



**INTERNATIONAL AIRPORT OF HERAKLION CRETE  
CONCESSION SOCIETE ANONYME**

26 Ikarou Ave., 713 07 Heraklion, Crete  
General Commercial Registry No. 149125127000

**ANNUAL FINANCIAL REPORT**

**for the period**

**1 January to 31 December 2021**

**In accordance with the International Financial Reporting Standards  
that have been adopted by the European Union**

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### **I. ANNUAL MANAGEMENT REPORT OF BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2021 ON THE FINANCIAL STATEMENTS**

Dear Shareholders,

We have the honor to place to your attention the present Management Report of the Board of Directors, which has been prepared in accordance with Law 4548/2018 (article 150 par. 1, 2, 3 and article 149 par. 1). The current Report contains financial and non-financial information of the INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A. (hereinafter referred to as "the Company"), for the fiscal year 2021 and describes important events that took place during this period and their impact, as well as the prospects of the Company. It also describes the main risks and uncertainties that the Company may face next year.

#### **A. Financial Developments and Performance for the fiscal year 2021**

2021 was a year of gradual recovery for the Country, as it achieved a growth rate of 8.3% according to the first official estimate of the Hellenic Statistical Service, compared to 2020, mainly as a result of increased investment and net exports, despite the continuation with reduced intensity of problems due to the COVID-19 pandemic.

According to the report of the Bank of Greece, the Greek economy was expected to grow further by 4.8% in 2022, with an important role to be expected to play for the recovery, the improvement of the business climate and the national recovery plan, through income and investment enhancement. However, the recent events for the resolution of geopolitical issues, in combination with the energy crisis, have additionally affected the new estimates, so that the growth of the Greek economy is estimated by the Bank of Greece to be limited to about 3.8% in the base case scenario for 2022 and at 2.8% in the unfavorable scenario.

An important component in the growth of the economy, is the contribution of the Recovery and Resilience Fund, which is estimated that in the coming years (until 2026) will contribute over 30.0 billion euro in total, through grants and loans on favorable terms, strengthening the Greek economy and its competitiveness, as the largest percentage of funds is expected to be absorbed in the areas of green investments, digital transition and social cohesion.

The further growth of the Greek economy is estimated to lead to the recovery of the "investment grade" which will result in the inflow of new investment funds, which will work positively in growth. Finally, in the context of the improvement of the total cost of servicing the loans, the Greek State made the early repayment of the remaining loan of the I.M.F. amounting to 1.86 billion euro, proving the successful implementation of the reform commitments.

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The existing expectation for the improvement of the financial figures of Greece has been confirmed with the first issue of the 10-year bond for the current year by the Greek Government, through which 3 billion euro were raised with a coupon of 1.75% and a yield of 1.836%, while the issue was covered by five times.

In 2021, according to the Bank of Greece, harmonized inflation in Greece was 0.6%, mainly due to the upward trend in energy and food prices and was significantly lower than the Eurozone average.

Despite the prevailing intense uncertainty, the outlook for the Greek economy remains positive in the medium term, as conditions are created for a change in the pattern of economic growth, which is expected to arise to a greater extent from investment activities.

In Section D, "Risk Factors and Uncertainties" and in particular subsection (2) "Global public health crisis from the coronavirus pandemic (COVID-19)" of the Annual Report are presented any effects of the COVID-19 health crisis on the operation of the Company.

The main Financial Data of 2021 based on the International Financial Reporting Standards, compared to the financial data of 2020, are as follows:

Turnover for 2021 amounted to 35,041 compared to 17,262 in 2020 presenting an increase of 103.00% attributed to the enhancement of the Company's construction activity. The cost of sales for the year 2021 stood at 34,020 (FY 2020: 16,759) resulting in gross profit of 1,021 compared to profit of 503 in 2020 financial year.

From the above result are deducted the following expenses:

	2021	2020
Administrative and distribution expenses	(2,084)	(707)
Other income/(expenses)	(14)	0
Net financial income/(expenses)	(13)	(9)

Based on the above, the losses before taxes amounted to 1,090 compared to losses of 213 in 2020 and after the calculation of expense from the income tax of (163) we result to total losses for the year of 1,253 (Financial year 2020: Losses 162).

### B. Significant events for the year 2021

During the fiscal year 2021 the following significant events were noted:

1. Payment by the Greek State of the 2nd and last part of its planned Financial Contribution, amounting to 80,000,000.00 euro (February 2021).
2. Assignment to the General Manager of the general representation of the Company, who binds the Company and legally assumes obligations to the Greek State, every third party, natural or legal person under private or public law, any Administrative, Municipal, Tax,

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Judicial, any other Authority, organizations and social security institutions, excluding contracts or arrangements between the Company and / or any person controlled by the Company and any shareholder of the Company, or a shareholder of a person controlled by the Company who:

- (i) already provided for in the annual budget;
- (ii) their value, taken into account by other contracts between the Company and the relevant person or persons (and / or the Associates of these persons), does not exceed two hundred and fifty thousand Euros (250,000 euro).

Also the negotiations and execution of all contracts between the Company and other persons are assigned to the General Manager (March 2021)

3. Issuance of a Joint Ministerial Decision where is specialized exactly and it is finalized the auditing and performance mechanism of the corresponding A.D.M.F. (Airport Development Modernization Fee) from the operation of the airport "N. Kazantzakis" towards the Company, according to the provision of the Concession Agreement (G.G. No 887/05.03.2021) (March 2021)
4. Certification of the Concession Company's Quality Management System by a recognized Body according to article 7.11.1.2 of the ESY [ISO 9000: 2015, TUV HELLAS] (April 2021)
5. Establishment of an Air Navigation Committee, in accordance with the provisions of article 25.1.3 of the Concession Agreement (May 2021)
6. Commencement of daily payment of the corresponding A.D.M.F. to the Company, according to the daily clearance for the Airport "N. Kazantzakis" (May 2021)
7. Approval by M.E.D. of the Basic Airport Development Plan (Master Plan) and notification of the relevant approval to the State, the Independent Engineer and the Company [article 17.2.A.3 of the Concession Agreement] (September 2021).

### **C. Significant events after the ending of the period 01.01 – 31.12.2021**

As of 01.01.2022 until the preparation date of the present, there were noted the following significant events:

1. Payment of the 4th Binding Investment by the Common Shareholders of the Company amounting to 101,300,000 euro, in proportion to their percentages (January 2022).
2. Following the provision of the relevant written consent of the State, the Initial Common Shareholder GMR AIRPORTS LIMITED transferred to "GMR AIRPORTS GREECE SOLE SHAREHOLDER SOCIETE ANONYME", the issued under the no.29/15.10.2020 minutes of the BoD no 4 and 8 equity securities and thus "GMR Airports Greece Sole Shareholder Societe Anonyme"

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became a shareholder at a rate of twenty one and sixty four percentage (21.64%) of the Share Capital of the company, holding a total of 16,056,880 Shares with a nominal value of one Euro (1.00 euros) each (January 2022).

3. Following the provision of the relevant written consent of the State, the Initial Common Shareholder TERNA SA. transferred to "GEK TERNA KASTELLI Sole Shareholder Societe Anonyme" (a) the above issued under no.29/15.10.2020 minutes of the BoD no. 2 and 6 equity securities and thus "GEK TERNA KASTELLI Sole Shareholder Societe Anonyme" became a shareholder at a rate of thirty two and forty six percentage (32.46%) of the Share Capital, holding a total of 56,967,300 Shares of a nominal value of one Euro (1.00 euro) each, and (b) the contractual relationship as well as all the rights, obligations and claims of TERNA SA. from the Secondary Bond Loan Program dated 21.02.2019, amounting to 36,000,000 euro, which has not yet been issued and which has been signed between the Company as a issuer and TERNA as a Bond Lender (January 2022).
4. During the year 2022, a further increase in the traffic of the existing Heraklion Airport "Nikos Kazantzakis" has been observed.

### **D. Risk Factors and Uncertainties**

The operation of the Company is subject to various risks and uncertainties such as the uncertainty of the macroeconomic recovery, market risk, credit risk and liquidity risk, the uncertainty of the results from the impact of the emergencies (COVID-19, geopolitical conditions) and which may have a prolonged and unpredictable duration. In order to deal with the results from the impact of the COVID-19 emergency, the Company in cooperation with the Group GEK TERNA implements a wide package of measures focusing on the protection of its Personnel and its Partners as well as on the minimization of the financial consequences from the legislative mandatory precautionary measures taken by the Greek Government.

#### **1) Financial Risks**

##### **I. Interest rate risk**

During 2021, the Company did not have any bank debt and therefore did not need to cover such a risk.

##### **II. Credit Risk**

Credit risk from trade receivables, for cash, as well as other receivables, is considered limited, given the reduction of the overall macroeconomic risk. In particular, the set of requirements concerns



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either the narrow or the wider public sector. The Management considers that all the receivables, for which the necessary impairments have been formed, reflect with conservatism the quality of the portfolio of receivables.

### **III. Risk due to Price Changes**

The Management of the Company closely monitors the developments in the international market and ensures the safeguarding of its interests in any way and whenever it is deemed necessary.

### **IV. Liquidity Risk (financing risk)**

The Company manages its liquidity needs by carefully monitoring the evolution of long-term financial liabilities as well as the payments which are carried out whenever required. Liquidity needs are monitored in different time zones, on a daily and weekly basis as well as in a rolling period of 30 days. Liquidity needs for the next 6 months and next year are determined monthly.

### **V. Foreign exchange risk**

The Company operates only in Greece and therefore it is not exposed to any foreign exchange risk.

### **VI. Other Risks**

The Company is not exposed to any risks other than the above.

### **VII. Risks from the current economic conditions prevailing in Greece**

The report for the Greek economy for 2021 was positive, since the achieved growth was of the order of 8.3%.

Despite the significant increase in growth in Greece and in the world economy, during 2021, signs of an impending energy crisis were observed, which is expected to negatively affect the initial estimate for the growth of the economy for year 2022.

### **2) Global public health crisis from the coronavirus pandemic (COVID-19)**

The rapid spread of COVID-19 cases and its mutations worldwide in 2020, had as a result its declaration as a Pandemic by the World Health Organization. The COVID-19 pandemic, in addition to the significant number of deaths, brought about an unprecedented crisis in the global health and economy. Specifically, in 2020 the negative effects led to a decrease in GDP, by 6% in the world economy and by 8.2% in the Greek economy.

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The global impact of the pandemic has resulted in the European Union being forced to approve € 1.824 billion in funding to help its members deal with the effects of the COVID-19 pandemic on the European economy. Greece is expected to raise € 72 billion from all this funding, € 31 billion through the Recovery and Sustainability Fund €18 billion in grants, €13 billion in loans and €40 billion through the ESPA Cohesion Fund for the period 2021-2027.

Although the problems of the COVID-19 pandemic and its mutations have not been eliminated by 2021, the experience gained in protecting the population from coronavirus transmission, as well as finding effective vaccines at least for sufficient period of time, ensured the protection of a significant proportion of the fully vaccinated population, either as a whole or by minimizing the complications of the disease.

The significant increase in the percentage of vaccinated people in all developed countries has enabled the greater freedom of movement of populations, significantly improving the functioning of economies worldwide, since at the same time the movement of products has been freed from existing bans, which aimed to prevent transmission of the virus from region to region. Nevertheless, the restrictive measures that continued to be applied, at the behest of the Greek Government, continued to impede the smooth development of companies and their return to normalcy.

As always, the Management plans and implements measures to address each real or expected risk in order to limit its negative effects to the minimum possible and ensures the restoration of these effects as much as possible based on the provisions of the Concession Agreement.

### **(i) Organizational Planning**

The Company, reacting quickly and sensitively for its human resources, took all the necessary measures, ensuring that all its employees have the absolute protection and care against COVID-19 and its mutations. The Company systematically monitors the evolution of the pandemic, is immediately informed about each critical factor of its spread and guides the required actions that must be implemented by the Management and each employee in order to minimize the risks of the phenomenon and their impact on the course of the company.

Extremely strict operating rules have been adopted by the Company, in order to constantly confirm the highest possible level of security for all.

### **(ii) Impact of the coronavirus pandemic (COVID-19) on the operation of the Company**

The Company faced significant problems due to the COVID-19 pandemic, as the majority of companies operating in Greece. The negative effects of the pandemic on the Company, although

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limited as much as possible after timely assumption by the management of all necessary decisions and actions, they have however so far affected the seamless flow of Project funding by the Greek State as well as the implementation time-schedule of the Project. The Management closely monitors the evolution of the phenomenon and its effects on the operation and development of the Company and undertakes actions, on the one hand, to control and reduce the inevitable delays in the progress of the Project development and on the other hand to manage and restore these effects within the provisions of the Concession Agreement. In addition, the effects of the pandemic and the measures taken to limit this spread worldwide have undoubtedly had a negative impact on the air traffic of all airports in the country, including the National Airport of Heraklion, Crete "Nikos Kazantzakis". Given that the new Heraklion International Airport in Kastelli is in construction phase and not in operation, the effects of the pandemic on air traffic do not directly affect the Company's finances seemingly. Nevertheless, given that, under the Concession Agreement, a percentage of 64.98% on the amount of A.D.M.F. which is collected monthly from the National Airport of Heraklion Crete "Nikos Kazantzakis" during the Design - Construction Period, is attributed to the Company as part of the State contribution for the Design and Construction of the Project, the observed drop in air traffic in the Airport "Nikos Kazantzakis" continues to have a negative effect on the expected amount of A.D.M.F. which the Company is entitled to receive. The Company's Management has already identified and pointed out the issue to the State. It is noted that, during 2021, an upward trend was observed as to traffic in the existing Heraklion Airport "Nikos Kazantzakis". Finally, as the Company continues to implement the plan for staffing and development, the pandemic crisis has inevitably delayed considerably the initial planning and the time-schedules for recruitment and conclusion of collaborations.

### **3) Other risks and uncertainties**

#### **Geopolitical risk**

The existence of disputes between states over the interpretation of existing international agreements on the exploitation of land or subsoil creates the need for increased costs related to defense equipment, which would otherwise be channeled into welfare funds or productive investment through annual budgets of the states.

The non-peaceful settlement of disputes, even in countries that do not border directly with our country, it is certain that it will create problems to the European and not to the Greek economy which started with strong dynamics and increased expectations for 2022, but in mid-February 2022 was faced with a new additional risk, which will have a negative impact on its growth. The additional

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risk stems from recent geopolitical developments in Ukraine, which have caused a significant increase in the prices of certain imported products (fuel, wheat, fertilizers, etc.) from the countries involved, resulting in a significant burden on the economies of the European Union countries and among them the Greek economy, based on the degree of dependence they had on these countries.

### **E. Estimated course and Development**

The projected course of the company is considered positive, as on the one hand it has managed to maintain a satisfactory level of development of its activities during the pandemic crisis and on the other hand the gradual abolition of restrictive measures against the pandemic allows the acceleration and increase in the progress of the new airport's construction. The negative consequences, although they were now limited only to specific sectors, outside the sphere of Company's influence, nevertheless the latest geopolitical developments concern the company and its Management. The latter shows immediate reflexes and already all possible actions for their treatment or for their further promotion have been taken.

### **F. Non-financial data**

Adopting the provisions of Law 4403/2016, a section on non-financial data is developed, which concerns the areas with the greatest impact on the company in environmental, social, labor and human rights issues, as well as fight against corruption and bribery.

### **Company**

The Company seeks business excellence and aims at best practices with responsible development and absolute respect for the environment in which it operates.

#### *(i) Vision and Principles*

The Company has been prioritizing values demonstrating that ethical and sustainable entrepreneurship constitutes growth driver.

These principles are the following:

- Respect for humans and the natural environment
- Creating value for employees, partners, customers and shareholders
- Honesty and credibility
- The targeted social contribution

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### *(ii) Strategic approach for Corporate Responsibility*

The Company is exposed to multiple risks, which are related to a number of exogenous factors that stem mainly from the economic conditions in Greece. Additional financial risks affect the Company's financial position and the way in which it makes business decisions and enters into strategic partnerships in Greece.

### *(iii) Responsibility for the Environment*

The Corporate Responsibility is accompanied by a framework of principles, the effective integration of which affects the way the Company operates and guarantees the protection of the environment and optimal management of natural resources as well as the adoption of environmentally friendly technologies, thus minimizing the burden from the Company's activity.

The Company recognizes the extent of its impact on the natural environment and for this reason it has set its protection as a priority of its strategy. At the very least, the Company fully complies with the applicable legislation and regulations in the environment in which it operates and seeks to exceed the minimum requirements.

### *(iv) Issues of Health and Safety at Work*

The Company, through a specific policy of Health and Safety as well as through a strict Health and Safety Management System, aims at the timely detection and minimization of risks related to all its business activities.

The Company's approach is based on the following 5 axes:

1. Active role of Management
2. Employee participation and training
3. Collaborations based on Health and Safety
4. Actions that promote Health and Safety
5. Compliance audit inspections

Within the above context the Company during 2021 it received the Certification of Management Quality System from a recognized organization (TUV HELLAS) in accordance with article 7.11.1.1. of ESY.

### *(v) Labor Issues*

The Corporate Responsibility is accompanied by a values framework, where the substantial incorporation of those affects the operation way of the Company and guarantees:

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- The enhancement of the human resources
- The enhancement of employees' skills
- Ensuring equality and a fair working environment
- Enhancing know-how and innovation
- Health and Safety
- Ensuring Health and Safety for the Company's employees and subcontractors and
- Ensuring Health and Safety for users

### G. Financial Ratios

The Share Capital of the Company amounts 74,200,000.00 euro (seventy four million two hundred thousand), divided into 74,200,000 shares of 1.00 euro each, while the Total Equity amounts to 72,574,270.83 euro.

The main financial indicators for the year 2021 and 2020 are as follows:

#### Financial Structure Ratios

	<u>2021</u>		<u>2020</u>	
Current Assets	145,018	51.64%	65,483	37.49%
Total Assets	<u>280,826</u>		<u>174,669</u>	
Total non-current assets	135,808	48.36%	109,186	62.51%
Total Assets	<u>280,826</u>		<u>174,669</u>	

The above ratios demonstrate the proportion of capital allocated to current assets and non-current assets.

Total equity	72,575	34.85%	72,535	71.02%
Total Liabilities	<u>208,251</u>		<u>102,134</u>	

The above ratio demonstrates the financial self-sufficiency of the company.

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Total Liabilities	<u>208,251</u>	74.16%	<u>102,134</u>	58.47%
Total Equity and Liabilities	280,826		174,669	
Total equity	<u>72,575</u>	25.84%	<u>72,535</u>	41.53%
Total Equity and Liabilities	280,826		174,669	

The above ratios show the company's dependence on debt and credit.

Total equity	<u>72,575</u>	53.44%	<u>72,535</u>	66.43%
Total non-current assets	135,808		109,186	

This ratio shows the degree of financing of the Company's non-current assets by Equity.

Current Assets	<u>145,018</u>	5124.31%	<u>65,483</u>	3435.62%
Current liabilities	2,830		1,906	

This ratio shows the ability of the Company to cover its short-term liabilities via its current assets.

Working Capital	<u>142,188</u>	98.05%	<u>63,577</u>	97.09%
Current Assets	145,018		65,483	

This ratio depicts in percentage terms, the part of current assets which is financed by the surplus of fixed assets (Equity and Long-Term Liabilities).

### Return and Efficiency Ratios

Net Earnings/(losses) after taxes	<u>(1,253)</u>	-3.58%	<u>(162)</u>	-0.94%
Revenues	35,041		17,262	

This indicator shows the overall performance of the Company compared to its total revenue.

Earnings before taxes	<u>(1,090)</u>	-1.50%	<u>(213)</u>	-0.29%
Total equity	72,575		72,535	

This ratio shows the return on equity.

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This ratio shows the return on equity.

Gross Profit	<u>1,021</u>	2.91%	<u>503</u>	2.91%
Revenues	35,041		17,262	

This figure shows the percentage of gross profit on the Company's revenues.

Athens, 27<sup>th</sup> June 2022

For the Board of Directors



DIMITRA TZOURMAKLIOTOU

CHAIRMAN OF THE BoD



## II. Independent Auditor's Report

To the Shareholders of the company **“INTERNATIONAL AIRPORT OF HERAKLION, CRETE, CONCESSION SOCIETE ANONYME”**

(This report has been translated from the Greek Original Version)

### Report on Financial Statements

#### Opinion

We have audited the accompanying financial statements of “INTERNATIONAL AIRPORT OF HERAKLION, CRETE, CONCESSION SOCIETE ANONYME” (“the Company”), which comprise the statement of financial position as at December 31, 2021, statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company “INTERNATIONAL AIRPORT OF HERAKLION, CRETE, CONCESSION SOCIETE ANONYME” and its subsidiary (the Group) as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company within the entire course of our appointment, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report includes the Board of Director's Report, the reference to which is made in the “Report on Other Legal

and Regulatory Requirements” section of our Report and Statements of the Members of the Board of Directors but

does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to communicate that matter to those charged with governance. No such issue has arisen.

#### Management’s responsibility for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management’s intention is to proceed with liquidating the Company or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

#### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as an aggregate, 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, incorporated into the Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to affect the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We disclose to the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Report on Other Legal and Regulatory Requirements


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

- a. In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 150 of Law 4548/2018, and its content corresponds to the accompanying financial statements for the year ended as at 31/12/2021.

- b. Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the company "INTERNATIONAL AIRPORT OF HERAKLION, CRETE, CONCESSION SOCIETE ANONYME" and its environment.

Athens, June 27, 2022

The Certified Auditor Accountant



George P. Panagopoulos  
SOEL Reg. No 36471



**Grant Thornton**

Chartered Accountants Management Consultants  
58, Katehaki Av., 115 25 Athens, Greece  
Registry Number SOEL 127

**INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

Annual Financial Statements of the fiscal year 1 January 2021 - 31 December 2021

*(Amounts in thousands Euro, unless otherwise stated)*

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**III. ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING ON 31 DECEMBER  
2021 (1 January - 31 December 2021)**

**In accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union**

The Financial Statements were approved by the Board of Directors of “INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A.” on 27<sup>th</sup> June 2022 and have been posted on the website at the electronic address of the company <https://www.iahc.gr> and will remain at the disposal of the investment community for a time period of at least 5 years as of the date of its preparation and publication.

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**INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

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*(Amounts in thousands Euro, unless otherwise stated)***STATEMENT OF FINANCIAL POSITION ON 31st DECEMBER 2021**

	Note	31.12.2021	31.12.2020
<b>Non-current assets</b>			
Intangible fixed assets	5	52,317	17,262
Right of use assets	6	656	285
Tangible fixed assets	7	309	39
Other long-term assets	8	82,526	91,074
Deferred Tax Assets	18	0	526
<b>Total non-current assets</b>		<b>135,808</b>	<b>109,186</b>
<b>Current assets</b>			
Trade receivables	9	86	177
Advances and other receivables	10	29,482	27,385
Cash and cash equivalents	11	115,450	37,921
<b>Total current assets</b>		<b>145,018</b>	<b>65,483</b>
<b>TOTAL ASSETS</b>		<b>280,826</b>	<b>174,669</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	17	74,200	74,200
Retained earnings		(1,625)	(1,665)
<b>Total equity</b>		<b>72,575</b>	<b>72,535</b>
<b>Non-current liabilities</b>			
Liabilities from leases	12	543	228
Provisions for staff leaving indemnities	13	23	0
Grants	14	204,805	100,000
Deferred tax liabilities	18	50	0
<b>Total non-current liabilities</b>		<b>205,421</b>	<b>100,228</b>
<b>Current liabilities</b>			
Suppliers	15	1,608	1,582
Short-term part liabilities from leases	12	129	60
Accrued and other short term liabilities	16	1,093	264
<b>Total Liabilities</b>		<b>2,830</b>	<b>1,906</b>
<b>Total Liabilities</b>		<b>208,251</b>	<b>102,134</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>280,826</b>	<b>174,669</b>

*The accompanying notes constitute an integral part of these Annual Financial Statements.*

**INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

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*(Amounts in thousands Euro, unless otherwise stated)***STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE FISCAL YEAR 2021**

	Note	1.1-31.12.2021	1.1-31.12.2020
Turnover	19	35,041	17,262
Cost of sales	20	(34,020)	(16,759)
<b>Gross profit/(loss)</b>		<b>1,021</b>	<b>503</b>
Administrative and distribution expenses	20	(2,084)	(707)
Other income/(expenses)	22	(14)	0
<b>Results before taxes, financing and investing activities</b>		<b>(1,077)</b>	<b>(204)</b>
Net financial income/(expenses)	23	(13)	(9)
<b>Earnings/(Losses) before taxes</b>		<b>(1,090)</b>	<b>(213)</b>
Income tax	18	(163)	51
<b>Net Earnings/(losses) after taxes</b>		<b>(1,253)</b>	<b>(162)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(1,253)</b>	<b>(162)</b>

*The accompanying notes constitute an integral part of these Annual Financial Statements.*



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*(Amounts in thousands Euro, unless otherwise stated)***STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR 2021**

	Note	1.1- 31.12.2021	1.1- 31.12.2020
<b>Cash flows from operating activities</b>			
<b>Profit/(loss) before tax</b>		<b>(1,090)</b>	<b>(213)</b>
<i>Adjustments for the agreement of the net flows from the operating activities</i>			
Depreciation	6,7	151	43
Provisions		22	0
Interest and related revenue	23	(8)	0
Interest and other financial expenses	23	22	9
Results from fixed assets		0	(503)
<b>Operating profit/(loss) before changes in working capital</b>		<b>(903)</b>	<b>(664)</b>
<b>(Increase)/Decrease in:</b>			
Trade receivables		91	(177)
Prepayments and other receivables		8,157	(118,303)
<b>Increase/(Decrease) in:</b>			
Suppliers		26	1,574
Accruals and other liabilities		829	101
<b>Net cash flows from operating activities</b>		<b>8,200</b>	<b>(117,469)</b>
<b>Cash flows from investing activities</b>			
Purchases of fixed and intangible assets and construction object		(35,365)	(16,800)
Proceeds from grants		104,805	100,000
Interest and related income received		8	0
<b>Net cash flows for investing activities</b>		<b>69,448</b>	<b>83,200</b>
<b>Cash flows from financing activities</b>			
Receipts from increase of share capital		0	69,200
Payments for leases		(97)	(38)
Interest and other financial expenses paid		(22)	(9)
<b>Net cash flows from financing activities</b>		<b>(119)</b>	<b>69,153</b>
<b>Net increase /(decrease) of cash and cash equivalents</b>		<b>77,529</b>	<b>34,884</b>

**INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

Annual Financial Statements of the fiscal year 1 January 2021 - 31 December 2021

*(Amounts in thousands Euro, unless otherwise stated)*

Cash and cash equivalents at the beginning of the period	11	37,921	3037
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>115,450</b>	<b>37,921</b>

*The accompanying notes constitute an integral part of these Annual Financial Statements.*

**INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

Annual Financial Statements of the fiscal year 1 January 2021 - 31 December 2021

*(Amounts in thousands Euro, unless otherwise stated)***STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL YEAR 2021**

	Note	Share capital	Retained earnings	Total
<b>1st January 2021</b>		<b>74,200</b>	<b>(1,665)</b>	<b>72,535</b>
Total comprehensive income		0	(1,253)	(1,253)
Other movements	17	0	1,293	1,293
<b>31st December 2021</b>		<b>74,200</b>	<b>(1,625)</b>	<b>72,575</b>

	Note	Share capital	Retained earnings	Total
<b>1st January 2020</b>		<b>5,000</b>	<b>(1,503)</b>	<b>3,497</b>
Total comprehensive income		0	(162)	(162)
Share Capital Increase		69,200	0	69,200
<b>31st December 2020</b>		<b>74,200</b>	<b>(1,665)</b>	<b>72,535</b>

*The accompanying notes constitute an integral part of these Annual Financial Statements.*

## **INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

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### **NOTES ON THE FINANCIAL STATEMENTS**

#### **1 ESTABLISHMENT AND ACTIVITY OF THE COMPANY**

On 05.02.2019 the Company under the name « INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION SOCIETE ANONYME» and with the distinctive title « INTERNATIONAL AIRPORT OF HERAKLION CRETE SA» was established with the Notary Deed no. 6604/04.02.2019 and was registered in the "One Stop service" with number 149125127000.

The Company, on 21.02.2019 signed with the Greek State the Concession Agreement which has already been voted and become a law of the state for the construction and operation of Heraklion Airport, Crete, Greece.

At the date of the Company's incorporation, the companies TERNA SA participated in its share capital with a participation percentage of 90% and GMR AIRPORTS LIMITED with a participation percentage of 10%. Based on the 05.07.2019 share sale agreement between the shareholders of TERNA SA and GMR AIRPORTS LIMITED, it was agreed to transfer from TERNA 30% of its shares to GMR Airports Limited, therefore the participation percentages of the two shareholders were changed to 60% for TERNA SA and 40% GMR AIRPORTS LIMITED.

On 06.02.2020, following the fulfillment of the Conditions of the Concession Agreement, the State provided to the Company of INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A. the "Permit for the Establishment and Construction of the New International Airport of Heraklion, Crete". The above date is hereinafter the date of commencement of the concession. The project will be constructed 100% by the company TERNA SA.

At the specific Concession Company participate on 31.12.2021 the company of the Group GEK TERNA, TERNA SA, the company GMR Airports Limited and Greek State with participation percentages 32.46%, 21.64% and 45.90% respectively. The above percentages are effective as of 06.02.2020. However, according to the Concession Agreement, TERNA and GMR AIRPORTS LIMITED have undertaken the obligation to fully cover the amount of the share capital increase pro rata based on the previous participation percentage of each participant, namely 60% and 40% respectively (Binding Investment).

The unique and exclusive purpose of the Company's business activity is:

- the execution of the Concession Agreement between the Greek State, the Company and the founders - Initial Shareholders of the Company as third parties for the execution of the project "Design - Construction - Financing - Operation - Maintenance and Management of the New International Airport of Heraklion Crete" & Design - Construction and Financing of its Road Connections" and the fulfillment of the obligations and the exercise of the Company's rights deriving from the above agreement.

## **INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

Annual Financial Statements of the fiscal year 1 January 2021 - 31 December 2021  
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- carrying out any action necessary or appropriate at the discretion of the Board of Directors for the execution of the Concession Agreement.

The duration of the Company is set at 38 years. This duration may be extended by a decision of the General Meeting of Shareholders.

The main activity of the Company is the Management of Real Estate assets.

Secondary activities of the Company are:

- Technical project feasibility study services.
- Construction works.
- Project management services for construction projects.
- Airport operating services.
- Air traffic control services.

The tenure of Board of Directors is set at 3 years in accordance to what is defined in case (a) of paragraph 4 of article 10 of the Company's Articles of Association and which it may be extended after the expiration of the deadline, within which must convene the immediately next General Meeting and until the relevant decision is taken, while in any case the tenure may not exceed four (4) years.

## **2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

### **2.1 Basis for Financial Statements Presentation**

The Financial Statements as of 31.12.2021 covering the financial year starting on 1<sup>st</sup> of January until December 31<sup>st</sup> 2021, have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until 31<sup>st</sup> December 2021.

The Company applies all the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and their Interpretations that have application on its operation. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all previous periods.

### **2.2 Going Concern**

The Company's management estimates that the Company holds sufficient resources, which ensure the smooth continuation of its operation as "Going Concern" in the foreseeable future.

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The decision of the Management to utilise the “Going Concern” principle of its business activity is based on the assessments related to the possible effects from the appearance and spread of COVID-19. The Management has estimated that there is no substantial uncertainty regarding the “Going Concern” of the Company's activity.

### **2.3 Basis of measurement**

The accompanying financial statements as of December 31st 2021 have been prepared according to the historical cost principle.

### **2.4 Presentation currency**

The presentation currency is Euro and all the amounts are presented in thousand Euro unless otherwise mentioned.

### **2.5 Use of estimates**

The preparation of the financial statements according to IFRS requires the use of estimates and exercise of judgment on the application of the Company's accounting policies. Judgments, assumptions and Management estimates affect the valuation of several asset and liability items, the amounts recognized during the financial year regarding specific income and expenses as well as the presented estimates on contingent liabilities.

Assumptions and estimates are assessed on a continuous basis according to historic experience and other factors, including expectations on future event outcomes that are considered as reasonable given the current conditions. The estimates and assumptions relate to the future and, consequently, the actual results may deviate from the accounting calculations.

The aspects requiring the highest degree of judgment as well as the aspects in which the estimates and assumptions mostly affect the Financial Statements are presented in Note 3 to the Financial Statements.

### **2.6 New Standards, Interpretations and amendments of Standards**

The accounting principles that were applied in the preparation of the financial statements are the same with those followed in the preparation of the Company's financial statements for the year ended on 31 December 2020, apart from the adoption of the amendments in certain standards, the application of which has become mandatory in the European Union for the fiscal years that begin on 1<sup>st</sup> January 2021 (see Notes 2.6.1 and 2.6.2).

#### **2.6.1 New Standards, Interpretations, Revisions and Amendments to current Standards which have entered into force and have been adopted by the European Union**

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The following new Standards, Interpretations and amendments of Standards have been issued by the International Accounting Standards Board (IASB), have been adopted by the European Union and their application is mandatory as of 01.01.2021 or subsequently.

### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform-Phase 2" (applied on annual periods beginning on or after 01.01.2021)**

In August 2020, the IASB completed the assessment and response process to the reform of interbank interest rates and other interest rate benchmarks by issuing a series of amendments to five Standards. The amendments complement those issued in 2019 and focus on the impact on the Financial Statements when a company replaces the old benchmark rate with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in contractual cash flows of financial assets, how it will account for a change in hedging relationships as a result of the reform, and related information that it will need to disclose. The amendments do not have any effect on the Financial Statements.

### **Amendments to IFRS 16 "Leases": Covid-19 – Related Rent Concessions beyond 30 June 2021 (effective for annual periods starting on or after 01.04.2021)**

In March 2021, the IASB issued amendments to the practical application of IFRS 16, based on which the application period is extended by one year in order to cover Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect the Financial Statements

### **Decision of the IFRS Interpretations Committee, with regards to the "Attributing Benefit to Periods of Service (IAS 19)":**

The Committee for the Interpretation of International Financial Reporting Standards issued in May 2021 the final decision on the agenda entitled "Attributing benefits to periods of service according to the International Accounting Standard (IAS) 19" which includes explanatory material regarding the attribution of benefits to periods of service with regard to a particular plan of defined benefits analogous to that defined in article 8 of L.3198 / 1955 regarding the provision of compensation due to retirement (the "Plan of Fixed Benefits of Labor Law"). Based on the above decision the way in which the basic principles and rules of IAS 19 have been applied in Greece in the past in this regard is differentiated, and therefore the economic entities that prepare their financial statements in accordance with IFRS are required to amend their Accounting Policy accordingly for this issue. In the previous periods for the Company there was no need to recognize an obligation for provision of staff compensation, therefore its comparative data has not been affected by the above policy change.

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

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

#### **Amendments in IFRS 3 "Business Combinations", in IAS 16 "Property, Plant and Equipment", in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and in the "Annual Improvements 2018 – 2020" (applied for annual periods beginning on or after 01.01.2022)**

In May 2020, the IASB issued a series of amendments, including limited-purpose amendments to three Standards, as well as the Council's Annual Improvements. These amendments provide clarification regarding the wording of the Standards or correct minor consequences, omissions or inconsistencies between the requirements of the Standards. More specifically:

- **The amendments to IFRS 3 "Business Combinations"** update a reference to IFRS 3 to the Conceptual Framework of the Financial Reporting without amending the accounting requirements relating to business combinations.
- **Amendments to IAS 16 "Property, Plant and Equipment"** prohibit a company from deducting from the cost of fixed assets amounts received from the sale of items produced during the preparation of those fixed assets to be ready for use. Instead, the company recognizes these as sales revenues and related costs in the Income Statement.
- **The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** determine the costs that a company should include in assessing whether a contract is loss-making.
- **The Annual Improvements of IFRS - Cycle 2018-2020** make minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and on the explanatory examples accompanying IFRS 16 "Leases".

The Company will consider the impact of all of the above on its Financial Statements. The above have been adopted by the European Union with effective date 01.01.2022.

#### **Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (effective for annual periods starting on or after 01.01.2023)**

In January, 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, the amendments clarify one of the classification criteria for a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying



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that an entity's right to defer settlement must exist at the reporting date; (b) clarifying that liability's classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities of an entity that will or may settle by issuing its own equity instruments. In addition, in July 2020, the IASB issued an amendment to postpone by one year the effective date of the amendment originally issued in IAS 1, as a result of the spread of the Covid-19 pandemic. The Company will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

### **Amendments to IAS 1 "Presentation of Financial Statements" (effective for annual periods starting on or after 01.01.2023)**

In February 2021, the IASB issued narrow-scope amendments that refer to accounting policy disclosures. The objective of these amendments is to improve accounting policy disclosures so that they provide more useful information to investors and other users of the financial statements. More specifically, based on these amendments it is required the disclosure of material information regarding the accounting policy rather than the disclosure of significant accounting policies. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01.01.2023.

### **Amendments IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (effective for annual periods starting on or after 01.01.2023)**

In February 2021, the IASB issued narrow-scope amendments that clarify the difference between change in accounting estimates and change in accounting policy. This distinction is important because changes in accounting estimates are applied without retroactive effect and only for future transactions and other future events, in contrast to the change in accounting policy that has retroactive effect and it applied in transactions and other events of the past. The company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01.01.2023

### **Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (effective for annual periods starting on or after 01.01.2023)**

In May 2021, the IASB issued targeted amendments to IAS 12 to specify how economic entities should account for deferred tax arising from transactions such as leases and decommissioning obligations – transactions for which companies recognize both an asset and a liability. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The Company will examine

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the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

### **3 SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS**

The preparation of the Financial Statements in accordance with the International Financial Reporting Standards (IFRS) requires from the Management to make judgments, estimates and assumptions which affect assets and liabilities, disclosures on contingent receivables and liabilities as well as revenue and expenses during the presented periods.

In particular, amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that cannot be known with certainty at the time of preparation of the financial statements and therefore actual results may differ from what has been estimated. An accounting estimate is considered significant when it is material to the financial position and income statement of the Company and requires the most difficult, subjective or complex judgments of the Management. Estimates and judgments of the Management are based on past experience and other factors, including expectations for future events that are judged to be reasonable in the specific circumstances while are being continually reassessed on the basis of all the available data and information.

Key estimates and evaluations referring to data whose development could affect the financial statements items in the upcoming 12 months are the following:

#### **3.1 Significant judgements of the Management**

The key judgments of the Management during the application of the Company's accounting policies which have the most significant impact on the financial statements (apart from those analyzed in Note 3.2) are analyzed below:

##### **i) Recognition of deferred tax assets**

The extent to which deferred tax assets are recognized for unutilized tax losses is based on the judgment regarding the extent to which it is probable that sufficient taxable profits will be offset with these tax losses.

In order to determine the amount of a deferred tax asset for recognition, significant judgments and estimates are required from the Company's Management, based on future tax profits combined with future tax strategies to be pursued as well as the uncertainties dominating various financial frameworks, within which the Company operates (for further information please refer to Note 18).

##### **ii) Impairment of non-financial assets**

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Non-financial assets are tested for impairment whenever events or changes in the effective conditions demonstrate that their book value may not be recoverable in accordance with the accounting policy described in Note 4.4.

### **3.2 Uncertainty of estimates and assumptions**

Specific amounts that are included or affect the Financial Statements and the related disclosures are estimated through requirement to make assumptions about values or conditions that cannot be known with certainty at the Financial Statements preparation date. An accounting estimate is considered significant when it is material to the financial position and results of the Company and requires most difficult, subjective or complex management judgments. The Company assesses such estimates on an ongoing basis, based on historical results and experience, while meetings with specialists, applying trends and other methods considered reasonable in the circumstances, as well as projections as to how these may change in the future.

#### **i) Recognition of revenue from construction contracts**

Managing the revenue and costs of a construction contract, depends on whether the final result from the execution of the contract work can be reliably estimated (and is expected to bring profit to the manufacturer, or the result from execution is loss-making). When the outcome of a construction contract can be reliably estimated, then the revenue and expense of the contract are recognized over the life of the contract, respectively, as revenue and expense.

The Company uses the completion stage to determine the appropriate amount of income and expense which it will recognize in a specific period. Specifically, based on the IFRS 15 input method, the manufacturing cost at each reference date, is compared to the total budgeted cost in order to determine the percentage of completion. The completion stage is measured on the basis of the contractual costs incurred until the reference date in relation to the total estimated cost of each project. The Company therefore makes significant estimates regarding the gross result with which the executed construction contract will be executed (total budgeted cost of the construction contract).

#### **ii) Useful lives of depreciated assets**

In order to calculate depreciation, in every reporting period, the Company examines the useful life and residual value of tangible and intangible assets in the light of technological, institutional and economic developments as well as the experience arising from their exploitation. As at 31.12.2021, the Management estimates that useful lives represent the expected usefulness of assets.

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### **iii) Provision for income tax**

The provision for income tax based on IAS 12 is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for every financial year and a provision for additional taxes that might emerge in tax audits.

For specific transactions and calculations, the final tax determination is uncertain. The Company recognizes liabilities for the forecasted tax issues based on calculations as to the extent to which additional tax will arise. In cases where the final tax amount differs from what had been initially recognized, the differences affect the provisions for income tax and deferred tax for the period when it had been determined (for further information please refer to Note 18).

### **iv) Contingent liabilities and receivables**

The existence of contingent liabilities and receivables requires from the management to make assumptions and judgments on on-going basis about the probability that future events will occur or not occur as well as the possible consequences that these events may have on the Company's operations. Determining contingent liabilities and receivables is a complex process that includes judgments about future events, laws, regulations, etc. Changes in judgments or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future. When additional information becomes available, the Company's Management reviews the facts based on which it may be led to a review of its estimates (see Note 29).

### **v) Provisions for expected credit losses from clients' receivables**

The Company applies the simplified approach under the provisions of IFRS 9 for the calculation of expected credit losses, with which, provision for impairment is measured at an amount equal to the expected credit losses during the whole lifetime for the receivables from customers and the contractual assets. The Company has formed provisions for bad debts in order to adequately cover the loss that can be reliably estimated and arises from these receivables. At every reference date, the formed provision is adjusted and potential changes are recognized in the income statement (further information is presented in Notes 9 and 10).

### **vi) Provision for personnel compensation**

Based on IAS 19, the Company makes estimates of the assumptions underlying the actuarial valuation of provision for personnel compensation. The provision amount for personnel compensation is based on an actuarial study. The actuarial study includes specific assumptions on

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discount rate, employees' remuneration increase rate, consumer price index increase and the expected remaining working life. The assumptions used are imbedded with significant uncertainty and the Company's Management continuously reassesses these assumptions (for further information please refer to Note 13).

### **4 SUMMARY OF KEY ACCOUNTING PRINCIPLES**

The main accounting principles adopted in the preparation of the accompanying financial statements are as follows:

#### **4.1 Functional and reporting currency**

The financial statements are presented in Euro, which is the functional and reporting currency of the Company.

#### **Transactions and balances in foreign currency**

Foreign currency transactions are converted into the functional currency by using the exchange rates applicable on the date when the said transactions were performed.

Any gains or losses due to translation differences that result from the settlement of such transactions during the period, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates on the Statement of Financial Position reporting date, are recognized in the Income Statement.

#### **4.2 Intangible assets**

The intangible assets of the Company concern

- i. the pricing rights of service recipients arising from concession and PPP contracts and
- ii. acquired software programs

Upon initial recognition, the intangible assets acquired separately are recorded at acquisition cost. Following initial recognition, the intangible assets are measured at cost less accumulated amortization and any impairment loss. Amortization is recorded based on the straight-line method during the useful life of the said assets. All the Company's intangible assets have a definite useful life.

The period and method of amortization is redefined at least at the end of every annual reporting period. Changes in the expected useful life of each intangible asset are accounted for as a change in accounting estimates.

Methods of amortization and useful lives of the Company's intangible assets can be summarized as follows:

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<b>Category</b>	<b>Amortization method</b>	<b>Useful life in years</b>
Software	Stable	3
Concessions (rights and concession agreements)	Stable	Based on the concession time period (35)

Gains or losses arising from the write-off due to disposal of an intangible asset are calculated as the difference between the net proceeds of the disposal and the current value of the asset and are recognized in profit or loss for the period.

**(a) Software**

The maintenance cost of software programs is recognized as an expense when the expense is realized. On the contrary, the costs incurred for improving or prolonging the performance of software programs beyond their initial technical specifications, or respectively the costs incurred for the modification of the software, are incorporated in the acquisition cost of the intangible asset, only if they can be measured reliably.

**(b) Concessions**

The Company, as concessionaire, recognizes an intangible asset and revenue to the extent that it gains the right to charge the users of the utilities. The fair value of the right is determined based on the construction cost plus a construction profit margin. Furthermore, the intangible asset is subject to amortization based on the time of the concession and impairment test, while revenue from the users of the infrastructure are recognized on an accrual basis to the extent they cover the operating costs of the Company. The additional part of these is recorded as a reduction of the intangible asset (see in detail Note 4.7).

**4.3 Tangible assets**

Tangible fixed assets are presented in the financial statements at acquisition cost, less accumulated depreciation and any potential accumulated impairment losses. The acquisition cost includes all direct attributable costs for the acquisition of these assets.

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Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial benefits anticipated from the use of the fixed asset and their cost can be measured reliably.

The cost of repair and maintenance works is recognized as an expense in the Income Statement when the said works are conducted.

Tangible assets are written off when they are sold or withdrawn or when no further economic benefits are expected from their continued use. Profit or loss arising from the write-off of tangible fixed assets is included in the income statement for the year in which the asset is written off.

Assets under construction include fixed assets under construction and are presented at cost. Assets under construction are not depreciated until the fixed asset is completed and set into operation.

Depreciation of tangible fixed assets (excluding land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

<b>Tangible Assets</b>	<b>Useful life (in years)</b>
Building and technical projects	8 – 30
Machinery and technical installations	3 – 25
Vehicles	5 – 12
Furniture and fixtures	3 – 12

When the book values of the tangible fixed assets are higher than their recoverable amount, then the difference (impairment) is recognized directly as an expense in the Income Statement. Upon sale of tangible assets, the differences between the received consideration and their book value are recognized as profits or losses in the Income Statement.

Interest accrued on loans specifically or generally issued in order to finance the construction of tangible fixed assets is capitalized in the year in which they arise, during the construction period of the tangible assets when the recognition criteria are met.

#### **4.4 Impairment of non-current assets (intangible and tangible assets)**

In respect of tangible and intangible fixed assets subject to amortization/depreciation, an impairment test is performed when events or changes in circumstances indicate that their carrying amount may no longer be recoverable. When the net book value of tangible and intangible fixed assets exceeds their recoverable amount, then the excess amount relates to an impairment loss

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and is recognized directly as an expense in the income statement. Respectively, the non-financial assets that are subject to impairment testing (if indicated) are assets valued at acquisition cost.

For the purpose of impairment testing, assets are grouped to the lowest level for which cash flows can be separately identified. The recoverable amount of an asset is the higher among the asset's fair value less costs to sell and its value in use. For the purpose of calculating value in use, Management estimates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of future cash flows

An impairment loss is recognized for the amount based on which the book value of an asset or a Cash Generating Unit exceeds its recoverable amount. Discounting factors are determined individually for each Cash Generating Unit and reflect the corresponding risk data that has been determined by the Management for each of them.

Further assumptions are made that prevail in the market such as indicatively this of energy. The period considered by the management exceeds five years, a period that is encouraged by IAS 36, especially as for renewable energy units and the motorway concession companies, even a longer period will be judged to be quite satisfactory.

The impairment losses are charged pro rata to the assets items of the particular Cash Generating Unit.

An impairment loss is reversed if the recoverable amount of a Cash Generating Unit exceeds its book value.

In such a case, the increased book value of the asset will not exceed the book value that would have been determined (net of depreciation), if no impairment loss had been recognized, in the asset in previous years.

### **4.5 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, sight deposits, term deposits, bank overdrafts and other highly liquid investments that are directly convertible into particular amounts of cash equivalents which are subject to a non-significant risk of change in their value.

The Company considers term deposits and other highly liquid investments with expiration less than three months maturity as cash available, as well as time deposits with expiration of over than three months for which it has the right to early liquidation without loss of capital.

For the purposes of preparing the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank deposits as well as cash equivalents as defined above.



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The Company's restricted deposits, irrespective of the nature of their commitment, are not included in the cash and cash equivalents but are classified in the account "Advances and other receivables".

### **4.6 Financial instruments**

#### **4.6.1 Recognition and derecognition**

The financial assets and financial liabilities are recognized in the Statement of Financial Position, when, and only when, the Company becomes a contracting party of the financial instrument.

The Company ceases to recognize a financial asset when and only when the contractual rights on the cash flows of the financial asset expire or when it transfers the financial asset and substantially transfer all the risks and rewards associated with that financial asset. A financial liability is derecognized from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, cancelled or expires.

#### **4.6.2 Classification and initial recognition of financial assets**

With the exception of trade receivables that do not include a significant financing item and are measured at the transaction price in accordance with the requirements of IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.

Financial assets, except those that constitute defined and effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,

Classification of every asset is defined according to:

- the Company's business model regarding management of financial assets, and
- the characteristics of their conventional cash flows.

All income and expenses related to financial assets recognized in the Statement of Comprehensive Income are included in the items "Other financial results", "Financial expenses" and "Financial income", except for the impairment of trade receivables that is included in operating results.

#### **4.6.3 Subsequent measurement of financial assets**

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

A financial asset is measured at amortized cost when the following conditions are met:

financial asset's management business model includes holding the asset for the purposes of collecting contractual cash flows,

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contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance ("SPPI" criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest rate method. In cases where the discount effect is not significant, the discount is omitted.

The amortized cost measurement category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

### **4.6.4 Impairment of financial assets**

The adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for the recognition of realized losses with the recognition of expected credit losses

Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.

The Company recognizes provisions for impairment for expected credit losses for all financial assets except those measured at fair value through profit or loss. The objective of the IFRS 9 impairment provisions is to recognize the expected credit losses for the whole life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.

To facilitate implementation of this approach, a distinction is made among:

- financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,
- financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2). For these financial assets, the expected credit loss is recognized up to their maturity.
- financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

***Trade receivables, other receivables and receivables from contracts with customers***

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The Company applies the simplified approach of IFRS 9 for trade and other receivables as well as to receivables from construction contracts and receivables from leases, estimating the expected credit losses over the life of the above items. In this case, the expected credit losses represent the expected shortfalls in the contractual cash flows, taking into account the possibility of default at any point during the life of the financial instrument. In calculating the expected credit losses, the Company uses a provision-table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment.

### **4.6.5 Classification and measurement of financial liabilities**

The Company's financial liabilities include mainly liabilities from suppliers and other liabilities. Financial liabilities are initially recognized at cost, which is the fair value of the consideration received apart from issuance cost regarding borrowing. After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method.

Financial liabilities are classified as short-term liabilities unless the Company has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

In particular:

#### **Trade and other liabilities**

Balance from suppliers and other liabilities is initially recognized at their fair value and subsequently measured at amortized cost using the effective interest rate method.

Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

### **4.6.6 Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is shown in the Statement of Financial Position only if there is the present legal right to offset the recognized amounts and intends to clear them on a net basis or to require the asset and settle the liability simultaneously.

## **4.7 Service concession agreements**

Under the terms of the Concession Agreement, the operator acts as a service provider. The operator constructs an infrastructure (construction services) used to provide a utility service and

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deals with the operation and maintenance of that infrastructure (operating services) for a specified period of time.

According to IFRS, such infrastructure is recognized as a financial asset or as an intangible asset, depending on the contractually agreed terms.

The Concession Agreement has been accounted for based on the intangible asset model, as provided by IFRIC 12, as the Company, as the Concessionaire, has the right to invoice the airport users and the Greek State has not undertaken any contractual guarantee in relation to the recovery of the investment. The intangible fixed asset represents the right assigned by the Greek State to the Company to charge the users of the air services.

The intangible fixed asset represents the right assigned by the Greek State to the Company to charge the users of the air services. In the cost of the intangible asset is included the fair value of the acquisition of the service concession, which consists mainly of the costs incurred for the construction of the infrastructure (minus the government grants received as a Financial Contribution for this purpose) as well as the present value of the defined future liabilities arising from the fees to be paid to the Greek State under Article 3.1.16 as "Compensatory consideration".

### **Intangible Assets**

The Company operating as concessionaire recognizes an intangible asset and an income to the extent that they acquire the right to charge the users of utilities. Furthermore, the intangible asset is subject to amortization based on the concession period and to impairment test, while the revenues from the users of the infrastructure are recognized according to the accrual basis.

For further information regarding the concession right please refer to Note 5.

### **4.8 Leases**

#### ***Recognition and initial measurement of the right-of-use asset***

At the lease period commencement date, the Company recognizes a right-of-use asset and a lease liability, measuring the right-of-use asset at cost.

The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability (see below),
- any lease payments made at or before the commencement date, less any lease incentives received,
- the initial direct costs incurred by the lessee, and
- an estimate of costs to be incurred by the Company 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.

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The Company incurs the obligation for those costs either at the commencement lease date or as a consequence of having used the underlying asset during a particular period.

### ***Initial measurement of the lease liability***

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. When the interest rate implicit in the lease can be readily determined, the lease payments shall be discounted using this interest rate. In different case, the marginal borrowing rate of GEK TERNA Group is utilized.

At the commencement date of the lease period, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term if they are not paid at the lease commencement date:

1. fixed payments less any lease incentives receivable,
2. any variable lease payments that depend on the future change in index or a rate, initially measured using the index or rate as at the commencement date of the lease period
3. amounts expected to be payable by the Company under residual value guarantees,
4. the exercise price of a purchase option if the Company is reasonably certain to exercise that option and
5. payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

### ***Subsequent measurement***

#### ***Subsequent measurement of the right-of-use asset***

After the commencement date, the Company shall measure the right-of-use asset applying a cost model.

The Company shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any subsequent measurement of the lease liability.

The Company applies the depreciation requirements in IAS 16 in depreciating the right-of-use asset, which it examines for potential impairment.

#### ***Subsequent measurement of the lease liability***

After the commencement date of the lease period, the Company shall measure the lease liability as follows:

1. increasing the carrying amount in order to reflect financial cost on the lease liability,

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2. reducing the carrying amount in order to reflect the lease payments made, and
3. measuring again the carrying amount in order to reflect any reassessment or lease modifications.

Financial cost of a lease liability is allocated over the lease term in such a way that it results in a constant periodic rate of interest on the remaining balance of the liability.

After the commencement date, the Company shall recognize in profit or loss, (unless the costs are included in the carrying amount of another asset applying other applicable Standards), and the two following items:

1. financial cost of the lease liability, and
2. variable lease payments not included in the measurement of the lease liability in the period in which the event that triggers those payments occurs.

### **4.9 Government grants**

Government grants are recorded at fair value when it is expected with certainty that the grant will be collected and the Company will comply with all relevant terms.

Government grants related to the subsidy of tangible fixed assets are recognized when there is reasonable assurance that the grant will be collected and all relevant conditions will be met. These grants are recorded in a deferred income account and transferred to profit or loss over the period based on the expected useful life of the subsidized asset.

Expenditure-related government grants are recorded in transitional accounts and recognized in profit or loss over the period required to match the costs they are intended to reimburse.

The Government grant of the Company concerns the financial contribution of the State as a subsidy for the construction of the Project and is in the form of a capital subsidy.

### **4.10 Revenue**

In accordance with IFRS 15 it is established a five-step model for the identification of revenue from contracts with customers:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the amount by which an entity expects to have in exchange for the transfer of the goods or services to a counterparty. When awarding a contract, accounting

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treatment is also defined of the additional costs and the direct costs required for the completion of the contract.

Revenue is defined as the amount that an entity expects to be entitled to in exchange for the goods or services it has transferred to a customer. If the promised consideration in a contract includes a variable amount, the entity estimates the consideration amount that would be entitled to the transfer of the promised goods or services to customer. The consideration amount may vary due to discounts, price subsidies, refunds, credits, price reductions, incentives, additional performance benefits, penalties, or other similar items. Promising consideration may also change if the entity's entitlement to the consideration depends on the occurrence or non-occurrence of a future event. For example, a consideration amount will be variable if the product has been sold with the right of return or if a fixed amount promise has been given as an additional performance benefit to achieve a specific milestone.

The volatility associated with the consideration promised by a customer may be expressly stated in the contract. An entity shall measure the amount of the variable consideration using one of the following methods, depending on which method it considers that it best estimates the amount of consideration to which it will be entitled to:

(a) Estimated value - the estimated value is equal to the sum of the probability-weighted amounts in a range of possible consideration amounts. Estimated value is an appropriate estimate of the variable amount if the entity has a large number of contracts with similar characteristics.

(b) Potential amount - the most probable amount is the only most probable amount in a range of possible consideration amounts (i.e., the only likely outcome of the contract). The most probable amount is an appropriate estimate of the variable amount if the contract has only two possible outcomes (for example, the entity provides additional performance or not).

The Company recognizes revenue when it satisfies the performance of the contractual obligation by transferring the goods or services on the basis of this obligation. Acquisition of control by the client occurs when it has the ability to direct the use and to derive virtually all the economic benefits from this good or service. Control is passed over a period or at a specific time. Revenue from the sale of goods is recognized when the control of goods is transferred to the customer, usually upon delivery to the customer, and there is no obligation that could affect the acceptance of the goods by the customer.

### **Commitments for implementation performed over time**

The Company recognizes revenue for a performance obligation that is performed over time only if it can reasonably measure its development in full compliance with the obligation. The Company is not in a position to reasonably measure progress in meeting a performance obligation when it does not

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have the reliable information required to apply the appropriate method of measuring progress. In some cases (i.e. during the initial stages of a contract), the entity may not be able to reasonably measure the outcome of a performance obligation, but at least expects to recover the costs incurred to meet it.

In such cases, an entity shall recognize revenue only on the extent of the cost incurred until it is able to reasonably measure the outcome of the execution obligation.

Revenue from services provision is recognized in the accounting period in which the services are provided and measured according to the nature of the services to be provided. The receivable from client is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the client.

A conventional asset is recognized when the Company has satisfied its liabilities to the counterparty before it pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the right of the Company to issue an invoice. The contractual obligation is recognized when the Company receives a consideration from the counterparty as an advance or when it reserves the right to a price, which is postponed before the performance of the contractual obligations and the transfer of the goods or services. The contractual obligation is derecognized when the contract obligations are met and the revenue is recorded in the income statement.

### **Implementation commitments that are fulfilled at a specific time**

When an implementation commitment is not met over time (as outlined above) then the entity fulfils the implementation commitment at a specific time. In determining this specific time when the client acquires control of a promising asset and the entity performs an implementation commitment, the entity examines the requirements for the acquisition of control, as analytically recorded in IFRS 15.

The main categories of revenue for the Company are as follows:

#### **Revenue from construction of Concession Project**

In accordance with the concession agreement the Company has undertaken the study, construction, financing, operation maintenance and exploitation of the project "International Airport of Heraklion, Crete".

The Company that undertakes the implementation of constructions recognizes revenue from construction contracts in its tax records on the basis of customer invoices resulting from relevant sectional project's implementation certifications issued by accredited engineers and responsive to the work carried out until the closing date. For the purpose of complying with IFRS, the revenue



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from the construction activity are accounted for in the accompanying financial statements progressively during construction, based on the input method of measurement in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

The measurement methods of progress based on input method recognizes revenue, based on the efforts of the economic entity or inflows towards fulfilling an implementation commitment (for example, the resources consumed, the hours worked, the costs incurred, the time spent or the hours of operation of the machines consumed) in relation to the total expected inputs for the fulfillment of this implementation commitment.

Contractual construction costs: The construction costs include: a) the costs directly related to the specific contract b) costs that are charged to the contractual activities in general and can be allocated in the construction contract c) any other costs specifically borne by the customer, according to the terms of the construction contract.

Contractual revenue: Contractual revenue is determined based on construction cost plus construction profit margin.

### **4.11 Income tax**

Income taxes charges for the year consists of current taxes, deferred taxes and audit tax differences from previous years.

#### **Current Income Tax**

The current tax is calculated based on the tax Statement of Financial Position of the company included in the Financial Statements, according to the tax regulation effective in Greece. The income tax expense for current income tax includes the income tax expense as it results based on the earnings of the company as such is reformed on the company's tax reports and provisions for additional income taxes and is calculated in accordance with statutory or substantially institutionalized tax rates.

#### **Deferred Income Tax**

Deferred taxes are taxes or tax relief that are related to the financial burdens or benefits accruing in the year but have already been accounted for or will be accounted for by the tax authorities in different fiscal years.

Deferred income tax is determined using the liability method that results from the temporary differences between the carrying amount and the tax base of the assets and liabilities. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, did not affect either the accounting or the tax profit or loss.

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Deferred income taxes are calculated using the liability method in all temporary differences at the date of the financial statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which, part or all of the deferred income tax assets may be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be in force for the year in which the asset is incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in effect or effectively in force at the date of reporting of the financial statements. In the event that the temporary reversal of temporary differences cannot be clearly identified, the tax rate applicable on the next day of the statement of financial position is used.

Income tax related to items that have been recognized in other comprehensive income is also recognized in other comprehensive income.

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### **4.12 Share capital and reserves**

Common registered shares are recorded as equity. Costs, directly attributable to a component of equity net of tax effect, are monitored as a deduction to the Balance of Retained Earnings in equity. Otherwise, this amount is recognized as an expense in the period in question.

At 31.12.2021 the Company did not hold treasury shares.

In particular, the reserves are divided into:

#### **Statutory reserves**

In compliance with the Greek Commercial Law, companies shall transfer at least 5% of their annual net profits to a statutory reserve until such reserve equals 1/3 of the paid-up share capital. This reserve cannot be distributed during the Company's operations.

#### **Other reserves**

The other reserves consist mainly of actuarial losses of pension plans.

The category of other reserves includes:

Actuarial gains / (losses) from defined benefit pension plans arising from a) empirical adjustments (the result of differences between previous actuarial assumptions and those that eventually occurred) and b) changes in actuarial assumptions.

### **4.13 Employee Benefits**

**Short-term benefits:** Short-term employee benefits (except for termination of employment benefits) in cash and in kind are recognized as an expense when deemed accrued. Any unpaid amount is recorded as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excessive amount as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments' reduction or refund.

**Retirement Benefits:** Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Company's liabilities for retirement benefits cover both defined contribution plans and defined benefit plans. The defined contribution plan's accrued cost is recognized as an expense in the period to which it relates. Pension plans adopted by the Company are partly financed through payments to insurance companies or state social security funds.

#### **a) Defined Contribution Plan**

Defined contribution plans refer to contribution payment to Social Security Organizations and therefore, the Company does not have any legal obligation in case the Fund is incapable of paying a pension to the insured person. The employer's obligation is limited to paying the employer's contributions to the Funds. The payable contribution by the Company in a defined contribution plan

## **INTERNATIONAL AIRPORT OF HERAKLION CRETE S.A.**

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is identified as a liability after the deduction of the paid contribution, while accrued contributions are recognized as expenses in the income statement.

### **(b) Defined Benefit Plan (non-funded)**

Under Laws 2112/20 and 4093/2012, the Company must pay compensation to its employees upon their dismissal or retirement. The amount of compensation paid depends on the years of service, the level of wages and the way of leaving service (dismissal or retirement). The entitlement to participate in these plans is carried out through the distribution of benefits in the last 16 years until the date of retirement of employees following the scale of Law 4093/2012.

The liability recognized in the Statement of Financial Position for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserves from payments to an insurance company), the changes deriving from any actuarial profit or loss and the previous service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary through the use of the projected unit credit method. For the discounting of fiscal year 2021, the selected interest rate follows the tendency of European Bonds of 10-year maturity as at December 31, 2021, which is regarded as consistent with the provisions of IAS 19, namely is based on bonds corresponding to the currency and the estimated term relative to employee benefits as well as appropriate for long-term provisions.

A defined benefit plan establishes, based on various parameters, such as age, years of service and salary, the specific obligations for payable benefits. Provisions for the period are included in the relative staff costs in the accompanying Income Statement and is comprised of the current and past service cost, the relative financial cost, the actuarial gains or losses and potentially arising additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting treatment of defined benefit plans, including as follows:

- recognition of actuarial gains/losses in other comprehensive income and their permanent exclusion from the Income Statement,

- non-recognition of the expected returns the plan's investment in the Income Statement but recognition of the relative interest on net liability/(asset) of the benefits calculated based on the discount rate used to measure the defined benefit liability

- recognition of past service cost in the Income Statement at the earliest between the plan's modification date or when the relative restructuring or terminal provision are recognized,

- other changes including new disclosures, such as quantitative sensitivity analysis.

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### 5 INTANGIBLE ASSETS

The Company's intangible assets and their movement for the periods from 1 January to 31 December 2021 and 2020, in the accompanying financial statements are analyzed as follows:

#### Acquisition Value

<b>1st January 2021</b>	<b>17,262</b>
Additions	35,055
<b>31st December 2021</b>	<b>52,317</b>

#### Net book value

<b>31st December 2021</b>	<b>52,317</b>
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#### Acquisition Value

<b>1st January 2020</b>	<b>0</b>
Additions	17,262
<b>31st December 2020</b>	<b>17,262</b>

#### Net book value

<b>31st December 2020</b>	<b>17,262</b>
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The intangible assets of the Company that are presented in the accompanied financial statements refer to Intangible asset from the Concession right of the New International Airport of Heraklion Crete.

The significant terms of the Concession agreement are summarized as follows:

- Concession Period: 2020-2055 (35 years)
- Contractual Consideration: Collection of 64.98% percentage of the utilization fee (ADMF) of the National Airport Heraklion Crete "Nikos Kazantzakis" from the Greek State during the period of design-construction (T1) and collection 100% of the utilization fee (ADMF) of the airport from the users and right of commercial operation of the stores and areas of the Project during the operation period (T2)
- Financial Contribution of the State: 180mn €
- Renewal terms and termination of the agreement:

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Renewal up to 10 years in case of need for additional investments by the Company due to Required Extension, or in case of non-repayment of the required capital by the Company.

Termination of the agreement due to denouncement on behalf of the State or the Concessionaire due to a Fact of Failure

- Maintenance Expenses: Liability for maintenance (heavy maintenance and other regular and extraordinary maintenance) and restoration of the infrastructure to a specified condition before handing it over to the granting authority at the end of the concession agreement

- Changes to the agreement that occurred during the period: None

**6 RIGHT OF USE ASSETS**

The rights of use assets and their movement for the periods 1 January until 31 December 2021 and 2020, that are presented in the financial statements are analyzed as follows:

	Buildings and Installations	Vehicles	Total
<b><u>Acquisition Value</u></b>			
<b>1st January 2021</b>	<b>335</b>	<b>0</b>	<b>335</b>
Additions	312	169	<b>481</b>
Termination of contracts	0	(3)	<b>(3)</b>
<b>31st December 2021</b>	<b>647</b>	<b>166</b>	<b>813</b>
<b><u>Accumulated amortization and impairments</u></b>			
<b>1st January 2021</b>	<b>(50)</b>	<b>0</b>	<b>(50)</b>
Amortization	(94)	(16)	<b>(110)</b>
Termination of contracts	0	3	<b>3</b>
<b>31st December 2021</b>	<b>(144)</b>	<b>(13)</b>	<b>(157)</b>
<b><u>Net book value</u></b>			
<b>31st December 2021</b>	<b>503</b>	<b>153</b>	<b>656</b>

	Buildings & Installations	Vehicles	Total
<b><u>Acquisition Value</u></b>			
<b>1st January 2020</b>	<b>32</b>	<b>0</b>	<b>32</b>
Additions	303	0	<b>303</b>
<b>31st December 2020</b>	<b>335</b>	<b>0</b>	<b>335</b>

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*(Amounts in thousands Euro, unless otherwise stated)***Accumulated amortization and****impairments**

<b>1st January 2020</b>	<b>(8)</b>	<b>0</b>	<b>(8)</b>
Amortization	(42)	0	(42)
<b>31st December 2020</b>	<b>(50)</b>	<b>0</b>	<b>(50)</b>
<b><u>Net book value</u></b>			
<b>31st December 2020</b>	<b>285</b>	<b>0</b>	<b>285</b>

The amortization of the Company for the year 2021 has been recorded in Administrative and distribution expenses by 110 (31.12.2020: 42).

**7 TANGIBLE ASSETS**

The tangible assets of the Company and their movements for the period 1 January until 31 December 2021, in the accompanied financial statements, are analyzed as follows:

	<b>Other</b>	<b>Assets under construction and prepayments for</b>	<b>Total</b>
<b><u>Acquisition Value</u></b>			
<b>1st January 2021</b>	<b>40</b>	<b>0</b>	<b>40</b>
Additions	64	247	311
<b>31st December 2021</b>	<b>104</b>	<b>247</b>	<b>351</b>
<b><u>Accumulated amortization and</u></b>			
<b><u>impairments</u></b>			
<b>1st January 2021</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>
Depreciation	(41)	0	(41)
<b>31st December 2021</b>	<b>(42)</b>	<b>0</b>	<b>(42)</b>
<b><u>Net book value</u></b>			
<b>31st December 2021</b>	<b>62</b>	<b>247</b>	<b>309</b>

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	Other	Assets under construction and	Total
<b>Acquisition Value</b>			
Additions	40	0	40
<b>31st December 2020</b>	<b>40</b>	<b>0</b>	<b>40</b>
<b>Accumulated depreciations and impairments</b>			
Depreciation	(1)	0	(1)
<b>31st December 2020</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>
<b>Net book value</b>			
<b>31st December 2020</b>	<b>39</b>	<b>0</b>	<b>39</b>

The depreciation for the fiscal year 2021 has been recorded in administrative and distribution expenses by 41.

**8 OTHER LONG TERM ASSETS**

The account of "Other long term assets" on 31.12.2021 and 31.12.2020 in the accompanied financial statements are analyzed as follows:

Other long-term financial assets	31.12.2021	31.12.2020
Other long-term assets	23	9
<b>Total</b>	<b>23</b>	<b>9</b>
<b>Other long-term non financial assets</b>		
	31.12.2021	31.12.2020
Advances to suppliers	82,503	91,065
<b>Total</b>	<b>82,503</b>	<b>91,065</b>
<b>Other long-term assets</b>	<b>82,526</b>	<b>91,074</b>

The account of "Advances to suppliers" includes mainly the advance given to the supplier TERNA SA, for the construction of the New International Airport Heraklion Crete, based on the Concession Agreement with the Greek State. The total unamortized amount of the above advance on 31.12.2021 amounts to 108,173 (2020 115,017). The amount of 82,272 (2020: 91,065) is included in the "Other non-current receivables" and the amount of 25,901 (2020: 23,952) is included in the "Advances and other receivables" (note 10).



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### 9 TRADE RECEIVABLES

The "Trade receivables" of the Company on 31.12.2021 and 31.12.2020, in the accompanied financial statements, are analyzed as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Trade receivables	86	177
<b>Total</b>	<b>86</b>	<b>177</b>

At each reporting date, the Company examines the receivables for any impairment, in accordance with the requirements of IFRS 9 and the expected credit losses. The maximum exposure to credit risk at the reporting date of the financial statements is the carrying amount of each category receivable as stated above. During the current year, there were no indications of any impairment. All receivables refer to non-overdue balances.

### 10 ADVANCES AND OTHER RECEIVABLES

The "Advances and other receivables" on 31<sup>st</sup> of December 2021 and 31<sup>st</sup> December 2020 in the accompanied financial statements are analyzed as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Prepayments and other short-term non-financial receivables		
Advances to suppliers	26,032	24,404
VAT for rebate – offsetting	1,998	1,240
Other deferred and prepaid expenses	1,452	1,741
<b>Total</b>	<b>29,482</b>	<b>27,385</b>

### 11 CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company on 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2020, in the accompanied financial statements are analyzed as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Sight Deposits	115.450	37.921
<b>Total</b>	<b>115.450</b>	<b>37.921</b>

Sight deposits are all denominated in Euro.

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*(Amounts in thousands Euro, unless otherwise stated)***12 LIABILITIES FROM LEASES**

The liabilities from leases on 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2020, in the accompanied financial statements are analyzed as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Liabilities from third parties leases (non-current)	543	228
Liabilities from third parties leases (current)	129	60
<b>Total lease</b>	<b>672</b>	<b>288</b>

The repayment period of the liabilities from leases are analyzed in the table that follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Up to 1 Year	129	60
Between 1 - 5 Years	427	228
More than 5 years	116	0
<b>Total</b>	<b>672</b>	<b>288</b>

The movement of the respective liabilities for the fiscal year 2021 and 2020 is presented as follows:

<b>Liabilities from leases</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Opening balance</b>	<b>288</b>	<b>24</b>
<b>1st January, Readjusted Balance</b>	<b>288</b>	<b>24</b>
Repayments of lease contracts	(97)	(38)
Payments of interest	(18)	(7)
Liabilities from new contracts	481	302
Financial cost for the period (note 23)	18	7
<b>Closing balance</b>	<b>672</b>	<b>288</b>
Long term liabilities from leases	<b>543</b>	<b>228</b>
Short term liabilities from leases	<b>129</b>	<b>60</b>

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### 13 PROVISION FOR EMPLOYEE COMPENSATION

According to Greek labour law, every employee is entitled to a lump sum compensation in case of dismissal or retirement. The amount of compensation depends on the length of service and the employee's remuneration on the day of dismissal or retirement. Employees who resign or are reasonably dismissed are not entitled to compensation.

The compensation payable in case of retirement in Greece is equal to 40% of the compensation calculated in case of unnecessary dismissal.

Estimates for staff indemnity liabilities were determined through an actuarial study. The following tables show the composition of the net expense for the relevant provision recorded in the net profit for the year ended December 31, 2021 and the movement of the relevant provisions accounts for employee compensation presented in the attached Statement of financial position for the year ended December 31, 2021 .

The expense for staff compensation that was recognized by the Company in the Statement of Comprehensive Income and recorded in the administrative and distribution expenses by is analyzed as follows:

	<u>1.1-31.12.2021</u>
Current service cost	4
Effect of cut-backs or settlements	19
<b>Total</b>	<b>23</b>

The movement of the relevant provision in the Statement of Financial Position is as follows:

	<u>2021</u>
<b>Balance 1 January</b>	<b>0</b>
Provision recognized in Net Earnings	23
<b>Balance 31 December</b>	<b>23</b>

The basic actuarial assumptions for the fiscal year 2021 are as follows:

	<u>2021</u>
Discount rate	0.60%
Future salaries increases	1.80%
Inflation	1.80%

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Movement of salaried workers (departure under their own will)

Table 1

Mortality

EVK 2000

**Years of Service****Leaving rate**

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From 0 to 1 years

1.50%

From 1 to 5 years

1.00%

From 5 to 10 years

0.50%

From 10 years and above

0.00%

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### 14 GRANTS

The movement of grants of the Group in the Statement of financial position for the years 2021 and 2020 is as follows:

	2021	2020
<b>Balance 1st January</b>	<b>100,000</b>	<b>0</b>
Approved and collected grants	104,805	100,000
<b>Balance 31st December</b>	<b>204,805</b>	<b>100,000</b>

The amount of grants presented in the Statement of Financial Position, refers to the amount that the Company collected from the Greek State and constitutes part of the total Funding Contribution of the Greek State amount of 180,000,000.00 euro, according to what is defined in article 7.3.1 of the Concession Agreement.

The balance of 24,805,000.00 euro constitutes the corresponding Airport Development Modernization Fee (A.D.M.F.) according to what is defined in article 7.7 of the Concession Agreement.

At the end of the construction period and before the commencement of the amortization of the New International Airport's Concession right, Heraklion Crete, this grant will be recognized deductible from the cost of the right, based on the accounting policy followed and displayed in detail in Note 4.7 of the Financial Statement.

### 15 SUPPLIERS

The account "Suppliers" on 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2020, in the accompanied financial statements are analyzed as follows:

	31.12.2021	31.12.2020
Suppliers	1,608	1,582
<b>Total</b>	<b>1,608</b>	<b>1,582</b>

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### 16 ACCRUED AND OTHER LIABILITIES

The accrued and other liabilities (short-term) on 31<sup>st</sup> December 2021 and 31<sup>st</sup> December 2020 in the accompanied financial statements are analyzed as follows:

<b>Accrued and other short-term financial liabilities</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Accrued expenses	855	206
Sundry Creditors	10	0
<b>Total</b>	<b>865</b>	<b>206</b>

<b>Other short-term non-financial liabilities</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Liabilities from taxes and duties	183	54
Social security funds	45	4
<b>Total</b>	<b>228</b>	<b>58</b>

<b>Total Accrued and other short-term liabilities</b>	<b>1,093</b>	<b>264</b>
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### 17 SHARE CAPITAL

The total share capital amounts on 31.12.2021 to 74,200,000.00 euro divided into 74,200,000 shares with a nominal value of 1.00 euro each.

The share capital of the Company was initially set at 5,000,000.00 euro, divided into 5,000,000 shares with nominal value of 1.00 euro each. With the decision of the General Meeting of Shareholders on December 12, 2019, it was decided to increase the share capital of the Company by a total of 170,500,000.00 euro with the issue of 170,500,000 new registered common shares, with a nominal value of 1.00 euro each with payment in cash. Within January 2020, the amount of 65,200.00.00 euro was paid in accordance with article 21 of Law 4548/2018 and the provisions of article 7.2.4 of the Concession Agreement. The remaining amount of the above increase will be paid in installments as follows:

(i) part of the nominal value of the new shares corresponding to the total amount of 4,000,000 euro distributed proportionally to each new share of the Company, will be paid on the First Business Day after the end of the 180-day period from the Commencement Date of the Concession. This amount was paid completely and in full by September 2020.

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(ii) part of the nominal value of the new shares corresponding to the total amount of 101,300,000 euro distributed proportionally to each new share of the Company, will be paid on the First Business Day after the end of 720 days from the date of commencement of the Concession.

With the decision of February 5, 2020 of the extraordinary General Meeting of Shareholders of the Company, the transfer of part of the shares to the Greek State was approved based on the terms of the Concession Agreement.

During the year 2021, no change was made in the share capital of the Company.

Within 2021 the Company received a tax refund amount of 1,293 related to the share capital increase costs of previous year which was recognized on the benefit of the Equity as at the year there were paid, namely 2019, they had been recognized directly subtractively from the Equity.

On 31.12.2021 the percentages were as follows:

Company - Shareholder	Participation Rate
GMR Airports Limited	21.64%
TERNA SA	32.46%
Greek State	45.90%
<b>Total</b>	<b>100,00%</b>

### 18 INCOME TAX – DEFERRED TAX

With the voting of L.4799 / 2021 which amended par. 1 of no. 58 of Law 4172/2013, the tax rate for the income of legal entities in Greece from the year 2021 onwards is reduced by 2% and is now set at 22%, while for the year 2020 it was 24%.

The effect of tax rate reduction from 24% to 22% brought by Law 4799/2021 in 2021, on the results and directly on Equity amounted to an expense of 6 and a loss of 38 respectively.

The actual final tax rate differs from the nominal one. The formation of the real tax rate is influenced by various factors, the most important of which are the non-tax deduction of certain expenses, the differences in depreciation rates that arise between the useful life of the asset and the rates set by Codified Law 4172/2013 and the possibility of companies to form tax-free discounts and tax-free reserves.

The Company offsets the deferred tax asset and liabilities when there is an applicable legal right to offset the current tax assets against the current liabilities and when the deferred taxes relate to the same tax authority. The offset amounts of 31.12.2021 and 31.12.2020 are analyzed as follows:

	31.12.2021	31.12.2020
Deferred tax assets	0	526
Deferred tax liabilities	(50)	0

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<b>Net deferred asset/(liability)</b>	<b>(50)</b>	<b>526</b>
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**(a) Income tax expense**

The income tax in the Statement of comprehensive income is analyzed as follows:

	<b>1.1-31.12.2021</b>	<b>1.1-31.12.2020</b>
Deferred tax expense/(income)	163	(51)
<b>Total expenses/(income)</b>	<b>163</b>	<b>(51)</b>

	<b>31.12.2021</b>	<b>31.12.2020</b>
<b>Profit before income tax expense</b>	<b>(1,090)</b>	<b>(213)</b>
Nominal tax rate	<b>22%</b>	<b>24%</b>
<b>Income tax expense/(income) based on the nominal tax rate</b>	<b>(240)</b>	<b>(51)</b>
Results not included in the calculation of tax	22	0
Impact due to change in tax rate	6	0
Effect of net temporary tax differences for which no deferred tax has been recognized	375	0
<b>Income tax expense</b>	<b>163</b>	<b>(51)</b>

The income tax return is submitted on an annual basis, but the declared profits or losses remain temporary until the tax authorities audit the taxpayer's books and records and the final audit report is issued. The company makes an annual assessment of any liabilities that are expected to arise from the audit of previous years, forming relevant provisions where necessary. The Management considers that in addition to the formed provisions, any amounts of taxes that may arise, will not have a significant impact on the Company's equity, results and cash flows. Information on unaudited fiscal years is provided in Note 29 of the Financial Statements.

**(b) Deferred tax**



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Deferred income tax is calculated on all temporary tax differences between the carrying amount and the taxable value of the assets and liabilities.

A deferred tax asset is recognized in respect of the transferable tax losses, to the extent that it is probable that future taxable profits will be realized through future taxable profits.

The Company offsets the deferred tax asset and liabilities when there is an applicable legal right to offset the current tax asset against the current liabilities and when the deferred taxes relate to the same tax authority.

The change of the net deferred tax asset/(liability) in the Statement of Financial Position on 31.12.2021 and 31.12.2020 is analyzed as follows:

	<u>31.12.2021</u>	<u>31.12.2020</u>
<b>Net deferred tax asset / (liability)</b>	<b>(50)</b>	<b>526</b>
<b>Opening Balance</b>	<b>526</b>	<b>475</b>
(Expense)/Income recognized in net earnings	(163)	51
(Expense) / Income recognized directly in the equity	(413)	0
<b>Closing Balance</b>	<b>(50)</b>	<b>526</b>

The deferred taxes (asset and liability) for the years 2021 and 2020 are analyzed as follows:

Deferred tax	01.01.2021	Statement of		31.12.2021
		Profit or loss	Equity	
		(Debit)/Credit		
Tangible and Intangible Assets	(5)	(2)	0	(7)
Recognized tax losses	651	45	(413)	283
Recognition of assets from concession contracts	(121)	(214)	0	(335)
Provision for staff indemnities	0	5	0	5
Lease Contracts	1	3	0	4
<b>Total</b>	<b>526</b>	<b>(163)</b>	<b>(413)</b>	<b>(50)</b>

Deferred tax	01.01.2020	Statement of		31.12.2020
		Profit or loss	Equity	
		(Debit)/Credit		

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Tangible and Intangible Assets	0	(5)	0	(5)
Recognized tax losses	475	176	0	651
Recognition of assets from concession contracts	0	(121)	0	(121)
Lease Contracts	0	1	0	1
<b>Total</b>	<b>475</b>	<b>51</b>	<b>0</b>	<b>526</b>

**19 TURNOVER**

The account "Turnover" in the accompanied statement of comprehensive income refers to the construction activity of the Airport based on the Concession Agreement that concerns the project's construction of the new International Airport in Heraklion Crete. The recognition of revenue is conducted through time in accordance with the progress measurement method based on input (input method).

**20 COST OF SALES – ADMINISTRATIVE AND DISTRIBUTION EXPENSES**

The cost of sales for the years 2021 and 2020, in the accompanied financial statements is analyzed as follows as:

	<b>1.1-31.12.2021</b>	<b>1.1-31.12.2020</b>
Sub-contractors	34,020	16,759
<b>Total</b>	<b>34,020</b>	<b>16,759</b>

The administrative and distribution expenses for the years 2021 and 2020, in the accompanied financial statements, analyzed as follows:

	<b>1.1-31.12.2021</b>	<b>1.1-31.12.2020</b>
Employee remuneration	199	29
Fees of civil engineers, technical consultants and other third parties	1,357	549
Other third-party expenses	35	4
Travel expenses	32	2
Subscriptions and contributions	5	5

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Promotion and advertising expenses	16	7
Depreciation	151	43
Repairs - Maintenance	11	5
Insurance Premiums	11	5
Remuneration of BoD	36	0
Leases	26	1
Taxes - Duties	24	7
Transport expenses	27	3
Other	154	47
<b>Total</b>	<b>2,084</b>	<b>707</b>

**21 AUDITORS' FEE**

	<b>1.1-31.12.2021</b>	<b>1.1-31.12.2020</b>
<b>Total</b>	<b>30</b>	<b>25</b>

The amount in fiscal year 2020 includes the fees for 2019 which was accounted for during the year 2020.

For the year ended 31 December 2021, the fees of the statutory auditor and the audit firm are not included, which relate to permitted non-audit services (excluding the services of mandatory and tax audit).

**22 OTHER INCOME/(EXPENSE)**

The other income/(expenses), in the accompanied financial statements for the years 2021 and 2020, is analyzed as follows:

	<b>1.1-31.12.2021</b>	<b>1.1-31.12.2020</b>
<b><u>Other income</u></b>		
<b>Total</b>	<b>0</b>	<b>0</b>
<b><u>Other Expenses</u></b>		
Taxes – duties	(1)	0
Other expenses	(13)	0
<b>Total</b>	<b>(14)</b>	<b>0</b>
<b>Total other income / (expenses)</b>	<b>(14)</b>	<b>0</b>

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### 23 FINANCIAL INCOME /(EXPENSES )

Financial income/(expense) for the years 2021 and 2020, in the accompanied financial statements are analyzed as follows:

	1.1-31.12.2021	1.1-31.12.2020
Deposit interest	8	0
<b>Total financial income (a)</b>	<b>8</b>	<b>0</b>
Financial cost from lease contracts	(18)	(7)
Bank commissions and expenses	(3)	(2)
<b>Total financial expenses (b)</b>	<b>(21)</b>	<b>(9)</b>
<b>Net financial income/(expenses) (a+b)</b>	<b>(13)</b>	<b>(9)</b>

### 24 SALARY EXPENSES

The expenses for salaries for the year 2021 and 2020 are analyzed as follows:

	1.1-31.12.2021	1.1-31.12.2020
Wages and related employee benefits	149	23
Social security fund contributions	27	6
Provision for employee indemnities	23	0
<b>Total</b>	<b>199</b>	<b>29</b>

The number of employed personnel in the Company at the end of the current year was 18 (3 for the compared year).

### 25 TRANSACTIONS WITH RELATED PARTIES

The transactions, as well the balances of the Company with related parties for the period ending on 31.12.2021 and 31.12.2020, are analyzed as follows:

31.12.2021

Related party-Transaction	Revenue	Purchases/Expense	Debit Balances	Credit Balances
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Other Related Parties - Goods/Other Services	277	31,074	108,269	2,080
Other Related Parties - Leases	0	54	0	6

**31.12.2020**

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Related party-Transaction	Revenue	Purchases/Expense	Debit Balances	Credit Balances
Other Related Parties - Goods/Other Services	289	15,279	115,203	661
Other Related Parties - Leases	0	32	0	0

The transactions with related parties are conducted on the same terms as transactions with third parties.

**26 RISK MANAGEMENT PURPOSES AND POLICIES**

The Company is exposed to multiple financial risks such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk. The Company's risk management program aims to reduce the negative impact on financial results resulting from the inability to predict financial markets and fluctuations in cost and sales variables. The risk management policy is applied by the financial services of the Company.

The procedure applied is the following:

- assessment of the risks related to the activities and operations of the Company,
- designing the methodology and selecting the appropriate financial products to reduce the risks; and
- execution/implementation, according to the procedure approved by the Management, of the risk management process.

The financial instruments of the Company consist mainly of deposits to banks, trade debtors and creditors, liabilities from leases.

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### **FOREIGN EXCHANGE RISK**

Foreign exchange is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. This type of risk may arise, for the Company, from foreign currency transactions with countries outside the Euro zone and countries that have not pegged their currency to the euro.

The Company is not exposed to foreign exchange risk as all its financial instruments (receivables and liabilities) are denominated in euro.

### **RISK OF INTEREST RATE CHANGES**

The Company is not exposed to risks of interest rates or changes in the prices of securities whose price is traded on a financial market. The Company during the year 2021 has no external borrowing.

### **CREDIT RISK**

The exposure of the Company regarding the credit risk is limited to financial assets which are analyzed as follows:

	<b>31.12.2021</b>	<b>31.12.2020</b>
Cash and cash equivalents	115,450	37,921
Loans and receivables	109	186
<b>Total</b>	<b>115,559</b>	<b>38,107</b>

The Company is not exposed to significant credit risks as the business activity is controlled during the current period.

The other receivables refer to affiliated companies and therefore they do not involve credit risk.

The credit risk for receivables liquid as well as other short-term financial assets (cash equivalents) is considered negligible, given that the counterparties are reliable banks with a high quality capital structure.

### **LIQUIDITY RISK**

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The Company manages its liquidity needs by carefully monitoring the debts, long-term financial liabilities as well as the payments made daily. Liquidity needs are monitored in various time zones, on a daily and weekly basis as well as in a rolling period of 30 days. Liquidity needs for the next 6 months and the following year are determined monthly.

The Company maintains cash and cash in banks to meet liquidity needs for periods of up to 30 days.

The maturity of financial liabilities as at 31 December 2021 is analyzed as follows:

	0 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities from leases	129	427	116	672
Suppliers	1,608	0	0	1,608
Accrued and other short-term financial liabilities	865	0	0	865
<b>Total</b>	<b>2,602</b>	<b>427</b>	<b>116</b>	<b>3,145</b>

The corresponding maturity of financial liabilities for December 31, 2020 was as follows:

	0 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities from leases	60	228	0	288
Suppliers	1,582	0	0	1,582
Accrued and other short-term financial liabilities	206	0	0	206
<b>Total</b>	<b>1,848</b>	<b>228</b>	<b>0</b>	<b>2,076</b>

The above contractual maturities reflect gross cash flows, which may differ from the carrying amounts of liabilities at the reference date of the financial statement position.

### GLOBAL PUBLIC HEALTH CRISIS FROM THE CORONAVIRUS PANDEMIC (COVID-19)

The rapid spread of COVID-19 cases and its mutations worldwide in 2020, had as a result its declaration as a Pandemic by the World Health Organization. The COVID-19 pandemic, in addition to the significant number of deaths, brought about an unprecedented crisis in the global health and

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economy. Specifically, in 2020 the negative effects led to a decrease in GDP, by 6% in the world economy and by 8.2% in the Greek economy.

The global impact of the pandemic has resulted in the European Union being forced to approve € 1.824 billion in funding to help its members deal with the effects of the COVID-19 pandemic on the European economy. Greece is expected to raise € 72 billion from all this funding, € 31 billion through the Recovery and Sustainability Fund €18 billion in grants, €13 billion in loans and €40 billion through the ESPA Cohesion Fund for the period 2021-2027.

Although the problems of the COVID-19 pandemic and its mutations have not been eliminated by 2021, the experience gained in protecting the population from coronavirus transmission, as well as finding effective vaccines at least for sufficient period of time, ensured the protection of a significant proportion of the fully vaccinated population, either as a whole or by minimizing the complications of the disease.

The significant increase in the percentage of vaccinated people in all developed countries has enabled the greater freedom of movement of populations, significantly improving the functioning of economies worldwide, since at the same time the movement of products has been freed from existing bans, which aimed to prevent transmission of the virus from region to region. Nevertheless, the restrictive measures that continued to be applied, at the behest of the Greek Government, continued to impede the smooth development of companies and their return to normalcy.

As always, the Management plans and implements measures to address each real or expected risk in order to limit its negative effects to the minimum possible and ensures the restoration of these effects as much as possible based on the provisions of the Concession Agreement.

### **(i) Organizational Planning**

The Company, reacting quickly and sensitively for its human resources, took all the necessary measures, ensuring that all its employees have the absolute protection and care against COVID-19 and its mutations. The Company systematically monitors the evolution of the pandemic, is immediately informed about each critical factor of its spread and guides the required actions that must be implemented by the Management and each employee in order to minimize the risks of the phenomenon and their impact on the course of the company.

Extremely strict operating rules have been adopted by the Company, in order to constantly confirm the highest possible level of security for all while all the alternative forms of work proposed by the Greek Government (remote, etc.) were adopted in order to minimize the risks of Personnel infection.



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### (ii) Impact of the coronavirus pandemic (COVID-19) on the operation of the Company

The Company faced similar problems due to the COVID-19 pandemic, as the majority of companies operating in Greece. The negative effects of the pandemic on the Company, although limited as much as possible after timely assumption by the management of all necessary decisions and actions, they have however so far affected the implementation time-schedule of the Project. The Management closely monitors the evolution of the phenomenon and its effects on the operation of the Company and undertakes actions, on the one hand, to control and reduce the inevitable delays in the progress of the Project and on the other hand to manage and restore these effects within the provisions of the Concession Agreement. In addition, the effects of the pandemic and the measures taken to limit this spread worldwide have undoubtedly had a negative impact on the air traffic of all airports in the country, including the International Airport of Heraklion, Crete "Nikos Kazantzakis". Given that the new Heraklion International Airport in Kastelli is in implementation face and not in operation, the effects of the pandemic on air traffic do not directly affect the Company's finances. Nevertheless, given that, under the Concession Agreement, a percentage of 64.98% on the amount of A.D.M.F. which is collected monthly at the International Airport of Heraklion Crete "Nikos Kazantzakis" during the Design - Construction Period, is attributed to the Company as part of the State contribution for the Design and Construction of the Project, the observed drop in air traffic in the International Airport "Nikos Kazantzakis" will have a negative effect on the expected amount of A.D.M.F. which the Company is entitled to receive. The Company's Management has already identified and pointed out the issue to the State.

Finally, as the Company continues to implement the plan for staffing and development, the pandemic crisis has inevitably delayed considerably the initial planning and the time-schedules for recruitment and conclusion of collaborations.

## 27 FINANCIAL ASSETS AND FINANCIAL LIABILITIES: PRESENTATION

The financial assets as well as the financial liabilities of the Company per category are as follows:

Financial Assets	31.12.2021	
	Amortised cost	Total
Other long-term receivables	23	23
Trade and other receivables	86	86

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Cash and cash equivalents	115,450	<b>115,450</b>
<b>Total</b>	<b>115,559</b>	<b>115,559</b>

### 31.12.2020

<b>Financial Assets</b>	<b>Amortised cost</b>	<b>Total</b>
Other long-term receivables	9	<b>9</b>
Trade and other receivables	177	<b>177</b>
Cash and cash equivalents	37,921	<b>37,921</b>
<b>Total</b>	<b>38,107</b>	<b>38,107</b>

### 31.12.2021

<b>Financial Liabilities</b>	<b>Amortised cost</b>	<b>Total</b>
Trade and other receivables	2,473	<b>2,473</b>
Liabilities from leases	672	<b>672</b>
<b>Total</b>	<b>3,145</b>	<b>3,145</b>

### 31.12.2020

<b>Financial Liabilities</b>	<b>Amortised cost</b>	<b>Total</b>
Trade and other receivables	1,788	<b>1,788</b>
Liabilities from leases	288	<b>288</b>
<b>Total</b>	<b>2,076</b>	<b>2,076</b>

## 28 POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The aims of the Company regarding the management of its capital are as follows:

- To ensure the ability of the Company to continue its activity (going-concern) and
- To secure a satisfactory capital structure and return for its shareholders

For this purpose, the Company monitors the capital on the basis of the leverage ratio which it is defined as: Adjusted Net Debt/Adjusted Equity. Adjusted Net Debt is defined as the total of Loan

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Liabilities plus Liabilities from Bank Leases less cash and cash equivalents, as presented in the Statement of Financial Position. Adjusted Equity is defined as Equity plus Grants.

This indicator at the end of the years 2021 and 2020 is as follows:

	31.12.2021	31.12.2020
Interest bearing debt	0	0
Minus:		
Cash and Cash equivalents	(115,450)	(37,921)
<b>Adjusted Net Debt</b>	<b>(115,450)</b>	<b>(37,921)</b>
Equity	72,575	72,535
Grants	204,805	100,000
<b>Adjusted Equity</b>	<b>277,380</b>	<b>172,535</b>
<b>Leverage ratio</b>	<b>-41.62%</b>	<b>-21.98%</b>

## 29 CONTINGENT LIABILITIES AND ASSETS

### Tax unaudited years

The sub-twelve-month period 05/02-31/12/2019 is considered tax unaudited fiscal years by the competent authorities. According to the relevant legislation, the audit and issuance of the Tax Compliance Report is valid for the years 2016 and onwards on an optional basis. In this context, the company did not receive a tax compliance report for the sub-twelve-month period 05/02-31/12/2019.

For the fiscal year 2020 the Company has received a Tax Compliance Certificate, in accordance with article 65A par.1 L.4174/2013, without substantial differences arising. For the year 2021 the Company is subject to optional audit, which is in progress and the relevant Tax Compliance Certificate is estimated to be issued after the publication of the annual financial statements of 31.12.2021. Upon completion of this tax audit, the Management does not expect to incur significant tax liabilities other than those recorded and are presented in the financial statements.

It is noted that, according to the circular POL. 1006/2016, companies that have been subject to the above special tax audit are not exempted from conducting regular audits by the competent tax authorities.

### Court cases

There are no disputes or arbitrations as well as decisions of courts or arbitration bodies that have an impact on the financial situation or operation of the Company.

### **30 EVENTS AFTER THE REFERENCE DATE OF THE STATEMENT OF FINANCIAL POSITION**

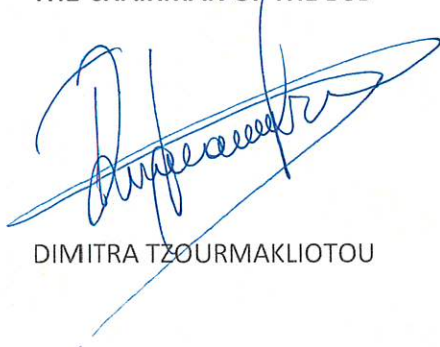
As of 01.01.2022 until the preparation date of the present, there were noted the following significant events:

1. Payment of the 4th Binding Investment by the Common Shareholders of the Company amounting to 101,300,000 euro, in proportion to their percentages (January 2022).
2. Following the provision of the relevant written consent of the State, the Initial Common Shareholder GMR AIRPORTS LIMITED transferred to "GMR AIRPORTS GREECE SOLE SHAREHOLDER SOCIETE ANONYME", the issued under the no.29/15.10.2020 minutes of the BoD no 4 and 8 equity securities and thus "GMR Airports Greece Sole Shareholder Societe Anonyme" became a shareholder at a rate of twenty one and sixty four percentage (21.64%) of the Share Capital of the company, holding a total of 16,056,880 Shares with a nominal value of one Euro (1.00 euros) each (January 2022).
3. Following the provision of the relevant written consent of the State, the Initial Common Shareholder TERNA SA. transferred to "GEK TERNA KASTELLI Sole Shareholder Societe Anonyme" (a) the above issued under no.29/15.10.2020 minutes of the BoD no. 2 and 6 equity securities and thus "GEK TERNA KASTELLI Sole Shareholder Societe Anonyme" became a shareholder at a rate of thirty two and forty six percentage (32.46%) of the Share Capital, holding a total of 56,967,300 Shares of a nominal value of one Euro (1.00 euro) each, and (b) the contractual relationship as well as all the rights, obligations and claims of TERNA SA. from the Secondary Bond Loan Program dated 21.02.2019, amounting to 36,000,000 euro, which has not yet been issued and which has been signed between the Company as a issuer and TERNA as a Bond Lender (January 2022).
4. During the year 2022, a further increase in the traffic of the existing Heraklion Airport "Nikos Kazantzakis" has been observed.

### **31 APPROVAL OF THE FINANCIAL STATEMENTS**

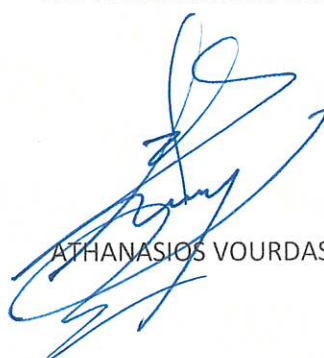
The Financial Statements for the year ended on 31.12.2021 were approved by the Board of the Directors of INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION SOCIETE ANONYME on 27<sup>th</sup> June 2022.

**THE CHAIRMAN OF THE BoD**



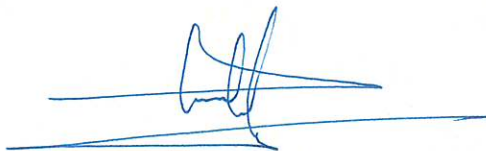
DIMITRA TZOURMAKLIOTOU

**THE GENERAL MANAGER**



ATHANASIOS VOURDAS

**GENERAL DIRECTOR OF FINANCE**



ANTONIOS LAMPROPOULOS

*(A' Class Chartered Accountant*

*Licence No: 0098505)*

**GENERAL CO-DIRECTOR OF FINANCE**



ALOK SRIVASTAVA