



PIRAEUS PORT AUTHORITY S.A.

**ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2019**

(IN ACCORDANCE WITH THE L. 3556/2007)

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STATEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Statements of the Members of the Boards of Directors

(In accordance with article 4 par. 2 of L. 3556/2007)

The Board of Directors Members of the Company “Piraeus Port Authority Société Anonyme” and trade title “PPA S.A.” (hereinafter referred to as “Company” or as “PPA”) and the undersigned:

1. YU Zeng Gang , Chairman of the Board of Directors
2. FU Chengqiu, Chief Executive Officer and Member of BoD
3. ZHU Jianhui, Member of the Board of Directors

In our above-mentioned capacity and as specifically appointed by the Board of Directors of the Company, we state and we assert that to the best of our knowledge:

- (a) the financial statements of the societe anonyme Company under the name “Piraeus Port Authority Societe Anonyme” and trade title “PPA S.A.” for the period from January 1, 2019 to December 31, 2019, which were compiled according to the applicable International Financial Reporting Standards as adopted by the E.U., provide a true and fair view of the assets and the liabilities, the equity and the results of the period of the Company, according to that stated in paragraphs 3 to 5 of article 4 of the L.3556/2007 and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.
- (b) the annual Report of the Company’s Board of Directors provide a true and fair view of the evolution, the achievements and the financial position of the Company, including the description of the main risks and uncertainties it faces and relevant information that is required according to paragraphs 6 to 8 of article 4 of the L. 3556/2007, and the relevant executive Decisions of the Board of Directors of the Capital Market Commission.

Athens, February 20, 2020

YU ZENG GANG

FU CHENGQIU

ZHU JIANHUI

Chairman of the

Chief Executive Officer and
Member of BoD

Member of the

Board of Directors

Passport No SE0235952

Passport No E92044606

Board of Directors

Passport No PE0844394

**ANNUAL REPORT OF THE BOARD OF DIRECTORS
of the Company
“PIRAEUS PORT AUTHORITY S.A.” with the distinctive title “PPA S.A.”
from 1st January 2019 until 31st December 2019**

(In accordance with article 5 par. 6 of L. 3556/2007)

1. Analysis of the development & performance of the company's activities and position

A. Brief Description of Business

The Port of Piraeus (Piraeus Port) is the largest port in Greece, spanning a coastline more than twenty-four kilometres in length and expanding over an aggregate area exceeding five million square meters. The geographic location of the Piraeus Port makes it a vital transportation, trade and supply, tourism and communication hub connecting the Greek islands with the mainland, as well as being an international centre of marine tourism and the commercial passage of cargos. The position of the Piraeus Port is conducive to its operation both as a commercial and touristic gate of Greece and as transshipment hub for the Balkans and Black Sea countries.

The Port of Piraeus is situated at the intersection of sea routes linking the Mediterranean with Northern Europe and due to its geographic position (south of the 38th parallel) enables major liner ships to access it without significant deviation from the Far East trade routes. It hosts a complex and unique variety of port activities, including: Cruise activity, Coastal (ferry/passenger) activity(it is the largest passenger port in Europe), all types of cargos handling activity, ship repair activities, as well as free zone (a control type I customs free zone) operating under applicable tax and customs legislation in the area currently designated pursuant to Decisions D18/7.8.2013 (Government Gazette B' 2038/22.8.2013) and D18/9.9.2013 (Government Gazette B' 2330/17.9.2013) of the Minister of Finance (Piraeus Free Zone).

Further to the amendment and codification on 24/06/2016 in a single text of the Concession Agreement dated 13/02/2002 between the Hellenic Republic and Piraeus Port Authority SA, which was ratified by Law 4404/2016 (Government Gazette A 126/8.7.2016) (hereinafter CA), the Company retains the exclusive right to use and exploit the land, buildings and infrastructure that are included in the Piraeus Port until 13/02/2052.

B. Objectives, Core Corporate Values and Key Strategies

▪ b.1. Objectives

Having ensured a smooth transition to the new ownership, the year 2019 was the year of continuation of COSCO SHIPPING management and corporate values transmission to PPA S.A. Throughout 2019, the primary objectives of the Company's Management were:

- *The implementation of the investment Plan that multiplies benefits for the local and national economy (5 year plan).*

Under Article 7 of the CA between PPA S.A. and the Hellenic Republic, the Company is required to implement, within the First Investment Period, obligatory investments, summed up to a total reference cost of 293.7 million Euros, which concern the following:

- Passenger Port Expansion (Southern Zone Phase A)
 - Repair of Pier I RMG yard area and cranes
 - Conversion of Pentagonal Warehouse into Cruise Passenger Terminal
 - Underground Linkage of Car Terminal with Former ODDY Area
 - Port Infrastructure Improvement and Maintenance
 - Supply of Equipment
 - Dredging of Central Port
 - Construction of New Oil Pier
 - Car Terminal Expansion (Herakleous)
 - Improvement Infrastructure of Ship repair Zone
- *The further highlighting and reinforcement of Piraeus position as a hub for passenger and freight transportation.*

The Company's declared goal is the further highlighting of Piraeus Port strategic advantages and strengthening its position in the port industry.

The role of the Piraeus Port is not only consolidated but further upgraded through the Investment Plan of PPA S.A., the customer-oriented approach and the marketing policy. In 2019, the extroversive development and the international collaborations were enhanced.

In the above context, the Company has strengthened its presence in national and international organizations relating to the port industry (detailed reference follows in paragraph b.3, titled "*outward looking*").

- *Improving procedures in relation to the daily operation of the Company.*

Based on the operational and administrative requirements, a series of rules and regulations have been updated internally such as Revised Procedure for the Guideline on the disposal/write-off of the Heritage Bad debt, Administrative Expenses Regulation on Company Credit Cards. They were reviewed by COSCO SHIPPING professionals and approved by PPA S.A. Administration Board before implementations.

In general, these Regulations aim at setting procedures for improving the daily company operation, facilitate the rationalization / better control of expenditures and enhancing efficient planning and management, exploiting company resources

▪ b.2. Core Corporate Values

The basic values that constitute the central core and driving forces of the company are related to:

a) Preservation and promotion of the general corporate interest and the interests of the Shareholders.

The primary concern and duty of the Company is the continuous pursuit of enhancing the Company's long-term financial value and the protection of the general corporate interest and the interests of the Shareholders.

b) Continuous improvement

The ultimate aim is the continuous improvement of the port services provided to the port users, at levels comparable to the best practices adopted by ports of international scope. The Company has as primary concern to build strong and long-lasting relationships with its customers, and to provide excellent service, especially in terms of quality, reliability and delivery time.

c) Health and Safety

The value of human life is the primary Company value, by creating conditions for a safety working environment.

Particular emphasis is placed on the continuous improvement of the systems and procedures related to environment, health and safety in the workplace, through full compliance with relevant legislations.

d) Evolution of employees

The Company recognizes that the cornerstone for the achievement of its goals is the best utilization of its human resources. By understanding and respecting the needs of the personnel and by using meritocratic criteria, the Company ensures the continuous training and development of the employees, taking into account the needs of the company and the protection of the corporate interests.

e) Social responsibility

Corporate Social Responsibility is a daily practice of how the Company operates. Creating relationships of trust and cooperation with local communities is a priority of the Company's Management, which aims at setting up a sustainable development model with the emphasis on environmental protection, poverty aid, supporting education, sport and other charity causes within the capability of the company.

▪ b.3 Main Strategies

- *Outward looking Strategy*

International Partnerships

Significant strategic partnerships were ratified through the signing of a Memorandum of Understanding between Piraeus and the Ports of Venice and Chioggia in February 2019. The two parties aim at establishing a stable and mutual cooperation, in order to develop both ports and port services, targeted on fostering the commercial flows between Europe, the Mediterranean and the Far East via the two ports.

Participation in National and International Forums

PPA S.A. remains strongly extrovert and actively participates in a series of national and international maritime and maritime oriented/related organizations, trying not only to follow but also to shape the developments taking place in the port industry. On the above framework PPA S.A. participates in:

- European Sea Port Organization, by staffing the structures of the below technical committees:
 - Marine Affairs,
 - Cruise & Ferry Port Network,
 - Trade Facilitation, Customs and Security,
 - Port Governance,
 - Sustainable Development.

- Association of Mediterranean Cruise Ports, by undertaking the responsibility of the Med Cruise relations with other associations (Cruise Lines International Association, International Association of Ports and Harbors, Worldwide Network of Port Cities, Association of the Mediterranean Chambers of Commerce and Industry, etc.).
- Association of Hellenic Ports, by taking over the chairmanship of the BoD.
- Piraeus Chamber of Commerce and Industry, by taking over the chairmanship of the Maritime and Ship Repair Activities Dept.

Participation in international exhibitions

- PPA S.A. participated in the second China International Import Expo (CIIE) which took place in Shanghai, China from 5 -10 November 2019, in which more than 3,000 companies from 150 countries took part. It is noted that Greece participated this year in the International Exhibition as an honored guest country under the slogan "A culture to share".
- PPA S.A. also participated through the EOT (National Tourism Organization) Pavilion in the Seatrade Cruise Global Miami, the largest and institutional cruise exhibition globally, in March as well as in the "5th Posidonia Sea Tourism Forum" in May, where executives of the global cruise and yachting sectors participated.

Strategic Business Goals

The formation of the strategic goals of the Company takes into account the very positive prospects created by the establishment and operation of the COSCO SHIPPING in PPA as summarized below:

The strategic objectives of the Company are divided into four axes:

1. Leadership for a homeport cruise in the Mediterranean: Attract additional 580,000 homeport cruise passengers (as a port of departure) from which 100,000 to come from China in order to create a significant benefit to the local economy. The necessary supporting investments will be made to upgrade the hotel infrastructure, commercial and other activities.

2. East Mediterranean Shipbuilding Node: Installing a new Floating Dock and reviving Naval Repairs by attracting 350-450 ships per year as a result of competitive pricing, increased reliability and efficient service.

3. Southern gateway to Sino-European trade: Expanding the Container Terminal's activities through land-based interconnection with transit centers (trains), attracting new Ro-Ro customers and expanding supply chain activities with the construction of new modern warehouses.

4. Passenger Port across Greece: Maintaining the existing level of activity and upgrading the services provided through targeted investments (e.g. parking, dredging, commercial activity).

C. Administration principles and Internal Management Systems

○ Administration principles

The management of the Company provides direction, leadership and an appropriate environment for its operation to ensure that all its available resources are fully engaged in the achievement of its objectives. The Company's policies at the stages of its productive and operational activity emphasize on implementing procedures based on transparency and fairness, and establishing common principles and rules, through the below principles:

Collectivity in decision-making

The function of the Administration Board, which supports and advises the other Company bodies in the exercise of their responsibilities, is constituted by the chairman of the BoD, the CEO, the Deputies and Assistants to the CEO and Senior Executive Consultants ensuring better exchange of information, fuller exploration and better evaluation of alternatives, consistency of the Management Team, increasing acceptance of the decision issued.

Segregation of Responsibilities

Clear distinction in the allocation of responsibilities through the assignment of specific duties at all levels of the PPA hierarchy ensures the speed of decision making, the smooth operation of the business and the subsequent effective control of all its actions.

On the basis of this principle, all members of the Company, according to their position in the hierarchy and qualifications, undertake specific responsibilities and are given the necessary authority to carry out the obligations arising therefrom.

Responsibility - Accountability - Liability

Responsibility - Accountability - Liability is vital to ensure high performance of the Company.

The Company's Management clearly communicates its expectations and sets out specific objectives to the persons responsible for the execution of specific tasks and duties. Clear communication of expectations and clearly defined goals are aimed at enhancing performance at all organizational levels and structures of the Company.

Through the submission of continuous progress reports to the Management of the Company, the organizational units of PPA S.A. are provided with the possibility to operate within the components of the particular administration principle (Responsibility - Accountability - Liability).

Good Governance

The primary objective of the Company's Management is to increase its value and protect the legitimate interests of all its shareholders. The PPA S.A. management bodies, in the exercise of their discretionary powers, act in accordance with the rule of law in order to avoid unnecessary and unfair solutions. Good administration, both as a principle and as a right, is a particularly useful "instrument" of the Administration in order to ensure the trust of the persons to whom it is managed and to firmly establish the legal certainty and the legitimacy of its actions.

Audit - Transparency

For PPA S.A., adherence to market rules, participation in international standards of corruption prevention and transparency enhancement are commitments that are fully in line with its Values and Principles, while at the same time demonstrating the degree of commitment to integrity practices and Corporate Governance.

- *Internal Management Systems*

Internal Operation Regulation (KEOL)

The updated *Internal Operation Regulation (KEOL)* of the Company is a compliance with the requirements of the current legislative framework as it is created and entered into force after a decision of the Company's Board of Directors. The purpose of Regulation is:

- (a) to illustrate the structure, responsibilities and structure of the Company's core business units as provided for by the applicable legislation and the Articles of Association of the Company,

- b) to define the responsibilities of the executive and non-executive members of the Board of Directors,

- c) to define the procedures for the recruitment and evaluation of the performance of the Company's directors,

- d) to establish procedures for controlling the transactions of the members of the Board of Directors, the Company's executives as well as any third person who, because of its relationship with the Company, holds internal information about the securities of the company or affiliated companies and any economic activities of the executives of the Company that are related to it and its key customers or suppliers,

- e) to establish procedures for the public disclosure of transactions of Company executives or any persons closely associated with such persons and other persons for whom the Company has the obligation to disclose in accordance with the applicable legislation,

- f) to set specific rules for the monitoring of transactions between affiliated companies and their appropriate disclosure to the Company's BoD and shareholders.

General Staff Regulation

The General Staff Regulation drafted as per the provisions of Law 1876/1990 and Article 10A (a) of Law 4404/2016 "Ratifying the amendment dated 24.6.2016 and codification into an integrated text of Concession Agreement dated 13.2.2002 between the Hellenic Republic and Piraeus Port Authority S.A. and other provisions".

The GSR is intended to regulate all employment relations, on the basis of the principles of equality and transparency, with a view to ensuring the smooth and efficient operation of all Company Departments and serving effectively the common interests of the Company and its staff.

Audit Committee Operation Regulation

The Company has an Audit Committee, which operates as an independent and objective party, with main duties and responsibilities to review and appraise the auditing practices and performance of internal and external auditors. Its primary duty is to assist the Board of Directors in fulfilling its responsibilities by reviewing the Corporation's financial reporting processes, policies and internal control system. Details of procedures are contained in Chapter IV.4 of the CORPORATE GOVERNANCE STATEMENT, entitled Composition and operation of the administrative, management and supervisory bodies of the Company, Audit Committee.

Internal Audit Service Operation

As a listed Company, the Company has an independent Internal Audit Service, the operation of which is supervised by the Audit Committee.

Based on the Internal Audit Service Operations Regulation as approved by the Board of Directors of the Company, purpose of the Internal Audit Service is to assist the Company's management in the effective performance of its duties by providing analysis, assessments, recommendations, advice and information on all Company activities.

The Company supports Internal Audit Service, in order to:

- act in accordance with the auditing principles and international standards,
- act objectively and independently in its auditing activities.
- provide high quality services at all hierarchical levels of the Company, through analysis, assessments and related recommendations,
- have unhindered access to books, documents, files, records, bank accounts and Company portfolios and have access to any services of the Company,
- have all necessary means to facilitate its work.

After evaluation of the function of the Internal Audit Service that was performed within 2018 by a third party Audit Firm in the framework of a diagnostic review, a relevant restructuring of the IAS was performed within 2019.

During the year 2019 the Internal Audit Service, completed and submitted:

- 5 reports relating to ad-hoc audits, 35 Tender Procedures Compliance Reports
- Annual, semi-annual, quarterly and monthly reports

On the grounds of the continuous education and enhancement of professional qualification of the Internal Auditors, the Internal Audit Service participated in the Annual Meeting of the Greek Internal Auditors' Institute, where it was informed about the new challenges that shape the future of Internal Audit.

Internal Complaint Process (ICP)

With the initiative of the Management, it was established and put into operation in 2017 by decision of the Administration Board the Internal Complaint Process (ICP) as part of good governance policy. Company sees every complaint as an opportunity to assess and improve its business processes, offers the chance to get a feedback on the business activities/operation and will serve as a quick and efficient means of resolving any problems if they arise and will promote good relations and communication between company's employees.

According the ICP, the complaint fall into the following (indicative) categories:

01. Fraud
02. Internal Policy / Regulation / Procedure Violation
03. Data Privacy Violation
04. Corruption / Bribery

- 05. Human Rights Issues
- 06. Issues regarding services failure
- 07. Issues regarding health and safety
- 08. Issues regarding rational resource management of the company
- 09. Issues regarding environmental protection and energy saving

Should a complain being made involves a member / members of the Administration Board or the Board of Directors, Internal Audit Service must immediately report the complaint to Audit Committee which will forthwith directly the investigations and necessary actions as appropriate.

IAS informs on a monthly basis the Top Management regarding with the complaints it may receive, the actions taken in order to facilitate them and the proposed corrective actions to be taken.

Within 2019, 4 complaints were sent to IAS, for which the approved procedures were followed. For these procedures, IAS has been appointed as organizational unit.

Certifications & Implementation of Standards and other requirements

Quality & Environmental Management certification (ISO 9001:2015 & ISO 14001:2015)

PPA SA has been awarded double certification against ISO 9001:2015 for Quality Management and ISO 14001:2015 for Environmental Management by Lloyd's Register (LR) which covers the:

- Provision of Port Cruise, Ferry, RoRo and Container Terminal services
- Management of Logistics center
- Port Construction & Maintenance Projects Management

In 2019, the effectiveness of the applied Integrated Quality & Environmental Management System was evidenced during the external audit performed by Lloyd's Register (LR) and both certifications were renewed for the next three (3) years.

The double certification demonstrates the company's commitment to best practice for quality, environmental management and pollution prevention.

Through the Integrated Quality & Environmental Management System that is applied in line with the standards requirements, PPA S.A. works in a consistent way to understand customers' needs and expectations, to continually improve the level of services provided and to address the environmental challenges emerged in daily operation.

PPA S.A. has adopted an Integrated Quality & Environmental Policy which is available at all interested parties through its official website and is being updated at regular intervals so as to be in line with the strategic planning for the company's development.

According to PPA S.A. Integrated Quality & Environmental Policy the company is committed to improving environmental performance and setting quality & environmental objectives to address risks and opportunities and significant environmental aspects.

Risks and opportunities are defined through systematic analysis of internal and external issues. Significant environmental aspects are defined through assessment of the impact port activities pose or may pose to the environment.

Also, internal audits conducted regularly and the top management, through the Management Reviews, assesses the effectiveness of the Integrated Quality & Environmental Management System, the achievement of the objectives set and supports actions to ensure continual improvement.

Preparation for Energy Management certification (ISO 50001:2018)

PPA S.A. invests in management systems applied worldwide aiming at continuous improvement of its services.

2019 was the year in which the development of an Energy Management System at all port activities as per the ISO 50001:2018 requirements began. The Energy Management System will be integrated to the currently certified Integrated Quality & Environmental Management System.

PPA S.A. is planning to become certified in 2020 as per the latest version of the International Standard ISO 50001:2018 for Energy Management at all port activities. The aim is to achieve energy saving and reduce operational cost.

Managerial Adequacy certification (ELOT 1429:2008)

The Port Construction & Maintenance Projects Management is within the scope of the ISO 9001:2015 (Quality Management) and ISO 14001:2015 (Environmental Management) certification, whether the projects are co-funded or not.

For the management of the EU-funded project for the South Expansion of the Passenger Port, PPA S.A. has also achieved certification as per the Greek Standard ELOT 1429:2008 for the Managerial Adequacy.

GRI Standards for Corporate Social Responsibility Reporting

Since 2018, PPA S.A. publishes Corporate Social Responsibility Reports according to GRI Standards.

AEOF license issuance

The process for PPA to become an Authorized Economic Operator (AEOF/ Security and Safety) is in progress. In 2019, the relevant Application has been submitted to the Customs Authority for the issuance of the AEOF license. This license will offer customs simplifications, thus facilitate customs procedures and providing competitive advantage to PPA S.A.

D. Past performance, comments on Financial Statements and tangible / intangible assets

D1.Past performance

According to the latest IOBE report, growth in 2019 is expected to be 1.8%. Exports increased (+ 5%) in the 9-month period, with a lower rate of increase in imports (+ 3.5%).¹ According to the analysis from National Bank of Greece, the percentage of exports in GDP in the 9 month period reached 36.4% of GDP which however was mainly supported by services exports (tourism and shipping). Private consumption and fixed investment capital increased moderately by 0.2% and 2.0% year on year contributing 0.2 percentage points each to the growth rate of GDP in the 3rd 2019 quarter². According to IOBE estimates, growth will increase significantly in 2020, ranging from 2.3% to 2.5%, with further boost in exports of 4-5% and higher imports growth rates of between 6-6.5%. In addition, consumption for 2020 is expected to remain relatively stable at 1% versus 0.9% in 2019. Consequently, the outlook for the Greek economy is positive for 2020 and for domestic cargo flows as long as international economic activity remains

¹ IOBE (2019). *Greek Economy (third quarter 2019)*. [online] Available at: http://iobe.gr/greek_economy.asp?PD=2019 [Accessed 23 Jan. 2020].

² National Bank of Greece (2019). *The Greek Economy*. [online] pp.2, 4. Available at: <https://www.nbg.gr/el/the-group/press-office/e-spot/reports/elliniki-oikonomia-syntomi-analysi-toy-aep-3oy-triminoy-2019> [Accessed 12 Feb. 2020].

positive and the effects of the global economic downturn, trade restriction support policies in advanced economies and the impact of US-Chinese tariffs have no adverse effect.

Comment on Financial Statements for the year ended 2019

Statement of comprehensive income

i. Revenues

The total revenues for the year 2019 amounted to € 149.2 million increased by 12.3% or € 16.3 million (2018: € 132.9 million). This increase is due to the significant increase in revenue from the concession fee of PIRAEUS CONTAINER TERMINAL S.A. in percentage 17.1% or € 9.6 million. Additionally, an increase by 25.3% and 18.3% or € 2.4 million and € 1.9 million occurred in the revenues of the ship repairing and cruise sector respectively.

ii. Expenses

The key operating costs are the staff costs which in 2019 increased to € 58.2 million from € 55.4 million in 2018. The increase by 2.8 million is mainly due to the increase by € 1.4 million to provision for staff leaving indemnities due to the current years change to employees collective labor contract, to the increase as well as to the increase of the provision of long term incentive bonus plan amounted to 0.6 million instead of the prior year provision for employees bonus by € 0.1 million.

For other expenses, they averaged approximately last year's figures except the following:

The concession fee to Greek State decreased significantly by € 2.9 million (31.12.2018: € 4.8 million) in the current year, mainly due to the impact of the application of IFRS 16 by € 3.5 million. about (Note 20 and Note 24).

The consumption of material showed an increase of 15.0% and amounted to € 2.3 million in the 2019 compared to € 2.0 million in 2018.

Depreciation increased during the current year, amounting to € 17.3 million (2018: € 14.2 million), mainly due to the effect of adopting IFRS 16 by approximately € 2.0 million and the investments in tangible assets performed during prior years.

Finally, an increase was noted in the provision for trade/other receivables and legal cases, where an additional provision of € 4.9 million for the current year was made, in contrast to the amount of € 1.1 million that was made in 2018.

iii. Other Operating Income/Expenses

Other operating income and expense for the current year did not change significantly from the previous year.

iv. Financial Expenses

Financial expenses for the current year significantly increased amounting to € 3.5 million (31.12.2018: 1.0 million) due to the impact of the adoption of IFRS 16 by approximately € 2.5 million.

Statement of financial position

i. Total Assets

Total assets at December 31, 2019 amounted to € 472.5 million, increased by 19.6% or € 77.4 million (2018: € 395,1 million).

The increase in total assets was mainly due to the significant recognition in the right-of-use assets of € 63.0 million due to IFRS 16 application as of 1.1.2019, the increase in cash and cash equivalents and restricted cash by € 25.8 million, to the increase of deferred tax asset by € 1.5 million as well as the increase of inventories by 0.6 million.

This increase was partly offset, mainly by the decrease of € 9.6 million in property, plant and equipment by the amount of € 6.8 million (due to the additions amounted to € 9.2 million deducted by current year depreciation amounted to € 16.1 million), the decrease in trade and other receivables which was mainly due to the decrease of debtor's balances as well as the decrease in other non-current receivables mainly due to the fact that the Municipality of Piraeus deposited an amount of € 1,438,256.56 to the tax authorities on behalf of the Company, which was setting off with current income tax liability.

ii. Total Liabilities

Total liabilities as at 31.12.2019 amounted to € 239.0 million (31.12.2018: € 186.2 million) presents an increase by 52.8 million. The change in total liabilities was mainly due to the following changes in the following sub-items, namely:

- Recognition in lease liabilities by € 67.4 million due to application of IFRS 16.
- Increase of provisions by € 3.5 million (Note 16)
- Increase in provision for staff leaving indemnities by 1.3 million.
- Increase in other long term liabilities by € 0.6 million
- Reduction of bank debt by € 6.0 million due to the repayment of four installments of the long-term loan
- Reduction of accrued and other liabilities by € 3.9 million.
- Reduction of grants by € 0.8 million which relates to the current year depreciation.
- Reduction in income taxes payable by € 8.6 million since the Company has an income tax receivable amounted to € 0.8 million as at December 31, 2019.

D2.Tangible and intangible assets

Investments

The implementation of PPA S.A. investment plan apart from the strengthening of the Company's financial position is expected to multiply the benefits for the local and national economy.

The following table presents detailed information on the investment plan of PPA S.A. Already cumulatively (from the start of each project) until 31 December 2019, investments of contracted projects amounting to € 71,027,181, as detailed in the following table, were completed for both: a) compulsory investment projects (€ 293,783,800 as a result of the mandatory investments for the first investment period of the Concession Agreement) and b) additional voluntary investments of the Company.

no	(a) Mandatory Investments	Reference Cost (€)	PPA S.A. Participation (€)	Cumulative Contracts' Cost from the start of each project up to 31/12/2019
1	Passenger Port Expansion (Southern Zone Phase A)	136,283,800 €	5,451,352 €	0 €
2	Repair of Pier I RMG yard area and stacking cranes (RMG)	8,000,000 €	8,000,000 €	134,907 €
3	Conversion of Pentagonal Warehouse into Cruise Passenger Terminal	1,500,000 €	1,500,000 €	0 €
4	Underground Linkage of Car Terminal with Former ODDY Area	5,000,000 €	5,000,000 €	0 €
5	Port Infrastructure Improvement and Maintenance	15,000,000 €	15,000,000 €	1,272,429 €
6	Supply of Equipment	25,000,000 €	25,000,000 €	5,282,745.20 €
7	Dredging of Central Port	8,000,000 €	8,000,000 €	0 €
8	Studies	5,000,000 €	5,000,000 €	9,805,000 €
9	Construction of New Oil Pier	15,000,000 €	15,000,000 €	19,741,700 €
10	Car Terminal Expansion (Herakleous)	20,000,000 €	20,000,000 €	0 €
11	Improvement Infrastructure of Ship Repair Zone (incl. floating docks)	55,000,000 €	55,000,000 €	32,135,000 €
no	(b) Additional Investments			
1	Development of a logistics center in the former ODDY area, surface of 80.000m ²	60,000,000 €	60,000,000 €	0 €
2	Construction of two car park buildings, surface of 75.000m ² each in the G2 region	27,000,000 €	27,000,000 €	0 €
3	Construction of a Cruise Passenger Terminal	80,000,000 €	80,000,000 €	0 €
4	Maintenance and repair of port and building infrastructure not included in Obligatory Investments			2,655,400 €
	GRAND TOTAL (a) + (b)	460,783,800 €	329,951,352 €	71,027,181 €

2. Principal risks

A. Monitoring the supply chain with reference to the main suppliers and their cooperation rules

Supply Chain

There are no suppliers, the interruption of which would jeopardize the operation of the Company in the event of a temporary failure of supplies provision.

B. Other risks that are related to the activity or sector that the company is operating.

- Risk of loss of assets

The Company takes all necessary measures to minimize the risk and possible losses of assets due to natural disasters or similar related causes.

- Property insurance

PPA S.A. has insured all its assets in accordance with the provisions of Article 17.1 of the CA with the Greek State for the following indicative but not limited to perils :

Fire, lightning, explosion, storm damage, aircraft crashes and named perils or Property All Risks, based on new replacement cost of asset.

The income loss has been insured due to disaster-related closing of the business facility or due to the rebuilding process after a disaster, i.e. storm, earthquake, flood and strikes riots & terrorist actions.

- Third Party Liability and Employer's Liability

PPA S.A. maintains insurance in respect of third party liability in accordance with the provisions of Article 17.1 of the CA with the Greek State for all its activities

- Maximum Probable Loss (MPL) analysis

According to the requirements of the provisions of Art. 17 and Annex 17.1 of the CA, the company, is in the process of finalizing the Maximum Probable Loss (MPL) analysis.

The relevant tender procedure has been completed and the respective contract has been signed with a specialized consulting firm in the field of risk insurance. Currently data are analyzed in order for the MPL to be completed.

The MPL analysis includes as a minimum the following elements:

1. Estimation of Maximum Probable Property Loss and loss of income for normal risks, excluding natural disasters (such as earthquakes, tsunamis, etc.).
2. Estimation of Maximum Probable Property Damage and Loss of Revenues in Disastrous Risks, and in particular in the event of an earthquake.
3. Risk Accountability Quotient that will analyze and quantify the probable scenarios of liability losses, including environmental liability, under the worst case scenarios for the worst case scenario.

- Business Risks Associated with the Company's business activities

A detailed report on the main risks associated with the sector in which the Company operates is set out in Chapter D of the Non-Financial Report, which follows (Risk Policy and Risk Management / Major Business Risks and Uncertainties).

- Financial Instruments

Fair Value: The carrying amounts reflected in the accompanying statements of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position.

The Company categorized its financial instruments carried at fair value in three categories, defined as follows:

Level 1: Quoted (unadjusted) values from active financial markets for identical negotiable assets or liabilities.

Level 2: Other techniques for which all inflows that have a significant impact on the recorded fair value are identified or determined directly or indirectly from active financial markets.

Level 3: Techniques that use inflows that have a significant impact on the recorded fair value and are not based on quoted prices from active financial markets.

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2019 and 2018, the Company held the following financial instruments measured at fair value:

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	56,499,999.99	-	56,499,999.99
Investment property	-	-	734,338.38	734,338.38
December 31, 2018	Level 1	Level 2	Level 3	Total
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	62,499,999.99	-	62,499,999.99
Investment property	-	-	734,338.38	734,338.38

Credit Risk: There is no significant credit risk for the Company towards the contracting parties, since it receives advance payments or letters of guarantee from customers. In addition, the Company's deposits are placed with in bank financial institutions in Greece with the following ratings (Moody's credit rating):

	December 31,	
	2019	2018
Caa1	94,914,711.33	-
Caa2	11,939,658.65	81,037,871.36
Total	106,854,369.98	81,037,871.36

Foreign Exchange Risk: The Company is neither involved in international trade nor has any long term loans in foreign currency and therefore is not exposed to foreign exchange risk resulting from foreign currency rate fluctuation.

Interest rate risk: The Company bank loans are expressed in Euro and are subject to floating interest rates. The Company does not use derivative financial instruments in order to reduce its exposure to interest rate risk fluctuation as at the balance-sheet date. The Company management believes that there is no significant risk resulting from a possible interest rate fluctuation.

The table below presents and analyses the sensitivity in relation to financial assets (cash on hand and in banks) and financial liabilities (loans) of the Company to the interest rate risk changes assuming a simultaneous change in interest rates by ± 100 basis points on the Company's profit.

2019		Decrease	(Increase)
Financial assets	Accounting values	+100bips(Euribor)	-100bips(Euribor)
Cash and cash equivalents	106,730,436.86	1,067,304.37	(1,067,304.37)
Effect before income tax		1,067,304.37	(1,067,304.37)
Income tax 24%		(256,153.05)	256,153.05
Net effect		811,151.32	(811,151.32)
Financial liabilities			
Long term loans	(56,499,999.99)	(565,000.00)	565,000.00
Effect before income tax		(565,000.00)	565,000.00
Income tax 24%		135,600.00	(135,600.00)
Net effect		(429,400.00)	429,400.00
Total net effect		381,751.32	(381,751.32)

2018		Decrease	(Increase)
Financial assets	Accounting values	+100bips(Euribor)	-100bips(Euribor)
Cash and cash equivalents	80,937,181.40	809,371.81	(809,371.81)
Effect before income tax		809,371.81	(809,371.81)
Income tax 29%		(234,717.83)	234,717.83
Net effect		574,653.99	(574,653.99)
Financial liabilities			
Long term loans	(62,499,999.99)	(624,999.99)	624,999.99
Effect before income tax		(624,999.99)	624,999.99
Income tax 29%		181,250.00	(181,250.00)
Net effect		(443,749.99)	443,749.99
Total net effect		130,904.00	(130,904.00)

Liquidity risk: The effective management of liquidity risk is secured by ensuring maintenance of adequate cash reserves and a possibility for funding if necessary. Corporate liquidity risk management is based on rational management of working capital and cash flows.

The following table summarizes the maturities of financial liabilities December 31, 2019 and 2018, respectively, under the relevant contracts to non-discounted prices.

Amounts of fiscal year 2019	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,066,514.35	3,062,745.83	24,379,866.67	26,669,583.32	57,178,710.17
Trade and other payables*	10,208,499.80	12,113,046.69	8,444,318.16	-	-	30,765,864.65
Lease liabilities	11,098.18	38,327.90	3,510,737.36	17,500,000.00	94,937,500.00	115,997,663.44
Total	10,219,597.98	15,217,888.94	15,017,801.35	41,879,866.67	121,607,083.32	203,942,238.26

Amounts of fiscal year 2018	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,095,904.79	3,092,357.92	24,574,553.33	32,815,941.24	63,578,757.28
Trade and other payables*	9,299,870.25	14,755,198.65	10,616,006.27	-	-	34,671,075.17
Total	9,299,870.25	17,851,103.44	13,708,364.19	24,574,553.33	32,815,941.24	98,249,832.45

* Trade payables do not have interest and are settled in up to 60 days. Other payables also do not bear any interest and are settled in up to 12 months.

Capital Management

The primary objective of the Company's capital management is to ensure the maintenance of high credit rating, and healthy capital ratios in order to support and expand the Company's operations and maximize shareholder value. The Company's policy is to maintain leverage targets, according to an investment grade profile. The Company monitors capital adequacy using the ratio of net debt to operating profits, which should be lower than 9.80 based on the loan agreements (Note 18). The net debt includes interest-bearing loans, less cash and cash equivalents, while the operating profit including profit/ (loss) before taxes, financing costs and depreciation.

	December, 31	
	2019	2018
Long-term borrowings	50,499,999.99	56,499,999.99
Short-term borrowings	6,000,000.00	6,000,000.00
Total Debt	56,499,999.99	62,499,999.99
Earnings before interest, tax, depreciation and amortization (EBITDA)	67,468,468.69	56,677,834.49
- Total Debt / EBITDA	0.8	1.1

3. Environmental issues

The Company recognizes both its obligations to the environment and the need for continuously improvement for its environmental performance so as to achieve a balanced economic development in harmony with environmental protection.

A. Actual and potential impacts on the environment

The actual and potential impacts on the environment caused by the operation and activities of PPA S.A. are assessed in the approved Environmental Impact Assessment Study of PPA S.A. The company has in force a Decision of Environmental Terms, approved by the Ministry of Environment & Energy, and cares for the correct and full implementation of these Environmental Terms in order to ensure the prevention and reduction of the impact on all the environmental parameters.

B. Notification of the Procedures implemented for the prevention and control of pollution and the environmental impacts by various factors

PPA S.A. is a member of the European EcoPorts network and in this context a Self-Diagnosis Method report (SDM) is elaborated and updated every two years.

Furthermore PPA S.A. implements an integrated environmental management system certified according to the European Environmental System focused on ports: PERS (Port Environmental Review System).

In the context of the environmental management system PERS and as EcoPorts network member, PPA S.A. has elaborated and implemented specific environmental policy, procedures of implementation and monitoring of environmental parameters associated with all the activities, while it aims at continuous improvement of its environmental performance, following the European and international standards with aim the protection of the environment and the conserve of the natural resources for future generations.

Thus, Piraeus port is committed to the principles of the ESPO Green Guide and establishes objectives and targets to achieve improvement of its environmental performance.

Taking into consideration all the above and in accordance with the Environmental Terms of port's operation, PPA S.A. has developed and implements the following procedures for the prevention and control of pollution and environmental impacts:

- Air quality monitoring Program. Since 2009, PPA S.A. has been implementing, in cooperation with the National Technical University of Athens, an integrated program for the monitoring of air pollution through a specialised monitoring station in order to identify, assess and quantify the significant gas emissions of the port and to develop appropriate actions and operational techniques for protecting and improving air quality in the port area. The parameters recorded and monitored are: NO_x nitrogen oxide, SO₂ sulfur dioxide, carbon monoxide CO, heavy metals, PAHs, PM₁₀ particles, BTEX hydrocarbons. At the same time in 2019, the program was enhanced with air emissions simulation and dispersion models for the integration of the assessment of air quality in the port area.

- Sea water quality monitoring Program. PPA S.A. in cooperation with the laboratory of Sanitary technology of Civil Engineering School of National Technical University of Athens (NTUA) applies a seawater quality monitoring to the entire port area and finds, where applicable, corrective measures.

Sampling frequency is twice per year.

- Marine Sediments Quality Monitoring Program. PPA S.A. in cooperation with the laboratory of Sanitary technology of Civil Engineering School of National Technical University of Athens (NTUA) applied for the year 2019, a quality monitoring program of marine sediments quality to the entire PPA S.A. jurisdiction. The results are aiming at the information enhancement of the marine quality environment and will contribute to the technical studies about new port projects and mainport dredging operations.
- Environmental quality monitoring Program on acoustic environment. PPA S.A. implements, in collaboration with an external specialized consultants, an integrated noise monitoring programme, covering the entire port area and focusing on the reduction of noise levels from sources related to container terminal operations, construction works, vehicles movements. The Leq indicator is measured and monitored throughout the entire port area of PPA S.A. twice a year.
- Integrated waste management system produced on land installations PPA S.A. implements since 2009 a system to enhance recycling, to reduce the quantities led to final disposal at landfills and to enhance the production of environmentally friendly materials, where applicable. The main waste streams that are recycled are paper, glass, packaging, empty ink cartridges & toners, used batteries and accumulators, waste electrical and electronic equipment, lubricant oils, tires, waste timber, operational waste by workshops, operational waste of floating and dry docks, scrap and metal, waste from excavation, construction and demolition.
- Ship-generated Waste Management Plan, approved by the Ministry of Shipping. PPA S.A. implements specific Plan since 2008 in accordance with the European Directive 2000/59 for ship-generated waste and cargo residues, as incorporated into Greek law, and the provisions of the International Convention on Marine Pollution MARPOL 73/78. According to that Plan a system for Port Reception Facilities is established for the collection and management of solid and liquid Ship-generated waste by specialized contractors. Till today no complaints have been received.
- Emergency response plan of land and sea pollution, approved by the competent Hellenic Ministry, for dealing with incidents of oil pollution and other harmful substances in the port area of PPA.
- PPA S.A. is certified according to ISO 14001: 2015 for Environmental Management by Lloyd's Register (LR).

C. Reference to the development of green products and services

PPA S.A. acknowledged the need of reduction of resource consumption and, in particular, save energy across the port activities. PPA S.A. highlights the issue by promoting initiatives and behaviors to improve the balance of demand and supply of energy and to reduce energy consumption.

In this context, PPA S.A. has installed and operates since August 2016 a photovoltaic power plant producing up to 430 kWp by using solar panels. The photovoltaic plant is connected to the electricity system of DEDDIE SA (Administrator of the Greek Electricity Distribution Network).

4. Labor issues

Promoting equal opportunities and protecting diversity are key principles of the Company. Management does not discriminate in recruitment / selection, pay, education, job assignment or any other work activities. The factors that are exclusively taken into account are person's experience, personality, theoretical training, qualification, efficiency and ability.

The Company is in favor of respecting the diversity of each employee and does not accept behaviors that may discriminate in any form whatsoever.

A. Policy of diversification and equal opportunities (regardless of gender, religion, disadvantage or other aspects).

The Company, as employer, is liable to (article 11 b of GSR): apply the principle of equality in all respects in its employment relations, including the equal treatment of male and female employees;

At 31/12/2019 PPA S.A. employed 998 employees. From this staff:

- 144 were women and 854 men (14.40% rate and 85.60% respectively),
- 890 employees (89.18%) covered by collective labor agreements,
- 101 employees work on individual contracts (Company Executives, Managers, Deputy Managers, and Assistant Managers, Employees etc).

In addition, there were 5 employees under labor contract of private law for a fixed period and 2 under project contract basis.

The gender difference in the Company's staffing is mainly attributable to the labor intensive characteristics of the main work items of PPA S.A., (dockworkers, operators, lifting equipment operators, heavy-duty drivers). In the 2019's recruitment announcements there were no gender exclusion criteria.

Of the 156 employees assigned in responsibility positions on various tiers of the company's hierarchy (manager, deputy manager, assistant manager, head of sector, superintendent supervisor), 111 (71.2%) were men with and 45 (28.8%) women.

The women participation among manager, deputy manager, and assistant manager positions reached the 39.2%.

B. Respect for employees' and trade union rights

Respect for employees rights

The Company respects the rights of employees and observes the Labor Legislation. In the year 2019, no control body accused for violations of labor law.

In 2019 there were a total of 11 cases of appeals by employees' side to the Labor Inspectorate, mainly concerning machinery handling issues (due to the abolition of the S.EMPO assistance system) and labor planning issues (Cruise Dept) and payment due to the implementation of the shift system. None of the above appeals to the Labor Inspectorate resulted in the imposition of penalties on the company.

Trade union rights

The Company, as employer, is liable to (articles 11 e, f, g of GSR):

- Ensure that the trade unions of its employees are regularly informed of all staff-related matters and of the Company's business activities in general, where those have an impact on employment relations;
- Not intervene in any manner in the legitimate trade union activities of employees;
- Promote interactive discussion with the representatives of employees, especially with any first-degree and second-degree trade unions representing its employees in the context of collective autonomy and informed dialogue.

Also, under Article 14.7 of the GCF, provision is made for discharged of their regular work duties throughout their tenure (depending on the number of members) during their term of office to members of trade unions.

Labor legislation

The Company, as employer, is liable to (article 11 a of GSR) comply consistently with all labor regulations and all individual and Collective Labor Agreements applicable to its staff.

C. Health & Safety

Safety at work for employees is a top priority and a prerequisite for the operation of the Company.

Safety Engineer

The company has a "Safety Engineer", in accordance with the applicable Legislation, whose duties are the supervision of working conditions and the improvement of working conditions in the company.

Occupational Physician

The company has an "Occupational Physician", in accordance with the applicable Legislation, whose duties are to provide indications and advice to the employer, employees and their representatives, in writing or orally, regarding the measures to be taken for the physical and mental health of employees. Written instructions by the Occupational Physician shall be entered in a special notebook. The employer is being informed and signs the recommendations posted in this special book.

▪ **Health and Safety Committee Establishment**

Company employees have established a Workers' Health and Safety Committee (W.H.S.C.), consisting of their elected representatives in the company.

1. W.H.S.C. or the representative is a consultative body and has the following responsibilities:

- (a) studying the company working conditions, proposes measures to improve the working conditions as well as the working environment, monitors compliance with health and safety measures and contributes to their implementation by employees,
- (b) in cases of serious labor accidents or related incidents, proposes appropriate measures to prevent recurrence,
- (c) highlights the occupational hazard in workplaces or work positions and proposes measures to address it, by participating in this way in the formulation of company's policy for occupational risk prevention,
- (d) is informed by the management of the occurring occupational accidents' and occupational diseases' data,
- (e) is informed for the introduction of new production processes, machinery, tools and materials to the company, or the operation of new installations, insofar as they affect health and safety,

(f) in the event of immediate and serious risk, invites the employer to take the appropriate measures, without excluding the disruption of the machinery or the installation or the production process,
(g) may seek the assistance of experts on Workers' Health and Safety Matters, with the agreement of the employer.

▪ ***Health and safety conditions***

The Company, as employer, is liable (article 11.c of GSR) to take all necessary steps to ensure health and safety at the workplace.

The Company is liable to ensure proper health and safety conditions for all employees and installations under its responsibility. For that purpose, it is liable to apply proper health and safety rules by means of special safety regulations, circulars, announcements and instructions. In particular, the Company is liable to (article 12.3 of GSR):

1. Ensure, carry out and supervise, through its duly authorised bodies, the implementation of all preventive, operational or corrective measures and procedures necessary to ensure safe execution of all Company operations;
2. Train its staff to promptly identify all risks and handle same efficiently, in line with the applicable safety procedures;
3. Keep the staff thoroughly informed of all applicable regulations establishing minimum health and safety standards at the workplace, as in force from time to time.

D. Training systems, promoting staff ways, etc.

Education and training programs

The Company, as employer, is liable to ensure, within its powers, that the employees gain all professional knowledge and are offered good opportunities to develop their skills and maximize their efficiency, to the benefit of the Company but also for the development of their own career and personality.

Staff training is one of the Company's development objectives, which improves the quality of the services rendered by the Company and the Company's overall productivity. In this context, the Company plans and subsidizes staff training programs, either on its own or in cooperation with third-party educational/training organizations. The staff shall participate in these programs at Company's cost.

Employee's career development

According to article 7.1 of GSR each employee's career development depends primarily on their:

1. Professional experience and scientific expertise;
2. General performance while on duty, primarily in terms of efficiency, initiative and responsibility;
3. Planning and coordination skills;
4. Role in improving the efficiency of inferiors and encouraging them to improve their working performance;
5. Ongoing training, primarily attendance of educational/training seminars and involvement in projects or studies relating to their work post.

Additional Social Benefits

Under current operational collective labor contracts the Company offers to its staff additional social benefits. In particular, the Company grants interest –free loans to its employees up to amount of 3.000 € to cover exceptional and unforeseen needs, wedding assistance, creches and camps costs for children of the staff, and prizes for the children of staff with excellent school performance.

5. Financial and Non-Financial performance indicators.

A. Financial indicators and APM's

Financial indicators showing the Company's financial position are presented in the table below:

The Company uses as Alternative Performance Measures (“APMs”) the ratios No 4, 5 and 9 in the context of making decisions concerning its financial, operational and strategic planning, as well as assessing and publishing its performance. These APMs help better understand the Company’s financial and operating results, financial position and cash flow statement. Alternative performance measures (APMs) must always be taken into account in combination with the financial results prepared in accordance with International Financial Reporting Standards (“IFRS”) and will not replace the latter under any circumstances.

B. Non-financial performance indicators

Non-financial performance indicators of PPA S.A. operating activities are set out in the Non-Financial Report below in the chapter "Business Model _ Evolution of Business Activities"

6. Activity of the Company in the field of research and development

The PPA SA continued to be actively involved in the field of research and development in 2019. PPA SA cooperates closely with Greek and foreign stakeholders by implementing initiatives towards developing new technological applications and innovative procedures that create new growth and optimized operation horizons, ensuring the competitiveness and inclusiveness of Port of Piraeus in the relevant decision making. .

In 2019, PPA S.A. participated as a partner in twelve (12) European research and development projects, which continue to be under implementation in 2019, details of which are shown in the table below:

no	Program	Project Name	Full Name	Budget	EU Funding
1	TEN-T	Poseidon MED II	Poseidon MED II	915,000	50%
2	CBRN	SSEE	Shielding South-East Europe from CBRN-E threats	67,084	100%
3	MED	PROTeuS	PROMoting security and safeTy by crEating a MED cLUster on Maritime Surveillance	253,240	85%
4	H2020	SAURON	Scalable multidimensional situation awareness solution for protecting European ports	462,812.50	70%
5	ADRION	SUPAIR	SUstainable Ports in the Adriatic Ionian Region	135,715	85%
6	ADRION	SUPER-LNG	SUstainability PERformance of LNG-based maritime mobility	92,200	85%
7	ADRION	MultiAPPRO	Multidichiiplinary approach and solutions to development of intermodal transport in region	117,260	85%
8	ADRION	NEORION	Green ShipBuilding	135,535	85%
9	H2020	PIXEL	Port IoT for Environmental Leverage	274,250	100%
10	H2020	TRESSPASS	robusT Risk basEd Screening and alert System for PASSengers	230,625	70%
11	H2020	D4Fly	Detecting Document frauD & iDentity on the fly	111,125	100%
12	CEF	GREEN C PORTS	Green and Connected Ports (GREEN C PORTS)	455,500	50%

Within 2019, European research and development projects were submitted for funding, with PPA SA participating as a partner and whose assessment is expected in 2020. Details of which are shown in the table below:

no	Program	Project Name	Full Name	Budget	Eu Funding
1	EPAAnEK	KATAPLOUS	Innovative technologies and applications for improved and personalized cruise passenger tourism experiences.	91,635.25	65%
2	EPAAnEK	RELIANCE	Detecting Document fraud & iDentity on the fly	198,225	40%
3	EPAAnEK	SABA	COOPERATIVE RESEARCH ON THE HYDRODYNAMIC PERFORMANCE OF OFFSHORE MULTI-TASK WAVE ENERGY CONVERTERS	272,950	53%

PPA is in the process of discussing and contributing to new proposals for European funded projects that are expected to be submitted for assessment in 2020 (DeepDemonstration Project, Horizon LC-SC3-SCC-1-1-2018-2019-2020: Smart Cities and Communities, EALING project).

7. Non-Financial Report

A) Description of the PPA S.A. Business Model.

In addition to the Report of the Board of Directors entitled "Analysis of the development & performance of the company's activities and position" and the brief description of the business model that has taken place, the following are stated:

The Piraeus Port Authority S.A. (PPA)

PPA is the legal entity entrusted with the administration and operation of the Port of Piraeus. It was established as a legal entity of public law by virtue of Law 4748/1930, which was restated by Compulsory Law 1559/1950 and ratified by Law 1630/1951, each as subsequently amended and supplemented. In 1999 PPA was transformed into a stock corporation (société anonyme).

Pursuant to the enabling provisions contained in the thirty-fifth article of Law 2932/2001 (Government Gazette A' 145/27.7.2001), the Hellenic Republic and PPA entered into a concession agreement on 13 February 2002 (2002 HRCA). In the 2002 HRCA, the Hellenic Republic granted PPA the exclusive right of use and exploitation of the land, buildings and infrastructure comprising the Port of Piraeus, for an initial term of forty years, and subject to further terms and conditions. Certain amendments to the 2002 Agreement, including the extension of the concession's term by ten years, were authorised on behalf of the Hellenic Republic by virtue of a joint ministerial decision on 19 November 2008 (Government Gazette B' 2372/21.11.2008). These amendments were agreed upon in an addendum to the 2002 Agreement executed between the Hellenic Republic and PPA on 18 November 2008 (the 2008 HRCA). The 2002 Agreement, as amended by the 2008 Addendum (together the Old Concession Agreement), was subsequently ratified by virtue of the first and third article of Law 3654/2008 (Government Gazette A' 57/03.04.2008).

In April 2016, following an open international public tender process, the Hellenic Republic Asset Development Fund (HRADF), under its capacity as the major shareholder of PPA, and COSCO HK Ltd entered into a Shares Purchase Agreement (hereinafter: SPA) for the acquisition of the majority participation of 51% in the share capital of PPA. In August 2016, after the satisfaction of certain conditions precedent, the SPA was affected by the execution of the transaction and the transfer of PPA's majority shares from HRADF to COSCO HK Ltd and PPA S.A. ceased to be a state-owned company and since that day it is a private-owned company.

In the framework of the Privatisation Process and as envisaged and permitted by the Old Concession Agreement (including, without limitation, article 15.1(iii) thereof), the Hellenic Republic and PPA engaged in negotiations, resulting in the finalisation and conclusion of a new amendment of the Old Concession Agreement, which was finally signed by the parties on 29/06/2016 and ratified by law 4404/2016 (Government Gazette A' 126/08.07.2016).

The objective of the Company is to perform its obligations, conduct its activities and exercise its faculties under or in respect of the concession agreement between the Company and the Hellenic Republic dated 13 February 2002 regarding the use and exploitation of certain areas and assets within the Port of Piraeus, as amended and in force (the "Concession Agreement"), in accordance with the law.

For the purpose of attaining its object under paragraph 1 above, the Company may, by way of an illustrative but no means exhaustive list, conduct and engage in the following activities:

- (a) use all rights assigned to the Company pursuant to the CA and maintain, utilize and exploit all concession assets in accordance with the Concession Agreement;
- (b) provide services and facilities to vessels, cargo and passengers, including ship berthing and cargo and passenger handling to and from the port;
- (c) install, organize and exploit all kinds of port infrastructure;
- (d) undertake any activities related to the port and all other commercial activities associated with or reasonably incidental to the operation of the port of Piraeus;
- (e) engage third parties to provide any kind of port services;
- (f) award contracts for works;
- (g) engage in such further activities as are prudent or customary for the proper conduct of its business and operations in accordance with the Concession Agreement; and
- (h) engage in any and all activities, transactions or operations of a type that are conducted by commercial corporations generally.

Evolution of Business Activities

Cruise Activity

PPA SA's outward focus and dedication to cruise attraction policy coupled with increased demand for cruises in the eastern Mediterranean have contributed to the increase in cruise offerings. Piraeus in 2019 recorded significantly increased volumes of passengers and arrivals compared to 2018. At the passenger level there was an increase in both homeport and transit passengers. In particular, total passenger traffic in 2019 was 1,098,091 compared to 961,632 in 2018, recording a 14.2% increase. Cruise start or end passengers (homeport) reached 410,512 against 354,398 in 2018, up 15.8%. Cruise ship arrivals increased by 18.7% to 622 against 524 the year before.

Coastal Traffic

Total passenger traffic in the domestic lines in 2019 recorded an increase of 5.7% to 16,551,054 compared to 15,657,368 passengers in 2018. An increase is recorded in all individual routes including the ferry urban connection Perama-Salamina which recorded a decrease in traffic over the last three years. In particular, coastal services and Ferry urban connection Perama-Salamina, which account for 85% of total traffic, increased by 7.2% and 3.1% respectively. Growth is also recorded in the sector of vehicle traffic, despite individual vehicle type variations across all inland routes (2,742,213 in 2019 versus 2,646,189 in 2018).

Car Terminals

Throughput at the car terminals in 2019 decreased by 5.9% due to the reduction in transshipment cargo. Total traffic was 403,757 vehicles versus 429,170 in 2018. It is important to note that the domestic market volumes increased by 3.5% (from 116,737 in 2018 to 120,803) while the transshipment cargo decreased by 9.4% (282,954 units to 312,433 units in 2018). The drop in volume is a result of both reduced demand from the main markets in the eastern Mediterranean and in particular Turkey and Egypt and reduced sales in Europe. Despite the overall decrease in traffic, the revenue trend was positive due to the increase in domestic cargo, which confirms the positive outlook for the activity.

Container Terminal

Pier I in 2019 handled 489,430TEU versus 498,708TEU in 2018, recording a marginal decrease of 1.9%. In contrast, an increase of 12.5% was recorded in domestic cargo volume from 95,673TEU in 2018 to 107,608TEU in 2019. The significant increase in domestic traffic has been helped by the improvement of the domestic economic climate and the adoption of more flexible operating structures that allow for a more immediate response to client needs. The transshipment cargo saw a 5.3% decline from 403,035TEU to 381,822TEU in 2019. This decrease is a result of reduced traffic in the first half of the year, which in the second half was significantly reversed as a result of attracting new cargo, which will continue to be served through Pier I in 2020, positively affecting traffic volumes.

Ship Repair Activity

The ship repair sector saw a new growth in 2019 as a result of the investments already made and improvements in tariffs and operating modes. In the dry dock sector, 112 vessels were served in 2019 versus 104 in 2018 (7.7%) while occupancy days declined (3.7%) (from 970 days to 934) as the "Piraeus II" and "Piraeus I" docks were inactive for a long time for maintenance purposes. An increase has also been recorded in the repaired vessels in SRZ, totalling 292 in 2019 against 275 in the previous year.

International Conditions – Prospects

PPA SA acts as an international trade gate for the Country as well as a transshipment centre for goods primarily for the Eastern Mediterranean and the Black Sea regions. The Company's activities depend on the Country's economic conditions, the course of international trade and the geopolitical conditions of the immediate geographical environment.

Significant prospects are created from the adoption of the geopolitical initiative of China for effective transportation between ports of various countries and of China in the framework of Belt and Road Initiative. In this program is also included a maritime component, and Piraeus can benefit from the role of port entry into the EU and from increased connections with other ports.

Cruise Activity

The expected launch of Piraeus Port Expansion Projects funded by the Attica Managing Authority with a budget of €120m for cruise infrastructure is the highlight of the year³. The construction of the new infrastructure, which will increase by two the number of cruise ship berths above 280m, sets the stage for attracting new cruises to the wider area and further developing the market. The project has a construction schedule of 32 months and, in conjunction with the new passenger station on the new infrastructure fully funded by PPA, creates new prospects for the cruise both in Piraeus and the Greek economy in general.

According to CLIA data, the cruise market in 2019 is expected to reach 30m. passengers against 28.5m in 2018. Withdrawal of capacity and cruises from the eastern region due to the negative geopolitical conditions in Turkey, Syria and Egypt in recent years has begun reversing slowly but steadily. Already cruise companies have announced cruise starting from Piraeus to Egypt, Turkey and Israel. These services serve as a precursor to the overall revitalization of cruises in the east Mediterranean. Arrivals and cruise ship calls in Greece in 2019, according to ELIME, recorded an increase of 15.8% and 14.3% respectively. In this context, the outlook for 2020 based on the 2019 traffic is positive. Cruise ship reservations for 2020 in Piraeus are already up 14% compared to 2019.

Coastal Traffic

Coastal shipping is mainly influenced by the economic situation in the Country that affects the movement of passengers and cargo to and from the islands and to a lesser extent by the volume of tourists. Passenger traffic to and from the islands is also affected by the intensity of competition between low-cost airlines and ships.

Implementation of the new Regulation for the use of low sulphur fuel creates, according to the representatives of the coastal shipping companies, increased pressure on fares. It is estimated that part of these upward pressures on operating costs will be passed on to fares with a negative impact on transport demand. The precise impact on fares and relatively elastic summer demand can not be estimated at present and therefore the outlook for 2020 is moderately positive given the significant increase in traffic recorded in 2019.

Car Terminals

Seaborne car transport in 2019 is expected to register a 1% increase mainly due to regional transports. EU vehicle sales based on 11-month data show a marginal decrease of 0.3% as four of the five largest markets (Spain, Italy, UK and France) with the exception of Germany record a decline in passenger car registrations. In Turkey, which is an important market for Piraeus, exports of new cars in the 11-month period dropped 6% and imports of cars decreased 33.3%. Reductions were recorded in car sales in both Egypt and Israel. As a result of this facts a reduction in transshipment traffic was recorded in Piraeus. In Greece, on the other hand, passenger car registrations in the 11 months recorded an increase of 9.8%, which contributes positively to the financial result of the Business Unit. This opposite trend of the domestic market is due to the dramatic decline in the registrations during the financial crisis in the country as buyers postponed large purchases and now with the recovery of macroeconomic stability the

³ Olp.gr. (2020). *Contractor declaration for the project "Cruise Terminal Expansion"*. [online] Available at: <http://www.olp.gr/en/investor-information/company-news/item/4902-contractor-declaration-for-the-project-cruise-terminal-expansion> [Accessed 3 Feb. 2020].

market is reactivated. In this context, it is estimated that domestic cargo will continue on the upward path in 2020, while transshipment cargo will remain at similar levels to 2019.

In the medium term, the EU's stated intention for cleaner vehicles and bans of diesel vehicles in several European cities contributes to the decision to replace cars. Combined with the expected increase in sales of electric cars over the next 5 years, the transshipment volume will increase in the medium term. In the short term, however, the current economic situation in Europe does not allow for a significant increase in vehicle volumes.

In the medium term, PPA SA plans significant investments to increase storage capacity and capitalize on the recovery of volumes when the economic downturn reverses. The Company has received approval for the construction of a new terminal capacity of 5800 seats and 3-4 berths depending on the ship's length. At the same time, it strengthens the yard management system as well as the implementation of the free zone.

Container Terminal

According to UNCTAD data⁴ world GDP is expected to grow 2.3% in 2019 versus 3% in 2018. Shipping volumes are projected to increase by 2.6% in 2019 versus 2.7% in 2018. Consequently, both global economic growth and dependent trade are expected to grow in 2019 but at a slower pace than in 2018. The Asia-Europe Route in 2019 is expected to grow 4.9% marginally higher than in 2018. Due to the increase in the volume of trade on the Asia-Europe route, a significant number of ships have been inserted in this route, reducing freights despite the increase in trade volume.

For 2020, most estimates report growth rates similar to 2019. However, analysts agree that estimates are based on assumptions that are volatile. The main risks stem from the US-China trade conflict and the vague landscape of the duration and depth of the recent agreement in January 2020. The second challenge stems from a combination of weak trade growth and enforcement of the Regulation for low sulphur content in marine fuels. In times where transportation demand is weak, the opportunity to pass on increased fuel costs is limited and this impacts on shipping companies' profitability, quality of service and the need to streamline routes with fewer main port calls.

In this commercial climate, the advantages of the terminal, such as large natural drafts, 24-hour single tariff operation, tide-free access, good weather and the competitive bunker market, indicate the competitive advantages of Piraeus. These competitive advantages are gaining weight in weak trading conditions and with a growing tendency for alliances between companies that create challenges to ports looking to attract new transshipment cargo. In this context, PPA SA aims at enhancing and extending cooperation with existing customers through a flexible demand response regime. In any case, the domestic cargo is expected to increase in the context of the macroeconomic stabilization of the country for which there are positive outlooks.

⁴ UNCTAD (2019). *TRADE AND DEVELOPMENT REPORT 2019*. [online] p.2. Available at: https://unctad.org/en/PublicationsLibrary/tdr2019_en.pdf [Accessed 23 Jan. 2020].

Ship Repair Activity

Traditionally, Piraeus has significant shipbuilding activity and know-how. The lack of infrastructure renewal and the loss of competitiveness to neighbouring countries did not allow the industry to maintain a leading role in the region. As a result, most of the ship repair activity took place in countries such as Turkey and Bulgaria, which appear to offer lower costs but do not offer better know-how from the companies located at the Piraeus Ship Repair Zone (SRZ). On several occasions, based on their knowhow and expertise, companies from Piraeus SRZ undertook ship repairs in other countries.

The activation of the Panamax size floating dock purchased by PPA SA and put into operation in the first quarter of 2018, in conjunction with other Ship Repair Zone (SRZ) infrastructure upgrades that are expected to begin in 2020 will enhance the effort to attract ship repairing work which already is recorded positive. In this context, the medium-term outlook for ship repairing in Piraeus is assessed as particularly positive given the political instability in Turkey's directly competitive market.

B) Policies and Due Diligence.

b.1. Policies and Due Diligence for environmental issues

▪ *Implementation of Contingency Plans*

PPA S.A. implements Emergency Land and Marine Pollution Contingency Plans, approved by the competent Hellenic Ministry, for dealing with oil pollution incidents and other harmful substances in the port area. Emergency situations are fully covered by the aforementioned contingency plans.

In the year 2019, 10 incidents of marine pollution occurred and 3 incident of land pollution (comparing to 9 incidents in the marine environment and 1 incidence in the land area in 2018) were recorded in the area of competence of PPA S.A. All the incidents were small and were addressed by PPA S.A. directly and effectively.

The sea pollution incidents were related to: oil pollution (6 incidents), identification of dead sea turtles (2 incidents) and floating solids pollution (2 incidents). The land pollution incidents were related to oil leakage from machinery (2 incidents) and leakage of hazardous container on Pier I (1 incident).

▪ *Regulating Issues of Shipwrecks' Lifting / Raising, removal of dangerous and harmful vessels*

According to Articles 2, 3 and 5 of Law 2881/2001 "Regulation of wreck raising issues and other provisions", they must be lifted and removed (by the owner of the shipwreck or ship) out of port, in a whole or in parts, or, if required from the circumstances, shifted or destroyed or in any way eliminated, in accordance with the applicable provisions, in order to eliminate any risk and prevent any adverse consequence from the existence of the shipwreck, which constitutes a risk to navigation in the area of port's responsibility, obstructs the mooring, the anchoring, the berthing, the use of docks and generally the port's operation, or harms or threatens to harm the environment:

- shipwrecks within the meaning of Article 2 of Law 2881/2001 because they are semi-sunk and may cause damage to the rest of the vessels docked in the particular sea area, they disturb the proper operation of the port.

- dangerous and harmful ships in a port within the meaning of Article 3 of Law 2881/2001, because their overall situation implies a sinking possibility,
- constitute harmful ships due to immobility in a port within the meaning of Article 5 of Law 2881/2001 that remain stationary and idle without maintenance and diligence in the port area.

In the context of the above Law, an Advisory Committee was established by PPA, on the matters of lifting or elimination of shipwrecks or ships located in the port area of PPA S.A.

b.2. Policies and Due Diligence for safety issues

At high-risk areas (Container Terminal and Perama Ship Repair Zone) the organization provides two ambulances with trained rescue personnel (two rescuers per vehicle) that are available 24/7, to cover emergencies that may occur in the above mentioned areas.

b.3. Due Diligence Policies for Regulatory Issues

To comply with the requirements of the CA dated 24 June 2016 concluded between the Hellenic Republic and Piraeus Port Authority SA regarding the Use and Exploitation of Certain Areas and Assets within the Piraeus Port, by decision of the Company Management was established Monitoring Committee of the above concession.

The task of this Committee, in which nine (9) staff members of PPA S.A. and two (2) external legal counselors participate, is to monitor, control and coordinate each responsible PPA S.A. Department actions, relating to the implementation and compliance with the terms of the June 24th of 2016 CA, within the designated timelines.

The CA Monitoring Committee regularly submits progress reports to the Management of the Company for any issue related to the CA follow up.

C) Outcome of those Policies.

c.1. Outcome of Policies for environmental protection issues

The results of the policies on environmental protection issues are analyzed in a next chapter of the Non-Financial Report entitled "Environmental Issues - *Non- financial indicators for environmental performance*".

As for the regulating Issues of Shipwrecks' Lifting / Raising, removal of dangerous and harmful vessels, within 2019 successfully completed (following a competitive procedure) the removal from the port area of dangerous and harmful ships "ALKYON", "PIRAEUS III" and "EUROPEAN EXPRESS".

c.2. Outcome of Policies for Safety Issues

The results of the policies on working safety are analyzed in a next chapter of the Non-Financial Report entitled "Employee Issues - Safety working conditions".

c.3. Outcome of Due Diligence Policies for Regulatory Issues

The established Monitoring Committee of the CA of 24 June 2016 of the Hellenic Republic and PPA S.A. met ten (10) times in the year 2019, controlling in any case the obligations arising for the Company under the above contract and submitted duly completed, within the predetermined date the Compliance Certificate (and its supplementary documents) of 2018, as defined in Article 14.1 (c) of the Concession Agreement.

D) Principal Risks and their Management

Risk Policy

Piraeus Port Authority S.A. aims to provide high quality, efficient and safe port services in a sustainable manner, contribute to local and national economy, strengthen the port's position and achieve sustainable growth.

Various factors such as internal and external issues, interested parties' needs & expectations could be considered as possible risks that can or could negatively affect the company in achieving its objectives and strategy and therefore it is vital to be identified and addressed.

The company determines, evaluates and addresses any possible risks in order to:

- achieve its mission, vision, profit, objectives, policy, customer satisfaction, legal and other obligations compliance, enhancement of environmental performance
- enhance desirable effects
- prevent or reduce undesired effects, including the potential for external environmental conditions to affect the organization
- achieve continual improvement

PPA's Top Management is committed to ensure the continuing effort to address all risks involved with its operation and undertake all necessary proactive actions.

Risk Management Procedure

PPA S.A. is promoting awareness of risk-based thinking to all its departments in order to protect its values and address uncertainty. Therefore, each business unit is responsible to implement a risk assessment procedure. This procedure includes the following stages:

- a) Identification of various organizational, managerial and operational existing and emerging risks that can or could negatively affect the conformity of services, customer satisfaction, quality policy and objectives, the strategic direction of the company.
- b) Evaluation of the nature and level of risk. Significant environmental aspects are also included in the risk assessment and evaluated with a business perspective.
Additionally, the impact of environmental aspects to the environment is assessed through the Environmental Aspects Assessment.
- c) Determination of the risk's likelihood of occurrence and its consequences.
- d) Preparation and implementation of actions to address risks. These actions are proportionate to the potential impact on the conformity of services. Options to address risks may include avoiding risks, taking risk in order to pursue an opportunity, eliminating the risk source, changing the likelihood or consequences, sharing the risk, or retaining the risk by informed decision.

- e) Successful integration of actions to address risks into the company's processes according to the significance level of the risk. Identified risks with high and serious significance are being addressed in priority.
- f) Evaluation of actions' effectiveness through monitoring Key Performance Indicators (KPIs). This process is monitored by the Quality Control and Inspection Dept through Internal Audits conducted at all company's depts.

The above procedure is under the coordination of the Quality Control and Inspection Dept which provides support to each department for the compiling, as well as for the necessary review and update of the risk assessment. The review and update takes place at least once a year and always prior to the enforcement of any change, so that the company has early warning of upcoming changes that it needs to react to and plan for.

Appropriate documented information as evidence of the results of monitoring and measurement activities regarding the actions taken are retained from each relevant Department and the Quality Control & Inspection Department.

During the Management Review by the Top Management, the Quality Control & Inspection Dept presents all necessary information and data on the progress and the effectiveness of the actions taken to address risks. Relevant decisions are being taken by the Top Management.

The above procedure is included in PPA's Procedures' Manual that has been approved by Top Management's decision.

Major Risks and Uncertainties in 2019.

Wider Economic Environment

Maintaining the stable economic environment in the Country is directly related to import and export volumes and, by extension, to the import-export volumes that offer the highest average revenue to the Company. The year 2019, will be a year of multiple elections in Greece which contributes to the postponement of consumption as well as governmental decisions. Regardless of the political environment in 2019, the company's strategy is based on strengthening and expanding transshipment volumes that are not directly dependent on domestic economic conditions to mitigate any negative impact from a possible negative change in the domestic economic climate.

Economic instability

The geopolitical and economic instability in the countries of North Africa, the Asian Mediterranean and the Black Sea can have a negative effect on the transshipment volumes in Piraeus. The drop of the Turkish lira made more competitive the exports from Turkey and improved the competitiveness of its ports. At the same time, the continued war in Syria and the further involvement of Turkey increases the instability in the region and affects the trade routes and the tourist demand. To mitigate risk, the Company has undertaken a program to develop a rail link with Central Europe and is in the process of seeking customers to expand its port hinterland to the north, thus reducing dependence on maritime markets to the south and south-east.

New forms of energy

The 2020 deadline for the use of low-sulfur fuel (0.5%) puts pressure on shipping companies to choose the most appropriate solution through scrubbers or the use of natural gas. Already in the cruise sector, there are orders for 16 ships of seven cruise lines using natural gas. At the same time, container carriers also have ships with dual fuel capabilities. One of the competitive advantages of Piraeus is the extensive and financially competitive shipping fuel supply market. In this context, the Company, in cooperation with the gas sales and distribution companies of Greece, participates in a European funded project aiming at the study and implementation of competent solutions and infrastructure so that ships in the port can be supplied with natural gas. In this way, the Company aims to maintain its competitive advantage as well as to comply with the regulatory requirements of the European Directives.

Non-expanded clientele (Container terminal)

In the container sector, the most significant risk comes from the high dependence on a single customer (95% of traffic volume). To mitigate risk, the Company has adopted a customer-centric approach while at the same time implements an aggressive policy to attract new customers. However, the intensifying intra-port and international competition provides limited options for attraction of new cargo in the short-term.

Geopolitical conditions

In the sector of car terminals, the uncertainty of agreement for the exit of UK from the EU is estimated that it can disturb the supply chain for vehicles as important volume of vehicles for the EU is manufactured in the UK. In the medium term, and according to the developments there will be alteration of the supply chain as it is probable the transfer of production capacity to the existing centers of central Europe, reinforcing in this way the competitiveness of other ports with proximity to the centers of production. Piraeus which is based mainly to transshipment from Asia due to distance from the centers of production of EU could lose competitiveness. At the same time however, the change of the supply chain provides also opportunities. The Company has intensified the discussions with European and Asian automobile companies in order to present the advantages of Piraeus. At the same time, it has planned significant increase in capacity and invests in mechanical and information technology equipment that will improve the quality of service both to the automobile companies and the shipping companies. In addition, it aims to extend the hinterland by train to the Balkan and Central European countries where automotive factories are located.

In the cruise sector, the most significant risk comes from exogenous factors of geopolitical nature. The Company, to mitigate the impact, aggressively promotes Piraeus to the Chinese market in which it has privileged access due to its parent company, while at the same time informing the internal market about the best ways to attract tourist volume from China.

E) Financial and Non-Financial Performance Indicators.

A detailed presentation of a mixture of general and sectoral indicators took place in the module Business Model - Evolution of Business Activities with a distinct reference to traffic data of each Company's business (Cruise, Coasting, Car Transmission Station, Container Handling Station, Ship Repair).

Additionally, PPA S.A. has incorporated all non-financial information in its Corporate Responsibility Report 2018, which will be drafted and issued in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) international framework (Standards edition). The report will be posted on the company's website (www.olp.gr) in the "Social Responsibility" section.

F.1) Environmental Issues.

PPA SA recognizes that the resources consumption must be granted in an efficient way across the port sector. Piraeus’ port nature and size favors a high amount of daily energy consumption (e.g. ship-to-shore cranes, terminals lighting, reefer containers, administration buildings, workshops). PPA S.A. raises awareness on the subject by promoting initiatives and behaviors to improve the balance of the demand and supply of energy and to reduce energy consumption.

In this scope, PPA’s first photovoltaic station generating energy using solar panels operated in July 2016, generating up to 430 kWp. The photovoltaic Station is linked up to the grid of DEDDIE SA Administrator of the Greek Electricity Distribution Network).

PPA SA has recognized the need to reduce resource consumption and particularly the energy saving while continuing to provide a secure working environment. Electricity and oil usage has been identified in various energy efficiency reviews as an area for potential reduction. Indicative energy saving measures implemented by PPA SA are:

- Staff environmental awareness
- Purchasing of electrical equipment with > A energy class and certification
- Improvement of buildings’ energy efficiency

Non- financial indicators for environmental performance

The quantities of port -generated domestic and recyclable «blue bins» waste from all premises and activities of PPA SA for the years 2018 and 2019 are presented in the Table ⁵ below.

There is a very slight increase in the amount of waste generated from 2018 to 2019 respectively in both domestic and recyclable waste due to the increase in traffic and port operations.

It is noted that the table below does not include the hazardous and operational waste driven to recovery of the facilities (mainly produced at PPA's workshops).

Waste of PPA installations	2019	2018	2019	2018
	ton	ton	% Total Year Waste	
Domestic port- generated waste (non-hazardous municipal waste)	1,003	918	92.36	92.91
Recyclable packaging waste (paper, plastic, glass, metal)	83	70	7.64	7.09
Year Total	1,086	988	100.00	100.00

1. Sea and Land Pollution

	2019	2018
Sea area accidental pollution (no. of incidents)	10	9
Land area accidental pollution (no. of incidents)	3	1

⁵. The waste data and quantities of each company are finalized by submitting the annual Waste Report to the Electronic Waste Register (HMA) at the Ministry of Environment and Energy (submitted for each year until 31 March of the following year). The waste data for the year 2019 listed in this report are not yet finalized by registering at HMA. The waste data for the year 2018 listed in this report are final by registering the 2018 Annual Waste Report at HMA. Furthermore, the finalized waste data including the categories of hazardous and operational waste will be presented in the PPA’ Corporate Responsibility Report

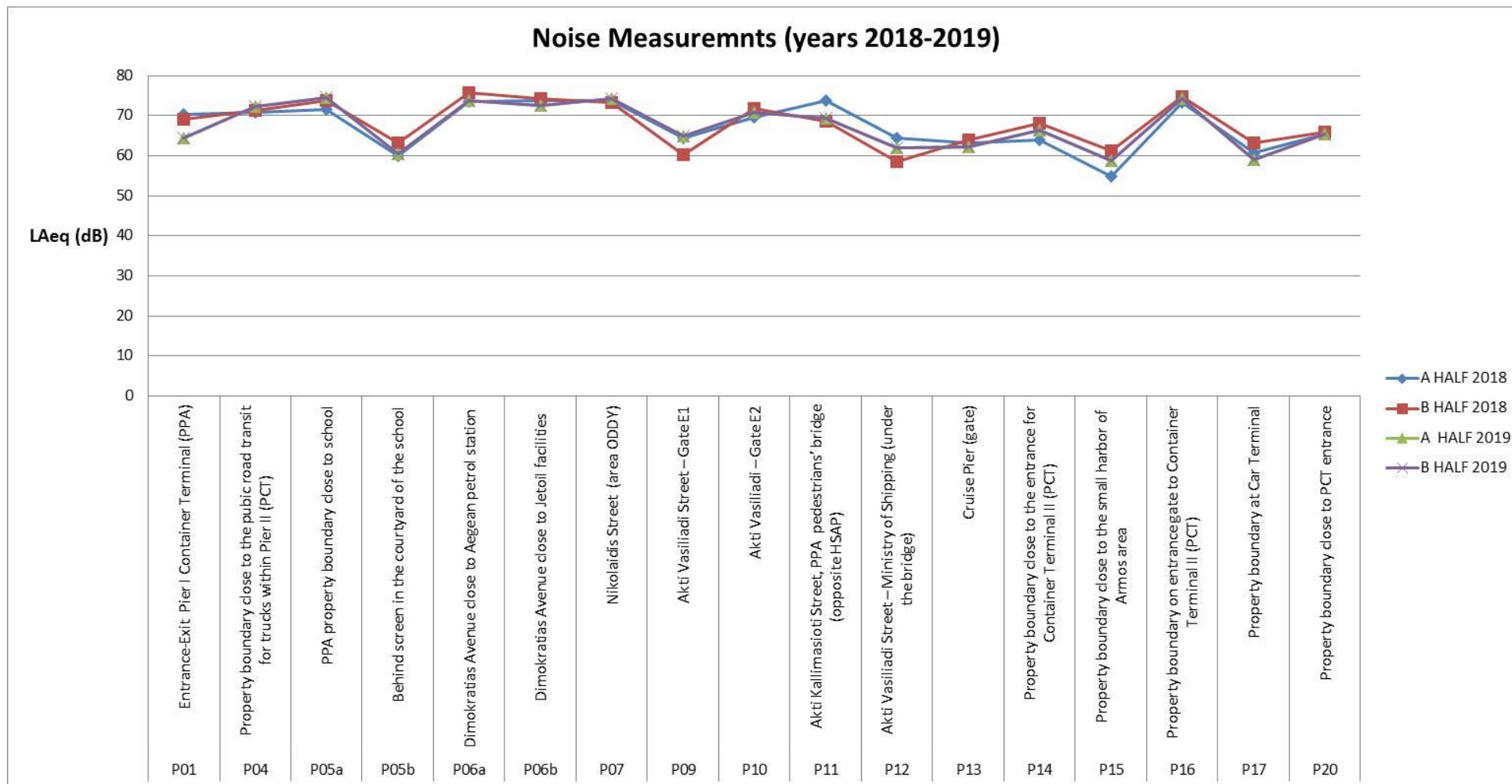
The above data show that in 2019 marine pollution incidents were respectively as 2018. In any case, in both years, all incidents were small and local and were immediately dealt without any problems, by implementing the contingency plans of PPA SA.

2. Results of noise measurements

The following table presents the locations and results of noise measurements for the years 2018 and 2019. It is noted that the positions of the measurements are located at the boundary of the ownership of PPA S.A. and are suggested from PPA S.A. acoustical environment Monitoring Program. However, because of the close proximity of the ownership boundaries with the external vehicle routes, the determined measurement positions are greatly affected by out of port traffic.

It is also noted that in the school yard of 1st EPAL of Perama (position Θ05) PPA SA has placed sound panels. Replacement of timeworn sound panels was carried out in 2019 for improved performance. Measurements prove the performance of the sound panels [the noise is reduced by 10-15 dB (A)].

It is noticed that the noise levels remain stable without significant changes per position in the last four semesters, as presented at the following diagram.



3. Results of air quality monitoring measurements

For the year 2019, in preset time there are available figures for the first semester. Data from the first semester of 2019 show the following main conclusions:

- Volatile organic compounds are in low concentrations. The average concentration of benzene is lower than the limit value of $5,0 \mu\text{g m}^{-3}$ and the rest are at low levels too.
- The suspended particles show a variation in their concentrations. During the measurements the exceedances of the $50 \mu\text{g} / \text{m}^3$ limit are associated with the winter smog due to the combustion of solid fuels (mainly in homes) and the summer season with the transfer of dust from other areas (mainly Africa).
- NO₂, SO₂, CO did not exceed the average hourly and mean eight hour limits.
- The O₃ didn't exceed the average daily limit.

In general, the results do not differ from those of the previous measurement period.

In 2019, a special study was carried out on the development of atmospheric pollutant models to evaluate the effects of port activities on neighboring areas (adjacent Municipalities) focused on the passenger and commercial port area. The main conclusions of the study by parameter are:

Nitrogen dioxide (NO₂)

Generally NO₂ hourly concentrations are relatively higher early in the morning and evening as a result of the combination of high emissions and limited dispersal conditions, with no exceedances of the limits, as proved by the results of the measurements.

Generally higher concentrations occur in the passenger port area, except for the early morning hours where relatively higher concentrations occur in the commercial port area.

Sulfur Dioxide (SO₂)

In general, SO₂ concentrations are low and do not exceed the limits. They are relatively higher early in the morning and at night as a result of the combination of high emissions and limited dispersal conditions, with no exceedances of the limits, which is proved by the results of the measurements.

Generally higher concentrations occur in the passenger port area, except in the early morning hours when relatively higher concentrations occur in the commercial port area.

Particles (PM₁₀)

In general, particle concentrations are low and do not exceed $20 \mu\text{g}/\text{m}^3$, a finding which agrees with the limited quantities of particles emitted during ship movements and their stay in port. The emissions are related to road transport and in particular heavy vehicle traffic, but also to the operation of port machinery and road traffic around the road network with a corresponding spatial distribution.

Carbon Monoxide (CO)

Carbon monoxide is emitted in small quantities by maritime transport, resulting in low concentrations. Mostly CO emissions are associated with road transport and emissions from off-road vehicles and machinery.

Peak hourly concentrations, throughout the day, are at very low levels compared to existing levels. Comparison of the results of the models with the existing measurements shows that the results of the calculations are in agreement with the measurements and present an 80% correlation coefficient.

4. **Complaint Management**

One complaint was made about noise nuisance in 2019 and one complaint about noise nuisance in 2018, both focused on the adjacent Container Terminal area. The complaints were submitted by residents of the area neighboring to the Container Terminal specifically of the area of Neo Ikonio and they were thoroughly investigated by PPA SA.

Within the framework of implementation of the Acoustic Environment Monitoring Program, night- time measurements were performed in positions related to the complaint under representative port operation conditions in line with the complain and moreover special 24-hours noise measurements were performed at the same area, for further investigation of the issue.

The above measurements confirmed the results of the main Monitoring Program, which seemed to be directly affected by the traffic of Dimokratias Avenue located very near with residences. Especially during the night hours the operation of the port (loading, stowage, Straddle Carriers' movement etc.) becomes audibly perceived to the residences in a lower degree compared to the neighboring street's noise.

Finally the complaint of 2019 was replied in writing with number of protocol 21891/21-05-2019 document of PPA S.A..

5. **Energy production of renewable energy sources (Container terminal 430KWp photovoltaic power station)**

	2019	2018*
Total energy efficiency of photovoltaic power station (kWh)	676,150	664,860
Emissions' Reduction (saving of) CO ₂ (tn)	574.73	565.13

(* Updated data

6. **Expenditures for environmental programs**

<i>Research program</i>	COST	
	2019	2018
Acoustic Environment Monitoring Program for the total of PPA area	5,670	5,670
Seawater Quality Monitoring Program of PPA S.A. area	21,000	-
Marine Sediments Quality Monitoring Program of PPA S.A. area	7,000	-
Air Quality Monitoring Program_ Station installation, measurements, air quality monitoring and measurement evaluation at the port area of Piraeus	36,000	36,000
Air Quality Monitoring Program-extra study of emission and dispersion of air pollutants using mathematical simulations at the port area of Piraeus	18,000	-

F.2) Social & Employee Issues

Social Issues

The Company pays particular attention to social contribution, as demonstrated and expressed through the timeless efforts and initiatives of both Management and Employees. The Company aims to contribute to the development of society and especially the creation of added value for the communities that surround it.

Concession Fee

PPA SA pays to the Hellenic Republic an annual concession fee which, equals to three point five percent (3.5%) of the annual Consolidated Revenue of the Company. With effect from the Effective Date of the new concession agreement, the annual Concession Fee shall not be less than € 3,500,000. Further to the Concession Fee, PPA SA pays all taxes, duties, levies, VAT, contributions and charges as imposed by generally applicable tax law. Nothing in this CA entitles PPA SA to benefit from any special privilege in connection with tax matters.

Caring for the Society

PPA S.A. presented in June 24th 2019 the Corporate Responsibility Report 2018 at the headquarters of the company, in the presence of representatives of the government, the local government and other institutions.

The Corporate Responsibility Report of PPA S.A. presents in detail all the responsible actions and policies that the company implements, as well as its positive impact on the wider society, the environment, the local and national economy, adopting modern and strict standards of transparency in Sustainable Development and Corporate Responsibility.

In addition to the strengthening of the national economy and boosting the local economy employment, the table for financial support of local communities by PPA S.A. for the year 2019 (*compared with the corresponding amounts for the year 2018*), concern the following:

	2019	2018	% 2018/2019
Economic support of vulnerable social groups of neighboring municipalities, orphanages, special schools etc.	177,250	175,145	+1.2%
Facilitating the charitable effort of the Holy Metropolis of Piraeus, Nikaia, and St. Nicholas Church	37,000	40,000	-7.5%
Facilitating sports clubs and athletes	29,800	20,000	+49%
Aiding cultural associations of Piraeus Region	45,000	15,500	+190%
Aiding educational associations	20,720	2,000	+936%
TOTAL	309,770	252,645	+23.8%

Actions of the COSCO Shipping Charity Foundation

The collaboration between COSCO Shipping Charity Foundation (a non-profit charity founded and funded by the COSCO SHIPPING group in October 2005) and the Hellenic Red Cross was formalized in November.

The Greek Red Cross and the COSCO SHIPPING Charity Foundation are collaborating and implementing the "Children Included" program to support 2,180 children from economically disadvantaged families at risk of social exclusion.

The purpose of this collaboration is to support pupils aged 6 to 18 in Primary and Secondary Education with the aim of improving children's individual and social skills, boosting self-esteem and self-esteem, as well as developing teamwork and teamwork.

Specifically, 80 scholarships will be awarded to students in the wider Piraeus region and 30 educational and creative activities will be implemented, targeting 2,100 Primary and Secondary School children in nearby port municipalities as well as in Athens, in cooperation with the school structures. The actions will focus on innovation, sport, the environment and culture and will be proposed by the schools themselves. The selection will be based on specific criteria that the proposals submitted must meet. The total cost of the programs is € 500,000.

Note that the COSCO SHIPPING Charity Foundation financially supported the Greek Paralympic Committee for the period 2018-2019 to help many athletes with disabilities fulfill their dream and participate in the 2022 Winter Olympics.

Educational visits

Recognizing the need to support the new generation and broaden knowledge through the educational process, PPA SA through educational visits and guided tours in its premises provides the opportunity to get acquainted with the operating objects.

A large number of pupils and students of educational institutions of all levels, from Greece and abroad, visit the PPA S.A. installations every year.

In this context, in 2019, the Company welcomed, guided and informed 1160 pupils, students and professionals (against 777 in 2018) from 37 educational institutions (against 29 in 2018) at all levels of education as well as from other institutions.

The percentage of university students participating in educational visits to the PAA facilities amounted to 59% (691 students) in 2019.

	2019		2018	
	Number of visitis	Number of people	Number of visitis	Number of people
SECONDARY EDUCATION	7	263	6	168
HIGHER EDUCATION	24	691	20	519
OTHER INSTITUTIONS	6	206	3	90
TOTAL	37	1,160	29	777

Caring for people with mobility problems

PPA SA takes care to eliminate the difficulties faced by people with disabilities in the use of the Cruise and Ferry port facilities and their movement within the passenger port.

Within this concern, the following actions are followed:

- Ferry passengers are provided with full discount/exemption for their embarkation and disembarkation, in accordance with the applicable law.
- Employees, drivers, dockworker’s supervisors and foremenen working in Cruise and Ferry Department have participated in seminars on the management and servicing of people with mobility problems and people with disabilities in general.
- Accessibility facilities are provided at Cruise and Ferry terminals.
- Meeting points are available at Cruise Terminals for passengers with mobility problems.
- Toilets for passengers with mobility problems are available at every cruise and ferry passenger terminal.
- Check-in and passport control points at cruise passenger terminals are designed to facilitate people with mobility problems.
- Specially designed water coolers placed at a proper height are operated at cruise passenger terminals.
- All buses used for transportation within the passenger port have ramps for wheelchairs.
- Specially designed electrically driven vehicles are available for the transport of disabled passengers and their escorts in Cruise Terminals.
- Special wheelchairs for people with disabilities are available at cruise and ferry terminals.

The company's planning for the future includes:

- The creation, upgrading and modernization of meeting points for people with disabilities across the passenger port.
- The improvement of the procedures for servicing passengers with special needs.
- The creation of information material on the rights of passengers with special needs.
- The informing and cooperation with all parties involved in order to provide optimal service to passengers with special needs.
- The further training and informing of staff about servicing people with disabilities.

Employee Issues

○ *Safety working conditions*

In addition to those mentioned in the BoD report on working safety issues, it is noted that the Company recognizes the importance of providing safe conditions and workplaces to the staff and safe conditions of travel - circulation of all involved, tradesmen, passengers etc.

All areas of the port are regularly inspected to ensure that employees comply with health and safety rules of the company and the instructions of those responsible.

PPA SA also monitors and controls the compliance of third parties (contractors) with the Occupational Health and Safety legislation, requiring health and safety plans before and during the implementation of technical projects.

For this purpose two safety engineers (one of them exclusively for the Ship Repair Zone, since 2019) and a doctor are employed, reporting any safety issues to the management of the company, in accordance with Law no. 3850/2010. Potential accidents are recorded and investigated, and corrective actions are planned in order not to be repeated.

Additionally at high-risk areas (Container Terminal and Perama Shipyards Zone) the organization provides two ambulances with trained rescue personnel that are available 24/7.

The company carried out, training of Engineering, Project and Ship Repair Departments personnel on the field of Health and safety (July 2019).

The following table illustrates the evolution in the number of accidents, the loss of working days and the number of transits from the Container Terminal premises of the Company.

	2019	2018
Number of accidents (totally declared) of which:	42	19
• Labor	20	12
• Pathologic / on arrival	22	7
Number of accidents with loss of working days based on the ESAW methodology used by ELSTAT *	11 accidents / 381 working days lost	10 accidents / 496 working days lost
Ambulance services (Container Terminal)	108	80
Ambulance services (Ship Repair Zone)	37	14

The 66.7% increase in the number of accidents from 12 in 2018 to 20 in 2019, and at the same time reducing the days of accident due to ELSTAT's ESAW methodology, are attributed:

- to the increase in road accidents on arrival and departure (from 5 in 2018 to 6 in 2019) and
- to the reporting through the SEPA electronic platform (www.sepenet.gr) and even pathological incidents (from 2 in 2018 to 16 in 2019).

○ *Leave of absence (parental, sick)*

Following to the mentioned in the BoD Management Report, in accordance with the applicable regulations, parental leave for employees in order to attend the school performance of children as well as sick leave is granted. Details are shown in the below tables.

	2019	2018
Number of beneficiaries for parental leave	166	172
Number of parental leaves given	690	671

The number of employees who are entitled to parental leaves for attending their children school performance decreased (by 3.5%) from 172 employees in 2018 to 166 employees in 2019, while the total number of parental leave granted between 2018 and 2019 increased by 2.8%, from 671 at 690.

2019		2018	
Number of employees who have taken sick leave	Number of sick days leave granted	Number of employees who have taken sick leave	Number of sick days leave granted
530	9,738	507	8,222

With regard to the granting of sick leave, it is noted that although the number of employees who have used sick leave increased by almost 4.5% between 2018 and 2019 (from 507 to 530 respectively), the total number of sick leave days increased comparatively higher by 18.4% (from 8,222 days in 2018 compared to 9,738 in 2019).

○ *Educational and training programs*

In addition to those mentioned in the BoD Management Report, on staff education and training programs, the table below provides detailed information on educational programs that took place in 2019 and the participation of employees in them.

	2019	2018
Percentage of trained employees	38.6%	54.4%
Training man hours	21,856	17,780
Total training cost (€)	56,990.27	92,017.40

From the above analysis it follows that though the number of man-hours of education increased in 2019 to 23,892 (from 17,780 in 2018), the proportion of employees trained decreased to 38.6% (compared to 54.4% in 2018). This is justified by the fact that in 2019, the company undertook targeted training to meet specific needs and skills development, in specific areas of work and groups of employees. The Company aims to increase the number of trainings significantly in subsequent years as well.

○ *Employee Associations / Unions*

In PPA SA are active total four (4) primary (Association of Permanent Employees, Union of Technicians and Operators, Association of Dockworkers, Association of Supervisors & Foremen) and one (1) secondary association (Federation of Permanent Port employees of Greece). The Management of the Company is in

close collaboration with employee representatives in order to achieve the proper functioning of its services and to promote the common interest of the Company and its employees.

○ *Additional Social Benefits*

Under current operational collective labor contracts the Company offers to its staff additional social benefits. In particular, the Company grants interest –free loans to its employees up to amount of 3.000 € to cover exceptional and unforeseen needs, wedding assistance, creches and camps costs for children of the staff, and prizes for the children of staff with excellent school performance, donation of gift certificates, voluntary blood donations, under the conditions that apply for all employees without any discrimination.

In particular for 2019 there were provided:

- 32 awards of excellence, towards 53 in 2018,
- 25 marriage grants, towards 30 in 2018,
- camping allowance for 168 employees' children, towards and 172 in 2018,
- loans for 115 staff members towards 154 in 2018,
- nursery allowance for 43 employees' children towards 39 children in 2018.

F.3) Respect of Human Rights

Protection of personal data

The Company being in compliance with the European General Data Protection Regulation 2016/679 which came into force on 25 May 2018 establishing a single legal framework across the EU for the protection of personal data, as it is demonstrating through the year's great dedication and sensitivity regarding the management and protection of personal data, has implemented the necessary actions to ensure that its entire staff is sensitized and constantly working to be compliant with the New GDPR Regulation.

The company recognizes that transparency and accountability are the basis for a trustworthy collaboration with its customers, whereas legitimate and sensitive handling of personal data is equally a critical issue to the company and its employees.

Within 2019, the Company:

- Implemented GDPR website privacy policy
- Presented its GDPR compliance to the EU Audit team
- Addressed day to day GDPR issues

For any information or questions regarding the protection of Personal Data or the exercise of legal rights in relation to Personal Data there is contact possibility at gdpr@olp.gr.

F.4) Anti – Corruption and Bribery Matters

Participation in the National Action Plan on Fighting Corruption

Management of the Company attaches the highest importance to the fight against corruption, as evidenced by the approval of the participation of staff members at the OECD conferences in the context of the Greek National Action Plan on Combating Corruption, where the OECD is committed to supporting the Hellenic Authorities providing technical guidance on the implementation of the reform program in the private sector.

Within the framework of the above National Action Plan, PPA SA through the Managing Director has stated that "Fighting corruption and enhancing transparency in all aspects of our business are fundamental pillars of our philosophy and main priorities of our strategy".

Regulation for the award of works, Services, and Procurement

According to the approved Regulation for the award of works, Services, and Procurement, the Company implements control procedures, under penalty of exclusion, through the obligation to submit certificates issued by the local competent judicial authority:

a) where the representatives of contracting companies or consortium participants have been convicted of:

- participation in a criminal organization, according to Article 2 paragraph 1 of Council Joint Action no. 8/733/JHA of the European Union,
- corruption, according to Article 3 of the Council Act of 26 May 1997 (21) and Article 3 paragraph 1 of the Joint Action no. 98/742 / of the Council,
- fraud within the meaning of Article 1 of the Convention for the protection of the financial interests of the European Communities,
- money laundering activities, according to Article 1 no. 91/308/EEC Council Directive on prevention of the financial system for money laundering,

b) as well as related in the performance of the contractor's professional situations:

- Embezzlement
- Fraud
- Extortion
- Forgery
- Perjury
- Bribery
- Fraudulent bankruptcy.

General Staff Regulation (GSR)

According to the article 17.4 of the General Staff Regulation (GSR) are clearly considered (among others) as disciplinary offences the following:

- Solicitation or acceptance of any fee, consideration or favorable treatment from any person whose affairs are managed by the employee concerned as part of his/her duties;
- Any action that is detrimental to Company's reputation, staff or any individual member of the staff, in relation to their duties;
- Participation, whether directly or through third parties, in any auctioning procedure carried out by the Company;
- Engagement in private activities for profit or in any form of remunerated employment, save where this is requested and specifically authorized by the CEO. Such authorization is granted provided that the employee's performance within the Company is not howsoever impaired.
- Any act that constitutes a criminal offence, if committed on or off the PPA premises by an employee during the performance of his/her duties or if committed on the PPA premises during or after the employee's work time; In this latter situation, the act constitutes a disciplinary offence only if it is directly and seriously harmful to the employment relationship.
- Failure to prosecute or sanction a disciplinary offence;

- Any acts or omissions committed by fault, potentially capable of causing material or moral damage to the Company or to any member of its staff;
- Any act of mismanagement;

Also according to the article 17.6 of the GSR temporary or permanent suspension (dismissal) may be imposed (among others) in respect of the following offence:

- Acceptance of any fee or consideration from any person whose affairs are managed by the employee concerned as part of his/her duties;
- Characteristically improper or indecent conduct demonstrated by an employee either on or off Company's premises;

Internal Complaint Process (ICP)

Through the PPA SA Internal Complaint Process (ICP), is given the chance for complaints submission on issues related to Fraud and Corruption / Bribery. Within 2019 the Internal Audit Service carried out an extraordinary audit in the case of anonymous complaint regarding the above categories.

F.5) Supply Chains.

Contracts and Subconcessions Regulations

The aim of the Contracts and Subconcessions Regulations (which entered into force by decision of CEO's Decision No. 833/04-10-2019) is to create a stable reference framework for the Company and its related traders, in the regulated sectors. This Regulation is more simplified in fulfilling the procurement process. Furthermore, backbone of the Regulation is primarily to serve the interests of the Company and the strict compliance towards obligations that arise from Concession Agreement, through the proper selection of the most appropriate counterparty, in financial terms and in terms of adequacy.

Furthermore, the Regulation sets the general award procedures, with reference to the respective Declaration and context for signing a contract for the case when specific setting of the award conditions. This option provides greater flexibility and simplification of procedures, which may contribute decisively to the fulfillment of the Mandatory Investment Program completion timelines.

With the application of Contracts and Subconcessions Regulations, Company fulfills its obligation to respect the principles of transparency, publicity and equal treatment in the awarding of project execution, studies and services, as reflected in the provision of art. 8 par. 2 N. 4404/2016.

Procurements

For its procurement needs, PPA SA, pursuant to the ***Contracts and Subconcessions Regulations*** (CEO's Decision No. 833/04-10-2019) fulfills the statutory obligation to observe the principles of transparency, publicity and equal treatment in the award of works, studies and services, as reflected in the relevant provision of Law 4404/2016.

In the year 2019, PPA SA conducted 130 open tenders with a total value of ~€ 11 million, with a sufficient number of bidders (an average of 3 - 4 participants per tender).

The Company's main suppliers come from both the National and International markets. The rules of cooperation between them are in line with the prevailing market conditions. There are no overdue debts to Suppliers or other breaches in relation to the contracts that have been signed.

Preparation of Establishment of an Approved Contractors Register

PPA SA is in the process of creating and maintaining an approved Suppliers Register. The vendor register will be created following open tender procedures for each category with specific criteria and will be evaluated regularly by Management. Suppliers will have specific rights and obligations.

Regarding the process of creating the Contractors' Register, Procurement Department has contacted operational Departments to investigate the needs, the criteria, the prerequisites and the way they are evaluated.

Related Parties

The Company provides services to certain related parties in the normal course of business. The Company's transactions and account balances with related companies are as follows:

<u>Related party</u>	<u>Relation with the Company</u>	<u>Year ended</u>	<u>Sales to related parties</u>	<u>Purchases from related parties</u>
PIRAEUS CONTAINER TERMINAL S.A	Related Party	31.12.2019	67,719,785.93	4,860.11
		31.12.2018	56,156,248.99	2,227,919.15
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2019	98,514.89	87,997.54
		31.12.2018	122,523.95	2,040.78
PCDC S.A	Related Party	31.12.2019	35,693.81	-
		31.12.2018	37,754.30	-
CHINA COSCO SHIPPING CORPORATION LIMITED	Related Party	31.12.2019	-	-
		31.12.2018	5,850.00	-
COSCO SHIPPING DEVELOPMENT CO. LTD	Related Party	31.12.2019	289,075.00	-
		31.12.2018	-	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2019	-	(145,000.00)
		31.12.2018	-	23,835,000.00
COSCO SHIPPING TECHNOLOGY Co LTD	Related Party	31.12.2019	-	431,658.88
		31.12.2018	-	387,400.00
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	31.12.2019	-	346,297.23
		31.12.2018	-	418,306.44
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2019	-	5,295.97
		31.12.2018	-	51,238.78
COSCO SHIPPING GLOBAL EXH	Related Party	31.12.2019	-	32,325.00
		31.12.2018	-	-
		31.12.2019	68,143,069.63	763,434.73
		31.12.2018	56,322,377.24	26,921,905.15

PIRAEUS PORT AUTHORITY S.A

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(amounts in Euro, unless stated otherwise)

Related Party	Relation with the Company	Year ended	Amounts due from related parties	Amounts due to related parties
PIRAEUS CONTAINER TERMINAL S.A	Related Party	31.12.2019	1,297,155.32	6,026.54
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2019	62,593.95	45,105.00
		31.12.2018	86,842.22	-
PCDC S.A	Related Party	31.12.2019	541.33	-
		31.12.2018	140.18	6,000.51
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2019	-	-
		31.12.2018	-	2,383,500.00
COSCO SHIPPING DEVELOPMENT CO. LTD	Related Party	31.12.2019	87,328.44	-
		31.12.2018	-	-
		31.12.2019	1,447,619.04	51,131.54
		31.12.2018	6,124,241.95	2,395,976.13

The revenues of € 65,768,391.98 from Piraeus Container Terminal S.A. (PCT S.A.) are related to the fixed and variable revenue from the concession agreement (PIER II & III) and revenues of € 1,951,393.95 related to mooring and loading/uploading (Note 23). The Company PCT S.A. is considered as a related party after the acquisition of the majority stake of PPA S.A by the COSCO SHIPPING (Hong Kong) Limited on August 10, 2016. Expenses from PCT S.A. related mainly to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. (Note 21).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the insurance coverage of PPA S.A. regarding third party liability, employer' s liability, property and business interruption and directors and officers liability for the period 1.1-31.12.2019, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The transaction with COSCO (Shanghai) SHIPYARD Co LTD relates to a credit invoice issued to PPA SA. from the purchase of the floating dock. The balance with COSCO (Shanghai) SHIPYARD Co LTD of the previous year relates to the purchase of the floating dock for the Perama Shipbuilding Zone, which was paid in the current year.

The transaction with COSCO SHIPPING DEVELOPMENT CO. LTD relates to its ship repair service.

The transaction with COSCO SHIPPING TECHNOLOGY CO. LTD relates to implementation of the SAP software program.

Board of Directors Members Remuneration: During the year 2019, remuneration and attendance costs, amounting to € 684,863.21 (2018: € 649,392.61) were paid to the Board of Directors members. Furthermore during the year ended December 31, 2019 emoluments of € 582,033.83 (December 31, 2018: € 421,635.64) were paid to Managers / Directors for services rendered.

STATEMENT OF CORPORATE GOVERNANCE

(Article 152 of L. 4548/2018)

Note: Any reference to provisions of L. 2190/1920 should be understood as reference to the corresponding provisions of L. 4548/2018.

I. Code of Corporate Governance

The Company has established and follows a Code of Corporate Governance, which is available on the website of the Company, in the address www.olp.gr, through the link “investors’ information /code of corporate governance”.

The company does not apply any further corporate governance practices, additional to the practices which are analytically described in the applicable Code of Corporate Governance.

II. Description of the main features of the Company’s internal control and risk management systems in relation to the financial reporting process

II.1. The internal control system of the Company covers adequately the control procedures involving risk management and preparation of financial reports.

II.2. In respect of the preparation of **financial statements**, the Company considers its accounting system adequate for reporting to the Management and external users. The financial statements are prepared in compliance with the International Financial Reporting Standards, as adopted by the European Union for reporting purposes to the administration, and also for the purpose of publication in line with the applicable regulations (hereinafter, “**IFRS**”). All reports include the data of the current period, compared to the respective data of the Budget as approved by the Board of Directors, and to the data of the respective period of the year before the report. All published interim and annual financial statements include all necessary information and disclosures in compliance with the IFRS, are reviewed by the Audit Committee and are approved in their entirety by the Board of Directors.

II.3. Safeguards are implemented with respect to: a) supervision and approval of all important transactions through the structural hierarchy of the Company; b) monitoring of financial figures and risk evaluation as for the reliability of the financial statements; c) fraud prevention and tracking; and d) protection of data provided by information systems.

II.4. The internal reports to the Management and the reports required as per Codified Law 2190/1920 and by the supervisory authorities are prepared by the Financial Information Disclosure Department, which is staffed with adequate and experienced executives to this effect.

II.5. The statutory auditors of the Company PRICEWATERHOUSE COOPERS S.A. (Greek AM SOEL 113), i.e. the statutory audit firm of financial statements of the Company for the year ended on 31 December 2019, are not related to the Company or to any persons having supervisory responsibilities over the Company’s financial reporting in ways which could be considered as affecting their independence as of the date of this report. Therefore, they remain independent within the meaning of Article 21 of Law 4449/2017.

III. Reference to the information required by points (c), (d), (f), (h) and (i) of paragraph 1 of article 10 of the Directive 2004/25/EC

The above information is included in another part of the Management Report, i.e. in the Explanatory Report of the Board of Directors according to article 4, par. 7 and 8 of Law 3556/2007.

IV. Composition and operation of the administrative, management and supervisory bodies of the Company

IV.1. General Assembly of Shareholders

1. The General Assembly of Shareholders is the supreme body of the Company, convened by the Board of Directors and entitled to resolve upon any matters concerning the Company. The shareholders have the right to participate either in person or through their legal representatives, according to the provisions of law each time in force.
2. During the General Assembly, the Chairman of the Board of Directors acts as temporary Chairman of the General Assembly. One or two of the present shareholders or of the shareholders' representatives appointed by the Chairman, act as temporary secretaries.
3. Immediately after the ratification of the list of shareholders entitled to vote, the General Assembly elects the final chair, consisting of the Chairman and one or two secretaries who also act as collectors of the votes.
4. The minutes of the General Assembly are signed by the Chairman and the Secretary of the General Assembly. Copies or extracts of the minutes are issued by the persons who have the authority to issue copies and extracts of the Minutes of the Board of Directors.

IV.2. Board of Directors

1. The Company is governed by the Board of Directors. Subject to paragraph 7 below, the Board of Directors is composed of a minimum of nine (9) and a maximum of eleven (11) members (the "**Directors**"). Subject to paragraph 2 below, the Directors are elected by the General Assembly, which also determines their term of office.
2. As long as the Hellenic Republic Asset Development Fund S.A. or any global successor or successor by operation of law of the Hellenic Republic Asset Development Fund S.A. (each and collectively, the "**HRADF**"), continues to hold ten per cent. (10%) or more of the Company's total voting shares issued and outstanding, the HRADF shall be entitled to designate three (3) Directors in accordance with Section 18§3 of Codified Law 2190/1920, as in force.
3. Should any Director(s) appointed pursuant to paragraph 2 above resign or become incapacitated for whatever reason, they shall be replaced by such person(s) as the HRADF shall specify in a written notice to the Company, with immediate effect.
4. A legal entity may be appointed to act as Director. In such case, the legal entity must appoint an individual for the performance of the duties of the legal entity as member of the Board of Directors.
5. The General Assembly of shareholders may elect alternate (substitute) members of the Board of Directors, in order to replace those Directors who resign, pass away or whose tenure lapses for whatever reason.
6. In the case that it is not possible to replace a member whose membership has lapsed, by alternate members which have been elected by the General Assembly, the Board of Directors may, following a decision taken by the remaining Directors, provided that such remaining Directors are not less than three (3), elect new members, to replace those whose membership has lapsed.
7. In all cases of members whose membership has lapsed (due to resignation, death or in any other way), the Board of Directors is entitled to continue the management and representation of the Company, without being obliged to replace the lapsed members according to the previous paragraph, provided that the number of the remaining members exceeds half of the number of the members prior to the event that led to the lapse of the membership as per above and, in any case, is not less than six (6).
8. The Board of Directors elects one of the Directors as Chairman and may designate up to two (2) other Directors as Vice Chairmen to substitute the Chairman in case of absence.
9. The Board of Directors elects one of its members as the Chief Executive Officer (CEO) of the Company. The CEO and the Chairman may, but need not be, one and the same person.

10. Meetings of the Board of Directors shall convene within the Municipality of the registered office of the Company or alternatively within the prefecture of the Municipality of the registered office of the Athens Exchange. Alternatively, meetings of the BoD may convene in Mainland China or Hong Kong.

11. The Board of Directors may convene by teleconference. Reasonable technical and security rules applicable to the conduct of meetings by teleconference are to be set by virtue of a special resolution of the Board of Directors.

12. The Chairman of the Board of Directors or his substitute chairs its meetings. Meetings of the Board of Directors are conducted in the Greek or English language. The minutes of the Board of Directors' meetings shall be kept in the Greek and English language and certified either by the Chairman or any of the Vice Chairmen or the Chief Executive Officer, each one of whom is entitled to issue copies and extracts of the minutes. A representative of the Company's workforce and/or a representative of the Municipality of Piraeus may attend meetings of the Board of Directors in the capacity of observers. Participation of such observers shall be limited to discussions relating to matters of relevance to employee matters or the city of Piraeus, respectively, or other matters of general importance where deemed appropriate by a majority of the total number of Directors. Observers may not attend meetings of the Board of Directors prior to entering into a confidentiality agreement with the Company on terms satisfactory to the Company.

13. The Board of Directors is competent to decide on any act concerning the Company's management, the administration of its assets and generally the pursuit of its objects, without any restrictions (with the exception of matters falling expressly within the competence of the General Assembly of shareholders) and to represent the Company at court and extra-judicially.

14. The Board of Directors may assign the exercise of the whole or part of its powers to one or more persons, members of the Board of Directors or not, employees of the Company or third parties, by determining the extent of the assigned powers. The persons, to whom the above powers have been assigned, bind the Company, being its representatives, to the extent of the powers assigned to them.

15. The composition of the Board of the Directors has as follows:

1) YU Zenggang	Chairman of the Board of Directors, Executive Member
2) FU Chegqiu	Chief Executive Officer, Executive Member
3) YE Weilong	Non-executive Member
4) FENG Boming	Non-executive Member
5) ZHU Jianhui	Non-executive Member
6) KWONG Che Keung Gordon	Independent Non-executive Member
7) IP Sing Chi	Independent Non-executive Member
8) ARVANITIS Nikolaos	Independent Non-executive Member
9) KARAMANEAS Charalambis	Non-executive Member
10) LIAGKOS Athanassios	Senior Consultant, Non-executive Member
11) MORALIS Ioannis	Non-executive Member

16. The term of the above Board of Directors expires on June 10, 2021.

17. CVs of the members of the Board of Directors can be found on the web page of the Company, at the link <http://www.olp.gr/en/the-port-of-piraeus/management-board>.

IV.3. Administration Board

1. The Administration Board operates within the Company, supports and advises the other bodies of the Company in the discharge of duties thereof and takes decisions on the matters, which have been assigned thereto by virtue of a relevant decision of the Board of Directors.

2. The Administration Board consists of the Chairman of the Board of Directors, the CEO, the Deputies to the CEO, the Assistants to the CEO and the Senior Consultants, whoever they are each time. The

composition of the Administration Board may be extended by decision of the Board of Directors or of the Chairman of the Board of Directors.

3. Upon invitation by the Chairman of the Board of Directors, to the meetings of the Administration Board may attend and participate, without the right to vote, external Advisors of the Company and the each time responsible managers or acting managers of departments of the Company, for matters related to their responsibilities.

IV.4. Audit Committee

1. The Audit Committee consists of three (3) Directors. In accordance with the provisions of Article 44 of Law 4449/2017, two members of the Audit Committee (including its President) are Independent Non-executive Directors and one member is Non-Executive Director. For as long as the HRADF continues to hold Five per cent. (5%) or more of the total voting shares issued by the Company and outstanding, a Non-Executive Director of the HRADF’s choice shall be appointed in the Audit Committee. The Non-Executive Director of the HRADF’s choice appointed currently in the Audit Committee is Mr. LIAGKOS Athanassios.

2. The Audit Committee: (a) informs the Board of Directors of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the role of the audit committee was in that process; (b) monitors the financial reporting process and submits recommendations or proposals to ensure its integrity; (c) monitors the effectiveness of the internal control, quality assurance and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the Company, without breaching its independence; (d) monitors the statutory audit of the annual financial statements, and in particular its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26(6) of Regulation (EU) No 537/2014; (e) reviews and monitors the independence of the statutory auditors or the audit firms in accordance with Articles 21, 22, 23, 26 and 27 of Law 4449/2017 and Article 6 of Regulation (EU) No 537/2014, and in particular the appropriateness of the provision of non-audit services to the Company in accordance with Article 5 of Regulation (EU) No 537/2014; (f) is responsible for the procedure for the selection of statutory auditor(s) or audit firm(s) and recommends the statutory auditor(s) or the audit firm(s) to be appointed in accordance with Article 16 of Regulation (EU) No 537/2014, unless para. 8 of Article 16 of Regulation (EU) 537/2014 applies to the Company.

3. The statutory auditor or auditing firm must report to the Audit Committee any matter relevant to the course and the results of the compulsory audit, and deliver a special report on the weaknesses of the internal control system, especially with regard to any weaknesses of the procedures concerning financial information and preparation of financial statements.

4. The current Audit Committee of the Company consists of the following members of the Board of Directors:

KWONG Che Keung Gordon	President of the Audit Committee
LIAGKOS Athanassios	Member of the Audit Committee
ARVANITIS Nikolaos	Member of the Audit Committee

IV.5. Internal Audit Service

1. The Company has an Internal Audit Service under the leadership of the Audit Committee, which reports directly to the Board of Directors. The Board of Directors appoints the Head of the Internal Audit Service and the internal auditors, pursuant to article 7 para. 3 of Law 3016/2002, as in force each time, who are supervised by the Audit Committee. In the frame of discharge of their duties, the internal auditors cooperate and report regularly to the Chairman of the Board of Directors and the CEO on the course of their work and, in particular, if this is requested or if there is an issue falling within the competence of Internal Audit with regard to a decision to be taken by the Board of Directors. The audits conducted by the internal auditors of the Company are carried out with due regard to the decisions of the Board of Directors, the mandates by the Management and the rules of conduct applicable on internal auditors on the basis of international and Greek standards.

2. The responsibilities of the Internal Audit Service are the following:

- i. Monitoring the implementation of, and the constant compliance to the Articles of Association of the Company, the Regulation of Internal Organisation and Operation, the corporate procedures as well as to legislation concerning the Company in general and, in particular, legislation on societies anonymes and stock exchange;
- ii. Controlling compliance to the commitments, which are included in the information memoranda and the business plans of the Company with regard to the use of funds deriving from the stock exchange;
- iii. Referring to the BoD of the Company any case of conflict of individual interests of the Members of the BoD or the management executives with the interests of the Company, which are found during the discharge of the duties thereof;
- iv. Controlling the legitimacy of remuneration and any kind of allowance granted to members of Management, in relation to decisions of the competent bodies of the Company;
- v. Controlling relations and transactions of the Company with related companies, in the sense of article 42e para. 5 of Codified Law 2190/1920, as in force, as well as relations with other companies, in the share capital of which participate with a percentage of at least ten (10%) per cent members of the Board of Directors of the Company or shareholders of the Company with a percentage of at least ten (10%) per cent.

3. Internal auditors must report to the BoD in writing, at least once per trimester and semester, on the conducted audit and attend the General Assemblies of Shareholders.

4. Internal auditors provide, following approval by the BoD, any information, which may be requested in writing by the Supervisory Authorities, cooperate with the latter and facilitate in every possible way the work of monitoring, control and supervision conducted by such Authorities.

5. In addition to the above responsibilities, the Internal Audit Service conducts a sample audit of all operations and transactions of the Company, in order to ensure:

- i. Compliance with corporate strategy and policy as well as any other plans of the Company, operational procedures, laws and regulations, as well as preventive auditing mechanisms which have been set forth for any operation and transaction;
- ii. Reliability and integrity of the financial and operational information;
- iii. Proper and effective use of the assets of the Company;
- iv. Achievement of objectives set for operations and planning; and
- v. Safeguarding the assets of the Company from any kind of loss.

6. In the beginning of December of each year, the Internal Audit Service drafts the annual control plan for the following year and submits it to the BoD for approval. Following the approval thereof, a detailed action plan per auditor is drafted.

7. At the end of each trimester, semester and at the year end, the Internal Audit Service submits to the BoD an assessment of its work at least six times per year (i.e. quarter, 2nd quarter, semester, 3rd quarter, fourth quarter, year).

V. Diversity Policy applied in relation to the Company's administrative, managerial and supervisory bodies

1. According the Corporate Governance Code of the Company, the size and composition of the Board of Directors must allow for effective discharge of the duties thereof and reflect the size, activity and ownership of the business. The Board of Directors must be of the highest ethical standards of integrity and have a *diversity* of knowledge, qualifications and experience, to meet the corporate objectives. As such is reflected in the BoD's Members' CVs, the Board consists of very experienced Directors, who have diversified cultural and professional background, which is essential for the effective oversight of the Company's activities and for the smooth transition of the Company to a new era of growth.

2. The executives of the Company with managerial positions cover a wide range of educational backgrounds, professional experiences and ages. At the higher level of positions of responsibility (Managers, Deputy Managers, Assistant Managers) the participation of women in the total of positions is 43.5%.

3. In any case, the range of the Company's activities requires the contribution of skills and experience of a diverse range of people, therefore the diversity in the Company is applied in practice and not just theoretically. The Company is an equal opportunities employer and observes very seriously its obligations under the relevant law, i.e. Part A of Law 4443/2016 on "Implementation of the Principle of Equal Treatment".

**Board of Directors Explanatory Report (according to article 4,
par. 7 and 8 of Law 3556/2007)**

Note: Any reference to provisions of L. 2190/1920 should be understood as reference to the corresponding provisions of L. 4548/2018.

The present explanatory report of the Company's Board of Directors to the annual General Meeting of Shareholders is an integral part of the Annual Report of the Board of Directors.

Share capital structure

The Company's share capital amounts to Euro fifty million (50,000,000€) and is divided into 25 million ordinary, registered shares, of a nominal value of Euro two (€2,00) each. Each share is entitled to one vote. The Company's shares are dematerialised and listed to trading on the Athens Stock Exchange. According to the Company's Articles of Association, the Company's shares and rights deriving therefrom are indivisible and, in case of joint ownership, the joint owners exercise their rights through a common representative, whereas each joint owner is jointly and severally liable to the Company for the fulfillment of the obligations deriving from the share.

Restrictions on the transfer of the Company's shares

The Company's shares may be transferred in the manner laid down by law and there are no restrictions on their transfer contained in the Articles of Association of the Company.

Major direct or indirect holdings within the meaning of Articles 9 to 11 of Law 3556/2007

The major holdings (over 5%) as at 31.12.2019 were as follows:

- Following the execution of a share purchase agreement and corresponding over the counter transaction made on August 10th, 2016, COSCO SHIPPING (Hong Kong) Co., Limited holds 12,750,000 shares, i.e. 51% of shares and voting rights in the Company. COSCO SHIPPING (Hong Kong) Co., Limited is 100% held by China Ocean Shipping (Group) Company, which is 100% held by China COSCO SHIPPING Corporation Limited, a Chinese state-owned company. As a result, China COSCO SHIPPING Corporation Limited, by indirectly holding 100% of COSCO SHIPPING (Hong Kong) CO., Limited, indirectly holds 51% of the voting rights in the Company.
- As a result of the above referred transaction, the "Hellenic Republic Asset Development Fund S.A." holds 5,784,440 shares, i.e. 23.14% of shares and voting rights in the Company. By holding 100% of the "Hellenic Republic Asset Development Fund S.A", the Hellenic Republic indirectly holds 23.14% of the voting rights in the Company.
- Lansdowne Partners International Limited ("LPIL"), which controls Lansdowne Partners Limited ("LPL") and Lansdowne Partners (UK) LLP ("LPUK LLP") indirectly holds above 5% of the Company's voting rights. This percentage results from the shares held by the fund Lansdowne European Equity Master Fund Limited.

Holders of any type of shares granting special rights of control

There are no shares of the Company that grant to their holders special rights of control.

Restrictions to voting rights

The Company's Articles of Association do not contain any restrictions to the voting rights deriving from the Company's shares.

Agreements between shareholders which result in restrictions on the transfer of shares or limitations on voting rights

The Company is aware of a Shareholders Agreement dated 8 April 2016 between COSCO Hong Kong Group Limited (currently incorporated under the corporate name COSCO SHIPPING (Hong Kong) Co., Limited) and Hellenic Republic Asset Development Fund S.A., which contains certain restrictions on the transfer of shares and certain limitations on voting rights of the contracting parties.

Rules of appointment and replacement of members of the Board of Directors and of amendment of the provisions of the Articles of Association, if they differ from the provisions of Codified Law 2190/1920

The rules contained in the Company's Articles of Association on appointment and replacement of members of the Board of Directors and on amendment of the provisions of the Articles of Association are not different from the provisions of Codified Law 2190/1920. However, the Company wishes to inform that according to article 7 of the Articles of Association, as long as the "Hellenic Republic Asset Development Fund S.A." or any global successor or successor by operation of law of the "Hellenic Republic Asset Development Fund S.A." (each and collectively, the "HRADF"), continues to hold ten per cent (10%) or more of the Company's total voting shares issued and outstanding, the HRADF shall be entitled to designate three (3) Directors, in accordance with Section 18§3 of Codified Law 2190/1920, as in force. Should any such Director(s) resign or become incapacitated for whatever reason, they shall be replaced by such person(s) as the HRADF shall specify in a written notice to the Company, with immediate effect.

Competence of the Board of Directors or of some of its members to issue new shares or purchase own shares according to article 16 of Codified Law 2190/1920

No special competence different from the provisions of Codified Law 2190/1920 is awarded by the Articles of Association to the Board of Directors or to some of its members to issue new shares or purchase own shares of the Company.

Important agreements contracted by the Company, which will enter into effect, be amended or expire in case of change in the Company's control following a public offer, and the results of such agreements

There are no such agreements.

Agreements that the Company has contracted with the members of the Board of Directors or with its personnel, which provide for the payment of compensation in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer

There are no such agreements.

Piraeus, February 20, 2020

THE CHAIRMAN OF THE BoD

YU ZENG GANG



Independent auditor's report

To the Shareholders of "Piraeus Port Authority S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Piraeus Port Authority S.A. (Company) which comprise the statement of financial position as of 31 December 2019, the statement of comprehensive income, changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

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

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017 and of Regulation (EU) No 537/2014, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, Regulation (EU) No 537/2014 and the requirements of the IESBA Code.

We declare that the non-audit services that we have provided to the Company are in accordance with the aforementioned provisions of the applicable law and regulation and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.

The non-audit services that we have provided to the Company, in the period from during the year ended as at 31 December 2019, are disclosed in the note 24 to the financial statements.

Key audit matters

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

<p>Recoverability of Deferred Tax asset calculated on bad debt provision</p> <p>As described in Note 9, in the non-current assets of the financial statements and specifically in the Deferred Tax Asset (DTA) balance is included a balance of Euro 5,6 million . The most significant part of this DTA (Euro 4,8 million) was recognised on long outstanding trade receivables of approximately Euro 25 million for which a bad debt provision was formed in the IFRS books and records. The company estimates that the tax benefit will be utilised in the future when these receivables will be written off.</p> <p>We focused on this key audit matter due to the magnitude of this DTA, as well as the significant level of judgement exercised by management for the accounting estimate and the outcome of the actions taken in order to gain the tax benefit from the write off of these receivables in the future.</p>	<p>Our audit approach included the following key procedures:</p> <ul style="list-style-type: none"> • For DTA calculated on the bad debt provision balance we have obtained the analysis of outstanding trade receivables that form the basis for the IFRS provision and on which balances, a tax provision will be formed in the future or these balances will be written off. • We verified the calculation of the deferred tax asset with the appropriate tax rate expected to be applicable at the time (according to management's estimate) that the company will utilize the tax benefit of this bad debt provision. • For a sample of these trade receivables we reviewed supporting documentation such as analytical ledgers and invoices that support the movement of the accounting balance during the year ended December 31 2019. We also reviewed any new/additional actions taken by management in order to collect those balances. • We verified the actions taken by management in order to follow up with the tax authorities on the progress of the notice letter submitted in 2017 to the relevant tax authorities .With this letter management had stated their intention to utilize the tax benefit (use the DTA) at the time they will write off the long outstanding receivables. <p>Based on the work performed, we considered that management's rationale for the recognition of the DTA on the long outstanding receivables was supported by the applicable tax legislation at the time the provision was built. Nevertheless, until such time as a response is received from the Ministry of Finance uncertainty exists as regards the utilization of the tax benefit.</p>
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<p>Contingent liabilities and provisions arising from litigation</p> <p>The Company faces a number of threatened and actual legal proceedings (see Note 30 Commitments and contingent liabilities par. A and Note 16). The level of provisioning and / or the level of disclosures required involves a high level of judgement resulting in provisions and contingent liabilities being considered as a key audit matter.</p>	<p>Our audit approach included the following key procedures:</p> <ul style="list-style-type: none"> • We obtained the analysis of provisions established and we compared them to lists provided by the legal department with no exceptions. • Where relevant we obtained external legal confirmations directly requested by us. • We discussed a selection of open cases and their possible outcome with company's legal department and/or external lawyers. <p>Based on evidence obtained we determined the level of provisioning at December 31,2019 to be appropriate (Note 16 Provisions). We also consider that disclosures in Note 30 are deemed to be sufficient.</p>
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Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information, which is included in the Annual Report in accordance with Law 3556/2007, is the Statements of Board of Directors members and the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

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

We considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018 and the Corporate Governance Statement required by article 152 of Law 4548/2018 has been prepared.

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

- The information given in the the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the financial statements,
- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 151 of Law 4548/2018,
- The Corporate Governance Statement provides the information referred to items c and d of paragraph 1 of article 152 of Law 4548/2018.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Report on other legal and regulatory requirements

1. Additional Report to the Audit Committee

Our opinion on the accompanying financial statements is consistent with our Additional Report to the Audit Committee of the Company.

2. Appointment

We were first appointed as auditors of the Company by the decision of the annual general meeting of shareholders on 30 June 2016. Our appointment has been renewed annually by the decision of the annual general meeting of shareholders for a total uninterrupted period of appointment of 4 years.



Athens, 21 February 2020

Pricewaterhouse Coopers S.A
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Despina Marinou
SOEL Reg. No. 17681

**ANNUAL
FINANCIAL STATEMENTS
of
PPA S.A.**

for the year
January 1st – December 31st , 2019

In accordance with the International Financial Reporting
Standards as adopted by the European Union

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Notes</u>	<u>01.01-31.12.2019</u>	<u>01.01-31.12.2018</u>
Revenue	23	149,222,055.40	132,931,041.43
Cost of sales	24	<u>(75,264,927.81)</u>	<u>(73,606,974.66)</u>
Gross profit		73,957,127.59	59,324,066.77
Administrative expenses	24	(27,400,801.12)	(20,530,698.80)
Net impairment losses on financial assets	11	(1,022,728.54)	(756,014.29)
Other operating expenses	25	(758,575.61)	(798,254.15)
Other operating income	25	5,432,262.98	5,256,761.02
Financial income	26	866,443.74	836,138.14
Financial expenses	26	<u>(3,467,429.41)</u>	<u>(999,485.13)</u>
Profit before income taxes		47,606,299.63	42,332,513.56
Income taxes	9	<u>(12,159,798.69)</u>	<u>(14,449,753.03)</u>
Net profit after taxes (A)		35,446,500.94	27,882,760.53
Net other comprehensive income not to be reclassified in profit or loss in subsequent period:			
Actuarial losses	17	(445,751.00)	(253,432.80)
Income taxes	9	<u>106,980.24</u>	<u>65,892.53</u>
Other total comprehensive income after tax (B)		(338,770.76)	(187,540.27)
Total comprehensive income after tax (A)+(B)		35,107,730.18	27,695,220.26
Profit per share (Basic and diluted)	29	1.4179	1.1153
Weighted Average Number of Shares (Basic)	29	25,000,000	25,000,000
Weighted Average Number of Shares (Diluted)	29	25,000,000	25,000,000

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	<u>Notes</u>	<u>31.12.2019</u>	<u>31.12.2018</u>
ASSETS			
Non current assets			
Property, Plant and Equipment	4	274,323,383.77	281,669,458.07
Right-of-use assets	5	62,984,475.38	-
Investment property	6	734,338.38	734,338.38
Intangible assets	7	665,112.76	93,925.91
Other non-current assets	8	1,909,693.36	4,230,103.64
Deferred tax assets	9	9,956,955.39	8,531,222.40
Total non current assets		<u>350,573,959.04</u>	<u>295,259,048.40</u>
Current assets			
Inventories	10	3,195,219.72	2,628,799.47
Trade Receivables and other receivables	11	11,781,648.31	16,093,947.48
Restricted cash	12	213,267.48	213,267.48
Cash and cash equivalents	12	106,730,436.86	80,937,181.40
Total Current Assets		<u>121,920,572.37</u>	<u>99,873,195.83</u>
TOTAL ASSETS		<u>472,494,531.41</u>	<u>395,132,244.23</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	50,000,000.00	50,000,000.00
Other reserves	14	81,062,544.70	79,290,219.65
Retained earnings		102,390,739.64	79,655,334.51
Total equity		<u>233,453,284.34</u>	<u>208,945,554.16</u>
Non-current liabilities			
Long-term borrowings	18	50,499,999.99	56,499,999.99
Lease liabilities	5	66,263,864.40	-
Government grants	15	16,185,136.25	17,049,861.32
Reserve for staff retirement indemnities	17	12,869,348.79	11,637,337.02
Provisions	16	18,400,468.08	14,881,101.00
Other non-current liabilities	28	600,000.00	-
Deferred income	21	36,313,356.89	36,850,965.17
Total Non-Current Liabilities		<u>201,132,174.40</u>	<u>136,919,264.50</u>
Current Liabilities			
Trade accounts payable		7,129,038.48	7,089,266.76
Short term of long term borrowings	18	6,000,000.00	6,000,000.00
Lease liabilities	5	1,143,207.76	-
Income tax	9,11	-	8,596,350.41
Accrued and other current liabilities	20	23,636,826.43	27,581,808.40
Total Current Liabilities		<u>37,909,072.67</u>	<u>49,267,425.57</u>
Total liabilities		<u>239,041,247.07</u>	<u>186,186,690.07</u>
TOTAL LIABILITIES AND EQUITY		<u>472,494,531.41</u>	<u>395,132,244.23</u>

The accompanying notes are an integral part of the Financial Statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
Total Equity at January 1, 2018 as originally presented		50,000,000.00	9,609,052.09	68,287,029.53	58,003,358.11	185,899,439.73
Change in accounting policy (IFRS 9 and IFRS 15)		-	-	-	(369,105.83)	(369,105.83)
Restated Total Equity at January 1, 2018		50,000,000.00	9,609,052.09	68,287,029.53	57,634,252.28	185,530,333.90
Net profit after taxes		-	-	-	27,882,760.53	27,882,760.53
Total comprehensive income after income taxes of the period		-	-	-	(187,540.27)	(187,540.27)
Total comprehensive income after income taxes		-	-	-	27,695,220.26	27,695,220.26
Dividends 2018	19	-	-	-	(4,280,000.00)	(4,280,000.00)
Transfer to reserves	14	-	1,394,138.03	-	(1,394,138.03)	-
Total Equity at December 31, 2018		50,000,000.00	11,003,190.12	68,287,029.53	79,655,334.51	208,945,554.16
Total Equity at January 1, 2019		50,000,000.00	11,003,190.12	68,287,029.53	79,655,334.51	208,945,554.16
Profit after income taxes		-	-	-	35,446,500.94	35,446,500.94
Other comprehensive loss after income taxes		-	-	-	(338,770.76)	(338,770.76)
Total comprehensive income after income taxes		-	-	-	35,107,730.18	35,107,730.18
Dividends 2019	19	-	-	-	(10,600,000.00)	(10,600,000.00)
Transfer to reserves	14	-	1,772,325.05	-	(1,772,325.05)	-
Total Equity at December 31, 2019		50,000,000.00	12,775,515.17	68,287,029.53	102,390,739.64	233,453,284.34

The accompanying notes are an integral part of Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Notes</u>	<u>01.01-31.12.2019</u>	<u>01.01-31.12.2018</u>
Cash flows from Operating Activities			
Profit before income taxes		47,606,299.63	42,332,513.56
Adjustments for:			
Depreciation and amortisation	27	16,089,255.29	15,028,497.04
Amortisation of subsidies	27	(864,725.07)	(846,523.10)
Depreciation right-of-use assets	27	2,036,653.17	-
Finance cost for lease liabilities	26	2,476,537.85	-
Gain on disposal of property, plant & equipment	25	-	(291,633.92)
Financial expenses, net	26	124,447.82	163,346.99
Cash settled share based payments	28	600,000.00	-
Provision for staff retirement indemnities	28	2,169,318.00	772,607.20
Other Provisions		4,452,785.29	1,330,044.80
		74,690,571.98	58,488,852.57
Operating profit before working capital changes			
(Increase)/ Decrease in:			
Inventories		(566,420.25)	(315,418.93)
Trade and other receivables		4,171,916.98	(5,125,968.21)
Other long term assets		710,011.58	768,610.47
Increase/(Decrease) in:			
Trade accounts payable		(320,441.28)	1,018,012.58
Accrued and other current liabilities		(4,081,980.69)	7,168,470.06
Deferred income	21	(537,608.28)	(1,276,170.49)
Interest paid	26	(264,604.92)	(335,970.33)
Cash receipt from municipality	8	-	4,608,844.90
Payments for staff leaving indemnities	17	(1,383,057.23)	(780,000.00)
Interest on debtors late payments	26	57,601.17	326,905.11
Income taxes paid		(21,120,523.27)	(9,066,358.30)
		51,355,465.79	55,479,809.43
Net cash from Operating Activities			
Cash flow from Investing activities			
Grants received	15	-	(546,750.77)
Proceeds from the sale of property, plant and equipment		-	292,711.67
Capital expenditure for property, plant and equipment	4.7	(8,954,172.02)	(25,647,968.44)
Interest and related income received	26	808,842.57	509,233.03
		(8,145,329.45)	(25,392,774.51)
Net cash used in Investing Activities			
Cash flows from Financing Activities			
Net change in leases		-	(68,507.93)
Net change in long-term borrowings	18	(6,000,000.00)	(6,000,000.00)
Interest paid	26	(726,286.64)	(663,514.80)
Lease payments		(90,594.24)	-
Dividends paid	19	(10,600,000.00)	(4,280,000.00)
		(17,416,880.88)	(11,012,022.73)
Net cash used in Financing Activities			
		25,793,255.46	19,075,012.19
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	12	80,937,181.40	61,862,169.21
Cash and cash equivalents of the end of the year	12	106,730,436.86	80,937,181.40

The accompanying notes are an integral part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY:**

“Piraeus Port Authority S.A” (from now on “PPA S.A.” or “Company”) was established in 1930 as Civil Law Legal Corporation (C.L.L.C.) by Law 4748/1930, which was revised by L.1559/1950 and was ratified by L.1630/1951 and converted into a Société Anonyme (S.A.) by Law 2688/1999. The Company is located at Municipality of Piraeus, at 10 Akti Miaouli street.

The Company’s main objective based on its articles of incorporation is to perform its obligations, conduct its activities and exercise its faculties under or in respect of the concession agreement between the Company and the Hellenic Republic dated 13 February 2002 regarding the use and exploitation of certain areas and assets within the Port of Piraeus, as amended and in force.

The Company may, by way of an illustrative but no means exhaustive list, conduct and be engaged in the following activities:

- to use all rights assigned to the Company pursuant to the Concession Agreement and maintain, utilize and exploit all concession assets in accordance with the Concession Agreement;
- provide services and facilities to vessels, cargo and passengers, including ship berthing and cargo and passenger handling to and from the port;
- install, organize and exploit all kinds of port infrastructure;
- undertake any activities related to the port and all other commercial activities associated with or reasonably incidental to the operation of the port of Piraeus;
- engage third parties to provide any kind of port services;
- award contracts for works;
- engage in such further activities as are prudent or customary for the proper conduct of its business and operations in accordance with the Concession Agreement; and
- engage in any and all activities, transactions or operations of a type that are generally conducted by commercial corporations.

The main activities of the Company are anchoring services of vessels, handling cargo, loading and unloading services as well as goods storage and car transportation. The Company is also responsible for the maintenance of port facilities, the supply of port services (water, electricity, telephone connection etc. supply), for services provided to travelers (coastal and cruise ships) and for renting space to third parties.

The Company is governed by the principles of L. 4548/2018 as replaced the Company Law 2190/1920 and the founding Law 2688/1999, as amended by Law 2881/2001 and Law 4404/2016.

The duration period of the Company is one hundred (100) years from the effective date of Law 2688/1999. This period may be extended by special resolution of the shareholders general meeting.

The Company is a subsidiary of COSCO SHIPPING (Hong Kong) Limited which controls 51.00% of the voting rights, with date of transfer of such rights on 10 August 2016. COSCO SHIPPING (Hong Kong) Limited is 100% held by China Ocean Shipping (Group) Company, which is 100% held by China COSCO SHIPPING Corporation Limited, a Chinese state-owned company. As a result, China COSCO SHIPPING Corporation Limited, by indirectly holding 100% of COSCO SHIPPING (Hong Kong) Limited, indirectly holds 51% of the voting rights in PPA.

The Company’s number of employees as at December 31, 2019 amounted to 998. At December 31, 2018, the respective number of employees was 1,016.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS:**(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (E.U.). These financial statements have been prepared under the historical cost and going concern basis.

The preparation of financial statements according to the IFRS requires estimates and assumptions to be made by the management, influencing the assets and liabilities amounts, the disclosure of potential receivable and liabilities as at the financial statements date, as well as the revenue and expenditure amounts, during the financial period. Actual results may differ from these estimations. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

Management continuously assesses the situation and the possible future impacts in order to ensure that all necessary actions and initiatives are undertaken to minimize possible consequences for the Company's activities. Management cannot accurately forecast the possible developments in the Greek economy; however, based on its assessment, Management has reached the conclusion that no additional impairment provisions of the financial and non-financial assets of the Company are required on December 31, 2019.

Certain line items of the previous year's financial statements were reclassified in order to conform to the current year's presentation.

(b) Approval of Financial Statements

The Board of Directors of the Company approved the financial statements for the year ended at December 31, 2019, on February 20, 2020. The abovementioned financial statements are subject to the final approval of the Annual General Assembly of the Shareholders.

(c) Significant Accounting Judgements and Estimates

The Company makes estimates and judgments in order to select the most appropriate accounting principles taking into consideration the future outcome of events and transactions. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgments that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Allowance for doubtful accounts receivables and legal cases: Management periodically reassess the adequacy of allowance for doubtful accounts receivable following an expected credit losses ('ECLs') approach. The expected loss rate is assessed on the basis of historical credit losses adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Company expects to receive policy and taking into consideration reports from its legal department. For the allowance of legal cases management assesses the probability of negative outcome, as well as possible payment amounts for their settlement.

(ii) Provision for income taxes: According to IAS 12, income tax provisions are based on estimations as to the taxes that shall be paid to the tax authorities and includes the current income tax for each fiscal year, the provision for additional taxes which may arise from future tax audits and the recognition of future tax benefits. The final clearance of income taxes may be different from the relevant amounts which are included in these financial statements.

(iii) Deferred tax assets on provisions of bad debts: Deferred tax assets are recognized for provisions of bad debts to the extent that it is probable that, based on tax law, the Company has the right to proceed with the tax deduction of the related provision. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the particular actions that have been taken (seizure, auction, filling of relevant lists to the tax authorities etc.) in order to record a provision for bad debts.

(iv) Depreciation rates: The Company's assets are depreciated over their estimated remaining useful lives. These useful lives are periodically reassessed to determine whether the original period continues to be appropriate. The actual lives of these assets can vary depending on a variety of factors such as technological innovation and maintenance programs.

(v) Impairment of property, plant and equipment: Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Company's management having assessed the segment report (Note 22) has identified indications of impairment for Pier I and has used discounted cash flows to calculate the value in use, using cash flow projections from financial budgets covering a period of thirty-three years. The pre-tax discount rate applied to cash flow projections is 7.10%. A sensitivity analysis was performed on positive or negative discount rate changes and revenue of 0.25% and 0.50% respectively.

The value in use was higher than the carrying value of Pier I, consequently, no impairment loss was recognized.

(vi) Contingent liabilities: The existence of contingent liabilities requires from management to make assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Company.

(vii) Provision for staff leaving indemnities: The cost for staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management to make assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.

(viii) Leases: The Company made a significant estimate on 1 January 2019 to determine the "incremental borrowing rate" that it used to recognize its lease contract with the Greek State because of its special nature. This contract is the Company's main lease agreement (note 3 (c)).

In addition, the Company has made judgments and assessments as to whether the lease agreements in which the Company is a lessor and effective as of January 1, 2019 relate to operating or finance leases. The contracts to which the Company is a lessor relate mainly to the contract with Piraeus Container Terminal S.A. note 3 (t) as well as contracts related to leased areas to ship repair zone. The management's judgment was based mainly on the duration of the leases.

Concerning the contract with Piraeus Container Terminal S.A., management concluded that it is an operating lease due to its duration and because the lease does not substantially transfer the risks and rewards of the right of use.

(ix) Share-based payments, cash-settled : At each reporting date, the Company makes estimates to measure the fair value of the share-based benefit obligation on the data to be included in the relevant valuation model as the dividend yield, expected volatility and free interest-risk. In addition, the Management of the Company, in assessing the fair value of the obligation of the specific benefits, makes estimates regarding the performance of its specific financial figures, as well as estimates regarding the performance of the beneficiaries of those benefits.

3. PRINCIPAL ACCOUNTING POLICIES

The Company applies the following accounting policies for the preparation of the accompanying financial statements:

(a) Tangible Assets: Buildings, technical projects and other building installations are valued at acquisition cost less accumulated depreciation and possible impairment provision. The privately owned land, machinery and other equipment, acquired before PPA's conversion into an S.A., 1.6.1999, were valued at deemed cost, arising by the Evaluation Committee of article 9 C.L. 2190/1920, while those acquired afterwards are valued at acquisition cost less accumulated depreciation and possible value impairment provision.

Acquisition cost of a building installation or equipment consists of purchase price include import duties, plus non-refundable purchase taxes as well as any cost required for the asset to become operational. Repairs and maintenance are posted to the financial period in which they were incurred. Significant additions and improvements made at a later stage are capitalized in the relevant asset cost.

Fixed assets constructed by the Company are posted to the self-construction cost which includes subcontractors' fees, materials and technicians' payroll costs involved in the construction (including relevant employer contributions) as well as part of general administration expenses.

Assets under construction include fixed assets under construction and are stated at their cost. Assets under construction are not depreciated until the fixed assets are complete and operational.

(b) Depreciation: Fixed assets are depreciated on a straight line basis according to the following useful lives per fixed asset category:

<u>Fixed Asset Categories</u>	<u>Useful Life (years)</u>
Buildings, technical & port projects	25-40
Machinery & other equipment	10-30
Motor Vehicles	5-12
Floating transportation means	20-35
Furniture, fixture & fittings	5-10

The residual value, the useful life and the depreciation method of the Company's assets are examined annually and they are adjusted if necessary.

- (c) **Impairment of non-current financial assets:** Property, plant & equipment and intangible fixed assets must be evaluated for possible impairment loss, when there are indications that the asset's book value is over its recoverable amount. When an asset's book value is over its recoverable amount, the respective impairment loss is posted to the period financial results. An asset's recoverable value is the greater amount between the fair value less cost of disposal and the value in use.

For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows can be identified separately (cash generating units). Impairment losses recognized in prior periods in non-financial assets are reviewed at each reporting date for any reversal.

- (d) **Investment property:** Investment property that includes land and buildings is held by the Company for long-term rental yields and not for own use. Investment property is measured at cost less depreciation and impairment.

When the carrying amounts of the investment property exceed their recoverable amounts, the difference (impairment) is charged directly to the statement of comprehensive income. Land is not depreciated. The depreciation of buildings is calculated using the straight line method over the buildings' useful life which is 30 years.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation.

- (e) **Fixed Asset Subsidies:** Subsidies are considered as deferred revenue and are recognized as income at the same depreciation rate as the relevant subsidized fixed assets are depreciated. This income is deducted from the depreciation in the period financial results.

- (f) **Intangible Assets:** Intangible assets include software purchase cost and any expenditure for software development. Software depreciation is calculated on a straight line basis and its useful life of 3-4 years.

- (g) **Borrowing Cost:** The Company has adopted the basic accounting policy suggested by IAS 23, where the borrowing cost recognized as expense in the statement of comprehensive income.

- (h) **Financial Instruments: Initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets of the Company are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest' test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables.

Derecognition of financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset

Or

- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

When the Company transfers a financial asset, it shall evaluate the extent to which retains the risks and rewards of ownership of the financial asset.

In this case:

- if the Company transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
- if the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company shall continue to recognise the financial asset.
- if the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, shall determine whether it has retained control of the financial asset. In this case:

(i) if the Company has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

(ii) if the Company has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

Impairment of financial assets

The Company recognise an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Company apply a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. For other financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company considered the risk of default, the days past due and the historical credit losses experienced adjusted to reflect current and forward-looking information per debtor to measure the expected credit losses for each individual trade and other receivable balance.

At each reporting date, the Company assess whether the credit risk of a financial asset has increased significantly from the initial recognition. The Company consider a financial asset in default when contractual payments past due over the Company's credit policy. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Loans and borrowings are classified as current liabilities unless the Group and the Company has the right to defer settlement for at least twelve months from the date of financial position date.

Trade and other payables

Trade payables are obligations for goods or services that have been acquired in the ordinary course of business by suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade account payables subsequent to the initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- (i) Cash on hand and in banks:** The Company considers as cash (apart from cash on hand) time deposits and liquid investments maturing in three months from the acquisition date.
- (j) Provisions:** Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase of the provision due to the passage of time is recognized as a borrowing cost. Provisions are reviewed at each reporting date, and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, they are reversed. Provisions are used only for expenditures for which they were originally recognized. No provisions are recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.
- (k) Income Tax (Current and Deferred):** Current and deferred income tax assessment are based on the relevant amounts of the financial statements, according to tax Laws effective in Greece. Current income tax concerns tax on the Company taxable profits, adjusted according to Greek tax Law and calculated using the current tax rate. Deferred tax is assessed using the liability method in all temporary tax differences on the balance- sheet date between the tax base and the accounting value of assets and liabilities. The expected tax consequences from the temporary tax differences are assessed and stated either as deferred tax liabilities or as deferred tax assets. Deferred tax assets are posted to the financial statements for all allowable temporary differences and tax losses carried forward as far as it is likely to set off these allowable temporary differences against available taxable profits.

The accounting value of deferred tax assets is revised at each balance-sheet date and it is reduced up to the point that it is not likely to have enough taxable profits, where part or all of the deferred tax assets may be set off against. Current income tax receivable and liabilities for current and previous financial years are valued at the amount expected to be paid to Tax Authorities (or be refunded by them), using the tax rates (and tax Laws) in force up to the balance-sheet date.

- (l) Revenue Recognition:** Revenue is the amount of consideration expected to be received in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties (value-added tax, other sales taxes etc.).

Revenue is recognized when (or as) a performance obligation is satisfied by transferring the control of a promised service to the customer. A customer obtains control of a service if it has the ability to direct the use of and obtain substantially all of the remaining benefits from that service. Control is transferred over time or at a point in time when the service is provided to the customer.

Management has determined that contracts in general comprise of a single performance obligation and prices are fixed, based on stand-alone selling prices derived from price lists. Revenue is recognised at a point in time when the service is provided to the customer.

Revenue arising from services is recognised at a point in the time in the accounting period in which the services are rendered, and it is measured based on stand-alone selling prices derived from price lists.

A receivable is recognised when there is an unconditional right to consideration for the performance obligations to the customer that are satisfied.

A contract asset is recognized when the performance obligation to the customer is satisfied before the customer pays or before payment is due, usually when services are transferred to the customer before the Company has a right to invoice.

A contract liability is recognized when there is an obligation to transfer services to a customer for which the Company has received consideration from the customer (prepayments) or there is an unconditional right to receive consideration before the Company transfers a service (deferred income). The contract liability is derecognized when the promise is fulfilled and revenue is recorded in the profit or loss statement.

- (m) Inventories:** Materials and spare parts related to the Company mechanical equipment maintenance are valued at the lower of acquisition cost and net realisable value and their cost is determined on the weighted average cost basis. Net realizable value is estimated based on the current selling price in the ordinary course of business, less selling expenses. Materials are posted to inventories on purchase and recognized as expenditure on consumption.

(n) Leases:

a) Company as lessee

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate can not be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company elected to use the on-going recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Finally, the Company chose not to separate the non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for all classes of underlying assets to which the right of use relates.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When the right-of-use asset meets the definition of investment property, it is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policy.

b) Company as lessor

The leases in which the Company is a lessor relate solely to sub-leases and are classified as finance or operating. The Company's sub-lease agreements at 31 December 2018 and 31 December 2019 relate exclusively to operating leases.

Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms.

The Company reflects the future tax impacts of leases and recognises deferred tax. When recognising deferred tax the Company has assessed the lease asset and lease liability together as a single or 'integrally linked' transaction and assessed the net temporary difference.

- (o) **Defined benefit plan:** The provision for staff termination indemnities recorded in the statement of financial position for the defined benefit plan is the present value of the liability for the defined benefit in addition to changes occurring from any other actuarial profit or loss and the past service cost. The discount rate is considered as the yield, at the balance sheet date, of high quality European corporate bonds which have a maturity which approaches the time period of the Company's liability.

The liability for this plan is determined using the projected unit credit method from an independent valuer and includes the present value of accrued services during the year, the interest on future liabilities, the prior service cost and the actuarial gains or losses.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to the actuarial differences reserve through other comprehensive income in the period in which they occur. Remeasurements are not classified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs

According to the Collective Agreement, employees of PPA SA (effective from 1/1/2018, article 8), employee who fulfills retirement conditions, leaving the Company, is entitled to a retirement allowance of € 30.000.

According to the Collective Agreement Port Workers (dated 1/7/2019, article 6,) an employee who fulfills retirement conditions, leaving the Company, is entitled to a retirement allowance of € 30,000.

According to the SAE of Supervisors / Planners of PPA SA (effective from 1/4/2019, article 8,) employee who fulfills retirement conditions, leaving the Company is entitled to receive a retirement allowance of € 30,000.

- (p) **National Insurance Programs:** The obligation for main or supplementary pension provision is covered by the main National Insurance Department (IKA- Social Insurance Institute) which concerns private sector and provides retirement, medical and pharmaceutical services. Each employee is obliged to contribute part of his salary to the National Insurance Department, while part of the total contribution is paid by the Company. On employee retirement the National Insurance Department is responsible for their pension payments. Therefore, the Company has no legal or presumed obligation for future payments according to this program.

The employees of PPA are entitled upon retirement an allowance from the Unified Fund for Supplementary Benefits and Lump-sum Benefits (ETEAEF) according to the statutory provisions of the Fund and the Law N. 2084/92.

For the two welfare sectors, dockworkers and employees of PPA, the granted amount is currently determined on the basis of the provisions of article 35 of Law N.4387 / 12-05-2016 (FEK), considering the average of the total remuneration – without accounting holiday bonus - on which were calculated social insurance contributions for welfare for the five-year period 2009-2013 and with the employee's work year experience until 31/12/2013.

To this amount is added the total of insurance contributions for welfare from 01/01/2014 and afterwards. Every employee is required to contribute a part of his monthly salary to the fund, while part of the total contribution is covered by the Company.

This fund is a legal public company and is responsible for paying the above benefits to employees. Consequently, the Company has no legal or constructive obligation to pay future benefits under this plan.

- (q) **Earnings per Share:** Earnings per share are calculated by dividing the financial period net profit, corresponding to ordinary shareholders, by the weighted average number of ordinary shares issued. The accompanying financial statements did not include any profit decreasing bonds or other stock, convertible to shares. Consequently, diluted earnings per share were not calculated.
- (r) **Dividends:** Dividends are accounted for when receipt rights are finalized by the resolution of the shareholders general meeting.
- (s) **Concession Agreement to PPA S.A.:** In persuasion of the 35th article of 2932/2001 Law, Greek Government and the Company signed on 13.2.2002 the Concession Agreement, by which the government transfers its exclusive right of use and exploitation of port zone lands, buildings and facilities of Piraeus Port to the Company.

This concession was agreed for fixed period initial duration of 40 years, beginning on the day the agreement and ending on 13.2.2042. The initial duration is possible to be extended once or several times by Law. A new written agreement and modification of the 4.1 article of the Concession Agreement. With the Common Ministry Decision (CMD) no. 8322/3-12-2008, published in Government Paper 2372/21-11-2008, the Concession Agreement duration has been modified from 40 to 50 years, beginning on the 13/2/2002 (initial signature date) and ending on the respective date of the year 2052.

Management has examined whether the contract for the concession of the exclusive right to use and exploit land, buildings and facilities at the Port of Piraeus Land Zone fall under the scope of the provisions of Interpretation 12. Management concluded that the concession does not fall under the scope of application of Interpretation 12, as it is a lease contract. As described in note 5 the contract, due to the adoption of IFRS 16 from January 1, 2019, recognized as right-of use asset.

Government has received 1% of the Company's consolidated annual income for each of the first 3 years of the concession. The above percentage has increased to 2% of the Company's consolidated annual income after the 3rd year, on the same calculation basis. Based on the new Concession Agreement signed on 24.6.2016 the percentage to Greek State has increased to 3.5% of the Company's consolidated annual income excluding finance income with fixed minimum fee amounted to € 3.5 million.

Until 2018, concession consideration was fully recognized in the expenses and the liability was included in Accrued and Other Current Liabilities (Note 20). As of 1/1/2019, due to the adoption of IFRS 16, in the expenses is recorded only the variable amount of the concession fee while the fixed minimum fee is included to the right-of-use assets and lease liability (Note 5).

The Company most significant obligations arising from this agreement are:

- Constant rendering of port services
- Responsibility for the installation, improvement and maintenance of the security level in Piraeus Port.
- Ensure fair deal to all port users
- Payment of maintenance expenditure for all the property included in the Concession Agreement

(t) Concession Agreement of Piers II and III with COSCO Pacific Ltd (currently COSCO Shipping Port Ltd): The Law 3755/2009 ratified by the Parliament ruled the concession of use and operation of Piers II and III between the Company and COSCO Pacific Ltd. The contract term provided for 35 years at fair value of € 4.3 billion, of which 79% is guaranteed by future income and additional investment at € 620 million to be implemented. The Concession Agreement entered into force on 1/10/2009 and till 31/5/2010 the operation of Pier II was provided by the staff of the Company as a subcontractor. Within this period the project in Pier I, which was constructed by the Company, was completed and started its operation by providing services directly to Company's clients.

The Agreement B. Modification of the original Concession Agreement (OG 52 / 30.03.2009) between the Company and PCT S.A., following the 'Practical Process Amicable Settlement', has been published in the Government Gazette 269 / 24.12.2014.

According to the above, the payment of the guaranteed consideration was suspended until 31.12.2021 and has been replaced by paying only Variable consideration that arises as a percentage on consolidated revenues of PCT SA from the previous contract year.

The calculation of fixed consideration I & II is adjusted regarding the length of exploitation and the corresponding sq.m (Note 21). The concession consideration is calculated and recognized in income for the period in accordance with the terms of the contract and considered as lease contract based on IAS 17 and IFRS 16 (Notes 2c and 3(n)).

The payment of Variable Consideration is performed on a monthly basis in arrears and the payment of the standard exchange every six months in advance (Note 21).

- (u) The Extraordinary General Meeting of the Company's shareholders on September 23, 2019 approved the long-term incentive bonus plan, which is cash settled of a certain number of Units. Beneficiaries of the program are members of the Board of Directors, senior executives and other key management and business executives. The amount payable to the beneficiaries is determined by the increase in the share price from the grant date (8/10/2019: € 22.53) and the redemption date. In addition, the redemption of the Units depends on the achievement of predetermined performance criteria of the Company and the Beneficiaries.

The Company in accordance with IFRS 2 measures the services it obtains and the liability it undertakes at the fair value of the liability. Until the settlement of the liability, the entity shall remeasure the fair value of the liability at the reporting date as well as at the settlement date, and any changes in fair value are recognized in profit or loss for the period. The obligation is measured, initially and at each reporting date until the final settlement, at the fair value of the units on the increase in the share price from the grant date and the respective redemption date, with the application of a valuation model taking into account the terms and conditions under which the units have been granted. The fair value of the long-term reward plan at December 31, 2019 was determined using the Binomial model taking into account the share price, the expected volatility of the share, the dividend yield as well as the free interest rate (Note 28) and the liability is recognized in other long-term liabilities.

- (v) **Foreign Currency Conversion:** All the operations of the Company are all performed in Euro. Transactions made in foreign currencies are converted into Euro using exchange rates effective at transaction date. Receivable and liabilities in foreign currency are adjusted at the financial statements preparation date in order to state the exchange rates effective at that date. Gains or losses arising from these adjustments are included in the Statement of comprehensive income as foreign exchange gains or losses.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the annual financial statements, are consistent with those followed for the year ended December 31, 2018, except for the adoption of new standards and interpretations applicable for fiscal periods beginning at January 1, 2019. However, those standards have either no significant effect on the Financial Statement of the Company, or no application for the Company.

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after January 1, 2019. The Company's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IFRS 16 "Leases"

IFRS 16 has been issued in January 2016 (effective January 1, 2019) and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

There is no impact from the adoption of IFRS 16 in respect of the arrangements where the Company acts as a lessor, while the effect of this standard for the arrangements where the Company acts as a lessee is disclosed in detail in Note 5. The accounting policy in relation with lease contracts is described in note 3(n).

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation”

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss.

IAS 28 (Amendments) “Long term interests in associates and joint ventures”

The amendments 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.

IFRIC 23 “Uncertainty over income tax treatments”

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) “Plan amendment, curtailment or settlement”

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

Annual Improvements to IFRS (2015 – 2017 Cycle)

The amendments set out below include changes to four IFRSs.

IFRS 3 “Business combinations”

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint arrangements”

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income taxes”

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

IAS 23 “Borrowing costs”

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

Standards and Interpretations effective for subsequent periods

IFRS 17 “Insurance contracts” (effective for annual periods beginning on or after 1 January 2021). IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

IFRS 3 (Amendments) “Definition of a business” (effective for annual periods beginning on or after 1 January 2020). The amended definition emphasises 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. The amendments have not yet been endorsed by the EU.

IAS 1 and IAS 8 (Amendments) “Definition of a material” (effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS. The amendments have not yet been endorsed by the EU.

IFRS 9, IAS 39 and IFRS 7 (Amendments) ‘Interest rate benchmark reform’ (effective for annual periods beginning on or after 1 January 2020). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IAS 1 (Amendment) ‘Classification of liabilities as current or non-current’ (effective for annual periods beginning on or after 1 January 2022). The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability. The amendment has not yet been endorsed by the EU.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are analysed as follows:

	Buildings	Machinery & equipment	Motor vehicles and floating docks	Furniture, fixtures and fittings	Advances & Assets under construction	Total
<u>COST</u>						
Balance January 1, 2018	245,291,295.55	165,139,585.17	18,363,611.72	7,431,902.32	2,507,272.81	438,733,667.57
Additions	2,820,419.06	361,549.64	-	419,400.86	33,720,196.94	37,321,566.50
Disposals/ write off	-	(7,309,858.44)	-	(10,601.93)	-	(7,320,460.37)
Transfers	6,923,494.98	219,800.00	23,840,000.00	619,335.54	(31,602,630.52)	-
Balance December 31, 2018	255,035,209.59	158,411,076.37	42,203,611.72	8,460,036.79	4,624,839.23	468,734,773.70
Additions	405,590.25	868,792.55	2,451,570.60	392,783.89	4,794,685.47	8,913,422.76
Disposals/ write off	-	-	-	(2,074.00)	-	(2,074.00)
Transfers	959,363.54	594.72	-	858,457.73	(1,818,415.99)	-
	-	-	-	-	(309,863.37)	(309,863.37)
Balance December 31, 2019	256,400,163.38	159,280,463.64	44,655,182.32	9,709,204.41	7,291,245.34	477,336,259.09
<u>DEPRECIATION</u>						
Depreciation January 1, 2018	(73,211,320.14)	(92,284,182.28)	(8,055,228.03)	(5,820,142.03)	-	(179,370,872.48)
Depreciation (note 27)	(7,718,343.48)	(6,155,031.69)	(727,760.75)	(412,689.66)	-	(15,013,825.58)
Disposals	-	7,309,857.89	-	9,524.54	-	7,319,382.43
Depreciation December 31, 2018	(80,929,663.62)	(91,129,356.08)	(8,782,988.78)	(6,223,307.15)	-	(187,065,315.63)
Depreciation (Note 27)	(7,859,338.37)	(6,208,886.59)	(1,380,968.82)	(500,422.73)	-	(15,949,616.51)
Disposals / write off	-	-	-	2,056.82	-	2,056.82
Depreciation December 31, 2019	(88,789,001.99)	(97,338,242.67)	(10,163,957.60)	(6,721,673.06)	-	(203,012,875.32)
<u>NET BOOK VALUE</u>						
January 1, 2018	172,079,975.41	72,855,402.89	10,308,383.69	1,611,760.29	2,507,272.81	259,362,795.09
December 31, 2018	174,105,545.97	67,281,720.29	33,420,622.94	2,236,729.64	4,624,839.23	281,669,458.07
December 31, 2019	167,611,161.39	61,942,220.97	34,491,224.72	2,987,531.35	7,291,245.34	274,323,383.77

Insurance cover of the Piraeus Port Authority (PPA S.A.) property, plant and equipment: The PPA S.A. property, plant and equipment are insured with various insurance companies. Insurance covers compulsory insurance of transport vehicles and machinery up to 30.06.2020 as well as general civil up to 31.10.2020 and employer liability up to 30.09.2020, property insurance up to 30.7.2020 and floating tanks up to 31.10.2020.

During the year ended December 31, 2019, the total investment in property, plant and equipment amounted to € 8,913,422.76 (2018: € 37,321,566.50) and related mainly to the improvement of floating dock, purchase of machinery and other equipment as well as port infrastructure. During the previous fiscal year 2018, a total amount of € 2,227,919.15 was set off, relating to the balance of the supplier who had undertaken the construction of the oil pier, equal to the balance as a customer (Note 31). Prior year's disposals refer to 39 machines fully depreciated, which were sold as scrap.

There is no property, plant and equipment that has been pledged as security.

5. RIGHT OF USE ASSETS – LEASE LIABILITIES

The recognised right-of-use assets and lease liabilities as at December 31, 2019 and January 1, 2019 are analysed as follows:

	<u>31.12.2019</u>	<u>1.1.2019</u>
Right-of-use assets		
Concession Agreement with Greek State	62,735,244.48	64,688,092.55
Motor vehicles	249,230.90	224,371.58
	<u>62,984,475.38</u>	<u>64,912,464.13</u>
	<u>31.12.2019</u>	<u>1.1.2019</u>
Lease-liabilities		
Current	1,143,207.76	69,153.14
Non-current	66,263,864.40	64,843,310.99
	<u>67,407,072.16</u>	<u>64,912,464.13</u>

The amounts recognized in the statement of comprehensive income and the movement of the right of use of assets and the lease liability from 1 January 2019 to 31 December 2019 are analysed as follows:

	Right-of-use assets			Lease liability
	Concession Agreement with Greek State	Motor vehicles	Total	
Balance 1.1.2019	64,688,092.55	224,371.58	64,912,464.13	64,912,464.13
Additions	-	108,664.42	108,664.42	108,664.42
Depreciation (Note 27)	(1,952,848.07)	(83,805.10)	(2,036,653.17)	-
Finance cost (Note 26)	-	-	-	2,476,537.85
Payments	-	-	-	(90,594.24)
Balance 31.12.2019	62,735,244.48	249,230.90	62,984,475.38	67,407,072.16

Lease expense less than 12 months for 2019 amounted to € 140,375.66.

Main leasing activities and new accounting policy

The major contract for the Company is with the Greek State for the concession to the exclusive right of use and exploitation of port zone land, buildings and facilities of Piraeus Port ("Concession agreement with the Greek State") granted to the Company until 13/2/2052, in exchange of an annual percentage payment based on Company's income with a minimum annual fee of € 3.5 million (Note 2(s)).

Additionally, the Company has various lease contracts for motor vehicles, executive houses and other equipment. Rental contracts are typically made for fixed periods of 1 to 3 years, but may have extension or termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases for house rentals and other equipment have been categorized as short-term contracts and are therefore not included in the above right-of-use assets.

Adoption of IFRS 16 and its effect on January 1, 2019

On December 31, 2018, the Company had only operating leases as a lessee. For these leases the Company due to the adoption of IFRS 16 recognised lease liabilities and right-of-use assets.. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. Right-of use assets were measured at the amount equal to the lease liability.

The lease liabilities on 1 January 2019 can be reconciled to the operating lease commitments on 31.12.2018 as follows:

Operating lease commitments disclosed as at 31 December 2018	119,324,549.72
Weighted average incremental borrowing rate on 1.1.2019	3.80%
Discounted commitments using the lessee's incremental borrowing rate at the date of initial application	64,994,611.34
(Less): short-term leases recognised on a straight-line basis as expense	(51,454.54)
(Less): adjustments as a result of a different treatment of extension and termination options	<u>(30,692.67)</u>
Lease liability recognized on 1.1.2019	64,912,464.13
Of which:	
<u>Long-term lease liabilities</u>	<u>64,843,310.99</u>
<u>Short-term lease liabilities</u>	<u>69,153.14</u>

The Company has used the following practical expedients permitted by the standard:

- reliance on its assessment made by applying IAS 17 and IFRIC 4 to determine whether an arrangement contains a lease at the date of initial application
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company had no impact on the application of the standard as a lessor. The Company review the relevant contracts and concluded that relates to finance leases.

The judgments and estimates of the Company regarding the application of IFRS 16 are described in note 2(c).

As a result of the change in accounting policy, EBITDA has increased by € 3,590,594.24, while earnings per share increased by € 0.0056 per share for year ended December 31, 2019. In addition depreciation for right-of-use assets recognized amounted to 2,036,653.17, finance cost increased by 2,476.537.85 and operating expenses reduced by € 3,590,594.24. The profit before income tax from the adoption of IFRS 16 decreased by € 922,596.78 and the profit after income tax increased by the amount of € 138,826.45 due to an amount of € 1.061.423,23 (Note 9) which was credited to income tax to the statement of comprehensive income as a deferred tax asset .

6. INVESTMENT PROPERTY

For the year ended December 31, 2019:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Net Book Value at January 1, 2019	734,338.35	0.03	734,338.38
Additions	-	-	-
Depreciation	-	-	-
Net Book Value at December 31, 2019	734,338.35	0.03	734,338.38
<u>January 1, 2019</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
Net Book Value	734,338.35	0.03	734,338.38
<u>December 31, 2019</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
Net Book Value	734,338.35	0.03	734,338.38

For the year ended December 31, 2018:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Net Book Value at January 1, 2018	734,338.35	0.03	734,338.38
Additions	-	-	-
Depreciation	-	-	-
Net Book Value at December 31, 2018	734,338.35	0.03	734,338.38
<u>January 1, 2018</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
Net Book Value	734,338.35	0.03	734,338.38
<u>December 31, 2018</u>			
Cost	734,338.35	0.03	734,338.38
Accumulated Depreciation	-	-	-
Net Book Value	734,338.35	0.03	734,338.38

Investment property includes seven land plots and four buildings (commercial spaces and schools).

There is no investment property that has been pledged as security.

The fair value of investment property as at December 31, 2019 amounted to € 5.8 million (December 31, 2018: € 5.4.million) according to the valuation of the independent appraiser 'Mavrakis Certified Appraisers'. The valuation, as a Level 3 (Note 32) fair value measurement is based on comparative assessment method, residual replacement cost method and cost approach depending on the particular characteristics of each property.

Income from rent for the above investment property for the year ended December 31, 2019 and December 31, 2018 amounted to € 9,600.00 and € 1,200.00 respectively and is included in other operating income (Note 25). For the years ended December 31, 2019 and 2018 there were no repair and maintenance costs for investment property.

7. INTANGIBLE ASSETS

For the year ended December 31, 2019:

	Software
<u>Net Book Value January 1, 2019</u>	<u>93,925.91</u>
Additions	400,962.26
Transfers from assets under construction (Note 4)	309,863.37
Amortisation of the year (Note 27)	(139,638.78)
<u>Net Book Value December 31, 2019</u>	<u>665,112.76</u>
<u>January 1, 2019</u>	
Cost	8,508,822.61
Accumulated amortisation	(8,414,896.70)
<u>Net Book Value</u>	<u>93,925.91</u>
<u>December 31, 2019</u>	
Cost	9,219,648.24
Accumulated amortisation	(8,554,535.48)
<u>Net Book Value</u>	<u>665,112.76</u>

For the year ended December 31, 2018:

	Software
<u>Net Book Value January 1, 2018</u>	<u>20,276.35</u>
Additions	88,321.02
Amortisation of the year (Note 27)	(14,671.46)
<u>Net Book Value December 31, 2018</u>	<u>93,925.91</u>
<u>January 1, 2018</u>	
Cost	8,420,501.59
Accumulated amortisation	(8,400,225.24)
<u>Net Book Value</u>	<u>20,276.35</u>
<u>December 31, 2018</u>	
Cost	8,508,822.61
Accumulated amortisation	(8,414,896.70)
<u>Net Book Value</u>	<u>93,925.91</u>

8. OTHER NON-CURRENT ASSETS

This account consists of the following:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Guarantees to third parties	325,687.75	325,767.75
Car leases guarantees	67,109.00	62,558.00
Receivable from project contractor of Pier I	1,685,440.67	2,578,543.91
Less: Allowance for project contractor of Pier I	(168,544.06)	(257,854.39)
Receivable from compulsory seizure of municipality	-	1,521,088.37
Total	<u><u>1,909,693.36</u></u>	<u><u>4,230,103.64</u></u>

The movement of the allowance for project contractor of PIER I is analysed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Beginning balance	<u>257,854.39</u>	<u>353,544.23</u>
Provision reversal	(89,310.33)	(95,689.84)
Ending balance	<u><u>168,544.06</u></u>	<u><u>257,854.39</u></u>

Receivables from project contractor of Pier I: This claim represents the difference found in incorrect data application on some review rates of the Ministry (IPEXODE) and was recognized by the project contractor of Pier I. At March 9, 2012 the Company and the project contractor of Pier I consigned an “extrajudicial agreement of debt acknowledgment”, under which the requirement from the later will be paid in seven (7) instalments up to December 31, 2012. Then on the 24th of September, 2012, the request of the contractor of the project "Pier I" was partially approved and the debt settled in fourteen (14) monthly instalments starting from September 30, 2012 onwards until October 31, 2013.

Due to non-compliance of settlement, the PPA held in October 2013 in forfeiture contractor's guarantee letters for accrued interest of € 1.5 million and is expected to debate the re-settlement agreement instalments.

Furthermore, due to this non-compliance of settlement, the Company, through its Board of Directors, decided on the 24th of February 2014 to exercise any remedy and recourse to any procedure for the forced recovery of its claim.

Receivable from compulsory seizure of municipality: The Municipality of Piraeus proceeded to the compulsory seizure of the amount of € 6,285,940.08 against the Company, for municipal charges of cleaning and lighting as well as electrified land taxes over the past years that were imposed on the Company (Note 11). After the final court decisions, the Municipality of Piraeus returned immediately on January 29, 2018 the amount of € 4,608,844.90. During the current year, a final decision was issued by the Administrative Court of Appeal of Piraeus on the basis of which the Municipality of Piraeus deposited an amount of € 1,438,256.56 to the tax authorities on behalf of the Company, which was set off with current income tax liability. The Company's Legal Department estimates that the amount of € 82,831.81 will be received in 2020 and that amount has been transferred to other short-term receivables (Note 11).

9. INCOME TAX (CURRENT AND DEFERRED)

For the year 2018 the applicable tax rate was 28%. Article 22 of Law 4646/2019 amended Paragraph 1 of Article 58 of Law 4172/2013 to reduce the tax rate for on business profits. Under that provision, for the fiscal year 2019 onwards, the corporate income tax rate on business profits is reduced from twenty-eight (28%) to twenty-four percent (24%).

The amount of income taxes which are reflected in the statements of comprehensive income are analysed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Current income taxes	13,478,551.44	14,305,258.33
Deferred income taxes	(1,318,752.75)	144,494.70
Total	<u>12,159,798.69</u>	<u>14,449,753.03</u>
<u>Other Comprehensive Income</u>		
Deferred income taxes	(106,980.24)	(65,892.53)
Total	<u>(106,980.24)</u>	<u>(65,892.53)</u>

The reconciliation of income taxes reflected in statements of income and the amount of income taxes determined by the application of the Greek statutory tax rate to pretax income is summarized as follows:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Profit pre-tax income	<u>47,606,299.63</u>	<u>42,332,513.56</u>
Income tax calculated at the nominal applicable tax rate in effect (2019: 24% and 2018: 29%)	11,425,511.91	12,276,428.93
Reversing/ originating temporary differences	(523,964.48)	396,579.45
Tax effect of non-taxable income and expenses not deductible for tax purposes	660,000.00	478,500.00
Change in tax rates	598,251.26	1,298,244.65
Income tax reported in the statements of comprehensive income	<u>12,159,798.69</u>	<u>14,449,753.03</u>

Greek tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed annually but the profits or losses declared for tax purposes remain provisional until such time, as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Tax losses, to the extent accepted by the tax authorities, can be used to offset profits of the five fiscal years following the fiscal year to which they relate.

Tax Compliance certificate:

From the financial year 2011 and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided by Article 65A of L.4174/2013. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. For tax years commencing from 1/1/2016 onwards, the tax compliance report becomes optional according to the provisions of Law 4410/2016.

An audit from the tax authorities for the years 2009 to 2010 was completed on 2/5/2017 and the final tax report notified to the Company on 9/6/2017. As a result of the tax audit, an additional tax amount of € 534,665.95 and € 260,699.41 was imposed for the years 2009 and 2010 respectively which the Company has adequately provided for in the past.

For the Company, the tax audit for the financial years 2011 to 2018 was performed by their statutory auditors. The tax audit for the current financial year is in progress by the company's statutory auditors. The tax certificate will be granted after the publication of the Financial Statements.

The movement of the deferred tax asset is as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Opening balance	8,531,222.40	8,609,824.57
Income taxes (debit)	1,318,752.75	(144,494.70)
Income taxes credit – Other Comprehensive Income	106,980.24	65,892.53
Closing balance	9,956,955.39	8,531,222.40

The movement of deferred tax assets/liabilities as at December 31, 2019 and 2018 is as follows:

	<u>Statement of financial position</u>		<u>Statement of comprehensive income</u>	
	<u>31/12/2019</u>	<u>31/12/2018</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
Deferred tax assets:				
Investment property	157,974.66	164,556.95	(6,582.29)	(26,329.09)
Staff retirement indemnities	3,088,643.71	2,909,334.26	179,309.45	(394,141.89)
Provision for bad debts	5,647,684.15	7,156,834.85	(1,509,150.70)	(1,227,701.04)
Provision/Write off for disputed claims by third	1,779,405.03	246,252.36	1,533,152.67	2,069,174.98
Accrued expenses	116,781.43	109,900.00	6,881.43	(118,858.20)
Finance lease (IFRS 16)	1,061,423.23	-	1,061,423.23	-
Cash settled share based payments	144,000.00	-	144,000.00	-
Other	763,357.67	400,009.46	363,348.21	20,170.08
Deferred tax asset	12,759,269.88	10,986,887.88	1,772,382.00	322,314.84
Deferred tax liabilities:				
Depreciation based on useful life	(2,750,518.18)	(2,176,799.14)	(573,719.04)	(728,825.80)
Accrued income	(51,796.31)	(278,866.34)	227,070.03	327,908.79
Deferred tax liability	(2,802,314.49)	(2,455,665.48)	(346,649.01)	(400,917.01)
Deferred tax asset	9,956,955.39	8,531,222.40		
Deferred tax recognized in the statement of comprehensive income			1,425,732.99	(78,602.17)

The deferred tax asset balance has been built mainly in previous years (before 2016) when the Company was operating under specific legislation Law 1559/1950 and Law 2688/1999. According to these the Company believes that they have taken the ultimate possible measure for collecting a long outstanding receivable balance which is to assign those balances to tax department for collection. For such balances of € 25 million for which the company has recorded € 4.8 million deferred tax asset the Company intends to utilize this deferred asset when they will write off these balances in the future. That intention was declared in a notice letter to the Ministry of Finance but no response has been received yet. A response is critical for any future action to be determined by the Company.

10. INVENTORIES

Inventories are analysed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Consumable materials	500,793.04	425,955.28
Spare parts and equipment	<u>2,694,426.68</u>	<u>2,202,844.19</u>
Total	<u>3,195,219.72</u>	<u>2,628,799.47</u>

Inventory consumption cost for the year ended December 31, 2019 and 2018 amounted to € 2,349,767.96 and € 2,004,559.45 respectively (Note 24). Current year consumables include an amount of € 81.361.18 related to impairment of depreciated instruments. There was no inventory devaluation to their net realisable value. The prior year's items were reclassified to make them similar and comparable to those of the current year.

11. TRADE AND OTHER RECEIVABLES

This account is analysed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Trade Debtors	49,075,313.08	53,399,639.79
Minus: Provision for doubtful debts	<u>(40,114,312.20)</u>	<u>(39,218,306.27)</u>
Total trade receivables	<u>8,961,000.88</u>	<u>14,181,333.52</u>
Personnel loans	338,984.83	384,471.27
Prepaid Expenses	366,832.56	314,549.14
Income tax advance	799,514.54	-
Advances to suppliers	1,420,353.68	1,435,447.46
Other receivable	2,099,005.36	1,982,189.63
Minus: Provision for other receivables and advances to suppliers	<u>(2,204,043.54)</u>	<u>(2,204,043.54)</u>
Total other receivables	<u>2,820,647.43</u>	<u>1,912,613.96</u>
Total trade and other receivables	<u>11,781,648.31</u>	<u>16,093,947.48</u>

The Company receives payments in advance for services rendered on an ordinary basis. Customer payments in advance of € 4,701,372.39 are included in "Accrued and other current liabilities" (2018: € 5,666,629.38) (Note 20).

Income tax advance: As at December 31, 2018 the income tax liability amounted to € 8,596,350.41. During the current year the amount for income taxes charged to statement of comprehensive income amounted to € 13,478,551.44. The payments (€ 21,120,523.27) and set off and other movements (€ 1,753,893.12) for income taxes during 2019 amounted to € 22,874,416.39. As a result the debit amount of € 799,514.54 appears as a receivable and there is no income tax liability as at December 31, 2019.

Personnel loans: The Company provides interest-free loans to its personnel. The loan amount per employee does not exceed approximately € 3,000.00 and loan repayments are made by withholding monthly instalments from the employee salaries.

Other receivable: Other receivable includes the short term of the compulsory seizure of Piraeus municipality amounted to € 238,838.62 (2018: € 156,006.81), (Note 8) as well as receivable from third parties and municipality of Drapetsona amounted to € 1,860,166.74 (2018: € 1,826,182.82).

The movement of the allowance for doubtful trade receivables is analysed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Beginning balance	39,218,306.26	39,698,921.72
Increase in allowance for doubtful accounts receivables -Change in accounting policy (IFRS 9)	-	138,455.83
Provision for the year	1,022,728.54	1,023,338.08
Reversal of provision	-	(1,601,292.57)
Provision used	(126,722.60)	(41,116.80)
Ending balance	<u>40,114,312.20</u>	<u>39,218,306.26</u>

On 1 January 2018, the Company applied the IFRS 9 simplified approach to measure expected credit losses (ECLs) on the trade and other receivables balances at the date of initial application. The result of the new requirements was an increase in the Company's impairment allowances of € 138,455.83 with a corresponding impact in the opening retained earnings.

The reversal of the provision of € 1,601,292.57 concerns two customers who, during the current period, repaid part of their debt and for which provision for doubtful debts had been made in prior years.

The provision utilized for the current year of € 126,722.60 and € 41,116.80 (in prior year) relates to the write-off of a customer's debt based on a decision of the Board of Directors and Managing Director respectively and for which a provision for doubtful debts had been made in a previous year.

For trade receivables and other receivables, the Company has calculated estimated credit losses (ECLs) based on lifetime expected credit losses. Taking into consideration that trade receivables are normally settled within 10 days from the issuance of the invoice, the risk of default and the expected loss rate of 0.5% has been determined by management whereas for all balances that are outstanding for more than 10 days, the Company has considered the risk of default, the days past due and the historical credit losses experienced adjusted to reflect current and forward-looking information per debtor to measure the expected credit losses for each individual trade receivable balance.

The ageing analysis of trade receivables (net of ECLs) is as follows:

	December 31,	
	2019	2018
0-10 days	6,724,521.64	11,677,752.40
10-90 days	254,809.88	181,473.34
91-180 days	204,576.15	167,413.81
181-365 days	270,273.97	195,888.81
>365 days	1,506,819.24	1,958,805.16
Total	8,961,000.88	14,181,333.52

Trade receivables are normally settled on 10 days' terms. One single customer represents 45% of the Company's total revenue (Note 31) (2018: 42%). The outstanding amount of this customer as at December 31, 2019 amounted to € 1.3 million (2018: € 6.0 million).

The ageing analysis of receivables past due more than 365 days applies to claims for which the Company has filed appeals or taken actions for their collectability. Management and Legal Department estimate that the final court decisions will be in favour of the Company and the other actions for the collectability of these claims will finally thrive.

The movement of the allowance for doubtful other receivables and advances to suppliers is analysed as follows:

	31/12/2019	31/12/2018
Beginning balance	2,204,043.54	870,074.76
Provision for the year	-	1,333,968.78
Ending balance	2,204,043.54	2,204,043.54

During the prior period and according to the assessment of the likely outcome of the claim from the Company's Legal Department, an additional provision of € 1,333,968.78 was recorded, of which € 870,074.76 concerns the claim from the Municipality of Drapetsona and the remaining amount of € 463,894.02 concerns advances to suppliers.

The net impairment losses on financial assets are analysed as follows:

	31/12/2019	31/12/2018
Impairment losses		
-movement in loss allowance for trade receivables	1,022,728.54	1,023,338.08
-movement in loss allowance for other receivables and advances to suppliers	-	1,333,968.78
Reversal of previous impairment losses	-	(1,601,292.57)
Net impairment losses on financial assets	1,022,728.54	756,014.29

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the accompanying financial statements is analyzed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Cash in hand	89,334.36	112,577.52
Cash at banks and time deposits	<u>106,641,102.50</u>	<u>80,824,603.88</u>
Total	<u>106,730,436.86</u>	<u>80,937,181.40</u>
Restricted cash	<u>213,267.48</u>	<u>213,267.48</u>
Total	<u><u>106,943,704.34</u></u>	<u><u>81,150,448.88</u></u>

Cash at banks earns interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and for the year ended December 31, 2019, amounted to € 808,842.57 (2018: € 509,233.03) and is included in the financial income (Note 26). The remaining restricted cash of € 213,267.48 relates to Company's frozen deposits, in favor of a municipality against which there are pending trials.

13. SHARE CAPITAL

Share capital amounts to € 50,000,000.00 is fully paid up and consists of 25,000,000 ordinary shares, of nominal value € 2.00 each. There are neither shares which do not represent Company's capital nor bond acquisition rights.

14. RESERVES

Reserves are analysed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Statutory reserve	12,775,515.17	11,003,190.12
Special tax free reserve L. 2881/2001	61,282,225.52	61,282,225.52
Specially taxed income reserve	728,128.36	728,128.36
Taxed reserve L. 4172/2013 art. 72	6,087,915.56	6,087,915.56
Taxed reserve based on general provisions	<u>188,760.09</u>	<u>188,760.09</u>
Total	<u><u>81,062,544.70</u></u>	<u><u>79,290,219.65</u></u>

Statutory reserve: Under the provisions of Greek corporate Law, companies are obliged to transfer at least 5% of their annual net profit, as defined, to a statutory reserve, until the reserve equals the 1/3 of the issued share capital. The reserve is not available for distribution throughout the Company activity.

Special tax free reserve Law 2881/2001: This reserve was created during the conversion of the Company to a Société Anonyme. The total Company's net shareholder funds (Equity) was valued, by the article 9 Committee of the Codified Law 2190/1920, at € 111,282,225.52, € 50,000,000.00 out of which was decided by Law 2881/2001 to form the Company share capital and the remaining € 61,282,225.52 to form this special reserve.

Untaxed or specially taxed income reserve: This is interest income which was either not taxed or taxed by withholding 15% tax at source. In case these reserves are distributed, they are subject to tax on the general income tax provision basis. Based on Article 72 par.11 of Law 4172/2013 those reserves are subject (from 1 January 2014) to an independent taxation at a rate of 19%.

On December 30th, 2014, the Company proceeded to the taxation of those reserves which amounted to € 1,428,029.58. After the tax deduction created the taxed reserves of Article 72 N.4172 / 2013 and the taxed reserve with the general provisions amounting to € 6,087,915.56 and € 188,760.09 respectively.

15. GOVERNMENT GRANTS

The movement of the account is analyzed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Opening	28,094,773.09	28,641,523.86
Return of grant	-	(546,750.77)
Closing	28,094,773.09	28,094,773.09
Accumulated amortization	(11,909,636.84)	(11,044,911.77)
Net Book Value	<u>16,185,136.25</u>	<u>17,049,861.32</u>

Grants received up to December 31, 2011 relate to the requirements of the Olympic Games of 2004 (€ 11,400,000.00) and on the construction of infrastructure for the OSE S.A. port station (€ 3,700,000.00).

Also, a grant of € 3,653,518.80 has been received in 2012 and is divided in a) € 2,536,168.80, which relates to the widening of the quay Port Alon and b) € 1,117,350.00 for the construction of new dock at the area of Agios Nikolaos in the central port of Piraeus, under the operational program "Improvement of accessibility-energy" of the Attica region. Finally, a grant amounted to € 9,901,740.45 has been received in December 2013 and relates to the operational program "Support Accessibility" of the Ministry of Infrastructure, Transport and Network and in particular, in two projects which have been completed. According to a decision of Attica Region issued during 2017, it was decided to return the amount of € 13,735.39 for the correction of the subsidy for the project "Widening of the quay Port Alon".

Moreover, according to a decision of Attica Region issued during 2018, it was decided to return the amount of € 546,750.77 for the correction of the subsidy for the project "Construction of new dock of Ag. Nikolaos».

There are no other obligations regarding the received grants.

16. PROVISIONS

The Company has made provisions for various pending legal cases as at December 31, 2019 amounting to € 18,400,468.08 (2018: € 14,881,101.00) relating mainly to claims from personnel and other third party.

The movement of the provision for legal claims by third parties is as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Opening balance	14,881,101.00	14,211,380.65
Charge of the year (Note 24)	5,493,142.55	2,753,226.98
Provision used	(1,377,689.10)	(419,171.34)
Reversal of provision (Note 24)	(596,086.37)	(1,664,335.29)
Closing balance	18,400,468.08	14,881,101.00

The current's year provision relates to legal cases of employees, former senior executives and other third parties amounting to € 4,150,252.29, € 0.00 and € 1,342,890.26 respectively (31.12.2018: € 1,332,218.17, € 81,703.13 and € 1,339,305.68 respectively). The reversal of the provision relates to legal cases which have been reassessed by the Company's legal department based on current developments or finalized in favor of the Company. The provision used relates to legal cases which have been finalized against the Company and a provision has been made in prior years.

17. RESERVE FOR STAFF LEAVING INDEMNITIES

The relevant provision movement for the financial year ended on December 31, 2019 and the financial year ended on December 31, 2018 is as follows:

Liability in Statement of Financial Position 1.1.2018	11,391,297.02
Current cost of Employment	542,503.00
Interest cost on liability	230,104.20
Gain from financial assumption change-OCI	(62,618.40)
Experience loss-OCI	316,051.20
Benefits paid	(780,000.00)
Liability in Statement of Financial Position 31.12.2018	11,637,337.02
Current cost of Employment	589,250.00
Cost of employment	1,344,994.00
Interest cost on liability	235,074.00
Loss from financial assumption change-OCI	476,129.00
Experience gain-OCI	(30,378.00)
Benefits paid	(1,383,057.23)
Liability in Statement of Financial Position 31.12.2019	12,869,348.79

The principal actuarial assumptions used are as follows:

	<u>2019</u>	<u>2018</u>
Discount Rate	1.25%	2.02%
Salaries increase	0.00%	0.00%
Average annual growth rate of long-term inflation	1.50%	2.00%

A quantitative sensitivity analysis for significant assumption as at December 31, 2019 and December 31, 2018 is as shown below:

<u>2019</u>	<u>Discount rate</u>		<u>Future salary increases</u>
Sensitivity Level	0.50%	0.50%	0.50%
	increase	decrease	increase
Impact on defined benefit obligation	(595,648.79)	637,074.21	-

<u>2018</u>	<u>Discount rate</u>		<u>Future salary increases</u>
Sensitivity Level	0.50%	0.50%	0.50%
	increase	decrease	increase
Impact on defined benefit obligation	(347,880.00)	350,243.00	212,332.00

The following contributions are expected for the defined benefit plan obligation in future years:

	<u>2019</u>	<u>2018</u>
Within the next 12 months (next annual reporting period)	291,994.00	740,556.00
Between 2 and 5 years	2,166,787.00	1,960,214.00
Between 5 and 10 years	11,372,366.00	8,058,284.00
Beyond 10 years	11,567,297.00	14,967,777.00
Total expected payments	<u>25,398,444.00</u>	<u>25,726,831.00</u>

The average duration of the defined benefit plan obligation at the end of the year is 13.2 years (2018: 13.4 years).

18. LONG-TERM & SHORT TERM BORROWINGS
a) Long-term borrowings:

The long term portion of borrowings as at December 31, 2019 and December 31, 2018 respectively is as follows:

	December 31,	
	2019	2018
Total of Long term borrowings	56,499,999.99	62,499,999.99
Minus:		
Short term portion of Long term borrowings	<u>6,000,000.00</u>	<u>6,000,000.00</u>
Long term portion	<u>50,499,999.99</u>	<u>56,499,999.99</u>

Balance included in the following loans between the Company and the European Investment Bank:

1. Loan of € 35,000,000.00 for the construction of Container Terminal Pier I, issued on 30/7/2008.

The repayment of the loan will be in thirty (30) semi-annual installments, payable from December 15, 2013 up to and including June 15, 2028. As amended in October 2, 2017 the loan bears an annual interest rate, that is the sum of a variable interest rate and a margin of 0.25% which is payable quarterly.

From this contract there are obligations and restrictions for the Company, the most important of which are summarized as follows: (i) to submit the annual financial statements within 1 month of publication along with a Certificate of Compliance audited by a recognized firm of certified auditors, and (ii) to hold throughout the duration of the loan and until fully repaid, the following financial ratios, calculated on annual financial statements, audited by certified auditors, for each financial year:

1. EBITDA [Profit / (loss) before interest, taxes, depreciation and amortization] / Interest ≥ 3.00
2. Total net bank debt / EBITDA [Profit / (loss) before interest, tax, depreciation, amortization] ≤ 9.80
3. Total shareholders' equity ≥ 140 million

2. Loan of € 55,000,000.00 for the construction of Container Terminal Pier I issued on the 10/02/2010.

The repayment of the loan will be in thirty (30) semi-annual installments, payable from 15 June 2015 up to and including 15 December 2029. As amended in October 2, 2017 the loan bears an annual interest rate, that is the sum of a variable interest rate and a margin of 0.25% which is payable quarterly.

From this contract there are obligations and restrictions for the company, the most important of which are summarized as follows: (i) to submit the annual financial statements within 1 month of publication along with a Certificate of Compliance audited by a recognized firm of certified auditors, and (ii) to hold throughout the duration of the loan and until fully repaid, the following financial ratios, calculated on annual financial statements, audited by certified auditors, for each financial year:

1. EBITDA [Earnings before interest, taxes, depreciation and amortization] / Interest ≥ 3.00
2. Total net bank debt / EBITDA [Earnings before interest, taxes, depreciation, amortization] ≤ 9.80
3. Current assets / current liabilities ≥ 1.2
4. Total shareholders' equity ≥ 140 million.

As at 31 December 2019 the Company was in compliance with the above financial ratios.

On September 26, 2017 a Guarantee Issuance Facility Agreement was signed between the Company and the "Export Import Bank of China", in respect of the issuance of guarantees of an initial amount of € 75,074,999.99 to support the loans from the European Investment Bank outstanding debt. The amount of guarantee is variable and is based on an amortization table linked to the total outstanding balance of both loans agreements. The guarantee bears an issuance fee of zero point six per cent (0.6%) of the relevant maximum guarantee amount. This fee paid for the year ended December 31, 2019 amounted to € 457,619.66 (31 December 2018 € 457,619.66) and is included in financial expenses (Note 26).

For the year ended December 31, 2019 and 2018, total interest expense on long-term borrowings, amounted to € 266,344.62 and € 205,895.14 respectively and is also included in financial expenses (Note 26).

On November 8, 2019 a loan agreement of € 100,000,000.00 was signed between PPA S.A. and the European Investment Bank. The purpose of the loan is to invest in the expansion and upgrading of many areas of Piraeus Port, including the extension of the car terminal, improving the infrastructure of the ship repair zone, the development of a new logistics Port Center, the construction of a new cruise service facility, the acquisition of new container terminal equipment and the renovation-upgrading of other port and electromechanical installations. Guarantor of P.P.A. regarding the loan is the Export-Import Bank of China (based on contract 14/11/2019) and a letter of guarantee will be issued within the withdraw of the loan. As at December 31, 2019 the Company has no withdraw any amount.

b) Short-term borrowings:

The Company has a credit line available for € 70,000,000.00 with National Bank of Greece valid until September 30, 2020. The credit line bears annual variable interest rates of Euribor, plus margin 2.9%. The Company has not utilised any amount under the overdraft agreement.

19. DIVIDENDS

Dividends paid in 2019 related to fiscal year 2018: The Annual General Assembly of the Company which was held on June 28, 2019 decided the distribution of a dividend related to fiscal year 2018 amounted to € 10,600,000.00 or € 0.4240 per share (31.12.2017: € 4,280,000.00 or 0.1712 per share). The dividend is subject to withholding tax in accordance with the relevant tax rate. The dividend was fully paid on July 26, 2019.

Dividends proposed for the fiscal year 2019: On February 20, 2020 the Board of Directors proposed the distribution of a dividend amounted to € 13,420,000.00 or € 0.5388 per share. The final authorization is subject to approval by the Annual General Assembly.

20. ACCRUED AND OTHER CURRENT LIABILITIES

This account is analyzed as follows:

	<u>31/12/2019</u>	<u>31/12/2018</u>
Taxes payable (except Income taxes)	5,608,919.52	6,551,901.97
National insurance and other contribution	2,690,418.35	2,552,055.74
Salaries Payable	1,124,552.74	389,068.17
Concession Agreement Liability	1,912,902.56	4,836,573.06
Other creditors	3,827,276.09	1,126,768.39
Other Short Term Obligations	854,577.50	1,228,392.96
Regulatory Authority for Ports	466,562.41	417,071.82
Greek State committed dividends	804,000.00	804,000.00
Liability to "Loan and Consignment Fund"	77,271.48	1,346,450.35
Customers' payment in advance	4,701,372.39	5,666,629.38
Provision for employee's voluntary retirement incentives	45,000.00	540,000.00
Accrued expenses	1,523,973.39	2,122,896.56
Total	<u>23,636,826.43</u>	<u>27,581,808.40</u>

Taxes Payable: Current period's amount consists of: a) Value Added Tax € 933,411.31 (2018: € 5,105,565.59, b) Employee withheld income tax € 1,424,095.70 (2018: € 1,281,368.08 and c) other third party taxes € 251,412.51 (2018: € 164,968.30).

Concession Agreement Liability: The prior year amount was calculated at 3.5% on total revenues of the year excluding finance income. From the adoption of IFRS 16 (Note 5), this liability refers to the variable amount excludes the minimum annual fee regarding the current period of € 3,500,000.00 with a corresponding decrease in the expense account "Concession agreement fee" (Note 24). Regardless of the application of the new standard, the Company's contractual obligation to pay to the Greek State as at 31 December 2019 is € 5,412,902.54 (31 December 2018: € 4,836,573.06)

Payment in advance: The Company receives payments in advance for services rendered on an ordinary basis, which are then settled on a regular basis. Customer payments in advance amounted to € 4,701,372.39 (2018: € 5,666,629.38). Customer advances include an amount of € 209,204.00 (2018: € 273,874.00) as a liability arising from contracts with customers in the application of the IFRS 15.

Obligation to the Deposits and Loans Fund: The balance relates mainly to the Company's obligation to the Deposits and Loans Fund from the sale of four damaging ships from the port of Piraeus in the prior year, which was repaid in the current period.

21. DEFERRED INCOME

- a) On April 27, 2009 “PCT S.A.” paid € 50,000,000.00 as a one-off consideration for the use of port facilities of Piers II and III of SEMPO of PPA (N.3755/2009). From the aforementioned amount, € 2,930,211.41 was offset with the cost of supplies and parts provided by PCT S.A., while the remaining amount of € 47,069,788.59 is amortized over the concession period. On August 2009, PPA S.A received from PCT S.A. three letters of guarantee amounted to € 61.4 million, € 21.0 million and € 42.0 million respectively for the concession agreement, the upgrade of PIER I and the construction of PIER II respectively. On September 2016, the last letter of guarantee reduced by 50% upon completion of the project construction of the eastern side of PIER III. The guarantee of € 61.4 million was replaced and came into force on 26.8.2019 . The guarantee of € 21.0 million has been returned. The initial concession period was thirty (30) years, which increased to thirty five (35) years, after the completion the construction of the port infrastructure on the east side of Pier III. In addition, the Company has received from PCT S.A. letter of guarantee for the construction of the petroleum pier of € 475,000.00.

Following the transfer of the cumulative amount € 13,784,723.80 on revenue of the years 2009 until 2019 the new balance at December 31, 2019 amounted to € 33,285,064.79 (December 31, 2018: € 34,629,915.91).

- b) The Company receives Fixed Annual Consideration from PCT S.A based on the length and surface of conceded land. Fixed Annual Considerations is invoiced in advance in April and October of each fiscal year. As a result the company has recognized as deferred revenue of € 3,015,668.46 and € 2,210,308.45 as at December 31, 2019 and December 31, 2018 respectively.

Balance December 31, 2017	38,127,135.66
Less: Amortization of the year – Initial concession	(1,344,851.10)
Less: Deferred Fixed Annual Consideration for the period 1.1.2018-31.3.2018 realized	(2,152,368.65)
Plus: Deferred Fixed Annual Consideration for the period 1.1.2019-31.3.2019	2,210,308.45
Balance December 31, 2018	36,840,224.36
Less: Amortization of the year – Initial concession	(1,344,851.10)
Less: Deferred Fixed Annual Consideration for the period 1.1.2019-31.3.2019 realized	(2,210,308.45)
Plus: Deferred Fixed Annual Consideration for the period 1.1.2020-31.3.2020	3,015,668.46
Balance December 31, 2019	36,300,733.27

- c) Additionally as at December 31, 2019, deferred income includes an amount of €12,623.62 (2018: €10,740.81) which relates to the deferred income from rentals.

22. SEGMENT INFORMATION

The Company operates in Greece, regardless of the fact that its clientele includes international companies. Additionally, the Company has no other commercial or industrial activities other than the provision of services solely in the Port area and does not have income or assets from foreign customers (based on the geographical area in which they operate).

The port of Piraeus is a port complex activity, putting work in many areas of port activity, such as containers Car-terminal, shipping, cruise, Ro-Ro, ship repairing, environmental and logistics services.

It is the main port of coastal connecting mainland Greece and the islands, the main cruise port service in the country, the main port container, the main car – terminal port of the country.

PPA S.A. provides all the requested port services: water, fuel oil, solid and liquid slot tankers, jack residual oil, electricity, fiber optics and internet, victuals, repairs, environmental services and is fully connected to all activities with modern computer systems.

The management of PPA S.A. monitors at the level of results of the above activities and takes business decisions based on the implemented internal management information system.

Based on the above and in accordance with the provisions of IFRS 8, the Company has determined to disclose the following segments:

- Container Terminal
- Handling Car
- Coasting
- Cruise
- Ship repairing
- Other segments (water supply, space management, merchandise management)

The other segments include activities representing less than 10 % of total revenue and profit in all segments and therefore are not disclosed as separate operating segments.

The Company level includes revenues and expenses that are not allocated by operating segment because management monitors them at entity level.

Management does not make business decisions and does not monitor periodically the assets and liabilities of the business sectors and for this reason does not make the relevant disclosures as required by the provisions of IFRS 8.

The segment information for the years ended December 31, 2019 and 2018 is analysed as follows:

31.12.2019	CONTAINER TERMINAL		CAR TERMINAL	COASTING	CRUISE	SHIP REPAIRING (TANKS AND DOCK)	OTHER SEGMENTS	COMPANY	TOTAL
	CONTAINER TERMINAL OPERATION	CONSESSION ARRANGEMENT PIER II&III							
Revenues	25,020,351.53	65,768,391.78	13,886,758.26	11,244,296.64	12,503,616.47	11,859,676.17	8,938,964.55	-	149,222,055.40
Cost of sales	(32,739,342.16)	(4,119,560.48)	(8,223,759.77)	(5,546,570.28)	(6,982,143.73)	(9,992,112.97)	(7,661,438.42)	-	(75,264,927.81)
Gross profit/(loss)	(7,718,990.63)	61,648,831.30	5,662,998.49	5,697,726.36	5,521,472.74	1,867,563.20	1,277,526.13	-	73,957,127.59
Other expenses	(3,275,715.47)	(8,911,740.14)	(1,753,548.43)	(1,293,225.47)	(1,174,794.94)	(1,740,136.04)	(1,510,597.94)	(9,522,346.84)	(29,182,105.27)
Other income	-	-	-	-	-	943,357.72	2,685,040.77	1,803,864.49	5,432,262.98
Financial income	-	-	-	-	-	-	-	866,443.74	866,443.74
Financial expenses	(1,069,805.85)	(1,092,190.90)	(236,598.09)	(182,127.67)	(193,564.03)	(209,535.43)	(152,322.36)	(331,285.08)	(3,467,429.41)
Profit/ (loss) before income taxes	(12,064,511.95)	51,644,900.26	3,672,851.97	4,222,373.22	4,153,113.77	861,249.45	2,299,646.60	(7,183,323.69)	47,606,299.63
Income taxes	-	-	-	-	-	-	-	(12,159,798.69)	(12,159,798.69)
Net profit / (loss) after taxes	(12,064,511.95)	51,644,900.26	3,672,851.97	4,222,373.22	4,153,113.77	861,249.45	2,299,646.60	(19,343,122.38)	35,446,500.94
Depreciation and amortisation (including right-of-use assets depreciation)	6,749,397.32	3,339,558.72	778,547.22	1,193,565.76	1,473,767.40	2,194,520.46	1,531,826.51	-	17,261,183.39
(Losses)/Earnings before Interest, Taxes, Depreciation and Amortisation	(4,245,308.78)	56,076,649.88	4,687,997.28	5,598,066.65	5,820,445.20	3,265,305.34	3,983,795.47	(7,718,482.35)	67,468,468.69

31.12.2018	CONTAINER TERMINAL		CAR TERMINAL	COASTING	CRUISE	SHIP REPAIRING (TANKS AND DOCK)	OTHER SEGMENTS	COMPANY	TOTAL
	CONTAINER TERMINAL OPERATION	CONSESSION ARRANGEMENT PIER II&III							
Revenues	25,119,317.36	56,156,249.05	13,673,252.02	10,675,703.18	10,565,255.12	9,463,939.14	7,277,325.56	-	132,931,041.43
Cost of sales	(33,583,844.20)	(4,432,549.76)	(8,483,092.68)	(6,443,981.25)	(6,664,595.58)	(6,547,676.65)	(7,451,234.56)	-	(73,606,974.66)
Gross profit/(loss)	(8,464,526.84)	51,723,699.29	5,190,159.34	4,231,721.93	3,900,659.54	2,916,262.49	(173,909.00)	-	59,324,066.77
Other expenses	(3,366,107.19)	(7,602,792.41)	(1,860,161.26)	(1,398,185.20)	(1,290,576.10)	(1,460,777.96)	(1,279,899.06)	(3,826,468.04)	(22,084,967.24)
Other income	-	-	-	-	-	1,021,970.19	2,841,724.01	1,393,066.82	5,256,761.02
Financial income	-	-	-	-	-	-	-	836,138.14	836,138.14
Financial expenses	(663,514.81)	-	-	-	-	-	-	(335,970.32)	(999,485.13)
Profit/ (loss) before income taxes	(12,494,148.84)	44,120,906.88	3,329,998.07	2,833,536.73	2,610,083.44	2,477,454.72	1,387,915.95	(1,933,233.40)	42,332,513.56
Income taxes	-	-	-	-	-	-	-	(14,449,753.03)	(14,449,753.03)
Net profit / (loss) after taxes	(12,494,148.84)	44,120,906.88	3,329,998.07	2,833,536.73	2,610,083.44	2,477,454.72	1,387,915.95	(16,382,986.43)	27,882,760.53
Depreciation and amortisation	6,191,443.78	2,433,579.82	526,753.78	1,105,575.92	1,395,735.47	1,196,939.26	1,331,945.91	-	14,181,973.94
(Losses)/Earnings before Interest, Taxes, Depreciation and Amortisation	(5,639,190.25)	46,554,486.70	3,856,751.85	3,939,112.65	4,005,818.31	3,674,393.98	2,719,863.57	(2,433,402.33)	56,677,834.49

23. REVENUES

Revenues are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Revenue from:		
Loading and Unloading	29,678,655.63	29,675,134.58
Storage	3,342,842.77	3,427,207.63
Supply of water	2,681,939.49	2,492,221.45
Dry docking services	5,945,883.84	5,024,033.69
Cruise services	7,800,086.40	6,610,047.72
Ferry services	8,664,087.46	8,129,724.93
Environmental services	2,828,330.50	2,439,138.66
Mooring	10,503,862.15	9,783,580.32
Shipbuilding Repair Zone services	5,913,792.33	4,439,905.45
Other supporting services	5,616,593.35	4,506,772.21
Revenue from concession of liquid wastes' collection and transportation	477,589.50	247,025.80
Total	<u>83,453,663.42</u>	<u>76,774,792.44</u>

Revenue from Fixed and Variable Consideration:

Revenue from concession agreement Pier II+III	64,356,706.33	54,751,723.34
Other income from concession agreement Pier II+III	1,411,685.65	1,404,525.65
Total	<u>149,222,055.40</u>	<u>132,931,041.43</u>

The increase in revenue from the concession Piers II + III is due to the increase in Consolidated Income of PCT S.A. of the prior contractual year which forms the basis of variable consideration received. The variable consideration from concession agreement II και III for the current year amounted to € 53,789,960.96 (31.12.2018: € 45,910,315.43).

24. ANALYSIS OF EXPENSES

Expenses (cost of sales and administrative expenses) are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Payroll and employee related costs (Note 28)	58,162,824.70	55,372,089.74
Third party fees	1,070,220.40	760,790.67
Third party services	11,206,632.08	10,411,067.37
Depreciation- Amortization (Note 27)	17,261,183.39	14,181,973.94
Taxes and duties	834,408.09	926,359.66
General expenses	4,970,733.57	4,555,367.88
Cost of sales of inventory and consumables (Note 10)	2,349,767.96	2,004,559.45
Provision for pending lawsuits (Note 16)	4,897,056.18	1,088,891.69
Concession agreement fee (Note 20)	1,912,902.56	4,836,573.06
Total	<u>102,665,728.93</u>	<u>94,137,673.46</u>

The above expenses are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Cost of sales	75,264,927.81	73,606,974.66
Administrative expenses	27,400,801.12	20,530,698.80
Total	<u>102,665,728.93</u>	<u>94,137,673.46</u>

Third party services: For the year ended December 31, 2019 third party services include electricity charges of € 2,695,162.12 (2018: € 2,397,610.98), water supply charges of € 1,693,482.85 (2018: € 1,473,850.87), telecommunication charges of € 327,484.18 (2018: € 313,006.40), rental expenses of € 2,053,278.42 (2018: € 5,016,153.83), insurance expenses of € 884,052.53 (2018: € 1,008,280.11), repair and maintenance costs of € 2,540,307.40 (2018: € 2,130,350.86) and other expenses of € 2,925,767.14 (2018: € 2,908,387.38). Additionally, third party services include the fees of the company "PricewaterhouseCoopers" in Greece for the services provided related to statutory audit fees for the financial statements (€ 130,000.00), tax audit certificate in accordance with article 65A of L. 4174/2013 and the POL 1124/18.06.2015 decision of the General Secretary of Public Revenue of the Ministry of Finance (€ 25,000.00) as well as other non – audit services (€ 73,000.00).

25. OTHER OPERATING INCOME / EXPENSES

OTHER OPERATING INCOME

The amounts are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Rental income	3,910,859.49	3,585,525.28
Income from European Union programs	443,160.44	343,911.87
Gain from disposal of tangible assets	-	291,633.92
Debtor's credit balances write off	198,414.55	-
Income from the confiscation of letters of guarantees	118,958.61	-
Various other operating income	760,869.89	1,035,689.95
Total	<u>5,432,262.98</u>	<u>5,256,761.02</u>

Rental income concerns land and building rents as well as the investment properties rent (Note 6).

OTHER OPERATING EXPENSES

The amounts are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Third parties compensation	250,209.80	396,925.89
Third party fees for development plan	7,200.00	94,411.09
Debtor's credit balances write off	122,514.91	-
Other expenses	378,650.90	306,917.17
Total	<u>758,575.61</u>	<u>798,254.15</u>

The third parties compensations relates mainly to interest compensations according to court decisions that finalized against Company.

26. FINANCIAL INCOME/EXPENSES

The amounts are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Interest income and related financial income	808,842.57	509,233.03
Finance cost for lease liabilities (Note 5)	(2,476,537.85)	-
Interest expense and related financial expenses	(990,891.56)	(999,485.13)
	(2,658,586.84)	(490,252.10)
Interest on debtors late payments	57,601.17	326,905.11
Total	<u>(2,600,985.67)</u>	<u>(163,346.99)</u>

27. DEPRECIATION AND AMORTISATION

The amounts are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Depreciation of property, plant and equipment (Note 4)	15,949,616.51	15,013,825.58
Software depreciation (Note 7)	139,638.78	14,671.46
Amortisation of right of use assets (Note 5)	2,036,653.17	-
Fixed assets subsidies depreciation (Note 15)	(864,725.07)	(846,523.10)
Total	<u>17,261,183.39</u>	<u>14,181,973.94</u>

28. PAYROLL AND EMPLOYEE RELATED COST

The amounts are analyzed as follows:

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Wages and salaries	42,784,587.85	42,449,218.30
Social security costs	10,504,941.13	10,531,409.75
Other staff costs	1,461,999.80	1,113,854.49
Provision for staff leaving indemnities (Note 17)	2,169,318.00	772,607.20
Employee retirement incentives	641,977.92	405,000.00
Provision for cash-settled share based payments	600,000.00	-
Provision for employees bonus	-	100,000.00
Total	<u>58,162,824.70</u>	<u>55,372,089.74</u>

The Company announced during the year the offer of voluntary retirement incentives to those employees who are close to retirement date. Until December 31, 2017, 75 employees have used the incentives (€ 1,715,757.12) and a provision was made for another 35 who announced their intention to use the incentive in 2017 (€ 787,500.00).

During the prior year, an additional provision of € 405,000.00 was made for 14 employees and 4 workers, of which 4 employees and 1 worker use the incentives in 2018. In addition, incentives were used by 20 employees and 4 workers for whom the provision was made as of 31 December 2017. The provision for retirement incentives as at 31 December 2018 amounts to € 540,000.00 (note 20).

During the current year, an additional provision of € 22,500.00 was made for 1 worker as well as two officials withdrew their intention to voluntarily retire and consequently reversed the provision made in the past. In addition, 35 employees and 26 workers were used as incentives for which part of the provision made on December 31, 2017 and 2018 amounted to € 517,500. The provision for retirement incentives as at 31 December 2019 amounts to € 45,000.00 (note 20).

The Extraordinary General Meeting of the Company's shareholders on September 23, 2019 approved the long-term incentive bonus plan, which is cash settled of a certain number of Units. Beneficiaries of the program are members of the Board of Directors, senior executives and other key management and business executives who have a significant influence on the performance and uninterrupted operation of the Company.

The total number of Units in the Program is six hundred sixty-six thousand (666,000). The allocation for 80% of the Units equals five hundred thirty-two thousand eight hundred (532,800) Units. 20% of the total number, namely one hundred thirty three thousand two hundred (133,200) Units, will remain available to key executives who will enter or be promoted to beneficiary positions in the Company after the First Release Date and until 31 October 2020, and will be available one year after the First Release Date. Any key management personnel joining the Company after 31 October 2020 will not benefit from the Program.

The amount payable to the beneficiaries is determined by the increase in the share price from the grant date (8/10/2019: € 22.53) and the redemption date. In addition, the redemption of the Units depends on the achievement of predetermined performance criteria of the Company and the Beneficiaries.

After fulfilling the Program's performance criteria over two years, the Units are redeemed on specific dates on the 2nd, 3rd and 4th anniversary from the date of first grant with the possibility of being redeemed by the 7th anniversary by the above dates. on the date of first disposal, provided that no redemption will take place after the seventh (7th) anniversary of the date of first disposal.

The fair value of the long-term incentive bonus plan as of December 31, 2019 was determined using the Binomial model with the following data:

	<u>31/12/2019</u>
Share price at measurement date	Euro 21,85
Expected share volatility	25%
Dividend yield	2%
Risk-free interest rate	0%

The valuation of the liability amounted to € 600,000.00 and is included in other long-term liabilities. As of December 31, 2019, no unit of the program has been vested by the beneficiaries.

29. EARNINGS PER SHARE

	<u>1/1-31/12/2019</u>	<u>1/1-31/12/2018</u>
Profit for the year	35,446,500.94	27,882,760.53
Weighted number of shares	25,000,000	25,000,000
Basic Earnings per share	<u><u>1.4179</u></u>	<u><u>1.1153</u></u>

30. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Litigation and Claims: The Company is currently involved in a number of legal proceedings and has various claims of a total amount of approximately € 184.5 million concerning mainly labour disputes and legal proceedings with municipalities around the port, arising in the ordinary course of business. Based on currently available information, management and its legal department believe that the outcome of these proceedings will not have a significant effect on the Company's operating results or financial position, except of the recorded provisions in Note 16.

(b) Liabilities arising from letters of Guarantee: The Company has issued letters of guarantee amounting to € 20,019,969.51 (December 31, 2018: € 20,019,969.51), of which € 4,546,581.01 (December 31, 2018: € 4,546,581.01) in favor of the General Directorate of Customs (E 'and F' Customs Office) of the Ministry of Economy for the operation of all warehouses for temporary storage of goods PPA S.A.

Under the current concession agreement of 24.06.2016 between the PPA and the Greek Government, PPA has issued a letter of guarantee in favor of the Ministry of Finance General Secretariat of Public Property amounted to € 15,000,000.00.

Minimum Future Rents: The minimum future rental income receivable, arising from the existing rental agreements are as follows:

	<u>31 Δεκεμβρίου 2019</u>
Within 1 year	12,969,242.78
Between 1 and 2 years	12,186,589.58
Between 2 and 3 years	11,849,428.90
Between 3 and 4 years	11,820,586.23
Between 4 and 5 years	11,568,583.61
Over 5 years	<u>225,528,787.22</u>
Total	<u>285,923,218.33</u>

(c) Contractual commitments with creditors: The outstanding balance of the contractual commitments with creditors on significant infrastructure projects (construction, maintenance, improvements, etc.) at December 31, 2019 amounted to approximately € 9.0 million (2018: approximately € 8.6 million).

(d) Special Contribution to Social Security Institute (IKA – ETAM): On November 7, 2011 the Company notified the management of IKA its intention to stop paying the special contribution in favor of the supplementary fund of Company’s employees, since after the merger of IKA with IKA – TEAM management of the Company considers that there is no further obligation. From October 2013, The Company decided to cease the payments to those institutions. The management of the Company believes that this contingent liability could be settled without significant adverse effects on its financial position.

(e) Commitments for investments based on concession arrangement: Based on the concession arrangement signed on June 24, 2016 between the Company and Hellenic Republic derives the commitment of the Company to invest in projects into for the port infrastructure within the next five years of a total amount of € 293.8 million. By December 31, 2019, mandatory investments totaling € 54.1 million have been completed (2018: € 51.9 million). Additionally, in assets under construction is included the amount of € 7.0 million concerning mandatory investments.

31. RELATED PARTIES

The Company provides services to certain related parties in the normal course of business. The Company’s transactions and account balances with related companies are as follows:

Related party	Relation with the Company	Year ended	Sales to related parties	Purchases from related parties
PIRAEUS CONTAINER TERMINAL S.A	Related Party	31.12.2019	67,719,785.93	4,860.11
		31.12.2018	56,156,248.99	2,227,919.15
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2019	98,514.89	87,997.54
		31.12.2018	122,523.95	2,040.78
PCDC S.A	Related Party	31.12.2019	35,693.81	-
		31.12.2018	37,754.30	-
CHINA COSCO SHIPPING CORPORATION LIMITED	Related Party	31.12.2019	-	-
		31.12.2018	5,850.00	-
COSCO SHIPPING DEVELOPMENT CO. LTD	Related Party	31.12.2019	289,075.00	-
		31.12.2018	-	-
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2019	-	(145,000.00)
		31.12.2018	-	23,835,000.00
COSCO SHIPPING TECHNOLOGY Co LTD	Related Party	31.12.2019	-	431,658.88
		31.12.2018	-	387,400.00
COSCO (HONG KONG) INSURANCE BROKERS L.T.D.	Related Party	31.12.2019	-	346,297.23
		31.12.2018	-	418,306.44
COSCO SHIPPING AIR FREIGHT CO	Related Party	31.12.2019	-	5,295.97
		31.12.2018	-	51,238.78
COSCO SHIPPING GLOBAL EXH	Related Party	31.12.2019	-	32,325.00
		31.12.2018	-	-
		31.12.2019	68,143,069.63	763,434.73
		31.12.2018	56,322,377.24	26,921,905.15

Related Party	Relation with the Company	Year ended	Amounts due from related parties	Amounts due to related parties
PIRAEUS CONTAINER TERMINAL S.A.	Related Party	31.12.2019	1,297,155.32	6,026.54
		31.12.2018	6,037,259.55	6,475.62
COSCO SHIPPING LINES GREECE S.A.	Related Party	31.12.2019	62,593.95	45,105.00
		31.12.2018	86,842.22	-
PCDC S.A.	Related Party	31.12.2019	541.33	-
		31.12.2018	140.18	6,000.51
COSCO (Shanghai) SHIPYARD Co LTD	Related Party	31.12.2019	-	-
		31.12.2018	-	2,383,500.00
COSCO SHIPPING DEVELOPMENT CO. LTD	Related Party	31.12.2019	87,328.44	-
		31.12.2018	-	-
		31.12.2019	1,447,619.04	51,131.54
		31.12.2018	6,124,241.95	2,395,976.13

The revenues of € 65,768,391.98 from Piraeus Container Terminal S.A. (PCT S.A.) are related to the fixed and variable revenue from the concession agreement (PIER II & III) and revenues of € 1,951,393.95 related to mooring and loading/uploading (Note 23). The Company PCT S.A. is considered as a related party after the acquisition of the majority stake of PPA S.A by the COSCO SHIPPING (Hong Kong) Limited on August 10, 2016. Expenses from PCT S.A. related mainly to invoices to PPA S.A. for the construction of the petroleum pier that has been undertaken by a contractor through PCT S.A. (Note 21).

The transaction with COSCO (HONG KONG) INSURANCE BROKERS L.T.D. relates to the insurance coverage of PPA S.A. regarding third party liability, employer' s liability, property and business interruption and directors and officers liability for the period 1.1-31.12.2019, according to article 17 of the Concession Agreement (Greek Law 4404/2016).

The transaction with COSCO (Shanghai) SHIPYARD Co LTD relates to a credit invoice issued to PPA SA. from the purchase of the floating dock. The balance with COSCO (Shanghai) SHIPYARD Co LTD of the previous year relates to the purchase of the floating dock for the Perama Shipbuilding Zone, which was paid in the current year.

The transaction with COSCO SHIPPING DEVELOPMENT CO. LTD relates to its ship repair service.

The transaction with COSCO SHIPPING TECHNOLOGY CO. LTD relates to implementation of the SAP software program.

Board of Directors Members Remuneration: During the year 2019, remuneration and attendance costs, amounting to € 684,863.21 (2018: € 649,392.61) were paid to the Board of Directors members. Furthermore during the year ended December 31, 2019 emoluments of € 582,033.83 (December 31, 2018: € 421,635.64) were paid to Managers / Directors for services rendered.

32. FINANCIAL INSTRUMENTS

Fair Value: The carrying amounts reflected in the accompanying sheets of financial position for cash and cash equivalents, trade and other accounts receivable, prepayments, trade and other accounts payable and accrued and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of variable rate loans and borrowings approximate the amounts appearing in the statements of financial position.

The Company categorized its financial instruments carried at fair value in three categories, defined as follows:

Level 1: Quoted (unadjusted) values from active financial markets for identical negotiable assets or liabilities.

Level 2: Other techniques for which all inflows that have a significant impact on the recorded fair value are identified or determined directly or indirectly from active financial markets.

Level 3: Techniques that use inflows that have a significant impact on the recorded fair value and are not based on quoted prices from active financial markets.

During the years ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2019 and 2018, the Company held the following financial instruments:

December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	56,499,999.99	-	56,499,999.99
Investment property	-	-	734,338.38	734,338.38
December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities				
Interest bearing loans and borrowings (including short term portion)	-	62,499,999.99	-	62,499,999.99
Investment property	-	-	734,338.38	734,338.38

Credit Risk: There is no significant credit risk for the Company towards the contracting parties, since it receives advance payments or letters of guarantee from customers. In addition, the Company's deposits are lined in bank financial institutions in Greece with the following ratings (Moody's credit rating):

	December 31,	
	<u>2019</u>	<u>2018</u>
Caa1	94,914,711.33	-
Caa2	11,939,658.65	81,037,871.36
Total	<u>106,854,369.98</u>	<u>81,037,871.36</u>

Foreign Exchange Risk: The Company is neither involved in international trade nor has any long term loans in foreign currency and therefore is not exposed to foreign exchange risk resulting from foreign currency rate variations.

Interest rate risk: The Company bank loans are expressed in Euro and are subject to floating interest rates. The Company does not use derivatives in financial instruments in order to reduce its exposure to interest rate risk fluctuation as at the balance-sheet date. The Company management believes that there is no significant risk resulting from a possible interest rate fluctuation.

The table below presents and analyses the sensitivity of the result in relation to financial assets (cash on hand and in banks) and financial liabilities (loans) of the Company to the interest rate risk changes assuming a simultaneous change in interest rates by ± 100 basis points on the Company's profit.

2019		Decrease	(Increase)
Financial assets	Accounting values	+100bips(Euribor)	-100bips(Euribor)
Cash and cash equivalents	106,730,436.86	1,067,304.37	(1,067,304.37)
Effect before income tax		1,067,304.37	(1,067,304.37)
Income tax 24%		(256,153.05)	256,153.05
Net effect		811,151.32	(811,151.32)
Financial liabilities			
Long term loans	(56,499,999.99)	(565,000.00)	565,000.00
Effect before income tax		(565,000.00)	565,000.00
Income tax 24%		135,600.00	(135,600.00)
Net effect		(429,400.00)	429,400.00
Total net effect		381,751.32	(381,751.32)

2018		Decrease	(Increase)
Financial assets	Accounting values	+100bips(Euribor)	-100bips(Euribor)
Cash and cash equivalents	80,937,181.40	809,371.81	(809,371.81)
Effect before income tax		809,371.81	(809,371.81)
Income tax 29%		(234,717.83)	234,717.83
Net effect		574,653.99	(574,653.99)
Financial liabilities			
Long term loans	(62,499,999.99)	(624,999.99)	624,999.99
Effect before income tax		(624,999.99)	624,999.99
Income tax 29%		181,250.00	(181,250.00)
Net effect		(443,749.99)	443,749.99
Total net effect		130,904.00	(130,904.00)

Liquidity risk: The effective management of liquidity risk is secured by ensuring maintenance of adequate cash reserves and a possibility for funding if necessary. Corporate liquidity risk management is based on rationale management of working capital and cash flows.

The following table summarizes the maturities of financial liabilities December 31, 2019 and 2018, respectively, under the relevant contracts to non-discounted prices.

Amounts of fiscal year 2019	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,066,514.35	3,062,745.83	24,379,866.67	26,669,583.32	57,178,710.17
Trade and other payables*	10,208,499.80	12,113,046.69	8,444,318.16	-	-	30,765,864.65
Lease liabilities	11,098.18	38,327.90	3,510,737.36	17,500,000.00	94,937,500.00	115,997,663.44
Total	10,219,597.98	15,217,888.94	15,017,801.35	41,879,866.67	121,607,083.32	203,942,238.26

Amounts of fiscal year 2018	Current portion	Less than 6 months	6-12 months	1 to 5 years	>5 years	Total
Borrowings	-	3,095,904.79	3,092,357.92	24,574,553.33	32,815,941.24	63,578,757.28
Trade and other payables*	9,299,870.25	14,755,198.65	10,616,006.27	-	-	34,671,075.17
Total	9,299,870.25	17,851,103.44	13,708,364.19	24,574,553.33	32,815,941.24	98,249,832.45

* Trade payables do not have interest and are settled in up to 60 days. Other payables also do not bear any interest and are settled in up to 12 months.

Capital Management

The primary objective of the Company's capital management is to ensure the maintenance of high credit rating, and healthy capital ratios in order to support and expand the Company's operations and maximize shareholder value. The Company's policy is to maintain leverage targets, according to an investment grade profile. The Company monitors capital adequacy using the ratio of net debt to operating profits, which should be lower than 9.80 based on the loan agreements (Note 18). The net debt includes interest-bearing loans, less cash and cash equivalents, while the operating profit including profit/ (loss) before taxes, financing costs and depreciation.

	December, 31	
	2019	2018
Long-term borrowings	50,499,999.99	56,499,999.99
Short-term borrowings	6,000,000.00	6,000,000.00
Total Debt	56,499,999.99	62,499,999.99
Earnings before interest, tax, depreciation and amortization (EBITDA)	67,468,468.69	56,677,834.49
- Total Debt / EBITDA	0.8	1.1

33. SUBSEQUENT EVENTS

There are no other significant events subsequent to December 31, 2019 which would influence materially the Company's financial position.

Piraeus, February 20, 2020

CHAIRMAN OF THE BOARD OF
DIRECTORS

CHIEF EXECUTIVE OFFICER and
MEMBER OF BOD

FINANCIAL MANAGER

YU ZENG GANG

FU CHENGQIU

IOANNIS KOUKIS

Passport No SE0235952

Passport No PE0484459

License No. O.E.E. 0007437
A' Class



PIRAEUS PORT AUTHORITY S.A

Annual Financial Report for the year ended December 31, 2019

(amounts in Euro unless stated otherwise)

WEBSITE PLACE OF UPLOADING THE FINANCIAL REPORT

The annual financial report of the Company, the independent auditor's report and the Management Reports are available to the website www.olp.gr.