the B.o.D. of the Company. The responsibilities include the evaluation and improvement of risk management and internal control, as well as verification of compliance with established policies and procedures as outlined in the internal operation of the Company, the applicable legislation (mainly stock) and decisions B.o.D..

The members of the B.o.D., the Management and all members must cooperate and provide all necessary information in this section to facilitate in every way its task.

The B.o.D., with the support of the Audit Committee should adopt appropriate policies on internal control to ensure the effectiveness of the system. You must also specify the procedure to be adopted for monitoring the effectiveness of internal control system, which will include the scope and frequency of reports of the internal audit department that receives and deals with the B.o.D. during the year as and the process of annual assessment of internal control.

**3. Risk management**

The Company shall have developed related policies and procedures which ensure effective risk management activities, maintaining and preserving the overall system of internal control and financial reporting.

The statutory policies should ensure secure protection and preservation of assets of the information system from which derived the historical financial information, proper handling, deal with financials for the preparation of financial and accounting statements of each period.

The main characteristics of the system as applied to the process of preparing financial statements combine:

i) exploiting the existing organizational structure and professional competence of the staff,

ii) appliance the unified and modern IT systems and compliance procedures that restrict access and change the information,

iii) the preparation of annual budget, which is monitored during the year through regular reports, for comparison with the current actual data and identify discrepancies.

iv) the supervision and control of significant transactions through the system to represent the Company,

v) the effective Communication between auditor, internal auditor and the Audit Committee.

**Part C – Remuneration**

The process for determining remunerations must be based on objectivity, transparency and professionalism and be independent of any conflict of interest.

The level and structure of remunerations must aim at attracting and maintaining management and employees that add value to the Company with their skills, knowledge and experience. The level of remunerations must be according to the qualifications and contribution of each employee to the Company. The BoD must have a clear understanding on the methods used by the Company to remunerate/reward its employees, especially those employees who possess the right skills to manage the company efficiently.

As far as BoD members are concerned, their remuneration should take into account their duties and responsibilities, their performance compared to predefined targets, the financial status and the future prospects of the Company as well as market conditions. In this framework, fixed remuneration will be combined with extra material benefits and a bonus, all related to the total performance of BoD members.

As far as non-executive members are concerned, their remuneration is proposed to reflect their time spent on Company affairs and their responsibilities. It is recommended that their remuneration is not directly related to their performance so as not to discourage any possible objections against management decisions assuming high business risk.

The remuneration of BoD members is pre-approved by the shareholders' meeting, based on a proposal made by the BoD following the above-mentioned framework. Final approval of the remuneration of BoD members (executive and non-executive) is granted by the General Meeting of the Shareholders according to the provisions of the law.

**Part D – Relations with shareholders**

**1. Communication with shareholders**

The BoD must maintain constant and constructive communication with shareholders, especially with those holding a major share with long-term prospects.

The Company must maintain a corporate website with public information on corporate governance, management structure, ownership status as well as with other useful information for shareholders and investors.

**2. General Meeting of shareholders**

The BoD must ensure that the General Meeting of shareholders is prepared and organized in such a way that facilitates shareholders to exercise their rights efficiently. It must also be ensured that shareholders are fully informed on all issues relating to their participation in the General Meeting, including topics for discussion on the agenda and their rights.

In the framework of transparent communication with shareholders, the President of the BoD, the Managing Director, internal and external auditors must be available in order to provide all necessary information to the shareholders. The BoD must follow the principle of equal treatment of all shareholders in relation to the provision of information.

Detailed information on the role of the General Meeting of shareholders, its basic authorities and a description of shareholders' rights and how these are executed is provided in the Corporate Governance

Statement, which is included in the annual management report of the Company according to the provisions of the law.

The present Corporate Governance statement is an integral part of the annual report of the BoD of the company.

Athens, April 24, 2019
President of the BoD

GEORGE GALANAKIS
I.D. No Ξ 282324

### D. Annual Financial Statements

The accompanying financial statements were approved by the Board of directors of **«LAMPSA HELLENIC HOTELS S.A. »** on April 24, 2019, and have been published on the Company's website www.lampsa.gr as well as on the Athens Exchange's website, where they will remain at the investing public's disposal for at least 5 (five) years from the date of publication.

**Statement of Financial Position**

| | | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **Note** | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| **ASSETS** | | | | | |
| **Non Current Assets** | | | | | |
| Property, plant and equipment | 5.2 | 195.422 | 154.893 | 148.303 | 118.749 |
| Intangible Assets | 5.3 | 268 | 253 | 103 | 55 |
| Investments in Subsidiaries | 5.5 | 3.476 | - | - | - |
| Investments in Joint Ventures | 5.4 | - | - | 22.122 | 23.204 |
| Other Long-term Assets | 5.6 | 300 | 272 | 136 | 108 |
| Deferred Tax Assets | 5.15 | 4.321 | 7.800 | 7.921 | 7.984 |
| **Total** | | **203.787** | **163.217** | **178.585** | **150.100** |
| **Current Assets** | | | | | |
| Inventory | 5.7 | 1.693 | 1.612 | 1.367 | 1.260 |
| Trade and other receivables | 5.8 | 2.135 | 2.414 | 1.915 | 2.212 |
| Other Receivables | 5.8 | 5.798 | 2.194 | 4.073 | 1.838 |
| Cash and cash available | 5.9 | 8.310 | 13.084 | 4.206 | 6.176 |
| **Total** | | **17.936** | **19.303** | **11.561** | **11.486** |
| **Total Assets** | | **221.723** | **182.520** | **190.146** | **161.587** |
| | | | | | |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | **5.10** | | | | |
| Share Capital | | 23.928 | 23.928 | 23.928 | 23.928 |
| Share Premium | | 38.641 | 38.641 | 38.641 | 38.641 |
| Statutory Reserves | | 1.629 | 1.251 | 1.629 | 1.251 |
| Other Reserves | | 83 | 320 | (11.534) | 306 |
| Treasury Shares | | (3.631) | | | |
| Retained Earnings | | 38.758 | 26.757 | 20.690 | 14.641 |
| Foreign Exchange Difference Reserves | | | | | |
| **Equity attributable to owners of the parent** | | **99.408** | **90.896** | **73.354** | **78.767** |
| Non-controlling interest | | 71 | 2.843 | | |
| **Total Equity** | | **99.478** | **93.739** | **73.354** | **78.767** |
| **Long-term liabilities** | | | | | |
| Employee termination benefits liabilities | 5.18 | 3.253 | 2.711 | 3.196 | 2.711 |
| Long-term Debt | 5.16 | 22.265 | 3.841 | 21.632 | 3.012 |
| Deferred Tax Obligations | 5.15 | 2.764 | 2.891 | | |
| Other Long-term Liabilities | 5.17 | 1.697 | 144 | 1.688 | 124 |
| Other Provisions | 5.11 | 1.734 | 974 | 831 | 71 |
| **Total** | | **31.714** | **10.561** | **27.346** | **5.919** |
| **Short-term Liabilities** | | | | | |
| Suppliers and other liabilities | 5.12 | 4.273 | 3.289 | 4.170 | 3.123 |
| Income tax payable | 5.14 | 1.970 | 3.027 | 1.968 | 3.000 |
| Short-term debt | 5.16 | 51.898 | 43.198 | 51.700 | 43.000 |
| Short-term portion of bond and bank loans | 5.16 | 22.121 | 21.507 | 21.921 | 21.343 |
| Other liabilities | 5.13 | 8.980 | 7.198 | 8.397 | 6.435 |
| Short-term contractual obligation | | 1.289 | - | 1.289 | - |
| **Total** | | **90.531** | **78.220** | **89.445** | **76.900** |
| **Total liabilities** | | **122.244** | **88.781** | **116.791** | **82.819** |
| **Total Equity and Liabilities** | | **221.723** | **182.520** | **190.146** | **161.587** |

*Potential differences are due to rounding*

The accompanying notes form an integral part of the annual financial report.

## Statement of Comprehensive Income

| | | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **Note** | **1/1-31/12/2018** | **1/1-31/12/2017** | **1/1-31/12/2018** | **1/1-31/12/2017** |
| Sales | 5.19 | 66.710 | 62.731 | 54.667 | 50.506 |
| Cost of Sales | 5.19 | (37.948) | (37.129) | (29.270) | (28.824) |
| **Gross Profit** | | **28.762** | **25.602** | **25.397** | **21.682** |
| Distribution Expenses | 5.19 | (6.935) | (6.235) | (6.276) | (5.597) |
| Administrative Expenses | 5.19 | (10.073) | (7.738) | (8.405) | (6.074) |
| Other Income | 5.19 | 1.429 | 1.263 | 898 | 835 |
| Other expenses | 5.19 | (257) | (650) | (880) | (106) |
| **Operating Profit** | | **12.926** | **12.243** | **10.735** | **10.740** |
| Financial expenses | 5.20 | (3.007) | (1.043) | (2.897) | (992) |
| Financial income | 5.20 | 57 | 29 | 1 | 0 |
| Other financial results | 5.20 | 5.696 | 899 | 4.630 | 1.095 |
| **Profit / (Loss) before Tax** | | **15.671** | **12.128** | **12.469** | **10.843** |
| Income Tax | 5.21 | (3.281) | (3.359) | (3.257) | (3.277) |
| **Net Profit / (Loss) for the period** | | **12.391** | **8.770** | **9.211** | **7.566** |
| | | | | | |
| **Other Comprehensive Income reclassified into Income Statement for Subsequent Periods** | | | | | |
| Actuarial results reserves | | 76 | 51 | 76 | 51 |
| Effect of tax on actuarial results reserves | | (19) | (15) | (19) | (15) |
| Other total comprehensive income for the period after tax | | (28) | | (28) | |
| **Other comprehensive income for the period after tax** | | **29** | **36** | **29** | **36** |
| **Total Comprehensive Income for the Period** | | **12.420** | **8.806** | **9.240** | **7.603** |
| | | | | | |
| **Profit for the period allocated to:** | | | | | |
| Owners of the parent | | 12.392 | 8.664 | 9.211 | 7.566 |
| Non controlling Interests | | (1) | 106 | | |
| | | **12.391** | **8.770** | **9.211** | **7.566** |
| | | | | | |
| **Total Comprehensive Income for the Period allocated to:** | | | | | |
| Owners of the parent | | 12.421 | 8.700 | 9.240 | 7.603 |
| Non controlling Interests | | (1) | 106 | - | - |
| | | **12.420** | **8.806** | **9.240** | **7.603** |
| | | | | | |
| Earnings per share allocated to owners of the parent | | | | | |
| **Basic in €** | **5.22** | **0,5800** | **0,4055** | **0,4311** | **0,3542** |

| | | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|---|
| | | **1/1-31/12/2018** | **1/1-31/12/2017** | **1/1-31/12/2018** | **1/1-31/12/2017** |
| EBIT | | 12.904 | 12.243 | 10.712 | 10.740 |
| EBITDA | | 19.981 | 17.551 | 15.681 | 13.991 |

*Potential differences are due to rounding*

The accompanying notes form an integral part of the annual financial report.

## Statement of Changes in Equity

| | THE GROUP | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Equity allocated to owners of LAMPSA | | | | | | | |
| **Amounts in thousands €** | **Share Capital** | **Share Premium** | **Other Reserves** | **Treasury Shares** | **Retained earnings** | **Total** | **Non-controlling interests** | **Total** |
| **Balances as at 1 January 2017** | **23.928** | **38.641** | **1.302** | | **18.116** | **81.987** | **2.962** | **84.949** |
| Change from change in ownership interest in a subsidiary | | | | | 209 | 209 | (225) | (16) |
| **Transactions attributable to the owners** | **-** | **-** | **-** | | **209** | **209** | **(225)** | **(16)** |
| Distribution of dividends in 2016 | | | 232 | | (232) | - | | - |
| Total Comprehensive Income for 2017 | | | 36 | | 8.664 | 8.700 | 106 | 8.806 |
| **Equity balance as at December 312017** | **23.928** | **38.641** | **1.570** | | **26.757** | **90.896** | **2.843** | **93.739** |
| | | | 0 | | -1 | (0) | (0) | |
| **Balances as at 1 January 2018** | **23.928** | **38.641** | **1.570** | | **26.757** | **90.896** | **2.843** | **93.739** |
| Acquisition of Treasury Shares | | | | (3.631) | | (3.631) | | (3.631) |
| Change from change in ownership interest in a subsidiary | | | | | 2.771 | 2.771 | (2.771) | - |
| **Transactions attributable to the owners** | **-** | **-** | **-** | **(3.631)** | **2.771** | **(860)** | **(2.771)** | **(3.631)** |
| Distribution of dividends in 2017 | | | 378 | | (4.651) | (4.273) | | (4.273) |
| Total Comprehensive Income for 2018 | | | 29 | | 12.392 | 12.421 | (1) | 12.420 |
| Absorption of subsidiary | | | | | 1.223 | 1.223 | | 1.223 |
| Transfers | | | (266) | | 266 | - | | - |
| **Equity balance as at December 312018** | **23.928** | **38.641** | **1.712** | **(3.631)** | **38.758** | **99.408** | **71** | **99.478** |

*Potential differences are due to rounding*

The accompanying notes form an integral part of the annual financial report.

**Company**

| THE COMPANY | | | | | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **Share Capital** | **Share Premium** | **Other reserves** | **Retained earnings** | **Total** |
| **Balances as at 1 January 2017** | **23.928** | **38.641** | **1.289** | **7.307** | **71.165** |
| Distribution of dividends in 2016 | | | 232 | (232) | - |
| Total Comprehensive Income for 2017 | | | 36 | 7.566 | 7.603 |
| **Equity balance as at December 312017** | **23.928** | **38.641** | **1.557** | **14.641** | **78.767** |
| **Balances as at 1 January 2018** | **23.928** | **38.641** | **1.557** | **14.641** | **78.767** |
| Distribution of dividends in 2017 | | | 378 | (4.651) | (4.273) |
| Total Comprehensive Income for 2018 | | | 29 | 9.211 | 9.240 |
| Absorption of subsidiary | | | (11.603) | 1.223 | (10.380) |
| Transfers | | | (266) | 266 | - |
| **Equity balance as at December 31 2018** | **23.928** | **38.641** | **(9.905)** | **20.690** | **73.354** |

*Potential differences are due to rounding*

The accompanying notes form an integral part of the annual financial report.

### Statement of Cash Flows

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01/01-31/12/2018** | **01/01-31/12/2017** | **01/01-31/12/2018** | **01/01-31/12/2017** |
| Operating activities | | | | |
| **Profit / (Loss) before tax** | **15.671** | **12.128** | **12.469** | **10.843** |
| **Plus / less adjustments for:** | | | | |
| Depreciation | 7.077 | 5.308 | 4.969 | 3.252 |
| Amortization of grants | (22) | - | (22) | - |
| Profit / (Loss) of asset sale – impairment | 48 | 11 | 1.082 | - |
| Profit from fair value measurement | (5.892) | - | (5.892) | - |
| Provisions/ (Revenues from unused provisions of previous years) | (482) | 293 | 389 | (73) |
| Income from Dividends | - | - | - | (300) |
| Foreign exchange differences | 159 | (630) | 143 | (641) |
| Non-cash expenses | 147 | - | - | - |
| Interest income | (85) | (29) | (1) | - |
| Interest expenses | 3.014 | 1.043 | 2.897 | 992 |
| **Operating profit prior to changes in working capital** | **19.636** | **18.124** | **16.034** | **14.072** |
| **Plus/ less adjustments for changes in working capital accounts or accounts related to operating activities:** | | | | |
| Decrease / (increase) in inventories | 85 | (409) | 58 | (348) |
| Decrease / (increase) in receivables | (2.065) | (958) | (652) | (1.027) |
| (Decrease) / increase in short term liabilities (except for banks) | (2.792) | 1.812 | (2.595) | 1.543 |
| Less: | | | | |
| Interest expense and related expenses paid | (2.397) | (1.078) | (2.296) | (912) |
| Taxes paid | (3.376) | (1.066) | (3.000) | (778) |
| **Total inflows / (outflows) from operating activities (a)** | **9.089** | **16.425** | **7.549** | **12.551** |
| **<u>Investing activities</u>** | | | | |
| Acquisition of tangible and intangible assets | (2.768) | (48.437) | (2.138) | (47.732) |
| Acquisition of shares of subsidiary | (7.659) | (16) | (7.659) | - |
| Dividends Received | - | - | - | 300 |
| Interest collectable | 85 | 29 | 1 | - |
| **Total inflows / (outflows) from investing activities (b)** | **(10.342)** | **(48.424)** | **(9.797)** | **(47.431)** |
| **<u>Financing activities</u>** | | | | |
| Proceeds from issued/received loans | 6.000 | 43.000 | 6.000 | 43.000 |
| Disposal / (Acquisition) of treasury shares | (3.631) | - | - | - |
| Dividends paid to shareholders of the parent | (4.273) | - | (4.273) | - |
| Payments of loans | (3.308) | (5.278) | (3.143) | (5.169) |
| Repayment of finance lease liabilities | (4) | (4) | - | - |
| **Total inflows / (outflows) from financing activities (c )** | **(5.215)** | **37.718** | **(1.416)** | **37.831** |
| **Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)** | **(6.468)** | **5.719** | **(3.664)** | **2.950** |
| **Year opening cash and cash equivalents** | **13.084** | **7.365** | **6.176** | **3.226** |
| **Absorbed subsidiary cash and cash equivalents** | **1.694** | **-** | **1.694** | **-** |
| **Year closing cash and cash equivalents** | **8.310** | **13.084** | **4.206** | **6.176** |

*Potential differences are due to rounding*

The accompanying notes form an integral part of the annual financial report.

**Notes to the Financial Statements**

## 1. General information

LAMPSA Group has fully adopted all the International Financial Reporting Standards and their Interpretations adopted by the European Union mandatory applicable for the preparation of the current FY financial statements.

The parent company of the Group is "LAMPSA HELLENIC HOTELS S.A. based in Athens, Vasileos Georgiou A1, and is registered in the Companies Register of the Ministry of Economy, Competitiveness and Shipping, No. REG 6015/06 / V/86/135 and GSC Reg. No. 223101000 and its term of duration is set at one hundred (100) years, which began from the publication in the Government Gazette of the Royal Decree approving its memorandum of association. The company has been operating continuously since its foundation, over ninety-six (96) consecutive years. The General Meeting of Shareholders as of 19/06/2015, decided to extend the duration of the company for fifty (50) years, with the corresponding amendment of Article 4 of its Articles of Association.

The parent company's objective is acquisition, construction and operation of hotels in Athens and elsewhere in Greece or abroad, as well as related businesses, such as acquisition and / or exploitation of thermal spring water, resorts, public entertainment, clubs, etc. . The Company website is www.lampsa.gr.

The shares of the group are listed on the Athens Stock Exchange since 1946.

The annual financial statements were approved for issue by the Company Board of Directors on 24 April, 2019.

The company LAMPSA and Starwood Hotels and Resorts Worldwide Inc, signed an agreement on management and hotel operation in December 2001. According to the agreement, Starwood, agreed to provide management and operation services to the hotel «Grande Bretagne». The term of the Management Agreement is initially of twenty five (25) years, with option to extend for another 25 years. Both companies have limited rights to terminate the agreement without reason.

There was also signed a management agreement with Starwood Hotels & Resorts Worldwide Inc. and Touristika Theretra S.A., the owner of «Sheraton Rhodes Resort» Hotel. The agreement concerns the assumption of operational management of the hotel (operating services agreement).

It is to be noted that in 2016, the company Starwood Hotels & Resorts Worldwide Inc. was acquired by Marriott International Inc., and, therefore, Marriott International Inc. manages all three hotels.

## 2. Basis for preparation of annual financial statements

The accompanying separate and consolidated financial statements of LAMPSA S.A. have been prepared in accordance with the International Financial Reporting Standards (hereinafter IFRS). The financial statements have been prepared based on historic cost principal as amended following the adjustment of certain assets and liabilities at fair values and the going concern principle and are in accordance with the IFRSs, as issued by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) of IASB.

All the revised or newly issued Standards and Interpretation applicable to the Group and effective as from December 31, 2018 were taken into account under the preparation of the financial statements for the current tear to the extent they were applicable.

The preparation of financial statements according to IFRSs requires use of accounting estimates. It also requires management estimations under the application of the Company accounting principles. The cases involving a higher degree of judgment or complexity, or the cases where assumptions and estimates are significant to the consolidated financial statements are recorded in Note 2.2.

### 2.1. Changes in Accounting Policies

The accounting policies based on which the Financial Statements were drafted are in accordance with those used under the preparation of financial statements for FY 2017, adjusted to the new Standards and revisions imposed by IFRS effective for fiscal years starting as at January 1st, 2018.

#### 2.1.1 New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2018.

- **IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The effect of the new Standard is reported in Note 2.3.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The effect of the new Standard is reported in Note 2.3.

- **Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The effect of the new Standard is reported in Note2.3.

- **Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01/01/2018)**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not affect the consolidated and separate Financial Statements.

- **Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The amendments do not affect the consolidated and separate Financial Statements.

- **Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle and are effective for annual periods starting on or after 01/01/2018 are the following: IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments do not affect the consolidated and separate Financial Statements.

- **Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The amendments do not affect the consolidated and separate Financial Statements.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The new Interpretation does not affect the consolidated and separate Financial Statements.

### 2.1.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

- **IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The current management's estimate for the impact of IFRS 16 adoption is summarized as follows: The parent company has signed a 30 years lease contract for the King's Palace, according to which the first rentals will be paid at the end of the year 2019. On the basis of the aforementioned contract and the implementation of the standard, it is expected that at the end of the next year, assets with rights of use will be recognized with a corresponding increase in the lease obligations of approximately € 23 million. Moreover, since the beginning of payment leases are expected at the end of next year, the implementation of the new standard has no significant impact on the results of the current year. Finally, we note that the actual impact on the implementation of IFRS 16 in the financial statements of the group will depend on the state of the leases that will exist until the date of the first application and on the level of the borrowing rates of the group companies. The Group will apply the new standard using the cumulative effect method, according to which the comparative figures for the previous year will not be restated. The above have been adopted by the European Union with effective date of 01/01/2019.

- **Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

- **IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)**

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union. The above have been adopted by the European Union with effective date of 01/01/2019.

- **Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

- **Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)**

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: IFRS 3 - IFRS 11: Previously held interest in a joint operation, IAS 12: Income tax consequences of payments on financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods starting on or after 01/01/2019)**

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)**

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

### 2.2. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the reported assets and liabilities at the balance sheet date. They also affect the disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses for the period. actual results may differ from these estimates. Estimates and judgments are based on historical experience and other factors, including expectations of future events that are considered reasonable under specific circumstances and are constantly re-assessed using all available information.

#### Judgments

The key judgments made by the management of the Group (other than judgments associated with estimates presented below) and that have the most significant effect on the amounts recognized in the financial statements mainly relate to:

- Classification of investments.
- Recoverability of receivables.
- Impairment of inventory.

**Assumptions and estimates**

Specific amounts included or affecting the financial statements along with relevant acknowledgments are estimated assuming values or conditions which cannot be known with certainty at the time the financial statements are issued. An accounting estimate is considered significant when it is important for the image the financial position of the company and fiscal year results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates regarding the effect of matters that are uncertain. The Group evaluates these estimations in constant basis, based on past years and experience, by meeting experts, trends and other methods considered rational under the specific circumstances along with provisions of future changes. In § 3 "Synopsis of accounting policy" the accounting policies are mentioned which have been chosen from acceptable alternative policies.

- **Impairment estimation**

The Group tests annually the existing goodwill for impairment and examines events or conditions that make impairment possible; such as, for example, a significant negative change in the business climate or a decision for the sale or disposal of a unit or an operating segment. The determination of impairment requires the valuation of the corresponding unit, which is evaluated by using the method of discounted cash flows.

The recoverable amounts of units creating cash flows are determined based on calculations of current use value. These calculations require the use of estimates.

If this analysis indicates a need for impairment, the measurement of the impairment requires a fair value estimate for each identified tangible asset. In that case the approach of cash flows is used, as mentioned above, by independent valuators as appropriate.

Moreover, other identified intangible assets with defined useful lives are tested annually for impairment and are subject to amortization by comparing the carrying amount to the sum of the undiscounted cash flows expected to be generated by the asset. The Group annually tests the impairment of goodwill according to accounting policy as mentioned below. It is to be noted that the total of recognised goodwill was fully impaired within the previous year.

- **Income Tax**

LAMPSA is subject to income taxation by various tax authorities. For determining the provision for income taxes, significant estimates are required. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognizes liabilities for anticipated tax audit issues based on estimates for the amount of additional taxes that may be due. If the final tax outcome of these cases differs from the amount initially recognized in the financial statements, these differences will affect the income tax and deferred tax provisions in the period in which the amounts are finalized.

- **Provisions**

Doubtful accounts are reported at the amounts that may be recovered. Estimates of the amounts expected to be recovered result of analysis as well as from the experience of the Group regarding the possibility of doubtful customer. As soon as it is realized that a specific account is subjected to greater risk than the usual credit risk (e.g. low credibility, argument on demand's existence or amount, etc.), the account is analyzed and recorded as doubtful debt as long as demand remain uncollected.

- **Contingent events**

During ordinary course of business, the Group is involved in legal claims and compensations. The Management judges that any arrangement would not affect significantly the financial position of the Group in 31/12/2018. However, the determination of contingent liabilities that are connected to legal claims and demands is a complicated procedure that includes judgments on possible consequences and law interpretation according laws and regulations. Any change in judgment or interpretation is possible to lead to an increase or decrease of the contingent liabilities in the future.

- **Business combinations**

Upon initial recognition, the assets as well as liabilities of the acquired business are included in the consolidated financial statements at their fair values. During measurement of fair values, management uses estimates regarding future cash flows but actual results may differ. Any other change in measurement upon initial recognition would affect the goodwill measurement.

- **Useful life of depreciable assets**

The Management examines the useful lives of depreciable assets at every reporting period. At 31 December 2018, the management of the company estimates that the useful lives of the depreciated assets, represent the expected utility of these assets. Actual results, however, may differ due to technical gradual depreciation, mainly regarding software and computer equipment.

### 2.3. Effect of changes in accounting policies

**IFRS 9 "Financial Instruments"**

The Group and the Company implement the Standard starting on 01/01/2018 without revising the prior periods comparative information.

**Classification and Measurement**

Attention has been paid to IFRS 9 approach, which is affected by the business model to which an asset belongs as well as by the cash flow characteristics. Following the aforementioned review, the Group and the Company consider that there is no impact on the classification and measurement of its trade and other receivables, which will continue to be measured at amortized cost

In addition, for the most part, IFRS 9 maintains the effective provisions IAS 39 regarding Classification of Financial Liabilities. The only change relates to liabilities recognized at fair value through profit or loss where, under IFRS 9, changes arising from credit risk will be recognized in other comprehensive income. Other changes in fair value will be recognized in the income statement.

The Group and the Company have no financial liabilities that are measured at fair value through profit or loss. Consequently, the Group estimates that there is no impact arising from the classification of financial liabilities.

**Impairment**

IFRS 9 introduces a new method of calculating the impairment based on expected credit losses that leads to a more direct recognition of impairment. At the same time, it introduces a simplified calculation method regarding trade and financial receivables.

The Group and the Company have determined that their trade receivables and other financial assets are of low credit risk and will adopt the simplified method of expected credit losses. Given the low credit risk of the Group and Company transactions, the implementation of the new standard has not generated the need to make additional provisions as at 01/01/2018, while on 31/12/2018, the Group and the Company made additional provision amounting to € 39 k arising from the implementation of the Standard.

**Hedge Accounting**

IFRS 9 requires an entity to confirm that hedge accounting is in line with its risk management activities and that if applies a more qualitative and future-oriented approach to assessing its effectiveness. Furthermore, IFRS 9 introduces enhanced disclosures and does not allow for voluntary discontinuation of hedge accounting.

The Group and the Company do not apply hedge accounting.

**IFRS 15 "Revenue from Contracts with Customers"**

The Group and the Company implement the Standard starting on January 1, 2018 using the modified retrospective method, ie the effect from the transition will be recognized cumulatively in retained earnings while the comparative amounts will not be modified.

**Rendering services**

Most of the revenues for the Group come from rendering services related to the rental of rooms, use of hotel facilities, catering services, use of the building facilities. Under IFRS 15, revenue is recognized at a given point in time when the obligation to perform the service is met. Under the existing revenue recognition accounting policy, the Group and the Company recognize revenue for services when they are rendered. Therefore, the implementation of the new Standard will not have a significant effect on the Financial Statements.

**Principal/Agent distinction**

When a third party is involved in provision of goods or services, the Group and the Company shall determine whether the nature of the service offer is an obligation to perform services by itself (that is, it is the principal) or not (that is, it is the agent). Based on the assessment performed so far, the Group acts as the principal regarding the largest part of the transactions. In cases when the Group and the Company act as agents, they shall only recognize net profit as income. Implementation of the new Standard has resulted in offsetting the amount of € 849 k of cost of sales and sales without affecting the Group and the Company results.

**Voucher**

The Group and the Company receive prepayments from customers and recognize a contractual obligation equal to the amount of prepayment for the obligation to transfer goods or services in the future. The Group and the Company recognize revenue when they transfer these goods or services and, consequently, fulfill the obligation in question. However, customers may not exercise all their contractual rights. Under the new standard, the Group and the Company shall estimate whether they will be entitled to an amount by not redeeming the rewards. If it has been defined that the Group and the Company are entitled to an amount from non-redeeming rewards, then they will recognize the estimated benefit as revenue when the probability of residual rights being exercised by the client is minimized. The implementation of the new Standard has no significant effect on the Financial Statements.

The following tables present the adjustments recognized in respect of every item of the Statement of Financial Position as at January 1st, 2018, following the implementation of IFRS 15 and IFRS 9:

| | THE GROUP | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2017** | **IFRS 15 Adjustments** | **IFRS 9 Adjustments** | **1/1/2018** |
| **ASSETS** | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 154.893 | | | 154.893 |
| Intangible Assets | 253 | | | 253 |
| Other Long-term Assets | 272 | | | 272 |
| Deferred Tax Assets | 7.800 | | | 7.800 |
| **Total** | **163.217** | **-** | **-** | **163.217** |
| **Current Assets** | | | | |
| Inventory | 1.612 | | | 1.612 |
| Trade and other receivables | 2.414 | | | 2.414 |
| Other Receivables | 1.761 | | | 1.761 |
| Other Current Assets | 432 | | | 432 |
| Cash and cash equivalents | 13.084 | | | 13.084 |
| **Total** | **19.303** | **-** | **-** | **19.303** |
| **Total Assets** | **182.520** | **-** | **-** | **182.520** |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share Capital | 23.928 | | | 23.928 |
| Share Premium | 38.641 | | | 38.641 |
| Statutory Reserves | 1.251 | | | 1.251 |
| Other Reserves | 320 | | | 320 |
| Retained Earnings | 26.757 | | | 26.757 |
| Reserves of foreign exchange | - | | | - |
| **Equity attributable to owners of the parent** | **90.896** | **-** | **-** | **90.896** |
| Non-controlling interest | 2.843 | | | 2.843 |
| **Total Equity** | **93.739** | **-** | **-** | **93.739** |
| Long-term Liabilities | | | | |

| | | | | |
|---|---|---|---|---|
| Employee termination benefits liabilities | 2.711 | | | 2.711 |
| Long-Term Debt | 3.841 | | | 3.841 |
| Deferred Tax Obligations | 2.891 | | | 2.891 |
| Other Long-Term Liabilities | 144 | | | 144 |
| Other provisions | 974 | | | 974 |
| **Total** | **10.561** | **-** | **-** | **10.561** |
| Short-term liabilities | | | | |
| Short-term Liabilities | 3.289 | | | 3.289 |
| Suppliers and other liabilities | 3.027 | | | 3.027 |
| Income tax payable | - | | | - |
| Short-Term Debt | 43.198 | | | 43.198 |
| Short-term portion of bond and bank loans | 21.507 | | | 21.507 |
| Other liabilities | 7.198 | (1.752) | | 5.446 |
| Short-term contractual obligations | | 1.752 | | 1.752 |
| **Total** | **78.220** | **-** | **-** | **78.220** |
| **Total Liabilities** | **88.781** | **-** | **-** | **88.781** |
| **Total Equity and Liabilities** | **182.520** | **-** | **-** | **182.520** |

| | **THE COMPANY** | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2017** | **IFRS 15 Adjustments** | **IFRS 9 Adjustments** | **1/1/2018** |
| **ASSETS** | | | | |
| Non-Current Assets | | | | |
| Property, plant and equipment | 118.749 | | | 118.749 |
| Intangible Assets | 55 | | | 55 |
| Other Long-term Assets | 23.204 | | | 23.204 |
| Deferred Tax Assets | - | | | - |
| **Total** | 108 | | | 108 |
| **Current Assets** | 7.984 | | | 7.984 |
| Inventory | **150.100** | **-** | **-** | **150.100** |
| Trade and other receivables | | | | |
| Other Receivables | 1.260 | | | 1.260 |
| Other Current Assets | 2.212 | | | 2.212 |
| Cash and cash equivalents | 1.485 | | | 1.485 |
| **Total** | 353 | | | 353 |
| **Total Assets** | 6.176 | | | 6.176 |
| | **11.486** | **-** | **-** | **11.486** |
| **EQUITY AND LIABILITIES** | **161.587** | **-** | **-** | **161.587** |
| **Equity** | | | | |
| Share Capital | | | | |
| Share Premium | | | | |
| Statutory Reserves | 23.928 | | | 23.928 |
| Other Reserves | 38.641 | | | 38.641 |
| Retained Earnings | 1.251 | | | 1.251 |
| Reserves of foreign exchange | 306 | | | 306 |
| **Equity attributable to owners of the parent** | 14.641 | | | 14.641 |
| Non-controlling interest | - | | | |
| **Total Equity** | **78.767** | **-** | **-** | **78.767** |
| Long-term Liabilities | | | | |
| Employee termination benefits liabilities | **78.767** | **-** | **-** | **78.767** |
| Long-Term Debt | | | | |
| Deferred Tax Obligations | 2.711 | | | 2.711 |
| Other Long-Term Liabilities | 3.012 | | | 3.012 |
| Other provisions | 124 | | | 124 |
| **Total** | 71 | | | 71 |
| Short-term liabilities | **5.919** | **-** | **-** | **5.919** |
| Short-term Liabilities | | | | |
| Suppliers and other liabilities | 3.123 | | | 3.123 |
| Income tax payable | 3.000 | | | 3.000 |
| Short-Term Debt | 43.000 | | | 43.000 |
| Short-term portion of bond and bank loans | 21.343 | | | 21.343 |
| Other liabilities | 6.435 | (1.578) | | 4.857 |
| Short-term contractual obligations | - | 1.578 | | 1.578 |
| **Total** | **76.900** | **-** | **-** | **76.900** |

| | | | | |
|---|---|---|---|---|
| **Total Liabilities** | **82.819** | **-** | **-** | **82.819** |
| **Total Equity and Liabilities** | **161.587** | **-** | **-** | **161.587** |

The following tables present the adjustments recognized in respect of every item of the Statement of Comprehensive Income for the period 01/01-31/12/2018, following the implementation of IFRS 15 and IFRS 9:

| | THE GROUP | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2018 (IAS 18 & IAS 39)** | **IFRS 15 Adjustments** | **IFRS 9 Adjustments** | **01.01-31.12.2018** |
| Sales | 67.559 | (849) | - | 66.710 |
| Cost of Sales | (38.798) | 849 | - | (37.948) |
| **Gross Profit** | **28.762** | **-** | **-** | **28.762** |
| Distribution expenses | (6.935) | - | - | (6.935) |
| Administrative expenses | (10.034) | - | (39) | (10.073) |
| Other income | - | - | - | - |
| Other expenses | 1.429 | - | - | 1.429 |
| **Operating profit** | **13.222** | **-** | **(39)** | **13.183** |
| Financial Income | (3.007) | | | (3.007) |
| Financial Expenses | 57 | | | 57 |
| Other financial results | 5.696 | | | 5.696 |
| **Earnings before tax** | **15.968** | **-** | **(39)** | **15.929** |
| Income Tax | (3.281) | | | (3.281) |
| **Earnings after tax** | **12.687** | **-** | **(39)** | **12.648** |

| | THE COMPANY | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2018 (IAS 18 & IAS 39)** | **IFRS 15 Adjustments** | **IFRS 9 Adjustments** | **01.01-31.12.2018** |
| Sales | 55.517 | (849) | | 54.667 |
| Cost of Sales | (30.119) | 849 | | (29.270) |
| **Gross Profit** | **25.397** | **-** | **-** | **25.397** |
| Distribution expenses | (6.276) | | | (6.276) |
| Administrative expenses | (8.366) | | (39) | (8.405) |
| Other income | 898 | | | 898 |
| Other expenses | (880) | | | (880) |
| **Operating profit** | **10.773** | **-** | **(39)** | **10.735** |
| Financial Income | (2.897) | | | (2.897) |
| Financial Expenses | 1 | | | 1 |
| Other financial results | 4.630 | | | 4.630 |
| **Earnings before tax** | **12.507** | **-** | **(39)** | **12.469** |
| Income Tax | (3.257) | | | (3.257) |
| **Earnings after tax** | **9.250** | **-** | **(39)** | **9.211** |

In the comparative period, the respective amount regarding offsetting cost of sales and sales stood at € 814 k.

## 3. Summary of accounting policies

### 3.1. General

The significant accounting policies that are used for the constitution of integrated financial statements are synopsized as per below.

It is worth noting, as already mentioned above at “2.2 Significant accounting judgments, estimates and assumptions” that accounting estimations and assumptions are used in the preparation of the financial statements. Despite the fact that these estimations are based on Management’s better knowledge on current facts and activities, actual results may differ from the ones estimated.

Amounts in financial statements appear in thousand euros. Any differences in totals are due to rounding.

### 3.2. Consolidation and investments in associates

- **Subsidiaries**

Subsidiaries are all entities managed and controlled by the Group in regard to their finance and business policies. LAMPSA considers that owns and controls a subsidiary when participates with a percentage greater than the half of voting rights.

To determine the existence of potential voting rights of LAMPSA, that are currently exercisable on another entity, LAMPSA examines the existence and effect of any potential voting rights that are currently exercisable or convertible.

The consolidated financial statements of LAMPSA SA include the financial statements of the parent company as well as economic entities controlled by the Group through full consolidation.

Subsidiaries are consolidated using the full consolidation method from the date on which the Group obtains control and stop to be consolidated to the date on which control ceases.

In addition, the subsidiaries acquired are subject to the application of the market methods. This includes revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, irrespective of whether they have been included in the financial statements of the subsidiary prior to acquisition. Upon initial recognition, subsidiary’s assets and liabilities are included in the consolidated balance sheet at revalued amounts, which are also used as a basis for subsequent measurement in accordance with the accounting policies of the group. Goodwill represents the excess of cost over the fair value of the Group's share in the identifiable assets of the acquired subsidiary of the group during acquisition. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in the result.

Non-controlling interests are recognized as part of profit or loss and net assets that do not belong to the Group. If losses of a subsidiary concerning non-controlling interests exceed non-controlling interests in subsidiary’s liabilities, then the excess amount is allocated to the shareholders of the parent company except from the amount that the has an obligation and is able to cover those losses.

The accounting policies of subsidiaries are modified where necessary, in order to be consistent with the policies adopted by the Group

Intercompany account receivables and liabilities, revenues and expenses and unrealized gains or losses between companies are eliminated.

In the separate Statement of Financial Position, participation in subsidiaries is measured at acquisition cost, unless there are indications of impairment. In this case, depreciation is recorded in the income statement as “Income from related companies’’.

### 3.3. Foreign currency translation

The consolidated financial statements of LAMPSA S.A. are presented in EURO (€), which is, also, the functional currency of the Holding Company.

Each financial entity of the group defines the functional currency and the elements included in the financial statements, of each entity. In the individual financial statements of the consolidated entities, the transaction in foreign currency is converted to the functional currency of each entity, using the exchange rates, prevailing on the date of the transaction. Transactions in foreign currency are converted into euros using the exchange rates prevailing on the transaction dates.

Exchange gains and losses arising from such transactions and from the conversion of accounts with balances at year end exchange rates are recognized in the "Financial Income / (expenses)", respectively except from the gain or damage incurred by the hedging instrument and directly recognized at the equity account, through the statement of changes in equity.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are distinguished from changes in foreign exchange differences arising from changes in amortized cost of the security and other changes in the carrying value of the securities. Differences from conversion-related changes in the amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in equity.

Differences arising from converting non- monetary financial assets and liabilities are reported as part of profit or loss in fair value. Differences arising from converting non- monetary assets and liabilities as assets at fair value through profit or loss are recognized in profit or loss as part of the profits or losses from fair value. Differences arising from converting non- monetary financial assets such assets classified as available for sale are included in the reserve of the equity on available-for- sale financial assets.

In the consolidated financial statements, all individual financial statements of subsidiaries and jointly controlled entities, which originally presented in a currency other than the functional currency of the Group (none of which has the currency of a hyperinflationary economy), have been converted into Euro.

Assets and liabilities have been converted into euros at the closing rate at the balance sheet date.

Revenue and expenses have been converted into the Group's presentation currency at the average exchange rates during the reporting period; unless there are significant fluctuations in which case income and expenses are translated at the exchange rate at the transaction dates.

Any differences arising from this procedure have been transferred to the translation reserve in the balance sheet equity.

Goodwill and fair value adjustments arising from an acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into euros at the closing rate

On consolidation, exchange rate differences arising from the conversion of the net investment in foreign operations, and of borrowings and other currency instruments that are designated hedges of a net investment in a foreign operation directly in equity through the statement of equity changes.

When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognized in profit or loss in the period of disposal or sale as part of the gain or loss on sale.

### 3.4. Segment reporting

The Group first adopted IFRS 8 "Operating segments" in 2009.

The adoption of the new standard has not affected the way in which the Group identifies its operating segments for the purpose of providing information and the Group now presents the results of each segment based on the data that is used by the Management for internal reporting.

A business segment is a group of assets and operations engaged in providing products and services which are subject to risks and returns different from those of other business segments. A geographical segment is a geographical region in which products are sold and services provided are subject to risks and returns different from other areas. Geographically, the Group operates mainly in Greece, Cyprus and Serbia, while having interests in other countries (see § 4 «Group Structure").

The going concern business segments shown are renting rooms, food and beverage sales and other activities (Income SPA-Health Club, Telephone Revenue, etc.).

If total external revenue, which are presented by operating segments constitutes less than 75% of the Group's earnings, then other sectors identified as reportable segments until at least 75% of the Group's earnings is included in the reportable operating sectors.

Operating segments that do not meet any of the quantitative thresholds set by IFRS 8 are not considered reportable segments and are not separately disclosed if the management believes that information about the separate area is not useful to users of financial statements.

The accounting principles used by the Group for the purposes of Reporting by segment under IFRS 8 are the same as those used in the preparation of the financial statements

There have been no changes compared to the previous year valuation methods used to determine gain or damage of the sector. There have been no asymmetrical allocations to the reportable segments. Asymmetric division is for example if a company allocates the depreciation expense to a geographical sector without allocating the depreciable assets.

### 3.5. Revenue and expenses recognition

Revenue is recognized when it is probable that future economic benefits will flow into the entity and these benefits can be measured reliably.

The revenue is measured at the fair value of the consideration received and it is net of value added tax, returns, rebates and any kind of reduction after limiting the sales within the Group.

The amount of revenue is considered that can be reliably measured when all contingencies relating to the sale have been resolved.

**Sale of goods**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of those goods.

**Provision of services**

Revenue from fixed price contracts is recognized based on the stage of completion of the transaction at the balance sheet date. Under the percentage of completion method, revenue is generally recognized based on service activity and performance to date as a percentage of total services to be performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent that the following costs are recoverable.

The amount of the selling price associated with an agreement for services to be provided subsequently recorded into deferred amount and is recognized as income over the period in which services are provided. This income (deferred income) is included in the item "other liabilities".

In cases that original revenue estimates are changed, costs or the completion stage is revised. These revisions may result in increases or decreases in estimated revenue or costs and are shown in the Statement of Comprehensive Income of the period. Such cases, should they be revised, are disclosed by the Management.

**Income from interests**

Income from interest is recognized using the effective interest method that is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

When a receivable is impaired, the Group reduces the carrying value of the amount expected to be recovered, which the amount is resulting from the estimated future cash flows discounted at the effective interest rate of the instrument and continues the periodic unwinding of the discount as interest income. Incomes from interest on loans that have been impaired are recognized using the original effective interest rate..

**Income from royalties**

Incomes from royalties are recognized according to the accrual inputs / outputs, depending on the substance of the relevant agreement.

**Income from dividends**

Revenues from dividends are recognized when finalized the Group's right to receive payment from the shareholders..

Operating expenses are recognized in the Statement of Comprehensive Income over the use of the service or the date of creation. Expenditure for warranties is recognized and charged against the related provision when the corresponding revenue is recognized.

**IFRIC 13: Customer Loyalty Programs**

Customer loyalty programs give customers incentives to purchase products or services from a company. If a customer buys goods or services, then the company grants award credits « points" which the customer can redeem in the future for free or discounted products / services. These programs may be run by the company itself or by a third party. IFRC 13 can be applied to all the award credits loyalty programs a company can provide to its customers as part of a transaction. IFRC 13 applies to annual periods beginning on or after 1 July 2008. The retrospective application is required while earlier application is encouraged as long as it is disclosed in the notes to the financial statements. The implementation of the above program does not affect the Group's results.

### 3.6. Borrowing cost

Borrowings are recognized initially at fair value, which included bank charges and commissions.

The Company's management believes that the interest paid in connection with loans is equivalent to the current market interest rates and, therefore, there is no reason for any adjustments to the value at which these liabilities are presented.

Any difference between the proceeds ( net of transaction costs ) and the redemption value is recognized in the income statement over the term of the loan.

Borrowings are classified as current except when the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Borrowing costs are recognized as expenses in the period in which they are incurred.

The Group capitalizes all borrowing costs that can be directly attributable to acquisition, construction or production of an asset that meets that qualifying conditions.

### 3.7. Goodwill

Goodwill acquired in a business combination will be initially valued at historical cost, as the extra cost of the business combination exceeding the buyers participation in the net fair market value of identifiable assets, to the obligations and potential obligations. After the initial recognition, goodwill will be valued at historical cost less any accumulated impairment losses. The acquirer will test goodwill for impairment on an annual basis or more often if events or changing conditions indicate the possibility of impairment.

### 3.8. Other intangible assets and research and development activities

An intangible asset is initially valued at historical cost. The cost of an intangible asset acquired in a business combination is part of the fair value of the asset on the acquisition date.

After the initial recognition, intangible assets are valued at historical cost less accumulated depreciation and any impairment loss.

Acquired licenses regarding software are capitalized based on the purchasing and installation expense.

Expenses related to the maintenance of the software are recorded in the expenses of the period they occurred.

The useful lives of intangible assets are either definite or indefinite depending on their nature.

Intangible assets with definite useful life are amortized over their useful life and depreciation commences when the asset is available for use and is recognized in the category of operating expenses.

The period and depreciation method are reviewed at least in each fiscal year. If the expected useful life or the expected consumption rate of the future economic benefits embodied in the asset are changed, the amortization period or method are changed respectively. Such changes are accounted for as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized but are tested at least annually for impairment and to determine whether management's assessment of the indefinite useful lives of these intangible assets is supported. If not supported , the change in the useful life assessment from indefinite to limited is treated as a change in an accounting estimate in accordance with IAS 8. Gains or losses arising from the sale of an intangible asset are determined as the difference between the sale amount and the carrying amount of the asset and is recognized in the income statement in the item " Other income " or "Other expenses".

### 3.8.1. Acquired software

Intangible assets include acquired software used in the production or management.

The costs capitalized are amortized on a straight-line basis over the estimated useful lives (three to five years). Additionally, the acquired software is also tested for impairment.

### 3.8.1. Research and development expenses

Expenses related to research activities are recorded as an expense during the period.

Costs incurred during the development phase of the new, customized to client needs, systems and telecommunications software are recorded as intangible assets if they meet the following conditions:

- can demonstrate the technical feasibility of the developing product for internal use or sale
- the intangible asset will generate probable future economic benefits from the internal use or sale
- availability of sufficient technical, financial and other resources to complete the development, and
- the value of the intangible asset can be reliably measured.

The directly attributable to development costs include the cost of benefits for employees to develop the software along with an amount of directly attributable costs. The cost of internally generated software development is recognized as an intangible asset. Until the completion of the development project , the assets are subject to impairment review . Depreciation begins with the completion of the asset during the period of expected future sales from the related project, under a straight line method. All other development expenditure is recognized as an expense during the period.

### 3.9. Property, plant and equipment

Buildings, technical equipment, furniture are shown at historical cost or at historical cost less any accumulated depreciation and any accumulated impairment losses. The cost also includes the cost of spare parts of some tangible assets that require replacement at regular intervals, if the criteria for acknowledgment are fulfilled. The artwork owned by the Group is not depreciated.

The costs of daily maintenance of property, plant and equipment are recognized in profit or loss when incurred.

If the carrying value of tangible assets has suffered depreciation or an impairment loss, it is recognized in the total income for the year.

The gain or loss on sale of the land will be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recorded in profit or loss statement

Depreciation is calculated using the straight line method over the entire useful life of the assets. For works of art held by the company, no depreciation is calculated.

The buildings that have been acquired through financial leases are depreciated throughout their estimated useful lives (determined in relation to comparable owned assets), if shorter.

The useful lives of tangible assets of the Group (in years) are summarized below:

| | |
|---|---|
| Buildings & building facilities | 4-33 |
| Machinery & Equipment | 2-20 |
| Vehicles | 5-9 |
| Furniture | 2-33 |
| Office equipment /telephone devises | 3-33 |
| Printing / Hardware | 4-5 |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate at each year end.

### 3.10. Leases

The assessment of whether an arrangement contains a lease, takes place at the beginning of the agreement, taking into account all available information and specific circumstances. After the beginning of the agreement, a reassessment takes place, as to whether it contains a Lease when any of the following occurs:

a. There is a change in the terms of the contract, unless the change only renews or extends the agreement

b. Renewal option is exercised or an extension is agreed unless term of the renewal or extension was initially included in the lease term

c. There is a change in whether the settlement depends on a defined asset

d. There is a significant change in the asset

If an agreement is reassessed the accounting treatment for leases applies from the date the change in conditions involving reassessment for (a), (c ) or (d ), and from the date of renewal or extension period for case (b).

### 3.10.1. The Group as a lessee

The ownership of a leased asset is transferred to the lessee if transferred to him all the risks and rewards associated with the leased asset regardless of the legal form of the contract. At the start of the lease asset is recognized at fair value or, if lower, the present value of the minimum lease payments, including additional payments, if any, borne by the lessee. A corresponding amount is recognized as a liability of the lease regardless of whether some of the lease payments were paid in advance at the beginning of the lease.

The subsequent accounting treatment for assets acquired through financial leasing contracts, e.g. the depreciation method used and the determination of useful life, is the same as that applied to comparable acquired, except leases, assets. The accounting treatment of the respective obligation relates to the gradual reduction of the basis of the minimum lease payments minus finance charges, which are recognized as an expense in finance costs. Financial charges are allocated over the lease period and represent a constant periodic rate of interest on the remaining balance of the liability.

All other leases are treated as operating leases. Payments on operating leases are recognized as an expense on a straight (use link revenue and expense). The related costs, such as maintenance and insurance, are recognized as an expense when incurred.

### 3.10.2. The Group as a lessor

Leases where the Group does not transfer substantially all the risks and rewards of the asset are classified as operating leases. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized over the lease term as the lease income.

### 3.10.3 Impairment test of goodwill, tangible and intangible assets

The Group's goodwill, intangible and tangible assets are subject to impairment tests. For the purposes of assessing impairment, certain assets are grouped in the smallest identifiable group of assets that generates cash inflows from its use (CGUs). As a result, some assets are tested individually for impairment and some are tested as CGUs.

The arising goodwill is allocated to each cash generating unit (CGU) expected to benefit from the synergies of the business combination. The CGUs represent the lowest level within the Group at which the goodwill is monitored for management purposes.

Any losses in value of a CGU to which goodwill has been allocated, first reduce the carrying value of goodwill. Any remaining impairment loss is shared proportionally to the other assets of the CGU.

When the Group sells an activity included in a CGU to which goodwill has been allocated , the goodwill shall be taken into account when determining the gain or loss on sale and apportioned to the sold activity. In this light , the goodwill allocated is measured by the relative values of the activity sold and withheld part of CGU. Alternatively, when the Group can reliably assess and demonstrate that some other method better reflects the goodwill associated with the sold operation , then this method is followed.

The assets or CGU including part of goodwill, other intangible assets with indefinite useful lives and assets not yet available for use are tested for impairment at least on an annual basis. The remaining assets and CGU tested for impairment whenever there are indications that the carrying value may not be recoverable. The impairment loss is the amount by which the carrying value of assets or CGU exceeds its recoverable value. Recoverable amount of an asset or CGU is the higher of fair value and value in use (implied by evaluating discounted future cash flows of the asset of CGU).

With the exception of goodwill, all assets are subsequently reassessed for cases where the impairment loss initially recognized may not exist.

### 3.11. Financial Assets

The financial assets of the Group include loans and receivables.

The impairment testing takes place at least at every reporting date of the financial statements or when there is material evidence that a financial asset or group of financial assets have suffered impairment or not.

#### 3.11.1. Loans and Receivables

Loans and receivables are non -derivative financial assets with fixed determinants and payments that are not quoted in an active market. They arise when the Group provides money , goods or services directly to a debtor with no commercial intent. Loans and receivables are measured at amortized cost using the effective interest method, less any provision for impairment . Any change in the value of loans and receivables is recognized in profit or loss when the loans and receivables are written off or reduce their value or during the period of depreciation.

Certain receivables are tested for impairment per individual requirement (for example for each customer) where the collection of the receivable is classified overdue at the date of the financial statements or in cases where objective evidence indicates the need for impairment . Other receivables are grouped and tested for impairment in their entirety. These groups have in common the characteristic geographical distribution, activity sector of contractors and, if applicable, other similar credit risk characteristics that characterize them.

Loans and receivables and the loans are included in current assets, except those maturing after 12 months from the balance sheet date. These are characterized as non-current assets. At the balance sheet, they are classified as trade and other receivables and comprise the biggest part of the financial assets of the Group.

### 3.12. Inventories

Inventories include raw materials, materials and goods purchased. .

Cost includes all costs incurred in bringing the inventories to their present location and condition, which are directly attributable to the production process, as well as a part of general expenses associated with the production, which is absorbed in the normal capacity of the production facilities.

The financial cost is not taken into account .

At the balance sheet date, inventories are valued at the lowest level between cost of acquisition and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business activities, minus estimated cost which is necessary to make the sale.

Cost is determined using the weighted average cost method.

### 3.13. Accounting for Income Tax

#### 3.13.1. Current Income Tax

The current tax asset / liability includes obligations or receivables by the tax authorities relating to the current or previous reporting periods have not been paid until the balance sheet date.

Calculated according to the tax rates and tax laws applicable to the fiscal period to which they relate, based on the taxable profit for the year. All changes to the current tax assets or liabilities are recognized as tax expense in the income statements.

#### 3.13.2. Deferred Income Tax

Deferred income tax is calculated on the liability method focuses on temporary differences. This involves comparing the accounting value of assets and liabilities of the consolidated financial statements with their respective tax bases.

Deferred tax assets are recognized to the extent that it is likely to be offset against future income taxes.

Deferred tax liabilities are recognized for all taxable temporary differences. In addition and in accordance with IAS 12, deferred tax is not recognized in relation to goodwill.

No deferred tax is recognized on temporary differences associated with investments in subsidiaries if reversal of these temporary differences can be controlled by the company while it is expected that the temporary difference will not reverse in the future. In addition, tax losses can be carried to subsequent periods and tax credits to the Group are recognized as deferred tax assets.

No deferred tax is recognized under initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which they will settle the asset or liability, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax expense in the results. Only changes in deferred tax assets or liabilities related to changes in the value of the asset or liability that is charged directly to equity are charged or credited directly to equity.

The Group recognizes a previously unrecognized deferred tax asset to the extent that it is probable that future taxable profit will allow the recovery of the deferred tax asset.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset.

### 3.14. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash available and short term highly liquid investments such as money market securities and bank deposits with original maturities of three months or less. The market values of financial assets are stated at fair value through profit or loss.

For the purpose of the Consolidated Cash Flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding the outstanding balances of bank overdrafts.

### 3.15. Equity

Share capital is determined using the nominal value of the shares issued. Ordinary shares are classified as equity.

The share capital increase through cash payment includes any share premium account in the original version of the share capital. Any transaction costs associated with the issuance of the shares and any related income tax benefit resulting deducted from the share capital increase.

If the economic entity acquired their own equity instruments, those instruments (the "shares") are deducted from equity. If such shares are subsequently reissued, the consideration received (net of related transaction costs and the related income tax benefit) included in equity attributable to shareholders. According to the purchase, sale, issue or cancellation of own equity instruments of the entity do not recognize any profit or loss.

The revaluation reserve comprises gains and losses due to the revaluation of certain financial assets and tangible assets. Exchange differences from the exchange are included in the conversion reserve. Retained earnings include the current results and those of previous periods as disclosed in the results.

### 3.16. Retirement benefits and short-term employee benefits

#### 3.16.1. Retirement benefits

A defined benefit plan is a pension plan that does not fall under a defined contribution plan. Typically, defined contribution plans define an amount of benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date of analogue unrecognized gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Credit Unit Method. The present value of the defined benefit obligation is determined by discounting the expected future cash outflows using interest rates of high-yield corporate bonds, which are shown in the currency in which the benefits will be paid and have terms to maturity depending on the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in proportionate matters at the end of the previous reporting period exceeded the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to results based on the expected average remaining working lives of the employees participating in this program

Past service costs are recognized immediately in income, unless the changes to the pension plans are voluntary for the employees remaining in service for a specified period (vesting date). In this case, the past service costs are amortized on a consistent basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent administrative institution in mandatory, contractual or voluntary basis. The company will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits, for services rendered current or prior years. Prepaid contributions are recognized as an asset to the extent possible a refund or a reduction in future payments.

#### 3.16.2. Termination Benefits

Termination benefits are payable when service employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. When the benefits of retirement are due for more than 12 months, after the balance sheet date they are discounted to present value.

### 3.17. Financial Liabilities

The Group's financial liabilities include bank loans and overdraft accounts (overdraft), trade and other liabilities and finance leases. The Group's financial liabilities (excluding loans) are shown in the balance sheet in the item "Non-current financial liabilities" and in the "Other trading liabilities".

Financial liabilities are recognized when the Group has entered into a contractual agreement of instrument and derecognized when the Group is exempted from or is canceled or expires.

The interests are recognized as an expense in "finance costs" in the income statement.

Liabilities from finance leases are measured at initial value less the amount of financial capital repayments.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividends to shareholders are included in "Other current financial liabilities' when the dividends are approved by the General Meeting of Shareholders.

Gains and losses are recognized in the income statement when the liabilities are written off, as well as through the amortization.

When an existing financial liability is exchanged with another liability of different form with the same lender but with substantially different terms, or the terms of an existing liability are substantially modified, for example an exchange or modification, it is treated as a write off of the original liability and the recognition of a new liability. Any difference in the respective numerical amounts is recognized in the income statement..

#### 3.17.1. Loans

Bank loans provide long-term and / or short-term financing of the Group operations. All loans are initially recognized at cost, being the fair value of the consideration received excluding the cost of issuing the loan.

After initial recognition, borrowings are measured at amortized cost and any difference between the revenue and the payoff is recognized in the income statement over the period of lending using the effective interest rate method.

The amortized cost is calculated taking into account any issue costs and any discount or premium on settlement amount.

The bond represents the Group's liability for future coupon payments and repayment of principal payment. If the bond loan is convertible then the equity component of the loan represents the value of the right of the bondholders to convert into shares of common stock and is presented in equity (net of applicable tax).

### 3.18. Other Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when a present obligation is likely to lead to an outflow of economic resources for the Group, in the case that this outflow can be reliably estimated. The timing or amount of the outflow may be uncertain.

A present obligation arises from the presence of a legal or constructive obligation resulting from past events, for example, product warranties, legal disputes or onerous contracts

Restructuring provisions are recognized only if a detailed formal plan has been developed and implemented, or management has at least announced the features of the program to those who are affected by it. Provisions are not recognized for future operating losses.

When some or all of the expenditure required to settle a provision, is expected to be reimbursed by another party, the reimbursement will be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation and the obligation is treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision.

The expense relating to a provision is presented in results, net of the amount recognized for the reimbursement.

A provision is used only for expenditures for which it originally formed a prediction. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions are measured at the expected cost required to determine the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation.

When the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The rate does not reflect risks for which future cash flow estimates have been adjusted.

When the method of discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost in the results. When a number of similar obligations exist, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow to an element included in the class of obligations may be small.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

In such cases where the possible outflow of economic resources as a result of present obligations is considered improbable, or the amount of the provision cannot be estimated reliably, no liability is recognized in the consolidated balance sheet, unless considered in the context of the business combination.

These contingent liabilities are recognized as part of allocating the cost of acquiring the assets and liabilities in the business combination. Subsequently they are measured at the highest amount of a comparable provision as described above and at the amount initially recognized, less any depreciation.

Possible inflows of economic benefits for the Group that do not yet meet the criteria of an asset are considered contingent assets.

## 4. The Group Structure

The Group structure of LAMPSA S.A. on December 31, 2018 is presented below as follows:

| Company | Func. Currency | Domicile | Participating interest % | Equity shares* | Consolidation Method | Participation |
|---|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A.. | € | GREECE | Parent | | | |
| LUELLA ENTERPRISES LTD | € | CYPRUS | 100,00% | | Full | Direct |
| BEOGRADSKO MESOVITO PREDUZECE | € | SERBIA | 94,60% | 5,4% | Full | Indirect |
| EXCELSIOR BELGRADE SOCIATE OWNED | € | αSERBIA | 80,33% | 17,23% | Full | Direct |
| MARKELIA ENTERPRISES COMPANY LTD | € | CYPRUS | 100,00% | | Full | Indirect |

Amounts in thousand Euro, unless otherwise mentioned

In 2018, the subsidiary BEOGRADSKO MESOVITO PREDUCEE AD acquired all minority shares corresponding to 5.4% of the share capital. As a result of the acquisition, no shares are held outside the Group's companies. Moreover, the subsidiary EXCELSIOR BELGRADE AD acquired an additional 17,23% of shares and thus, a small percentage of the company's shares (2,28%) remains out of the Group.

The Company held 50% of the company "TOURISTIKA THERETRA SA". This investment was recognized as an investment in Joint Ventures and, since there was joint control, it was consolidated using the equity method. In October 2018 it acquired the remaining 50% paying a consideration of € 7,6 m. After the acquisition the parent company owns 100% of "TOURISTIKA THERETRA SA" recognizing it as a subsidiary company.

Following the acquisition, the company merged with absorption of the latter from the first. The above absorption was carried out in accordance with the provisions of articles 68-78 of CL. 2190/20 and the provisions of articles 1-5 of L. 2166/1993. As transformation balance sheet the balance sheet dated on 31/10/2018 was used and due to the 100% holding of the absorbed share there was no share exchange ratio. For the accounting recording of the absorption the date of the decision of the finalization of the absorption recorded in General Commercial Registry (GEMI), i.e. 27-12-2018, is taken into account.

## 5. Notes to financial statements

### 5.1. Segment reporting

In accordance with the provisions of IFRS 8, the identification of operating segments is based on the "management approach". According to this approach, the information to be disclosed regarding the operating segments should be based on internal organizational and management structure of the Group and the main items of internal financial reporting provided to the key decision makers. The Management monitors the operating results of its operating segments separately for the purpose of making decisions on resource allocation and performance assessment thereof. It is to be noted that the Group applies the same accounting principles for the measurement of operating segment's results as those in the Financial Statements. Deferred tax is monitored at consolidated level without affecting the operating segments, generating the results.

Transactions between operating segments are performed within the regular business operations of the Group. Inter-segment sales are eliminated on consolidation.

The operating segments presented include renting rooms, food and beverage sales and other activities (Income SPA-Health Club, Telephone Revenue, etc.). The Group results, assets and liabilities per segment in respect of the presented periods are analyzed as follows:

| **Segment results as at 31/12/2018** | **RENTING ROOMS** | **SALE OF FOOD AND BEVERAGE** | **OTHER ACTIVITIES** | **NON-ALLOCATED** | **TOTAL** |
|---|---|---|---|---|---|
| Sales | | | | | |
| - to external clients | 44.759 | 18.659 | 3.292 | | 66.710 |
| - to other segments | | | | | - |
| **Net sales of the segment** | **44.759** | **18.659** | **3.292** | **-** | **66.710** |
| | | | | | |
| Financial Income | 36 | 18 | 3 | | 57 |
| Financial Expenses | (1.895) | (932) | (180) | | (3.007) |
| Depreciation | (5.181) | (1.594) | (302) | | (7.077) |
| **Earnings before tax** | **9.873** | **4.858** | **940** | | **15.671** |
| Income tax | 1.461 | 719 | 139 | 962 | 3.281 |
| **Earnings after tax** | **8.412** | **4.139** | **801** | **(962)** | **12.391** |
| | | | | | |
| **31/12/2018** | | | | | |
| Non-current assets | **123.474** | **60.757** | **11.759** | | **195.990** |
| Other Non-current Assets (Deferred Tax Assets) | | | | 4.321 | 4.321 |
| Other assets | 11.300 | 5.560 | 1.076 | - | 17.936 |
| **Total Assets** | **134.773** | **66.317** | **12.836** | **4.321** | **218.247** |
| **Total Liabilities** | **77.014** | **37.896** | **7.335** | | **122.244** |

| **Segment results as at 31/12/2017** | **RENTING ROOMS** | **SALE OF FOOD AND BEVERAG E** | **OTHER ACTIVITIES** | **NON-ALLOCATED** | **TOTAL** |
|---|---|---|---|---|---|
| Sales | | | | | |
| - to external clients | 41.079 | 17.561 | 4.091 | | 62.731 |
| - to other segments | | | | | - |
| **Net sales of the segment** | **41.079** | **17.561** | **4.091** | **-** | **62.731** |
| | | | | | |
| Financial Income | 18 | 9 | 2 | | 29 |
| Financial Expenses | (657) | (323) | (63) | | (1.043) |
| Depreciation | (3.887) | (1.196) | (227) | | (5.310) |
| **Earnings before tax** | **7.641** | **3.760** | **728** | **-** | **12.128** |
| Income tax | (2.090) | (1.028) | (199) | (42) | (3.359) |
| **Earnings after tax** | **5.551** | **2.732** | **529** | **(42)** | **8.770** |
| | | | | | |
| **31/12/2017** | | | | | |
| Non-current assets | **97.913** | **48.179** | **9.325** | | **155.417** |
| Other Non-current Assets (Deferred Tax Assets) | | | | 7.800 | 7.800 |
| Other assets | **12.161** | **5.984** | **1.158** | **-** | **19.303** |
| **Total Assets** | **110.074** | **54.163** | **10.483** | **7.800** | **182.520** |
| **Total Liabilities** | **55.932** | **27.522** | **5.327** | | **88.781** |

### Geographical segments

The headquarters of the Group are in Greece. Geographically, the Group operates mainly in Greece, Cyprus, Serbia, and has investments in other countries (see § 4 "Group Structure").

| | **1/1-31/12/2018** | **31/12/2018** | **1/1-31/12/2017** | **31/12/2017** |
|---|---|---|---|---|
| **Amounts in thousands €** | **RENTING ROOMS** | **SALE OF FOOD AND BEVERAGE** | **OTHER ACTIVITIES** | **NON-ALLOCATED ASSETS** |
| GREECE | 54.667 | 170.664 | 50.506 | 118.912 |
| CYPRUS | - | | - | - |
| SERBIA | 12.042 | 28.803 | 12.225 | 36.505 |
| **Total** | **66.710** | **199.466** | **62.731** | **155.417** |

## 5.2. Property, plant and equipment

Land, buildings and equipment valued at the date of transition to IFRS (1/1/2005) at acquisition cost less any accumulated amortization and any impairment losses.

The Group and the Parent Company property items are burdened with liens amounting to € 87.250 as well as $ 25,500 versus loan liabilities.

### The Group

| **Amounts in thousands €** | **Land plots and buildings** | **Mechanical equipment and vehicles** | **Furniture and other equipment** | **Fixed assets under construction** | **Total** |
|---|---|---|---|---|---|
| | | | | | |
| **Net Book Value as at 31/12/2016** | **102.088** | **917** | **6.739** | **1.584** | **111.328** |
| | | | | | |
| Additions | 44.701 | 129 | 2.691 | 1.347 | 48.867 |
| Disposal of assets | (44) | (61) | (9) | - | (114) |
| Reclassifications | 201 | 61 | 256 | (580) | (62) |
| Depreciation costs | (3.456) | (219) | (1.555) | - | (5.230) |
| Depreciation of disposed assets | 44 | 52 | 7 | - | 103 |
| **Net Book Value as at 31/12/2017** | **143.533** | **879** | **8.129** | **2.351** | **154.893** |
| | | | | | |
| Additions | 273 | 255 | 2.366 | 3.204 | 6.097 |
| Additions through business combinations | 40.223 | 656 | 610 | - | 41.488 |
| Disposal of assets | - | (43) | (378) | - | (421) |
| Reclassifications | 303 | 139 | 31 | (477) | (5) |
| Depreciation costs | (5.289) | (251) | (1.463) | - | (7.003) |
| Depreciation of disposed assets | - | 41 | 332 | - | 373 |
| | | | | | |
| **Net Book Value as at 31/12/2018** | **179.043** | **1.675** | **9.626** | **5.078** | **195.422** |

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value and impairment | 205.678 | 9.627 | 28.973 | 2.351 | 246.629 |
| Accumulated depreciation | (62.145) | (8.748) | (20.844) | (0) | (91.737) |
| **Net Book Value as at 31/12/2017** | **143.533** | **879** | **8.129** | **2.351** | **154.892** |
| Gross Book Value and impairment | 281.415 | 12.919 | 38.840 | 5.079 | 338.253 |
| Accumulated depreciation | (102.372) | (11.244) | (29.215) | (0) | (142.831) |
| **Net Book Value as at 31/12/2018** | **179.043** | **1.675** | **9.626** | **5.078** | **195.423** |

**The Company**

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| **Net Book Value as at 31/12/2016** | **67.392** | **431** | **4.482** | **1.522** | **73.828** |
| Additions | 44.694 | - | 2.543 | 911 | 48.148 |
| Disposal of assets | (44) | (10) | | - | (54) |
| Reclassifications | 189 | - | 33 | (222) | - |
| Depreciation costs | (2.221) | (58) | (948) | - | (3.227) |
| Depreciation of disposed assets | 44 | 10 | | - | 54 |
| | | | | | |
| **Net Book Value as at 31/12/2017** | **110.054** | **374** | **6.110** | **2.211** | **118.749** |
| Additions | 266 | 56 | 2.155 | 3.008 | 5.485 |
| Additions through business combinations | 27.749 | 656 | 610 | - | 29.015 |
| Reclassifications | 303 | | | (303) | - |
| Depreciation costs | (3.944) | (76) | (925) | - | (4.945) |
| **Net Book Value as at 31/12/2018** | **134.429** | **1.009** | **7.950** | **4.916** | **148.303** |

| Amounts in thousands € | Land plots and buildings | Mechanical equipment and vehicles | Furniture and other equipment | Fixed assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value and impairment | 145.406 | 5.232 | 16.980 | 2.211 | 169.832 |
| Accumulated depreciation | (35.352) | (4.858) | (10.867) | 0 | (51.083) |
| **Net Book Value as at 31/12/2017** | **110.054** | **374** | **6.110** | **2.211** | **118.749** |
| Gross Book Value and impairment | 188.422 | 8.229 | 26.999 | 4.916 | 228.566 |
| Accumulated depreciation | (53.993) | (7.220) | (19.049) | - | (80.263) |
| **Net Book Value as at 31/12/2018** | **134.429** | **1.009** | **7.950** | **4.916** | **148.303** |

Assets under construction during the year ended 31/12/2018 include:

- Rebuilding and renovation works at King's Palace Hotel amounting to € 2,2 m.

- Renovation and development costs of the hotel amounting to € 793k (2017 € 911k)

No interest capitalized on loans.

The company has entered into contractual capital commitments for the renovation of King's Palace. The total cost of the project has been estimated at € 16 m.

### 5.3. Intangible assets

The intangible assets of the Group are as follows:

| Amounts in thousands € | Software licenses | Other intangible assets | Total |
|---|---|---|---|
| **Net Book Value as at 31/12/2016** | **123** | **121** | **243** |
| Additions | 34 | 9 | 42 |
| Reclassifications | 30 | 18 | 48 |
| Amortization | (28) | (53) | (81) |
| **Net Book Value as at 31/12/2017** | **158** | **94** | **253** |
| Additions | 57 | 4 | 61 |
| Additions through business combinations | 25 | - | 25 |
| Reclassifications | - | 4 | 4 |
| Amortization | (52) | (22) | (74) |
| **Net Book Value as at 31/12/2018** | **189** | **79** | **268** |

Acquisition value and accumulated amortization are as follows:

| Amounts in thousands € | Software licenses | Other intangible assets | Total |
|---|---|---|---|
| Gross book value | 863 | 483 | 1.345 |
| Accumulated amortization and impairment | (704) | (388) | (1.092) |
| **Net Book Value as at 31/12/2017** | **158** | **94** | **253** |
| Gross book value | 945 | 490 | 1.435 |
| Accumulated amortization and impairment | (756) | (410) | (1.166) |
| **Net Book Value as at 31/12/2018** | **189** | **79** | **268** |

Changes in intangible assets of the Company are analytically presented below as follows:

| Amounts in thousands € | Software licenses |
|---|---|
| **Net Book Value as at 1/1/2017** | **60** |
| Additions | 22 |
| Amortization | (27) |
| **Net Book Value as at 31/12/2017** | **55** |
| Additions | 47 |
| Additions through business combinations | 25 |
| Amortization | (24) |
| **Net Book Value as at 31/12/2018** | **103** |

Acquisition value and accumulated amortization of the Company are as follows:

| Amounts in thousands € | Software licenses |
|---|---|
| Gross book value | 528 |
| Accumulated amortization and impairment | (473) |
| **Net Book Value as at 31/12/2017** | **55** |
| Gross book value | 1.054 |
| Accumulated amortization and impairment | (951) |
| **Net Book Value as at 31/12/2018** | **103** |

Intangible assets are free from liens.

### 5.4. Investments in subsidiaries

Analysis of the investments of the parent Company in subsidiaries and associates is presented below as follows:

| Amounts in thousands € | ACQ. VALUE as at 31/12/2018 | ACQ. VALUE as at 31/12/2017 | DOMICILE - COUNTRY | DIRECT & INDIRECT % PART. INT. | TREASURY SHARES | RELATIONSHIP | CONS. METHOD | OPER. SEGMENT |
|---|---|---|---|---|---|---|---|---|
| LAMPSA HELLENIC HOTELS S.A. | - | - | Greece | PARENT | | PARENT | - | Hotel services |
| LUELLA ENTERPRISES LTD | 18.732 | 18.732 | Cyprus | 100,00% | | SUBSIDIARY | Full Consolidation | Holding |
| EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES | 7.434 | 7.434 | Serbia | 80,33% | 17,39% | SUBSIDIARY | Full Consolidation | Hotel services |
| BEOGRADSKO MESOVITO PREDUZECE A.D. | - | - | Serbia | 94,60% | 5,40% | SUBSIDIARY | Full Consolidation | Hotel services |
| MARKELIA ENTERPRISES COMPANY LTD | - | - | Cyprus | 100,00% | | SUBSIDIARY | Full Consolidation | Services |
| **TOTAL** | **26.166** | **26.166** | | | | | | |
| PROVISION FOR DEVALUATION | (4.044) | (2.962) | | | | | | |
| **NET VALUE** | **22.122** | **23.204** | | | | | | |

During the impairment test, the fair value less cost of sales was defined and an impairment loss of € 1,08 m recorded in the company EXCELSIOR BELGRADE SOCIATE OWNED which charged the Statement of Comprehensive Income.

The valuation methodology is based on the expected cash flows of the hotel EXCELSIOR BELGRADE SOCIATE OWNED, which is considered as the Group's cash generating unit (CGU)

Management uses assumptions that it considers reasonable and based on the best possible information at its disposal and is valid at the reporting date of the Financial Statements. However, the methodology for discounting cash flows contains significant unobservable variables and is therefore classified at the hierarchy level 3.

**Assumptions used to define value in use:**

- **Discount rate:** The discount rate used was calculated at 10,6%
- **Capitalization rate:** The capitalization rate used was calculated at 8%
- **Occupancy rate:** The occupancy rate used was calculated 70%

The change in investments of the parent company is as follows:

| Amounts in thousands € | 31.12.2018 | 31.12.2017 |
|---|---|---|
| **Opening balance** | **23.204** | **23.204** |
| Acquisitions | 7.659 | |
| Impairment loss recognized in the income statement | (1.082) | |
| Reversed impairment loss | 5.892 | |
| Subsidiary | (13.551) | |
| **Closing balance** | **22.122** | **23.204** |

### 5.5. Acquisition of Subsidiary – Goodwill

"LAMPSA SA" held 50% of the share capital of "TOURISTIKA THERETRA SA" from previous FY (2008). This investment was recognized as an investment in Joint Ventures and, since there was joint control, it was consolidated using the equity method. In the current FY, as at 12/10/2018, "LAMPSA SA" proceeded with the acquisition of the remaining 50% of the share capital with voting rights of "TOURISTIKA THERETRA SA" for a consideration of € 7,6 m in cash. Following the aforementioned acquisition, "LAMPSA SA" became the 100% owner and the company "TOURISTIKA THERETRA SA" became subsidiary. There are no obligations to pay any additional consideration.

**Acquisition objective**

With the aforementioned acquisition, LAMPSA SA expects to achieve significant economies of scale among hotels as well as better coordination of Administrative Operation and Sales Operation.

**Cost of Participation before the date of the additional acquisition.**

Due to the gradual acquisition, the pre-existing cost of participation was measured at fair value, resulting in the reversal of the impairment previously recognized by an amount of € 5,8 m. Reversal of the impairment is included in the item "Other Financial Results". The fair value of the minority interest previously held by "LAMPSA SA" amounted to zero due to the fact that the consolidation was carried out using the equity method.

**Fair Value of Assets and Liabilities, Minority Interests and Goodwill as at the acquisition date**

The Company’s Management has considered that the acquisition of the control of "TOURISTIKA THERETRA SA" has taken place on 12 October 2018 when the transaction with "LAMPSA SA" was announced and the respective consideration was paid.
The consideration paid is allocated to the acquiree's assets and liabilities assumed at fair value at the acquisition date. The fair value attributable to the assets and liabilities acquired is based on estimates and assumptions made by the management at the time of acquisition. The key assumptions used to estimate future cash flows include, in addition to provisions for the financial performance of the company, the discount rates used to define the present value of cash flows. Future cash flows include inherent risks and consequently may change significantly over time. "LAMPSA SA" management, in case they become aware of the events that alter the fair value of the acquired data, may review the preliminary allocation of the purchase price over the 12-month margin in accordance with the provisions of “IFRS 3 Business Combinations ". If the impact of these revisions is judged to be material, the company will proceed with the restatement of the financial statements.

It is to be noted that the cost of acquisition was not burdened with additional costs such as due diligence costs or various costs of commissions.

The allocation of acquisition cost to the net assets of the acquiree as well as the goodwill recognized at the date of acquisition are as follows:

| **Amounts in thousands €** | **Book value** | **Fair value** |
|---|---|---|
| Non-current assets | 30.706 | 43.179 |
| Current assets | 3.970 | 3.970 |
| Total long-term liabilities | 23.718 | 28.191 |
| Total short-term liabilities | 8.883 | 8.883 |
| **Total Equity** | **2.075** | **10.075** |
| Participating interest | | 100% |
| Total consideration | | 13.551 |
| **Goodwill** | | **3.476** |

The significant differences in the items of the acquired Company's Statement of Financial Position that have arisen when the relevant assets and liabilities are recognized at fair value are as follows:

• The fair value of the TOURISTIKA THERETRA SA building was recognized at the acquisition date, based on an independent valuer's report. The total additional value amounted to € 12,5 m less the related deferred tax.
• Additional provisions for court and other cases of € 856k were recognized.

Finally, based on the annual impairment test carried out on 31 December 2018, no goodwill impairment was recorded.

**Merger through Absorption of "TOURISTIKA THERETRA SA" by the Parent company**

"LAMPSA SA", following the acquisition of "TOURISTIKA THERETRA SA" and the acquisition of 100% of the voting rights, proceeded to the merger by absorption of the latter by the first. The above absorption was carried out in accordance with the provisions of articles 68-78 of CL. 2190/20 and the provisions of articles 1-5 of L. 2166/1993. As transformation balance sheet the balance sheet of 31/10/2018 was used and due to the 100% holding of the absorbed share there was no share exchange ratio. The accounting recording of the absorption the decision of the finalization of the absorption recorded in the General Commercial Registry (GEMI), i.e. 27-12-2018, is taken into account.
The business merger of the companies does not have the effect of changing the control of the companies, as the final controlling company, ("LAMPSA SA" - Parent Company), is the same before and after the transaction (par. B1 IFRS 3). As a consequence, corporate transformation (Business Combination) is considered as a transaction between entities under common control and is excluded from the scope of IFRS 3 (see paragraph 2 (c)).

In the case of a business combination under common control, Management should use its judgment to develop an accounting policy that is relevant and reliable, in compliance with paragraphs 10-12 of IAS 8.

The company has selected the merger accounting method. Based on this treatment, the Statements of Financial Position of the merging companies are combined using the book values of the assets and liabilities without further calculation of fair values.
More specifically:
• Assets and liabilities of the absorbed companies are recognized in the carrying amounts with appropriate adjustments to achieve uniform accounting policies. The accounting values used are derived either from the separate Financial Statements of the absorbed companies or from the accounting values at the consolidated balance sheet by the final controlling entity.
• Goodwill is not recognized. The balance between the acquisition cost of the investment and the net position of the absorbed company is recognized as a separate reserve in equity.
• Intangible assets and contingent liabilities are recognized only to the extent they are recognized in the financial statements of the absorbed company.
• Transaction costs are recognized directly as expenses in the Income Statement.

The acquisition and the subsequent merger through absorption of "TOURISTIKA THERETRA SA" resulted in an increase of 15% in assets and 25% in liabilities, while the earnings and profits before tax for the year 2018 incorporated in the merger amount to € 43k and € 2 m loss. If the absorption of the company had taken place on 1/1/2018, the income of the Group and the company for the year 2018 would amount to an additional € 11,2 m, while the profits before tax would be reduced by € 1,4 m.

It is to be noted that the company did not proceed with the adjustment of the comparative data presented.

### 5.6. Other long-term receivables

Other long term receivables of the Group and the Company are analyzed below as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Guarantees | 136 | 108 | 136 | 108 |
| Other receivables | 164 | 164 | - | - |
| **Total** | **300** | **272** | **136** | **108** |

### 5.7. Inventory

The Group and the Company inventory is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Goods | 1.123 | 1.153 | 1.069 | 1.103 |
| Raw materials | 422 | 288 | 298 | 157 |
| Spare parts | 148 | 171 | - | - |
| **Total** | **1.693** | **1.612** | **1.367** | **1.260** |

The Group has no pledged inventory.

### 5.8. Trade and other Receivables and other Assets

The Group and the Company receivables are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Trade receivables from third parties | 2.211 | 2.408 | 1.991 | 2.206 |
| Cheques receivable | 58 | 48 | 58 | 48 |
| Less: provision for doubtful receivables | (134) | (42) | (134) | (42) |
| **Trade receivables - net** | **2.135** | **2.414** | **1.915** | **2.212** |
| Advance payment | 264 | 82 | 236 | 73 |
| Miscellaneous debtors | 1.955 | 402 | 382 | 135 |
| Receivables from Greek State | 3.101 | 777 | 3.027 | 777 |
| Receivables from associates | - | 500 | - | 500 |
| Prepaid expenses | 363 | 318 | 326 | 272 |
| Accrued income | 116 | 114 | 102 | 81 |
| **Other current assets** | **5.798** | **2.194** | **4.073** | **1.838** |
| **Total other receivables** | **7.934** | **4.607** | **5.988** | **4.050** |

All the above receivables are short-term. The fair value of these short-term financial assets is determined independently because the carrying value is considered to approximate their fair value.

The Group's management periodically reassesses the adequacy of the allowance for doubtful receivables in connection with the credit policy and taking into account information of legal counsel as well as the historical data arising from non-collecting receivables.

There are no liens on the group and the Company receivables.

Based on the above, the Group and the Company expected credit losses are analysed as follows:

| **THE GROUP** | | | |
|---|---|---|---|
| **31/12/2018** | **Receivables** | **Expected credit loss (%)** | **Expected credit loss** |
| Safe collectability receivables | 1.136 | 0% | - |
| Postdated receivables examined separately for impairment purposes | 82 | 100% | 82 |
| ***Receivables examined on expected credit loss basis*** | | | |
| Domestic companies | 344 | 3% | 9 |
| Foreign companies | 522 | 6% | 33 |
| Domestic travel agencies | 156 | 6% | 9 |
| Foreign travel agencies | 30 | 2% | 1 |
| | **2.269** | | **134** |

| **THE GROUP** | | | |
|---|---|---|---|
| **31/12/2017** | **Receivables** | **Expected credit loss (%)** | **Expected credit loss** |
| Safe collectability receivables | 1.545 | 0% | - |
| Postdated receivables examined separately for impairment purposes | 8 | 100% | 8 |
| ***Receivables examined on expected credit loss basis*** | | | |
| Domestic companies | 495 | 3% | 13 |
| Foreign companies | 113 | 6% | 7 |
| Domestic travel agencies | 205 | 6% | 12 |
| Foreign travel agencies | 90 | 2% | 2 |
| | **2.456** | | **42** |

| THE COMPANY | | | |
|---|---|---|---|
| **31/12/2018** | **Receivables** | **Expected credit loss (%)** | **Expected credit loss** |
| Safe collectability receivables | 916 | 0% | - |
| Postdated receivables examined separately for impairment purposes | 82 | 100% | 82 |
| ***Receivables examined on expected credit loss basis*** | | | |
| Domestic companies | 344 | 3% | 9 |
| Foreign companies | 522 | 6% | 33 |
| Domestic travel agencies | 156 | 6% | 9 |
| Foreign travel agencies | 30 | 2% | 1 |
| | **2.049** | | **134** |

| THE COMPANY | | | |
|---|---|---|---|
| **31/12/2017** | **Receivables** | **Expected credit loss (%)** | **Expected credit loss** |
| Safe collectability receivables | 1.343 | 0% | - |
| Postdated receivables examined separately for impairment purposes | 8 | 100% | 8 |
| ***Receivables examined on expected credit loss basis*** | | | |
| Domestic companies | 495 | 3% | 13 |
| Foreign companies | 113 | 6% | 7 |
| Domestic travel agencies | 205 | 6% | 12 |
| Foreign travel agencies | 90 | 2% | 2 |
| | **2.254** | | **42** |

### 5.9 Cash and cash equivalent

The Group and the Company cash available is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Cash | 238 | 425 | 223 | 304 |
| Sight deposits | 7.271 | 12.659 | 3.183 | 5.872 |
| Short-term time deposits | 800 | - | 800 | - |
| **Total** | **8.310** | **13.084** | **4.206** | **6.176** |

From the above deposits, there arose financial income for the Group amounting to € 6 k (2016: Group € 6 k) k).

Sight deposits per currency are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Sight deposits in € | 8.215 | 11.830 | 4.115 | 5.047 |
| Sight deposits in $ | 101 | 989 | 101 | 989 |
| Sight deposits in RSD | 121 | 19 | 118 | 14 |

### 5.10. Equity

The Group and the Company Equity is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| **Capital and reserves attributable to shareholders of the parent** | | | | |
| Share capital | 23.928 | 23.928 | 23.928 | 23.928 |
| Share premium | 38.641 | 38.641 | 38.641 | 38.641 |
| Treasury shares | (3.631) | - | - | - |
| Other reserves | 1.712 | 1.570 | (9.905) | 1.557 |

| | | | | |
|---|---|---|---|---|
| Retained earnings | 38.758 | 26.757 | 20.690 | 14.641 |
| **Total** | **99.408** | **90.896** | **73.354** | **78.767** |
| Non-controlling interest | 71 | 2.843 | | - |
| **Total Equity** | **99.478** | **93.739** | **73.354** | **78.767** |

As at 31 December 2018, the Company's share capital amounts to € 23.927.680, divided into 21.364.000 common registered shares of nominal value € 1,12 each. The Company's shares are listed on the Athens Stock Exchange, in the category of low dispersion and specific characteristics, are traded on the stock exchange in Athens 'main market' and participate in the Travel & Leisure Sector, Branch Hotels.

There aren't at the end of the current fiscal year, shares of the parent company held by it or by its subsidiaries or jointly controlled companies.

The statutory reserve is mandatory formed from the profits of each financial year and remains in equity of the Company to offset any losses incurred in the future and is taxed in each period in which they were formed and therefore is tax exempted.

Actuarial income reserves reflect actuarial gains and losses which are presented in a fiscal year and are recognized completely and directly in the Statement of Total Comprehensive income of the current year.

Changes in the “Statutory reserve” and the "Other reserves" of the Group and the Company are analyzed as follows:

| THE GROUP | | | | | |
|---|---|---|---|---|---|
| **Amounts in thousands €** | **Statutory reserves** | **Extraordinary reserves** | **Actuarial results reserves** | **Other reserves** | **Total** |
| **Balance as at 31/12/2016** | **1.019** | **404** | **(248)** | **127** | **1.302** |
| Changes within the FY | 232 | - | 36 | - | 269 |
| **Balance as at 31/12/2017** | **1.251** | **404** | **(211)** | **127** | **1.571** |
| Changes within the FY | 378 | - | (237) | - | 141 |
| **Balance as at 31/12/2018** | **1.629** | **404** | **(448)** | **127** | **1.712** |

| THE COMPANY | | | | | | |
|---|---|---|---|---|---|---|
| **Amounts in thousands €** | **Statutory reserves** | **Extraordinary reserves** | **Actuarial results reserves** | **Absorbed subsidiary reserves** | **Other reserves** | **Total** |
| **Balance as at 31/12/2016** | **1.019** | **404** | **(261)** | **-** | **127** | **1.289** |
| Changes within the FY | 232 | | 36 | - | | (83) |
| **Balance as at 31/12/2017** | **1.251** | **404** | **(224)** | **-** | **127** | **1.557** |
| Changes within the FY | 378 | | (237) | (11.603) | - | (11.462) |
| **Balance as at 31/12/2018** | **1.629** | **404** | **(461)** | **(11.603)** | **127** | **(9.905)** |

Detailed description of the change in the Equity of the Group and the Company is presented in the "Statement of Changes in Equity" of this report.

The management of LAMPSA will propose to the Annual General Meeting distribution of dividends of 0,200 euro/share before tax. The dividend is proposed to arise from the profits of the year 2018 by the amount of € 2,153,800 and from the profits of the year 2017 by the amount of € 2,119,000, i.e. a total amount of € 4,272,800.

### 5.11. Other provisions

Provisions, made by the Group and the Company, are analyzed as follows:

| | THE GROUP | | | |
|---|---|---|---|---|
| | **Loss from shares** | **Legal claims** | **Total** | **Customers provisions** |
| **31.12.2016** | **9** | **611** | **621** | **193** |
| Additional provisions | - | 371 | 371 | - |
| Used provisions | - | (18) | (18) | (22) |
| Unused amounts reversed | - | - | - | (129) |
| **31.12.2017** | **9** | **965** | **974** | **42** |
| Adjustments to discount rate | - | - | - | 82 |
| Additional provisions | - | 759 | 759 | 39 |
| Unused amounts reversed | - | - | - | (29) |
| **31.12.2018** | **9** | **1.725** | **1.734** | **134** |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | **Loss from shares** | **Legal claims** | **Total** | **Customers provisions** |
| **31.12.2016** | **9** | **80** | **89** | **182** |
| | | | | |
| Additional provisions | - | - | - | (12) |
| Used provisions | | (18) | (18) | (128) |
| **31.12.2017** | **9** | **62** | **71** | **42** |
| | | | | |
| Additional provisions from absorption of subsidiary | - | | - | 82 |
| Additional provisions | - | 759 | 759 | 39 |
| Unused amounts reversed | - | | - | (29) |
| **31.12.2018** | **9** | **822** | **831** | **134** |

The table above presents provisions for bad debts less receivables.

### 5.12. Suppliers and other liabilities

Analysis of suppliers and other short-term payables of the Group and the Company is presented below as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Suppliers | 4.273 | 3.289 | 4.170 | 3.123 |
| **Total Suppliers and Other Liabilities** | **4.273** | **3.289** | **4.170** | **3.123** |

### 5.13. Other liabilities

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Customers advance payments | 99 | 1.792 | 66 | 1.665 |
| Social insurance | 935 | 753 | 935 | 753 |
| VAT and other taxes | 678 | 455 | 576 | 455 |
| Accrued expenses for the period | 2.505 | 2.467 | 2.226 | 2.159 |
| Income carried forward | 66 | 47 | - | - |
| Short-term portion of grants | 134 | - | 134 | - |
| Other short-term liabilities | 4.562 | 1.684 | 4.459 | 1.403 |
| Short-term contractual obligational | 1.289 | - | 1.289 | - |
| **Total** | **10.269** | **7.198** | **9.685** | **6.435** |

The fair values of trade and other liabilities are not shown separately since, because of their short duration, management considers that the carrying amounts recognized in the balance sheet are a reasonable approximation of fair values.

Other short-term liabilities mainly pertain to liabilities to the Managing Company and additional liabilities regarding rentals based on contractual terms.

The Group and the Company receive prepayments from clients and recognize a contractual obligation equal to the amount of prepayment for the implementation liability to transfer goods or services in the future. The aforementioned prepayments are recognized in the item "Short-term Contractual Liabilities".

### 5.14. Income tax payable

The Group and the Company current tax and other liabilities are presented below as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| | | | | |
| ***Current tax obligations*** | | | | |
| Income tax | 1.970 | 3.027 | 1.968 | 3.000 |
| Various taxes | - | - | | |
| **Total current tax obligations** | **1.970** | **3.027** | **1.968** | **3.000** |

### 5.15. Deferred tax assets and obligations

Offsetting deferred tax assets and liabilities is performed, in terms of company, when there is an enforceable legal right to do so and when the deferred income taxes relate to the same tax authority.

The tax rates for the FY 2018 regarding the companies operating abroad are as follows:

| Country | Tax Rate |
|---|---|
| SERBIA | 15% |
| CYPRUS | 12,5% |

Deferred income tax is provided on temporary differences using the tax rates expected to apply to the countries where the Group companies are active. The amounts shown in the balance sheet are expected to be recovered or settled after December 31, 2018.

In December 2018, a gradual reduction in the income tax rate from 29% in 2018 to 25% in 2022 was adopted, i.e. a reduction of percentage point per year. The effect of the reduction in the tax rate on deferred tax of the company and the group is presented in note 5.21.

Changes in deferred tax assets and obligations of the Group are as follows:

Changes in deferred tax assets and obligations of the Group for FYs 2018 & 2017 are as follows:

| | 31.12.2018 | | 31.12.2017 | |
|---|---|---|---|---|
| **Amounts in thousands €** | **Deferred tax asset** | **Deferred tax liability** | **Deferred tax asset** | **Deferred tax liability** |
| Property, plant and equipment | 3.991 | (6.045) | 6.396 | (3.038) |
| Intangible Assets | 123 | - | 137 | - |
| Investments | 1.004 | (455) | 667 | - |
| Trade receivables | 112 | - | 12 | - |
| Actuarial results reserves | - | (171) | - | (92) |
| Employees termination benefit obligations | 970 | - | 878 | - |
| Government grants | - | (326) | - | (9) |
| Provisions – obligations | 159 | - | 132 | (174) |
| Tax discount under Development Law 1892/90 | 2.193 | - | - | - |
| **Total** | **8.553** | **(6.997)** | **8.222** | **(3.313)** |
| | | | | |
| Offsetting | (4.233) | 4.233 | (422) | 422 |
| | | | | |
| **Net deferred tax asset / (liability)** | **4.321** | **(2.764)** | **7.800** | **(2.891)** |

**THE GROUP**

| **Deferred tax assets and obligations** | **1.1.2018** | **Deferred tax from business combinations** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2018** |
|---|---|---|---|---|---|
| Property, plant and equipment | 3.358 | (1.918) | (3.617) | 123 | (2.054) |
| Intangible Assets | 137 | 8 | - | (22) | 123 |
| Investments | 667 | - | - | (117) | 549 |
| Trade receivables | 12 | 144 | - | (44) | 112 |
| Actuarial results reserves | (92) | (1) | (47) | (32) | (171) |
| Employees termination benefit obligations | 878 | 100 | - | (7) | 970 |
| Government grants | (9) | (364) | - | 47 | (326) |
| Provisions – obligations | (42) | - | - | 201 | 159 |
| Tax discount under Development Law 1892/90 | - | 3.305 | - | (1.112) | 2.193 |
| **Total** | **4.909** | **1.273** | **(3.664)** | **(962)** | **1.556** |

| THE GROUP | | | | |
|---|---|---|---|---|
| **Deferred tax assets and obligations** | **1.1.2017** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2017** |
| Property, plant and equipment | 3.363 | | (5) | 3.358 |
| Intangible Assets | 161 | | (24) | 137 |
| Investments | 667 | | - | 667 |
| Trade receivables | 11 | | 2 | 12 |
| Actuarial results reserves | (106) | 15 | | (92) |
| Employees termination benefit obligations | 865 | | 13 | 878 |
| Bond loans | - | | - | - |
| Government grants | (11) | | 2 | (9) |
| Provisions – obligations | 17 | | (59) | (42) |
| **Total** | **4.966** | **15** | **(71)** | **4.909** |

Analysis of deferred tax assets and obligations of the Company for FYs 2018 & 2017 is are as follows:

| | THE COMPANY | | | |
|---|---|---|---|---|
| | **31.12.2018** | | **31.12.2017** | |
| **Amounts in thousands €** | **Deferred tax asset** | **Deferred tax liability** | **Deferred tax asset** | **Deferred tax liability** |
| Property, plant and equipment | 3.991 | - | 6.380 | - |
| Intangible Assets | 123 | - | 137 | - |
| Investments | 1.004 | - | 851 | - |
| Trade receivables | 112 | - | 12 | - |
| Actuarial results reserves | - | (171) | - | (92) |
| Employees termination benefit obligations | 970 | - | 878 | |
| Government grants | - | (326) | - | (9) |
| Provisions – obligations | 24 | - | - | (174) |
| Tax discount under Development Law 1892/90 | 2.193 | - | - | - |
| **Total** | **8.418** | **(497)** | **8.259** | **(275)** |
| | | | | |
| Offsetting | (497) | 497 | (275) | 275 |
| | | | | |
| **Net deferred tax asset / (liability)** | **7.921** | **-** | **7.984** | **-** |

*Amounts in thousand Euro, unless otherwise mentioned*

Changes in deferred tax assets and obligations of the Company for FY 2018 & 2017 are as follows:

| THE COMPANY | | | | | |
|---|---|---|---|---|---|
| | **1.1.2018** | **Deferred tax from business combinations** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2018** |
| Property, plant and equipment | 6.380 | (1.918) | - | (471) | 3.991 |
| Intangible assets | 137 | 8 | - | (22) | 123 |
| Investments | 851 | - | - | 153 | 1.004 |
| Trade receivables | 12 | 144 | - | (44) | 112 |
| Actuarial results reserves | (92) | (1) | (47) | (32) | (171) |
| Employees termination benefit obligations | 878 | 100 | - | (7) | 970 |
| Government grants | (9) | (364) | - | 47 | (326) |
| Provisions – obligations | (174) | - | - | 198 | 24 |
| Tax discount under Development Law 1892/90 | - | 3.305 | - | (1.112) | 2.193 |
| **Total** | **7.984** | **1.273** | **(47)** | **(1.289)** | **7.921** |

| THE COMPANY | | | | |
|---|---|---|---|---|
| **Deferred tax assets and obligations** | **1.1.2017** | **Recognized in Other Comprehensive Income** | **Recognized in Income Statement** | **31.12.2017** |
| Property, plant and equipment | 6.489 | | (108) | 6.380 |
| Intangible assets | 161 | | (24) | 137 |
| Investments | 851 | | - | 851 |
| Trade receivables | 11 | | 2 | 12 |
| Actuarial results reserves | (106) | 15 | - | (92) |
| Employees termination benefit obligations | 865 | | 13 | 878 |
| Government grants | (11) | | 2 | (9) |
| Provisions – obligations | 17 | | (191) | (174) |
| **Total** | **8.276** | **15** | **(307)** | **7.984** |

### 5.16. Loans

The borrowings of the Group and of the Company, both long and short term, are analyzed in the following table:

| Amounts in thousands € | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| **Long-term debt** | | | | |
| Bond Loans | 22.265 | 3.012 | 21.632 | 3.012 |
| Long-term bank loans | - | 829 | - | - |
| **Total long-term debt** | **22.265** | **3.841** | **21.632** | **3.012** |
| **Short-term debt** | | | | |
| Short-term bank loans | 51.898 | 43.198 | 51.700 | 43.000 |
| Short-term portion of bond and bank loans | 22.121 | 21.507 | 21.921 | 21.343 |
| **Total short-term debt** | **74.019** | **64.706** | **73.621** | **64.343** |
| **Total** | **96.284** | **68.547** | **95.253** | **67.356** |

On the property of the Group and the parent company there are liens amounting to € 87.250 k and $ 25.500 k versus loan liabilities.

Financial liabilities of the Group and the company are analyzed as follows:

| | THE GROUP | | | |
|---|---|---|---|---|
| | Long-term loan liabilities | Short-term loan liabilities | Loan lease liabilities | Total |
| **Opening balance as at 1/1/2018** | **3.841** | **64.698** | **8** | **68.547** |
| ***Cash flows:*** | | | | |
| Repayments | - | (3.308) | - | (3.308) |
| Withdrawals/Deposits | 4 | 6.000 | - | 6.004 |
| ***Non-cash changes:*** | | | | |
| Additions through business combinations | 20.198 | 4.700 | - | 24.898 |
| Reclassifications | (1.921) | 1.921 | - | - |
| Foreign currency translation differences | 143 | - | - | 143 |
| **Closing balance as at 31/12/2018** | **22.265** | **74.011** | **8** | **96.284** |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | Long-term loan liabilities | Short-term loan liabilities | Loan lease liabilities | Total |
| **Opening balance as at 1/1/2018** | **3.012** | **64.343** | **-** | **67.356** |
| ***Cash flows:*** | | | | |
| Repayments | - | (3.143) | - | (3.143) |
| Withdrawals/Deposits | - | 6.000 | - | 6.000 |
| ***Non-cash changes:*** | | | | |
| Additions through business combinations | 20.198 | 4.700 | - | 24.898 |
| Decreases from disposal of subsidiary | | | | - |
| Reclassifications | (1.721) | 1.721 | - | - |
| Foreign currency translation differences | 143 | - | - | 143 |
| **Closing balance as at 31/12/2018** | **21.632** | **73.621** | **-** | **95.253** |

| | THE GROUP | | | |
|---|---|---|---|---|
| | Long-term loan liabilities | Short-term loan liabilities | Loan lease liabilities | Total |
| **Opening balance as at 1/1/2017** | **25.794** | **5.666** | **-** | **31.460** |
| ***Cash flows:*** | | | | |
| Repayments | - | (5.278) | - | (5.278) |
| Withdrawals/Deposits | - | 43.000 | 8 | 43.008 |
| ***Non-cash changes:*** | | | | |
| Reclassifications | (21.311) | 21.311 | - | - |
| Foreign currency translation differences | (641) | - | - | (641) |
| Other changes | - | (1) | - | (1) |
| **Opening balance as at 31/12/2017** | **3.841** | **64.698** | **8** | **68.547** |

| | THE COMPANY | | | |
|---|---|---|---|---|
| | Long-term loan liabilities | Short-term loan liabilities | Loan lease liabilities | Total |
| **Opening balance as at 1/1/2017** | **24.997** | **5.169** | **-** | **30.166** |
| ***Cash flows:*** | | | | |
| Repayments | - | (5.169) | - | (5.169) |
| Withdrawals/Deposits | - | 43.000 | - | 43.000 |
| ***Non-cash changes:*** | | | | |
| Reclassifications | (21.343) | 21.343 | - | - |
| Foreign currency translation differences | (641) | - | - | (641) |
| Other changes | | | | - |
| **Opening balance as at 31/12/2017** | **3.012** | **64.343** | **-** | **67.356** |

The effective weighted average interest rates of the Group, on the balance sheet date are:

| | 31.12.2018 | 31.12.2017 |
|---|---|---|
| Bank loans | 3,43% | 1,71% |

## 5.17. Other long-term liabilities

Other long-term obligations to the Company and the Group refer mainly to long-term installments for the inclusion of the Company in Law 4178/ 2013.

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Grants | 1.229 | - | 1.229 | - |
| Long-term suppliers liabilities | 389 | - | 389 | - |
| Long-term liabilities from duties | 56 | 111 | 56 | 111 |
| Rentals guarantees | 23 | 20 | 14 | 13 |
| Other liabilities | - | 12 | - | - |
| **Total long-term liabilities** | **1.697** | **144** | **1.688** | **124** |

## 5.18. Employee retirement benefits

Changes in net liabilities in the Group and the Company Balance Sheet are as follows:

Employee retirement benefits obligaitons:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | 31/12/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 |
| **Amounts in thousands €** | Defined benefit plans (Non-financed) | Defined benefit plans (Non-financed) | Defined benefit plans (Non-financed) | Defined benefit plans (Non-financed) |
| Defined benefits obligation | 3.253 | 2.711 | 3.196 | 2.711 |

| | | | | |
|---|---|---|---|---|
| Fair value of the plan's assets | - | - | - | - |
| | **3.253** | **2.711** | **3.196** | **2.711** |
| Classified as: | | | | |
| Long-tern liability | 3.253 | 2.711 | 3.196 | 2.711 |
| Short-tern liability | 0 | 0 | 0 | 0 |

The change of liability's present value on defined benefits plans is as follows:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** |
| **Defined benefits obligation as at January 1** | **2.711** | **2.615** | **2.711** | **2.615** |
| Defined benefits obligation from business combinations | 340 | - | 340 | - |
| Current employment cost | 217 | 152 | 160 | 152 |
| Interest expenses | 45 | 45 | 45 | 45 |
| Revaluation – actuarial loss/(profit) from change in experience | 38 | - | 38 | - |
| Revaluation – actuarial loss /(profit) from changes in financial assumptions | (114) | (51) | (114) | (51) |
| Benefits payable | (108) | (65) | (108) | (65) |
| Cost of previous service | 97 | 16 | 97 | 16 |
| Settlements/ Curtails | 27 | - | 27 | - |
| **Defined benefits obligation as at December 31st** | **3.253** | **2.711** | **3.196** | **2.711** |

The amounts recognized in the Income Statement are as follows:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| **Amounts in € 000** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** |
| Current employment cost | 217 | 152 | 160 | 152 |
| Cost of previous service | 97 | 16 | 97 | 16 |
| Settlements/ Curtails | 27 | - | 27 | - |
| Net interest on benefit obligation | 45 | 45 | 45 | 45 |
| **Total expenses recognized in the Income Statement** | **386** | **213** | **329** | **213** |

The amounts recognized in other comprehensive income of the Statement of Other Comprehensive Income are as follows:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| **Amounts in € 000** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** | **Defined benefit plans (Non-financed)** |
| Actuarial profit /(loss) from changes in financial assumptions | (114) | 51 | (114) | 51 |
| Revaluation – actuarial loss/(profit) from change in experience | 38 | - | 38 | - |
| **Total profit /(loss) recognized in other comprehensive income** | **(76)** | **51** | **(76)** | **51** |

The company has commissioned independent actuaries to create an estimation of Company obligation to pay retirement indemnities. The principal actuarial assumptions on 31 December 2018 are as follows:

*Amounts in thousand Euro, unless otherwise mentioned*

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| Discount rate as at December 31st | 1,88% | 1,65% | 1,88% | 1,65% |
| Future salary increases | 1,75% | 1,75% | 1,75% | 1,75% |
| Inflation | 1,75% | 1,75% | 1,75% | 1,75% |
| Liabilities maturity | 16,32 | 16,79 | 16,32 | 16,79 |

Demographic assumptions:

The assumptions presented below pertain to various causes of employment termination.

1) Mortality

Swiss EVK2000 mortality table has been used for men and women.

2) Morbidity

Swiss EVK2000 mortality table for men and women has been used modified by 50%

3) Regular Employment Termination Ages

The terms of employment termination of the Social Insurance Fund were used regarding every employee considering recognition of average two years service under the provisions of the Insurance Act.

The above results depend on the assumptions (economic and demographic) generated under an actuarial study. Therefore, if a 0.5% higher discount rate had been applied, then the total liability would have been lower by approximately 7.13%. If salary increase assumption by 0.5% higher had been used, then the total liability would have been higher by approximately 6.65%. If a 0.5% lower discount rate had been applied, then the total liability would have been higher by approximately 8.12%. If salary increase assumption by 0.5% lower had been used, then the total liability would have been lower by approximately 6.06%.

### 5.19. Analysis of Income Statement

In 2018, the tourism section Greece substantially improved, since there was an increase in arrivals, in line with an increase in room revenue. Therefore, due to the increase in arrivals, the revenue of the Food & Beverage segment, also presented a significant increase.

Significant improvement in room occupancy ration can also be observed in the Serbian hotel market, since demand is showing signs of recovery, assisted by the new foundations caused by Serbia's admission to the EU (airports, privatization of air transportation operator etc). However, a marginal decrease in average room price has been recorded owing to extensive competition from a high number of new hotels in the Belgrade area.

The room occupancy in Athens' luxury hotels market increased by 0,7% compared to the corresponding period of 2017, bringing the rate to 73,8% compared to 73,3% in 2017. The average hotel room rate increased by 8,8% compared to 2017, reaching € 170,99 versus € 157,14 in 2017. As a result, the revenue per available room increased at luxury hotels in Athens by 9,6%, reaching € 126,13 versus € 115,11 in 2017, while total room revenue increased by 9.8% (due to the increase in available rooms by 0,2%).

Based on the above, the most significant items of the Financial Statements have changed as follows:

- The Group's **turnover** amounted to € 66,710k versus € 62,731k in 2017, recording an increase of 6,34%. The parent company respectively ("Grand Bretagne", "King George" Hotels for the whole year and "Sheraton Rhodes" for November and December 2018) amounted to € 54,667k versus € 50,506k in 2017, an increase of 8,24% mainly derived from room revenue (occupancy & average price) as a consequence of the political stability and the increase of incoming tourism. King George's participation amounted to € 11,5 m, versus € 10,1 m in 2017.
- Consolidated **gross profit** amounted to € 28,762k versus € 25,602k in 2017, recording an increase of 12,34%, while the gross profit margin increased from 43,11% in 2017 to 40,81% 2018. Gross profit

for the parent company amounted to € 25,397k versus € 21,682k in 2016, recording an increase of 17,13%. The gross profit margin of the Company amounted to 46,46% in 2018 versus 42,93% in the previous year. This increase is mainly due to the large increase in turnover and consequently to the improvement of the profitability margins due to relatively stable payroll costs, a major component of the cost of sales.

- **Group's operating profit - EBITDA** amounted to € 19,981k versus € 17,551k in 2017, recording an increase of 13,84%. The significant increase in EBITDA reflects the impact of significant turnover growth. The parent company amounted to € 15,681k versus € 13,991k in 2017, recording an increase of 12,08% due to the increase in turnover. It is to be noted that the results of Sheraton Rhodes Hotel were incorporated for the period 1/11/2018-31/12/2018, when the hotel remained closed (zero revenue and fixed payroll expenses). Therefore, the company's EBITDA was adversely affected. i.e. by € 1.557 k, while full incorporation will lead to an increase in EBITDA by approximately € 1.774 k It is to be noted that Serbia's hotels also have positive EBITDA.

- **Other financial results** include profit from the reversal of the impairment of the participation in Touristika Theretra of € 5,8 m due to its gradual acquisition and the measurement of the pre-existing rate at fair value. Moreover, at the parent company, an impairment loss was recognized for its participation in the subsidiary company Excelsior amounting to € 1,08 m.

- Group's **Results before tax** amounted to € 15,671k profit versus € 12,128k in 2017. The Company's profit before tax amounted to € 12,469k versus € 10,843k profit in 2017.

- Group's **net results (after tax and before non-controlling interests**) amounted to € 12,391k profit versus € 8,770k profit in 2017 as a result of the above and the impact of the tax, which amounted to € 3,281k versus € 3,359k in 2017.

- During the FY, for the Group and the Company, **investments in tangible and intangible assets** amounted to € 6,158k and € 5.532k (2017: € 48,909k and € 48,170k respectively, mainly pertained to the purchase of the King George Hotel), of which, mainly pertained to the renovation of King's Palace as well as the other hotels renovation and equipment expenses.

***Turnover***

The following table presents an analysis of the Group's revenues and the Company per major category:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **01/01-31/12/2018** | **01/01-31/12/2017** | **01/01-31/12/2018** | **01/01-31/12/2017** |
| Rooms rental income | 44.759 | 41.057 | 36.918 | 33.166 |
| Sales of food and beverage | 18.659 | 17.561 | 15.332 | 14.149 |
| SPA-Health Club income | 1.339 | 1.284 | 950 | 864 |
| Telephone income | 26 | 37 | 15 | 26 |
| Other income | 1.927 | 2.792 | 1.452 | 2.301 |
| **TOTAL** | **66.710** | **62.731** | **54.667** | **50.506** |

**Gross profit** for the Group was as follows:

| | CONSOLIDATED | | CORPORATE | |
|---|---|---|---|---|
| **Amounts in thousands €** | **1/1-31/12/2018** | **1/1-31/12/2017** | **1/1-31/12/2018** | **1/1-31/12/2017** |
| Gross profit | 28.762 | 25.602 | 25.397 | 21.682 |
| Gross profit percentage | 43% | 41% | 46% | 43% |

- ***Expenses per category***

The Group and the Company expenses per category are as follows:

| | THE GROUP | THE COMPANY |
|---|---|---|

*Amounts in thousand Euro, unless otherwise mentioned*

| 1.1 - 31.12.2018 | Cost of sales | Administ. expenses | Distrib. expenses | Cost of sales | Administ. expenses | Distrib. expenses |
|---|---|---|---|---|---|---|
| Inventory consumption | 7.729 | 43 | 17 | 5.679 | - | - |
| Employee fees and expenses | 15.750 | 2.770 | 1.016 | 12.325 | 2.581 | 992 |
| Third parties fees and expenses | 652 | 4.744 | 4.941 | 642 | 3.496 | 4.447 |
| Utilities | 3.322 | 971 | 38 | 2.748 | 863 | 23 |
| Taxes-duties | 317 | 637 | 18 | 317 | 628 | 5 |
| Miscellanneous expenses | 3.546 | 411 | 904 | 3.034 | 340 | 810 |
| Depreciation | 6.580 | 497 | - | 4.472 | 497 | - |
| Operating provisions | 52 | - | - | 52 | - | - |
| **Total** | **37.948** | **10.073** | **6.935** | **29.270** | **8.405** | **6.276** |

In FY ended as at 31/12/2018, the Group's and Company's management expenses include statutory auditors' fees of € 22,5 k relating to services apart from those rendered in connection with the audit of financial statements.

| | THE GROUP | | | THE COMPANY | | |
|---|---|---|---|---|---|---|
| **1.1 - 31.12.2017** | **Cost of sales** | **Administ. expenses** | **Distrib. expenses** | **Cost of sales** | **Administ. expenses** | **Distrib. expenses** |
| Inventory consumption | 7.791 | 37 | 14 | 5.750 | - | - |
| Employee fees and expenses | 15.328 | 2.303 | 925 | 12.001 | 2.100 | 900 |
| Third parties fees and expenses | 328 | 2.594 | 3.970 | 306 | 2.145 | 3.677 |
| Utilities | 3.871 | 686 | 65 | 3.871 | 578 | 44 |
| Taxes-duties | 523 | 145 | 138 | 523 | 138 | 127 |
| Miscellanneous expenses | 4.203 | 1.622 | 1.098 | 3.344 | 761 | 825 |
| Depreciation | 4.983 | 325 | - | 2.927 | 325 | - |
| Operating provisions | 101 | 27 | 24 | 101 | 27 | 24 |
| **Total** | **37.129** | **7.738** | **6.235** | **28.824** | **6.074** | **5.597** |

Other **income and expenses** of the Group and the Company are analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Other income** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** |
| Income from grants | 89 | 13 | 89 | 13 |
| Other similar activities income | 174 | 261 | 174 | 261 |
| Income from rentals | 788 | 733 | 334 | 333 |
| Commissions- Brokerage | 110 | 54 | 110 | 54 |
| Income from previous years unused provisions | 42 | 7 | 42 | 2 |
| Invoiced expenses | 122 | 158 | 122 | 158 |
| Other income | 104 | 36 | 26 | 14 |
| **Total other income** | **1.429** | **1.263** | **898** | **835** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** |
| **Other expenses** | | | | |
| Loss from write off of unrecorded receipts | 6 | 47 | 6 | 47 |
| Provision for l legal case compensations | - | 372 | 811 | - |
| Loss from damaged – disposed assets | 48 | - | - | - |
| Fines and surcharges | 70 | 9 | 23 | 9 |
| Previous year taxes & Unified Property Tax | - | 13 | - | 13 |
| Other taxes | - | 39 | - | - |
| Other previous years expenses | - | 22 | - | 22 |
| Miscellaneous expenses | 133 | 147 | 41 | 14 |
| **Total other expenses** | **257** | **650** | **880** | **106** |

*Amounts in thousand Euro, unless otherwise mentioned*

## 5.20. Financial income / expenses & other financial results

The analysis of the financial results of the Group and of the Company was as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Interest income from:** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** |
| - Bank deposits | 6 | 6 | 1 | - |
| - Customers interest | 51 | 23 | - | - |
| **Financial income** | **57** | **29** | **1** | **0** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Interest expenses from:** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** | **1.1 - 31.12.2018** | **1.1 - 31.12.2017** |
| Employees compensation obligation | 44 | 45 | 44 | 45 |
| Bank loans | 2.826 | 855 | 2.754 | 838 |
| Finance lease obligations | 1 | 12 | - | - |
| Other bank expenses & commissions | 86 | 60 | 48 | 38 |
| Letter of Guarantee commissions | 51 | 71 | 51 | 71 |
| **Financial cost** | **3.007** | **1.043** | **2.897** | **992** |

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Other financial results** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Profit/ / (loss) from measuring investments at fair value | 5.892 | - | 5.892 | - |
| Income from dividends | - | - | - | 300 |
| Loss from impairment goodwill-investments - property, plant and equipment | - | - | (1.082) | - |
| Profit from foreign currency translation differences | 121 | 1.034 | 121 | 930 |
| Loss from foreign currency translation differences | (317) | (135) | (301) | (135) |
| **Total** | **5.696** | **899** | **4.630** | **1.095** |

## 5.21. Income tax

The amount of tax on profit before tax of the Group and the Company, differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of consolidated companies. The relationship between the expected tax expense, based on an effective tax rate of the Group, and the tax expense that was really recognized in the income statement, is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **01/01-31/12/2018** | **01/01-31/12/2017** | **01/01-31/12/2018** | **01/01-31/12/2017** |
| Current tax expenses | 2.319 | 3.317 | 1.968 | 3.000 |
| Deferred income tax | 962 | 42 | 1.289 | 277 |
| **Total** | **3.281** | **3.359** | **3.257** | **3.277** |

| **THE GROUP** | **01/01-31/12/2018** | **01/01-31/12/2017** |
|---|---|---|
| **Earnings before tax** | **15.671** | **12.128** |
| Tax rate | 29% | 29% |
| | | |
| **Expected tax expense/income under the statutory tax rate** | **4.545** | **3.517** |
| Effect of change in tax rate | 48 | - |
| Effect of different tax rates in other countries | (213) | (251) |
| | | - |
| **Readjustments for tax exempted revenue** | | |
| - other tax exempted revenue | - | (340) |

| | | |
|---|---|---|
| - other non-taxed revenue | (1.709) | - |
| ***Readjustments for non-exempted expenses*** | | |
| Non-exempted expenses | 630 | 663 |
| | | |
| Recognition of exemptions under Development Law 1892/90 | (1.112) | |
| Application of exemption under Development Law 1892/90 | 1.112 | 1 |
| Non-recognizable losses for the year for future offsetting | (15) | (139) |
| Other | (6) | (91) |
| **Realized tax expenses, net** | **3.281** | **3.359** |
| Weighted tax rate | 20,93% | 27,69% |

| **THE COMPANY** | **01/01-31/12/2018** | **01/01-31/12/2017** |
|---|---|---|
| **Earnings before tax** | **12.469** | **10.843** |
| Tax rate | 29% | 29% |
| | | |
| **Expected tax expense/income under the statutory tax rate** | **3.616** | **3.144** |
| Effect of different tax rates in other countries | 547 | |
| | | |
| **Readjustments for tax exempted revenue** | | |
| - other tax exempted revenue | | (454) |
| - other non-taxed revenue | (1.709) | |
| ***Readjustments for non-exempted expenses*** | | |
| Non-exempted expenses | 825 | 581 |
| | | |
| Recognition of exemptions under Development Law 1892/90 | (1.112) | - |
| Application of exemption under Development Law 1892/90 | 1.112 | - |
| Other | (22) | 5 |
| **Realized tax expenses, net** | **3.257** | **3.277** |
| Weighted tax rate | 26,13% | 30,22% |

### 5.22. Profit / (Loss) per share

Basic profit / (losses) per share are calculated based on profits / (losses) after taxes and Non-controlling interests from continuing operations, on the weighted average number of ordinary shares of the parent company within the accounting period.

The following is an analysis of profit/(loss) per share:

| | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01/01-31/12/2018** | **01/01-31/12/2017** | **01/01-31/12/2018** | **01/01-31/12/2017** |
| Profit attributable to the owners of the parent | 12.392 | 8.664 | 9.211 | 7.566 |
| Weighted average number of shares | 21.364 | 21.364 | 21.364 | 21.364 |
| **Basic earnings/loss per share (in €)** | **0,5800** | **0,4055** | **0,4311** | **0,3542** |

### 5.23. Transactions with related parties

None of the transactions incorporate special terms and conditions and no guarantee was given or received.

| **Amounts in thousands €** | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| **Sales of services** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Subsidiaries/jointly controlled | 139 | 72 | 139 | 72 |
| Other related parties | 68 | 52 | 68 | 52 |
| **Total** | **207** | **124** | **207** | **124** |
| **Purchases of services** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Subsidiaries/jointly controlled | 6 | 9 | 6 | 9 |
| Other related parties | 2.143 | 439 | 2.143 | 439 |
| **Total** | **2.149** | **448** | **2.149** | **448** |

| Balance of receivables | 01.01-31.12.2018 | 01.01-31.12.2017 | 01.01-31.12.2018 | 01.01-31.12.2017 |
|---|---|---|---|---|
| Subsidiaries/jointly controlled | 0 | 514 | 0 | 514 |
| Other related parties | 2 | 13 | 2 | 13 |
| **Total** | **2** | **527** | **2** | **527** |
| **Balance of liabilities** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Subsidiaries/jointly controlled | 0 | 0 | 0 | 0 |
| Other related parties | 2.118 | 83 | 2.118 | 83 |
| **Total** | **2.118** | **83** | **2.118** | **83** |

The outstanding balances at year's end are unsecured and settlement occurs in cash. No guarantees were provided or received for the above requirements.

It is also noted that between the Parent Company and its subsidiaries there are no special agreements and any transactions carried out between them are within the usual terms and particularities of each market.

For the fiscal year that ended in 31 December 2018, the Company hasn't made a provision for doubtful debt relating to amounts owed by affiliated companies.

From the above transactions, transactions and balances with subsidiaries companies have been eliminated from consolidated financial statements of the Group. Among subsidiaries of the Group there are receivables/borrowing liabilities of € 1,1 m in 2018. The interest income/expense of this loan amounted to € 28k. Moreover, receivables/ liabilities amounting to € 222 k have been written off.

The salaries of directors and members of management were as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| **Key executives and BoD members** | | | | |
| Salaries-Fees | 1.121 | 1.101 | 582 | 587 |
| Social insurance cost | 91 | 104 | 91 | 104 |
| Bonus | 282 | 398 | 282 | 398 |
| Other | - | 12 | - | 12 |
| **Total** | **1.493** | **1.615** | **954** | **1.101** |

The provision made for compensation of the Group's and Company's staff includes an amount of € 146 k ( 2017: 77,8 k) pertaining to executives and BoD members, while in the income statement the recorded amounts are € 7,5 k (2017: 6,3 k).

No loans have been granted to members of the Board of Directors of the Group or management personnel and their families.

### 5.24. Employee Benefits

The employee benefits of the Company and the Group are as follows:

| **Amounts in thousands €** | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **01.01-31.12.2018** | **01.01-31.12.2017** | **01.01-31.12.2018** | **01.01-31.12.2017** |
| Employee salaries-Bonus | 14.946 | 13.784 | 12.072 | 11.075 |
| Social insurance cost | 3.712 | 3.184 | 3.318 | 2.817 |
| Other employee benefits | 644 | 944 | 332 | 464 |
| Provision for employee compensation | 233 | 645 | 176 | 645 |
| **Total** | **19.536** | **18.556** | **15.898** | **15.002** |

The number of employees occupied on daily wages basis and salaried employees is as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |

| | | | | |
|---|---|---|---|---|
| Salary employees | 510 | 517 | 264 | 263 |
| Daily wages employees | 401 | 350 | 401 | 350 |
| **Total** | **911** | **867** | **665** | **613** |

The aforementioned table depicts the employees of the company as at 31 December. The branch of the company operating in Rhodes island discloses as representative period the 30th of September due to seasonality. On 30 September 2018, this branch employs 254 employees. However, on 31 December 2018, the number of its employees amounted to 15 employees, who are included in the aforementioned table.

### 5.25. Contingent assets-liabilities

- **Operating leases – Income**

The Group leases certain offices and shops under non-cancellable operating leases. The following is an analysis of contractual rentals to be collected in the coming years:

| | **CORPORATE** | |
|---|---|---|
| **Amounts in thousands €** | **31/12/2018** | **31/12/2017** |
| Operating leases collectable in 1 year | 304 | 310 |
| **Subtotal 1: short-term operating leases** | **304** | **310** |
| | | |
| | | |
| Operating leases collectable in 2 to 5 years | 526 | 542 |
| **Subtotal 2** | **526** | **542** |
| | | |
| Operating leases collectable after 5 years | 354 | 212 |
| **Subtotal 3** | **354** | **212** |
| | | |
| **Subtotal 4 (=2+3): Long-term operating leases** | **880** | **754** |
| | | |
| **TOTAL (=1+4)** | **1.184** | **1.064** |

**Operating leases – Expenses**

The Company has signed a long-term lease agreement of the historic King's Palace hotel, owned by the AUXILIARY FUND OF FORMER EMPLOYEES OF THE AGRICULTURAL BANK OF GREECE . ("ATPPEATE"). The duration of the lease was set at thirty (30) years with a pre-emptive right against all third parties that will submit a binding offer for the lease of the property after the expiry of the above period. The annual rental was set at the minimal annual rental plus 25% of the balance of turnover less the proposed balance recorded in the business plan. Moreover, the Company pays rentals for office leasing. An analysis of the minimum conventional rents which will be paid in the following years is as follows:

| | **CORPORATE** | |
|---|---|---|
| **Amounts in thousands €** | **31/12/2018** | **31/12/2017** |
| Operating leases collectable in 1 year | 112 | 36 |
| **Subtotal 1: short-term operating leases** | **112** | **36** |
| | | |
| Operating leases collectable in 2 to 5 years | 4.690 | 108 |
| **Subtotal 2** | **4.690** | **108** |
| | | |
| Operating leases collectable after 5 years | 33.240 | - |
| **Subtotal 3** | **33.240** | - |
| | | |
| **Subtotal 4 (=2+3): Long-term operating leases** | **37.930** | **108** |
| | | |
| **TOTAL (=1+4)** | **38.042** | **144** |

*Amounts in thousand Euro, unless otherwise mentioned*

The expected effect of the first-time application of IFRS 16 "Leases" is analytically presented in note 2.1.2

**Litigation cases**

a) Administrative procedures for the compensation to former owners of the land on which the Hyatt Hotel (subsidiary company BEOGRADSKO MESOVITO PREDUZECE) and other third party structures have been constructed. Given the new data regarding the case and the lawyer's representation letter, the company has calculated that the estimated value of the provision shall amount to a total of € 898.

b) Court cases have been filed against the subsidiary company BEOGRADSKO MESOVITO PREDUZECE standing at 1.1 m (less interest and surcharges) referring to the former employees demanding compensation due to termination of the employment relationship. The Group's estimates that there are no reasons for compensation concerning the termination of the employment relationship, given that both plaintiffs resigned of their own will. The management of the subsidiary has also acted against the plaintiffs, and interrogations for both conflicts have not yet started. As the cases are still at an early stage, the final outcome cannot presently be determined, and no provision has been made in the financial statements of the Group.

c) Finally, Municipality of Rhodes has issued tax notice for Municipal Fees for the FY 2009 to 2018 for a total amount of € 856k. From this amount the company paid € 96k and for the remaining amount a provision has been recognized as long as an appeal is pending.

There are no other litigation or arbitration disputes of courts or arbitration bodies that may have a significant influence on the financial statements or operations of the Group and the Company beyond the provisions that have already been made (§ 5.11).

**Unaudited tax years**

The unaudited tax years of the Group companies are as follows:

| The Company | Unaudited Years |
|---|---|
| LAMPSA HELLENIC HOTELS S.A. | - |
| LUELLA ENTERPRISES LTD | 2011 - 2018 |
| EXCELSIOR BELGRADE SOCIALLY OWNED HOTEL & CATERING TOURIST ENTERPRISES | 2007 - 2018 |
| BEOGRADSKO MESOVITO PREDUZECE | 2011 - 2018 |
| MARKELIA LTD | 2011 - 2018 |

For the unaudited tax years of the Group companies, there is a probability for additional taxes and penalties to be imposed, during the period that they will be examined and finalized by the relevant t ax authorities.

For the FYs 2011-2018 inclusively, the parent company and TOURISTIKA THERETRA S.A. were subject to tax audit of the Certified Public Accountants as provided by Article 82 para 5 Law 2238/1994 and Article 65a, Law 4174/2013.

Within the reporting period the parent company and the company TOURISTIKA THERETRA S.A. received unqualified conclusions Tax Compliance Certificate. Regarding the FY 2017, the tax audit is in progress and the relevant tax certificate is expected to be issued following the publication of the Financial Statements for FY 2018. Should other tax liabilities arise till the tax inspection is finalized, it is estimated that they will not significantly affect the Group and the Company Financial Statements.

Regarding the companies audited by Statutory Auditors and Auditing Firms in respect of tax provisions, the issues are selected for tax inspection in compliance with Article 26, Law 4174/2013, as effective. The tax inspection in question can be conducted within the FY, during which the Tax Authorities are entitled to issue tax identification acts.

For the unaudited tax years of the other companies of the Group, it is estimated that no significant additional tax liabilities will arise, therefore, no relevant provision has been made.

### 5.26. Guarantees

The Group and the Company have contingent liabilities and assets related to banks, other guarantees and other matters arising in the ordinary course of business, as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **31.12.2018** | **31.12.2017** | **31.12.2018** | **31.12.2017** |
| Liens on land plots and building for provision of loan in | 48.850 | 48.850 | 48.850 | 48.850 |
| Liens on land plots and building for provision of loan in of the absorbed subsidiary | 38.400 | - | 38.400 | - |
| Liens on land plots and building for provision of loan in $ | 25.500 | 25.500 | 25.500 | 25.500 |
| Guarantees to ensure liabilities and Letters of Credit | 2.044 | 2.140 | 2.044 | 2.140 |
| Guarantees to ensure liabilities of the absorbed subsidiary | 1.480 | - | 1.480 | - |
| Guarantees for other associates | - | 2.750 | - | 2.750 |

## 6. Risk management policies objectives

The Group is exposed to financial risks such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk.

The Group's financial instruments are composed of bank deposits, overdraft rights, trade receivables and payables, loans to subsidiaries, associated companies, dividends payable and lease obligations.

Since 2008, the Group applies a risk management program for such risks. The risk management program aims to limit the negative impact on the financial results of the group caused by the unpredictability of financial markets and the variation in the variables of cost and revenue. The group intends to use, in the near future, derivative financial instruments to hedge its exposure to specific risk categories.

The risk management process applied by the Group, is as follows:

- Evaluation of risks associated with the activities and operations of the Group,
- Design of methodology and selection of appropriate financial products to reduce risks and
- Application / implementation, in accordance with the procedure approved by the management, of the risk management procedures.

### 6.1. Currency risk

The Group operates in Greece, Cyprus and Serbia and its operating currency is Euro. However, here is a certain limited exposure to currency translation risk regarding US Dollar, mainly arising from loan and other liabilities in Dollars. The exchange rate risk of this kind arises from the rate of these currencies against the euro, partially offset by corresponding liabilities (e.g. loans) of the same currency.

Financial assets and liabilities in foreign currency converted into Euro at the closing rate are as follows:

| | **2018** | **2017** |
|---|---|---|
| **Amounts in 000 €** | | |
| **Nominal amounts** | **US$** | **US$** |
| Financial assets | 300 | |
| Financial liabilities | (4.156) | (2.127) |
| Short-term exposure | (3.857) | (2.127) |
| | | |
| Financial assets | | |

| | | |
|---|---|---|
| Financial assets | (2.088) | (5.139) |
| Long-term exposure | (2.088) | (5.139) |
| **Total** | **(5.944)** | **(7.267)** |

The following tables show the sensitivity of the result for the financial year as well as the equity in relation to financial assets and financial liabilities and the exchange rate Euro / Dollar.

We assume a change of 1,88% (2017: 2,49%) in as of 31 December 2018 exchange rate of EUR / USD takes place. These percentages were based on the average market volatility in exchange rates for a period of 3 months from the end of each year (31/12).

In case € increases compared to the above currency, with the percentages mentioned above, the results on the earnings for the year and equity will be as follows:

| **Amounts in 000 €** | **2018** | **2017** |
|---|---|---|
| | **US$** | **US$** |
| Earnings before tax | 109 | 107 |
| Equity | 78 | 75 |
| | | |

In case € depreciates compared to the above currency, with the percentage mentioned above, the earnings for the year and the equity will be affected as follows:

| **Amounts in 000 €** | **2018** | **2017** |
|---|---|---|
| | **US$** | **US$** |
| Earnings before tax | (105) | (110) |
| Equity | (75) | (78) |

The exposure of the Group to foreign exchange risk varies during the year depending on the volume of transactions in foreign currency. However, the above analysis is considered representative of the Group's exposure to currency risk.

## 6.2. Sensitivity analysis of interest rate risk

Long-term financing is related to leasing contracts with variable interest rates (mainly Euribor and Libor).

The Group's policy is to minimize its exposure to cash flow interest rate risk on long-term financing. On 31 December 2018, the Company is exposed to changes in market interest rates, with regard to its bank loans, which are subject to variable interest rate.

The following table shows the sensitivity of the earnings for the year and equity, to a reasonable possible change in interest rate of +1.0% or -1.0% (2017: + / -1%). The changes in interest rates are estimated to be reasonable compared to market conditions.

| | **01/01-31/12/2018** | | **01/01-31/12/2017** | |
|---|---|---|---|---|
| **Amounts in thousands €** | **1,0%** | **-1,0%** | **1,0%** | **-1,0%** |
| Earnings before tax | (824) | 824 | (500) | 500 |
| Equity | (585) | 585 | (355) | 355 |
| **Tax rate** | **29%** | | **29%** | |

## 6.3. Credit risk analysis

The Group's exposure to credit risk is limited to financial assets (instruments) which, at the reporting date, are as follows:

| **Amounts in thousands €** | **THE GROUP** | | **THE COMPANY** | |
|---|---|---|---|---|
| **Financial assets categories** | **31/12/2018** | **31/12/2017** | **31/12/2018** | **31/12/2017** |
| Cash and cash equivalents | 8.310 | 13.084 | 4.206 | 6.176 |
| Trade receivables | 7.934 | 4.175 | 5.988 | 3.697 |
| **Total** | **16.243** | **17.259** | **10.194** | **9.873** |

The majority of Group's sales are performed through credit cards, the credit sales though are made to customers with evaluated credit history.

For trade and other receivables, the Group is not exposed to significant credit risk. The credit risk on liquidation requirements and other short term financial assets is considered limited.

The Group's management considers that all the above financial assets that are not impaired in previous reporting dates are of high credit quality, including those owed.

None of the financial assets of the Group has been mortgaged or committed to any other form of credit insurance.

### 6.4. Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring the long-term financial liabilities as well as the daily payments. Liquidity needs are monitored in various time periods, on a daily and weekly basis and on a rolling 30-day period. The liquidity needs for the next 12 months are determined monthly.

The maturity of the Group and the Company liabilities which will be settled on a cash basis is as follows:

| **THE GROUP** | **31.12.2018** | | | |
|---|---|---|---|---|
| **Amounts in thousands €** | **Short-term** | | **Long-term** | |
| | **within 6 months** | **6 to 12 months** | **1 to 5 years** | **over 5 years** |
| Bank debt | 51.900 | 190 | 22.122 | 143 |
| Bond loan | 20.061 | 1.862 | - | - |
| Finance lease liabilities | 8 | - | 9 | - |
| Other long-term liabilities | - | - | 670 | 1.018 |
| Trade liabilities | 4.273 | - | - | - |
| Other short-term liabilities | 8.980 | - | - | - |
| **Total** | **85.222** | **2.052** | **22.801** | **1.161** |
| | | | | |
| | **31.12.2017** | | | |
| **Amounts in thousands €** | **Short-term** | | **Long-term** | |
| | **6 to 12 months** | **6 to 12 months** | **1 to 5 years** | **over 5 years** |
| Bank debt | 43.177 | 177 | 849 | - |
| Bond loan | 11.772 | 9.572 | 2.875 | 137 |
| Finance lease liabilities | 8 | - | - | - |
| Other long-term liabilities | - | - | 118 | 6 |
| Trade liabilities | 3.455 | - | - | - |
| Other short-term liabilities | 6.975 | 57 | - | - |
| **Total** | **65.387** | **9.806** | **3.842** | **143** |

The above contractual maturities reflect the gross cash flows, which may differ from the carrying amounts of liabilities at the reporting date.

As at 31/12/2018, the Group had negative working capital, as current liabilities exceed current assets by € 72.595 k. (parent company € 77.884 k). A significant part of current liabilities (81% regarding the Group and the parent company) pertains to long-term debt installments payable in the following year and short-term borrowings.

Without taking into consideration the short-term loan liabilities, the Group working capital is presented positive by € 1.424 k and the Company's is presented negative by € 4.263 k.

Furthermore, the Group's and the Company's Working Capital needs are expected to be covered by the operating inflows expected to be achieved within the following periods, as seasonality is presented in the Group's activity where the occupancy in the spring months is almost double that of the corresponding winter period.

Finally, two major shareholders of the parent company "NAMSOS ENTERPRISES COMPANY LIMITED" and "DRYNA ENTERPRISES COMPANY LIMITED" 61,86%, although it is estimated that it will not be necessary, are committed to cover working capital subsequent needs for at least the next twelve months from the date of approval of the annual financial statements of 31/12/2018.

## 7. Capital management policies and procedures

The objectives of the Group in order to manage the capital are:

- to ensure the ability of the Group to continue its activity (going-concern) and
- to provide an adequate return to shareholders by pricing products according to the risk level.

The Group monitors capital on the basis of the amount of equity, less cash and cash equivalents as reflected in the Statement of Financial Position. The capital for the years 2018 and 2017 is analyzed as follows:

| | THE GROUP | | THE COMPANY | |
|---|---|---|---|---|
| **Amounts in thousands €** | **2018** | **2017** | **2018** | **2017** |
| Total equity | 99.478 | 93.739 | 73.354 | 78.767 |
| Plus: Subordinated loans | | | | |
| Less: Cash and cash equivalents | (8.310) | (13.084) | (4.206) | (6.176) |
| **Capital** | **91.169** | **80.655** | **69.148** | **72.591** |
| | | | | |
| Total equity | 99.478 | 93.739 | 73.354 | 78.767 |
| Plus: Loans | 96.284 | 68.547 | 95.253 | 67.356 |
| **Total capital** | **195.763** | **162.286** | **168.608** | **146.123** |
| | | | | |
| **Capital to Total capital** | **5/10** | **5/10** | **4/10** | **5/10** |

A medium term objective of the Group regarding capital management, and to reverse the negative climate is to maintain the index at the same level.

The Group sets the amount of capital in relation to its overall capital structure, for example equity and financial liabilities. The Group manages its capital structure and makes adjustments at the time when the economic situation and the risk characteristics of existing assets change. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, return capital to shareholders, issue equity or sell assets to reduce debt.

## 8. Post Balance Sheet Date events

On February 26, 2019, the Company signed a ten (10) years Joint Venture Bond Loan Secured Coverage Agreement with “ALPHA BANK SA”, “EUROBANK ERGASIAS SA” and “NATIONAL BANK OF GREECE SA" amounting to € 80 m. The loan will be used to refinance existing Company borrowing, to finance part of the renovation costs of the King's Palace hotel and to finance investments in the company's hotel units. The terms of this loan are highly favorable in terms of return and reflect the confidence that the healthy business sizes create.

Apart from the aforementioned, there are no other significant events as from 2018 closing till currently.

Athens, April 24, 2019

| PRESIDENT OF THE BOARD OF DIRECTORS | CHIEF EXECUTIVE OFFICER | FINANCIAL DIRECTOR |
|---|---|---|
| GEORGE GALANAKIS<br>I.D. No Ξ 282324 | ANASTASIOS HOMENIDIS<br>I.D. No AI 506406 | KOSTAS KYRIAKOS<br>I.D. No AZ 512473<br>A’ Class License 0010932 |

**E. Annual Financial Statements publication website**

The Company annual financial statements, the Independent Auditor's Report and the Report of the Board of Directors for FY ended as at December 31st, 2018, have been posted on the Company website www.lampsa.gr.

The aforementioned Financial Statements will remain at the disposal of the investors for at least five (5) years following the preparation date.