



**A COMPANY OF THE FSI GROUP**

**TRAINOSE TRANSPORTATIONS – PASSENGER AND CARGO  
TRANSPORTATION SERVICES RAILWAY SOCIETE ANONYME**

**ANNUAL FINANCIAL REPORT**

**AS OF 31 DECEMBER 2019**

**TRAINOSE TRANSPORTATIONS – PASSENGER AND CARGO TRANSPORTATION SERVICES RAILWAY**

**SOCIETE ANONYME**

Share Capital: € 34.406.509,10 [*Fully paid up*]

Registered Offices: Address Karolou 1-3, P. C. 104 37, Athens, Greece

Fiscal Code and Business Register no.: 59777/001/B/05/0584

GEMI number: 6780801000

VAT number: EL 999645865

Web address: <http://www.trainose.gr/>

## **COMPANY MISSION**

The company's mission is to provide a sustainable choice of transportation, environmentally friendly with:

- Safe and reliable schedules
- Reliable information
- Comfort and clean
- Competitive fares
- Friendly customer service
- High standards freight transportation

TRAINOSE's vision is to constitute a reliable and high quality transport services provider in Greece, both for passenger and for freight transportation, and a financially sustainable company.

By way of the absorption of EESSTY S.A., the Company is active in the field of maintenance, repair and reconstruction services for rolling and other railway stock.

## **CORPORATE BODIES**

<b>Board of Directors:</b>	<b>As elected on 10.12.2019</b>
Chairman	Marco CAPOSCIUTTI
Chief Executive Officer	Filippos TSALIDIS
Board member	Ilaria Anna DE DOMINICIS
Board member	Ester MARCONI
Board member	Domenico GALLI

## **MANAGER IN CHARGE OF PREPARING THE COMPANY'S ACCOUNTING DOCUMENTS**

Lorenzo GENTILE

## **INDEPENDENT AUDITING FIRM**

KPMG Certified Auditors – Accountants S.A.

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## **Management Report**

## LEGEND AND GLOSSARY

The criteria used to determine the alternative performance indicators adopted within the context of this Management Report, compared to those indicated in the financial statements drawn up according to IFRS, are listed below. The management believes that these indicators are useful for monitoring the Company's performance, and are representative of the economic and financial results generated by the business:

**Gross Operating Margin - EBITDA:** constitutes an indicator of operating performance, and is attributable only to the core business. It is calculated as the difference between Operating Revenues and Operating Costs.

**Operating profit - EBIT:** constitutes an indicator of operating performance and is calculated as the algebraic sum of the "EBITDA", Amortisations, Write-downs and Impairments losses (write-backs) and Provisions.

**Net operating working capital:** calculated as the algebraic sum of the Inventories, Construction Contracts, Current and Non-Current Trade Receivables and Current/Non-Current Trade Payables.

**Other net assets:** calculated as the algebraic sum of MEF Credits and advances for grants, deferred tax assets, the Other Current and Non-Current Assets and the Other Current/Non-Current Liabilities.

**Working capital:** calculated as the algebraic sum of the Net Operating Working Capital and the Other Net Assets.

**Net non-current assets:** calculated as the sum of the Property, Plant and Equipment, Real Estate Investments, Intangible Assets and Shareholdings items.

**Other provisions:** calculated as the sum of the provision for post-employment benefits (TFR) and other employee benefits, the provision for staff and third party disputes, the other provisions occasionally set aside for minor risks, and deferred tax liabilities.

**Net Invested Capital - NIC:** calculated as the algebraic sum of the Working Capital, the Net Non-Current Assets, the Other Provisions, and the Net Assets held for sale.

**Net financial position - NFP:** constitutes an indicator of the financial structure, and is calculated as the algebraic sum of bonds, long-term Loans from banks, the current amounts associated with them, short-term loans from banks, current and non-current payables due to other lenders, MEF financial receivables for current fifteen-year contributions, cash and cash equivalents, and current and non-current financial assets.

**Equity - EQ:** a financial statement indicator calculated as the algebraic sum of the share capital, the reserves, the retained earnings (losses), the current and non-current financial liabilities, and the operating profit.

**EBITDA margin:** a percentage index of profitability, determined by the ratio between the EBITDA and the Operating Revenues.

**EBIT margin - ROS (return on sales):** a percentage index of sales profitability. Determined by the ratio between the EBIT and the Operating Revenues.

**Degree of financial indebtedness (NFP/EQ):** an indicator used to measure the company's indebtedness. Determined by the ratio between the NFP and the Equity.

**ROE (return on equity):** a percentage index of the return on equity. Determined by the ratio between the Net Profit (NP) and the Average Equity. The Average Equity is calculated as the mathematical average between the value at the start of the period (including the profit for the previous year) and the value at the end of the period (net of the profit at the end of the year).

**ROI (return on investment):** a percentage index of profitability of the capital invested through the company's core business. Calculated as the ratio between the EBIT and the average NIC (between the start and end of the year).

**Net Asset Turnover:** an indicator of efficiency, as it expresses the invested capital's ability to "transform itself" into sales revenues. Calculated as the ratio between the Operating Revenues and the average NIC (between the start and end of the year).

### **Recurring terms**

The glossary of the recurring terms used within the context of the Group's operating activities, and found within the Annual Financial Report, is provided below:

**Average load (pkm/tkm):** expresses the number of passengers km per train km, or rather the number of people a train can carry on average.

**Route:** a set of railway lines of particular importance due to the traffic volume and the transport relationships that take place upon them, linking the network's main centres or hubs.

**ERA (European Railway Agency):** the agency of the European Union (EU), which establishes the mandatory requirements for European railways and manufacturers in the form of technical interoperability specifications applicable to the trans-European rail system. The ERA sets the common safety objectives, methods and indicators, and adheres to the 2004/49/EC Directive, as amended.

**ERTMS (European Rail Traffic Management System):** the functional and operational integration system of the various railway networks established within the context of the European Union, which, at in terms of operational control, provides for the ETCS system.

**ETCS (European Train Control System):** a system made up of various national ATC (Automatic Train Control) operating systems. ATC systems are made up of traditional and innovative signalling systems, and can make use of CSR (Continuous Signal Repetition) and CDSR (Continuous Digital Signal Repetition).

**GSM-R (Global System for Mobile Communication):** European standard for public digital mobile telephony, with a transmission speed of 9.6 Kbps.

**Plant:** a production unit of a localisable railway company with an identifiable area of jurisdiction on the rail network. They can belong to both the Infrastructure Manager and the transport companies.

**Load factor (pkm/seatkm):** expresses the so-called filling factor, and therefore measures the saturation of the commercial offering.

**Hub:** a conventional term for a railway area normally coinciding with a major metropolitan centre with a high density and relative complexity of medium/large stations and other railway systems interconnected by various lines, which represent the continuation of the main itineraries that enter the hub itself, as well as other lines, and are designed to facilitate the circulation management of different traffic streams and alternative routes, or rather service belts and links.

**Doubling:** the transformation of a single track line into a double track line.

**TEN-T:** trans-European transport network.

**Terminal:** an infrastructure suitable for intermodal transport, mostly suitable for the exchange of large load units between carriers, with or without warehouses of modest size.

**Tonnes km (tonn km):** The product of the tonnes transported multiplied by the km travelled. This unit of measurement therefore corresponds to the sum of the kilometres actually travelled by the tonnes transported within a given period of time (indicator of commercial performance for freight transport).

**Combined transport:** intermodal transport mainly carried out by rail, waterway or sea, with the initial and terminal routes carried out by road. Combined transport makes use of the railway with specific coded railways cars and lines.

**Intermodal transport:** transport that makes use of two or more modes of transport (land, rail, sea or river) with the movement of the load units between modes, without dividing the load itself: the load unit can either be a road vehicle or an intermodal transport unit (container, swap body, semi-trailer).

**Trains km (tkm):** number of train events per km travelled. This unit of measurement therefore corresponds to the sum of the kilometres travelled by all the trains within a given period of time (*performance* indicator referring to the network manager's production).

**TEU (Twenty-foot Equivalent Unit):** standard measure of volume for the transport of ISO containers, which corresponds to a total encumbrance of about 38 cubic metres.

**Passengers km (pkm):** number of passengers multiplied by the km travelled. This unit of measurement therefore corresponds to the sum of the kilometres actually travelled by all the passengers of a transport service within a given period of time (indicator of commercial performance for passenger transport).

**MAIN RESULTS ACHIEVED IN 2019**

		<b>2019</b>	<b>2018</b>
<b>ROE</b>	NP/EQ*	5,34%	-26,59%
<b>ROI</b>	EBIT/IC*	0,02%	0,03%
<b>ROS (EBIT MARGIN)</b>	EBIT/OR	1,82%	-6,97%
<b>EBITDA/OPERATING REVENUES (EBITDA MARGIN)</b>	EBITDA/OR	13,19%	-6,67%
<b>NET ASSET TURNOVER (NAT)</b>	OR/IC*	1191,44%	-411,23%
<b>FINANCIAL INDEBTEDNESS</b>	NFP/EQ	1,93	-3,31
<b>IC*:</b>		10.539.069,49	(28.331.230,51)
<b>NIC:</b>		81.634.575,68	(60.556.436,69)
<b>EBITDA:</b>		16.556.492,24	(7.775.033,08)
<b>EQ*:</b>		27.040.900,21	29.961.152,94
<b>EQ:</b>		27.831.681,18	26.250.119,25
<b>OR:</b>		125.566.998,74	116.506.204,84
<b>NR:</b>		1.487.412,11	(6.980.615,46)
<b>EBIT:</b>		2.284.485,45	(8.115.713,49)
<b>NFP:</b>		53.802.894,51	(86.806.555,94)
<b>NWC:</b>		10.699.676,14	36.489.783,14

**LEGEND**

**IC\*:** Average net invested capital (between the start and end of the year)

**NIC:** Net invested capital

**EBITDA:** Gross operating margin

**EQ\*:** Average equity (between the start and end of the year) net of the year-end result

**EQ:** Equity

**OR:** Operating revenues

**NR:** Net result

**EBIT:** Operating income

**NFP:** Net financial position

**NWC:** Net working capital

## **MAIN EVENTS OF THE FINANCIAL YEAR**

In April 2019 the acquisition from the Hellenic Republic Asset Development Fund of 100% of EESSTY's share capital by TRAINOSE was finalized, for a total consideration of 22 million euros. The acquisition allows TRAINOSE to complete the vertical integration of its activities, being EESSTY the only certified provider of rolling stock maintenance services in Greece, with the result to further strengthen the Ferrovie dello Stato Italiane Group's growth via TRAINOSE as a key player in the field of mobility (Rail) in Greece.

Subsequently, TRAINOSE proceeded to execute the merger by absorption of EESSTY. The transitional accounts, which set the date at which all economic and tax assets, liabilities and commitments are transferred to TRAINOSE have been published as of September 30th of 2019. The legal validity of the merger was finalized on December 31th 2019, with the publishing of the relative Decision of the Periferia of Attiki.

On November 29th of 2019, a memorandum of understanding was signed between TRAINOSE and the Greek Ministry of Infrastructure and Transportation for the direct assignment of a new Public Service Obligation contract for the 15-year period spanning from 2021 to 2035. The total potential consideration of the contract has been set at 750 million euros (yearly maximum consideration equal to 50 million euros, in line with the PSO in force until 2020), and the object of the activity will be the execution of non-viable passenger services over the whole of the Hellenic Republic network.

Finally, on July 23th of 2019, the purchase contract of 5 trains from Trenitalia has been signed for a total consideration of 47,5 millions. The train model, ETR470, will be destined to service new high speed services between Athens and Thessaloniki, with higher seating capacity, comfort and safety with regards to the rolling stock currently in service. The new trains will be delivered in Greece after full revamping service by the manufacturer, and are expected to enter service between the end of 2020 and the summer of 2021.

## HUMAN RESOURCES

The relations between Management and employees, as well as the employee benefits are regulated by applicable Collective Labor Agreements. The new Collective Labor Agreement in force has been signed on November 2018, with a duration of two years.

In addition and in collaboration with OSE S.A., the Company invests in the continuous training of its employees through the Education Center as well as the participation of its executives in specialized seminar programs. Furthermore, the new Collective Labor Agreement provides the financial support to employees who choose to study at the Open University.

<b>EMPLOYEES AS OF 31.12.2018</b>	<b>659</b>
Hired	41
Exited	69
Workforce of acquired company (Note 6)	578
<b>EMPLOYEES AS OF 31.12.2019</b>	<b>1.209</b>
<hr/>	
<b>AVERAGE WORKFORCE 2018</b>	<b>660</b>
<hr/>	
<b>AVERAGE WORKFORCE 2019</b>	<b>640</b>

\*the average figures do not include the workforce of EESSTY

With regards to the above-mentioned figures and in reference to the procedures that were carried out by Human Resources during 2019, we would like to mention the following:

- forty one hirings (20 employees, 2 experts, 1 middle-manager, 5 bus drivers and 13 train drivers) took place in order to fulfill arisen needs in staff, while 69 dismissals (retirements, deaths, resignations, e.t.c.) took place during the reference period
- additionally, TRAI NOSE proceeded with the acquisition of EESSTY last April while the merger of the companies was completed at 31.12.2019 – on account of this, EESSTY's staff was taken into consideration before estimating the headcount and the yearly average headcount (578 employees and workers)
- the incoming (13) drivers have been training to be qualified train drivers since July 2019, while 68 ones completed successfully their training courses in 2019 and they are now qualified train drives. The amount of the costs of their training courses and the number of employees involved are detailed below:

Objective of training	Cost of training courses	Number of employees
Basic training	782.000€	68
training courses certifying safe driving in the electrified railway network , electrified tunnels, etc.	143.865€	68

## **LABOR AND RESPECT FOR HUMAN RIGHTS**

As part of our approach to Corporate Responsibility, we systematically recognize and prioritize labor and human right issues that are linked to our activities and which may have negative effects on our stakeholders as well as on Sustainable Development at National level. The connection of the impact of our activities with the Sustainable Development was made possible, through the United Nations Sustainable Development Goals.

We methodically approach the important labor and human right issues in order to minimize any negative effects that may occur by their improper management and to increase the benefit from their proper management.

Since its foundation, the Company is distinguished for its professional ethics and its timeless values, which define every aspect of its activity, and reveal the Company's identity to every shareholder, associate and employee and demonstrates its commitment to a standard behavior and continuous efforts for improvement in every field.

The Company pays particular attention as regards the implementation of all corporate governance guidelines as they have been developed internationally. These guidelines mainly focus on providing full and timely information to the investing public and the relevant authorities for any crucial matter concerning major developments or economic issues and as well as the protection of shareholders' rights.

Communication and awareness of all parties involved about our activities, in addition to complying with the mandatory provisions represent our primary concern, because this ensures the required transparency and strengthens the trust towards the Company.

Complying with the above, all employees contribute to the prevention and / or proper management of any case of abuse, corruption or malpractice, and ultimately contribute to the protection of the Company's reputation.

Constant education is a basic pillar of human resource development. There is a widespread perception in the Company, according to which the vision for steady improvement in business and work performance is directly related to the constant improvement of personnel skills.

The Company supports and is committed to the United Nations Universal Declaration of Human Rights and complies with the relevant legislation. TRAI NOSE's priority is the satisfaction of its employees in terms of career development, remuneration, organization of seminars for further development. The Company examines the non-involvement of its associates in human rights violations.

## SAFETY

The Company has developed and monitors strict safety regulations for both passenger and freight transportations, which ensure the safest possible transportation of passengers and freights.

A Railway Company (R.C.) must have a safety certificate in order to gain access to the railway infrastructure. This certificate consists of two parts, the certificate type A and certificate type B and is granted from the National Safety Authority.

Certificate Type A refers that the R.C. has established a Safety Management System (S.M.S.) whereas Certificate Type B confirms that it has received all the necessary measures, in order to respond to the special demands for the safe use of the railway network.

- This obligation derives from article 10 of directive 2004/49/EU and (Presidential Decree) Π.Δ. 160/2007.
- Regulatory Authority for Railways (R.A.S.) is the regulatory body for the railway transports in Greece. R.A.S. mission is to insure fair and non-discriminatory access to the national infrastructure and services.
- R.A.S. was founded on November 2010 according to law N.3891/2010. R.A.S. and is the National Safety Authority for the Railway Transportations according to law N. 4199/2013 (ΦΕΚ Α 216/11.10.2013).
- In the end of 2017 TRAINOSE updated the safety certificates (Type A & B), which are valid until 31/12/2022.

For more details, please visit TRAINOSE's website at <http://www.trainose.gr/%CE%B7-%CE%B5%CF%84%CE%B1%CE%B9%CF%81%CE%B5%CE%AF%CE%B1/%CE%B1%CF%83%CF%86%CE%AC%CE%BB%CE%B5%CE%B9%CE%B1/>

## THE ENVIRONMENT

As part of our approach to corporate responsibility, we systematically recognize and prioritize environmental issues that are related to our activities and which may have negative effects on our stakeholders and the general environment, as well as to the Sustainable Development at National level.

We methodically approach the environmental issues that we have identified to minimize the negative effects that may result from their improper management and thus to increase the benefit from proper management.

Continuous improvement of environmental performance ratios, prevention of pollution, the implementation of environmental legislation is a long-term commitment of the Company's Management. For this purpose, the Company applies a continuously evolving System of Integrated Management for the environment, occupational health, labor safety and generally all its activities. The Company holds the ISO certification for Quality Certification of Passenger Transports according to EN 13816.

A summarized view of the main actions taken by the Company management is presented in the following table.

ACTIONS	STATUS		
	Completed at 2019	In progress	To be launched in 2020
<b>Development of the Environmental / Energy Management System according to ISO 14001 &amp; 50001</b>			X
<b>Development of an environmental KPIs control system</b>		X	
<b>Incorporation of environmental contractual terms in the contract for the vehicles cleaning</b>	X		
<b>Incorporation of environmental contractual terms in all TRAINOSE contracts (where applicable)</b>			X
<b>Participation in the GreenYourMove (GYM) european research project</b>	X		
<b>Energy control according to law 4342/2014</b>			X
<b>Improvement of maintenance sites according to the environmental and safety audit</b>		X	
<b>Participation to the Climate Change Committee of the Attica Administrative Region</b>			X
<b>Staffing of the Organizational Unit for Sustainability, Environment &amp; Quality</b>		X	
<b>Personnel awareness on environmental issues</b>		X	

## CUSTOMERS

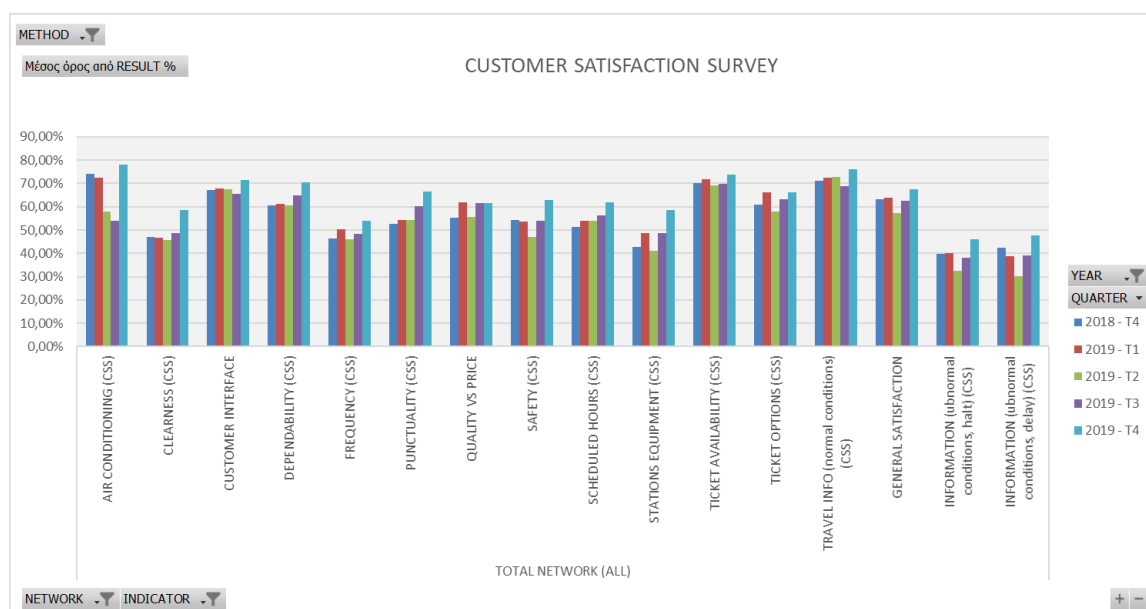
During 2019, a significant improvement of passenger services on the Athens-Thessaloniki corridor has been recorded in quality of service, in passenger growth and in revenue growth. Major infrastructure projects on the Athens-Thessaloniki line that had been underway for years (electrification and doubling of the line), benefiting passengers with a significant reduction in travel times. On average, from between 5 hours 30 minutes and 6 hours, the travel times were reduced between 3 hours 57 minutes and 4 hours 23 minutes.

The Company elaborated on the new timetable, and the overall commercial offer, that was introduced on May 20. Because of the above actions and events, remarkable growth in passenger traffic has been recorded in the corridor Athens-Thessaloniki. This increase is presented per quarter in the table below:

### **Number of passengers of the daily IC trains on the Athens-Thessaloniki route:**

Year	Quarter A	Quarter B	Quarter C	Quarter D
2019	148.022	194.707	259.846	285.865

Notwithstanding the higher service expectations of the new customer base, customer satisfaction KPIs have improved substantially as evidenced below.



Following the decision of the Board of Directors to approve a modified procedure of awarding of TRAINOSE's contractors on ticket points of sale, new contracts are awarded under stricter evaluation policy and a bonus incentive scheme is available when agreed targets are achieved.

The new procedure has contributed to the improvement of the service quality, quicker resolution of claims, and eventually in the increase of passenger trust and sales volumes.

The quality and the performance of services at the points of sales are also confirmed by the respective KPIs resulting from quarterly "Mystery Shopping" surveys, as well as the quarterly surveys on passengers' satisfaction.

The general view evidences improvements over all KPIs. After a period of stabilization the results in all KPIs have improved. The main improvements (>5%) have been identified in the areas of Hygiene, Air conditioning, Dependability, Safety / Security, Travel information under scheduled conditions and Travel information under out-of-schedule conditions. The general Indicators "Overall Satisfaction" and "Value for Money" have been also improved.

This improvement has been achieved due to a series of corrective actions, i.e. focus on the cleaning activities by subcontractors by applying stricter contractual terms, cooperation with the police force on public security issues, encouragement of the personnel to improve the travel information under normal conditions. Concerning the punctuality and dependability KPIs the improvement has been performed due to the electrification of the network.

## ECONOMIC TREND AND FINANCIAL POSITION

In order to illustrate the Company's economic and financial results, separate reclassified statements, different from those envisaged by the IFRS-EU accounting standards adopted by FS Group, have been prepared (as detailed in the Notes). These reclassified statements contain alternative performance indicators with respect to those deriving directly from the financial statements, which the management considers to be useful for the purpose of monitoring the Company's performance, as well as representative of the economic and financial results generated by the business. The methods for calculating these indicators are indicated in the "Legend and Glossary" section.

Sales turnover for 2019 amounted to € 72.459.149,97 compared to € 63.873.291,58 in the corresponding period of 2018, i.e. an increase of approximately 13,44%. The important increase is due to:

- the improved services on the route Athens-Thessaloniki, where the electrification and doubling of the line at the end of May has allowed for reduced travel times and more dependability; the total of the LH services of the company has increased revenues by 18,62% with respect to 2018;
- sustained gradual increases in the performance of the Athens suburban services, which increased revenues by 8,95%, mainly due to more efficient organization of the sales network;
- on a smaller scale, to a lower incidence of disruptions in the execution of freight services with respect to 2018, which led to a year-on-year increase of 3,44%.

Total revenues (including interest) have increased from € 117.482.556,10 (1/1/2018 – 30/9/2018) to € 129.478.395,24 (1/1/2019 – 31/12/2019). The difference includes both the aforementioned increase in sales turnover and the positive effect of the negative goodwill recognized through the purchase price allocation exercise on the EESSTY acquisition (3,3 million euros).

The Company's total expenses are decreased from € 119.725.459,88 (1/1/2018 – 31/12/2018) to € 108.235.334,50 (1/1/2019 – 31/12/2019). The apparent reduction is mainly attributed to the first time adoption of IFRS16 (see note 4), by means of which the leases of fixed assets (rolling stock, real estate, vehicles), for an amount of circa 14,8 million euros, are now recognized as a combination of amortization and financial expense. The residual variation is conducive mainly to slight increases in the Network utilization duties, in other services (cleaning and other), and in the fees for exchange of rolling stock. It needs to be noted that maintenance costs are recognized as such until September 30<sup>th</sup> 2019; after the date, due to the merger with EESSTY, the related costs have been replaced by the new division's operating costs, mainly affecting Personnel, consumption of spare parts, and other expenses.

## Reclassified income statement

<i>Amounts in €</i>	<b>1/1-31/12/2019</b>	<b>1/1-31/12/2018</b>	<b>% Diff</b>
<b>Revenues</b>			
Revenues from passengers transportation	39.438.956,37	33.248.698,76	18,62%
Revenues from passengers transportation (Suburban)	17.021.872,67	15.624.012,44	8,95%
Revenues from merchandise transportation	13.891.354,74	13.429.821,91	3,44%
Revenues from transportation with busses	1.597.496,45	1.570.758,47	1,70%
Revenue from maintenance services to third parties	509.469,74	-	-
Revenues from Public Service Obligations (P.S.O.)	50.000.000,00	50.000.000,00	0,00%
Income of exchange of rolling stock	913.847,30	290.694,55	214,37%
Other Operating Income	1.270.266,34	1.595.145,42	-20,37%
Other Income	923.735,13	747.073,29	23,65%
<b>Total Revenues</b>	<b>125.566.998,74</b>	<b>116.506.204,84</b>	<b>7,78%</b>
<b>Expenses</b>			
Personnel cost	33.000.589,54	28.583.416,79	15,45%
Raw materials, consumables and supplies (Fuel)	13.118.521,33	16.616.410,50	-21,05%
Raw materials, consumables and supplies (Spare parts)	1.725.675,84	-	N/A
Maintenance of rolling stock	17.940.413,21	24.344.671,54	-26,31%
Network utilization duties	16.093.254,85	15.593.976,19	3,20%
Rental of rolling stock	(0,00)	13.595.073,00	-100,00%
Cleaning of rolling stock	1.418.830,15	1.220.771,24	16,22%
Electricity	5.826.826,35	4.333.375,32	34,46%
Rent of buildings	252.171,93	278.893,90	-9,58%
Rent of means of transport	680.953,58	626.146,68	8,75%
Rent of exchange of rolling stock	2.487.379,73	2.013.015,17	23,56%
Other expenses	15.690.718,00	12.519.709,55	25,33%
<b>Total Expenses</b>	<b>108.235.334,50</b>	<b>119.725.459,88</b>	<b>-9,60%</b>
<b>Gross operating margin (EBITDA)</b>	<b>17.331.664,24</b>	<b>(3.219.255,04)</b>	<b>638,37%</b>
Depreciations	(14.272.006,79)	(340.680,41)	4089,27%
Provisions	(775.172,00)	(4.555.778,04)	-82,98%
<b>Operating income (EBIT)</b>	<b>2.284.485,45</b>	<b>(8.115.713,49)</b>	<b>-128,15%</b>
Net financial results	1.054.853,51	786.926,29	34,05%
<b>Profit/(Loss) before taxes</b>	<b>3.339.338,96</b>	<b>(7.328.787,20)</b>	<b>855,92%</b>
Income Taxes	(1.851.926,85)	348.171,74	-631,90%
<b>Net operating result</b>	<b>1.487.412,11</b>	<b>(6.980.615,46)</b>	<b>-121,31%</b>

The Company EBIT is positive for 2.284.485,45, in comparison with a negative EBIT for 8.115.713,49 for the period 1/1/2018-31/12/2018. The significant turnaround in the marginality of the company is attained through the aforementioned increase of turnover, of the substantial stabilization of costs, and of the containment of risk exposure. In particular, net provisions (both on legal risks and on credit risks) have fallen to 775.172 euros for 2019, down from 4.555.778,04 recorded in 2018.

Net financial income includes both the negative goodwill (*badwill*) from the acquisition of EESSTY, as well as the financial expenses linked to the IFRS16 effect (1,9 million euros), passive interests on loans received (0,65 million euros) and net positive result of treasury management activity (0,35 million euros).

The Company's result after tax for the period 1/1/2019 – 31/12/2019 is profit of € 1.487.412,11 compared to a loss of € (6.980.615,46) for the period 1/1/2018 – 31/12/2018. Emphasis must be given to the net impact on the result of the IFRS16 adoption, which amounted to about -0,8 million euros

### Reclassified balance sheet

Values in unit of Euros

	31.12.2019	31.12.2018	Change
<b>Net current operating assets</b>	<b>(44.183.987,41)</b>	<b>(56.516.411,27)</b>	<b>12.332.423,86</b>
Remnants and Other	2.693.950,16	1.300.944,88	1.393.005,28
Current trade receivables	4.643.776,33	2.250.539,32	2.393.237,01
Current trade payables	(51.521.713,90)	(60.067.895,47)	8.546.181,57
<b>Other net assets</b>	<b>25.292.860,30</b>	<b>8.422.119,43</b>	<b>16.870.740,87</b>
Tax office	9.981.770,78	5.297.612,63	4.684.158,15
Deferred tax assets	2.199.471,54	1.408.844,29	790.627,25
Other current credit	35.727.856,35	8.100.273,19	27.627.583,16
Other credit non-current	891.978,03	883.636,67	8.341,36
Operating Accrued income and expenses current	(68.333,33)	-	(68.333,33)
Other current debts	(22.357.883,07)	(7.198.247,35)	(15.159.635,72)
Other debts no current	(1.082.000,00)	(70.000,00)	(1.012.000,00)
<b>Current assets</b>	<b>(18.891.127,11)</b>	<b>(48.094.291,84)</b>	<b>29.203.164,73</b>
<b>Net fixed assets</b>	<b>117.807.714,71</b>	<b>1.067.613,25</b>	<b>116.740.101</b>
Post-employment benefits	6.601.179,00	2.722.411,00	3.878.768,00
Other provisions	10.680.832,92	10.807.347,10	(126.514,18)
<b>Post-employment benefits and Other provisions</b>	<b>(17.282.011,92)</b>	<b>(13.529.758,10)</b>	<b>(3.752.253,82)</b>
<b>NET INVESTED CAPITAL</b>	<b>81.634.575,68</b>	<b>(60.556.436,69)</b>	<b>142.191.012,37</b>
Net short term financial position	(31.531.919,49)	(86.806.555,94)	55.274.636,45
Net medium/long term financial position	85.334.814,00	-	85.334.814,00
<b>Net financial position</b>	<b>53.802.894,51</b>	<b>(86.806.555,94)</b>	<b>140.609.450,45</b>
<b>Equity</b>	<b>27.831.681,18</b>	<b>26.250.119,25</b>	<b>1.581.561,93</b>

## **INVESTMENTS**

On July 23rd of 2019, the purchase contract of 5 trains from Trenitalia has been signed for a total consideration of 47,5 millions. The train model, ETR470, is destined to service new high-speed services between Athens and Thessaloniki, with higher seating capacity, upgraded comfort and safety standards compared to the rolling stock available in the Greek market. The new trains will be delivered in Greece after a full revamping cycle by the manufacturer and are expected to enter service between the end of 2020 and the summer of 2021.

As of December, 31st of 2019, a down payment of 11,875 million euros has been recognized, as contractually foreseen.

An investment related to the renovation of the new company headquarters has been contractually defined in December 2019, amounting to about 1,2 million euros. The works are foreseen to take place during the first semester of 2020.

## RELATED PARTY TRANSACTIONS

Interrelations between TRAINOSE S.A., FS Italiane Group companies, and between these and other related parties are generally carried according to criteria of fairness, with the aim of ensuring mutual economic convenience, guided by the normal market conditions, which - where appropriate - are even identified with the help of external consultants; inter-company transactions share the common goal of creating efficiency and, therefore, value for FS Italiane Group as a whole.

These processes and transactions take place in compliance with the sector-specific, civil and tax legislation, in compliance with the Group and the Corporate Administrative Accounting Procedures, and taking into account the characteristics and the specific aspects of the activities carried out by many of the Group's companies.

The most significant transactions are analyzed in the table below:

Company's Name	31.12.2019					2019		Values in unit of Euros
	Receivables	Payables	Loans	Acquisition of rolling stock	Finance costs – Loans	Costs	Revenues	
<b>Parent companies</b>								
FERROVIE DELLO STATO ITALIANE S.p.A.	-	152.033,33	23.000.000,00	-	654.918,75	242.033,33	-	
TRENITALIA/CORP S.p.A.	-	11.875.000,00	-	11.875.000,00	-	11.875.000,00	-	
<b>Other companies</b>								
OSE S.A.	7.102.106,75	18.798.884,90	-	-	-	23.193.508,42	1.493.370,94	
GAIAOSE S.A.	10.910.136,16	30.004.045,09	-	-	-	14.261.747,14	8.806.001,53	
MERCITALIA	-	97.977,00	-	-	-	-	-	
<b>Total</b>	<b>18.012.242,91</b>	<b>60.927.940,32</b>	<b>23.000.000,00</b>	<b>11.875.000,00</b>	<b>654.918,75</b>	<b>49.572.288,89</b>	<b>10.299.372,47</b>	

## **MANAGEMENT OUTLOOK**

During 2020, the Company expects to stabilize the increased production on passenger services on the route Athens-Thessaloniki as well as exploiting the increased capacity in order to boost production of freight transportation services.

The Company expects to continue the intense effort of cost optimization, in order to maximize profitability. In this context, a major effort will be destined to ensuring the best possible integration of the maintenance activities with the programming and usage of rolling stock, aimed to meet both cost-efficiency and qualitative targets.

In parallel, new IT platforms will be readied during the year, both on the customer side (ticketing and booking platforms) and on internal processes (maintenance and fleet management). Through these implementations, the Company expects to increase marginality and to ensure a better management of operating costs.

Athens, 5/3/2020

Caposciutti Marco

Chairman of BoD

TRAINOSE S.A.

## **Annual financial report as of 31 December 2019**

## **Accounting statements**

## Statement of Financial Position

values in unit of Euros

Activity	Notes	31.12.2019	31.12.2018
Property, plant and equipment		19.364.944,13	653.842,60
Royalties to Property, plant and equipment (Finance Lease-IFRS 16)		80.236.803,00	-
Spare Parts of rolling stock		16.669.130,63	-
Intangible assets		1.536.836,95	413.770,65
Deferred tax assets		2.199.471,54	1.408.844,29
Other non-current assets		891.978,03	883.636,67
<b>Total non-current assets</b>		<b>120.899.164,28</b>	<b>3.360.094,21</b>
Inventories		2.693.950,16	1.300.944,88
Current trade receivables		4.643.776,33	2.250.539,32
Cash and cash equivalents		49.114.284,49	26.306.555,94
Restricted cash		1.500.000,00	1.500.000,00
Tax receivables		9.981.770,78	5.297.612,63
Other current assets		35.727.856,35	67.100.273,19
<b>Total current assets</b>		<b>103.661.638,11</b>	<b>103.755.925,96</b>
<b>Total assets</b>		<b>224.560.802,39</b>	<b>107.116.020,17</b>
<b>Equity</b>			
Share capital		34.406.509,10	34.406.509,10
Reserves		(2.199.904,35)	(2.294.054,17)
Profits (Losses) carried forward		(5.862.335,68)	1.118.279,78
Profit (Loss) for the financial year		1.487.412,11	(6.980.615,46)
<b>Total Shareholders' Equity</b>		<b>27.831.681,18</b>	<b>26.250.119,25</b>
<b>Liabilities</b>			
Medium/long-term loans		21.000.000,00	-
Post-employment benefits and other employee benefits		6.601.179,00	2.722.411,00
Provisions for risks and charges		10.680.832,92	10.807.347,10
Non-current financial liabilities (including derivatives)		64.334.814,00	-
Other non-current liabilities		1.150.333,33	70.000,00
<b>Total non-current liabilities</b>		<b>103.767.159,25</b>	<b>13.599.758,10</b>
Short-term loans and current portion medium/long-term loans		2.000.000,00	-
Current trade payables		51.521.713,90	60.067.895,47
Current financial liabilities (including derivatives)		17.082.365,00	-
Other current liabilities		22.357.883,07	7.198.247,35
<b>Total current liabilities</b>		<b>92.961.961,97</b>	<b>67.266.142,82</b>
<b>Total liabilities</b>		<b>196.729.121,22</b>	<b>80.865.900,92</b>
<b>Total Equity and liabilities</b>		<b>224.560.802,40</b>	<b>107.116.020,17</b>

The Company applied IFRS 16 as of 1 January 2019. Based on the transition method adopted, the comparative information has not been restated.

On 30.9.2019 TRAINOSE S.A. merged EESSTY S.A.. The comparative information has not been restated .

## Income statement

values in unit of Euros

	Notes	2019	2018
Income from sales and services		72.459.149,97	63.873.291,58
Revenue from PSO (Public Service Obligation)		50.000.000,00	50.000.000,00
Other income		3.107.848,77	2.632.913,26
<b>Total revenue and income</b>		<b>125.566.998,74</b>	<b>116.506.204,84</b>
Personnel costs		(33.000.589,54)	(28.583.416,79)
Raw materials, consumables, supplies and merchandise		(20.671.023,52)	(20.949.785,82)
Costs for services		(48.156.105,45)	(64.915.014,41)
Costs for leased assets		(933.125,51)	(905.040,58)
Other operating costs		(5.474.490,49)	(4.372.202,28)
Provisions		(369.109,44)	(4.555.778,04)
<b>Total operating costs</b>		<b>(108.604.443,94)</b>	<b>(124.281.237,92)</b>
<b>Amortisations</b>		<b>(14.272.006,78)</b>	<b>(340.680,41)</b>
<b>Write-downs and impairment losses (write backs)</b>		<b>(406.062,56)</b>	<b>-</b>
<b>Operating income</b>		<b>2.284.485,46</b>	<b>(8.115.713,49)</b>
Financial income		590.352,72	976.351,26
Goodwill due to merge with EESSTY S.A.		3.321.043,78	-
Financial expenses		(2.856.542,99)	(189.424,97)
<b>Total financial income and expenses</b>		<b>1.054.853,51</b>	<b>786.926,29</b>
<b>Income before taxes</b>		<b>3.339.338,97</b>	<b>(7.328.787,20)</b>
Income taxes		(1.851.926,85)	348.171,74
<b>Net operating result</b>		<b>1.487.412,11</b>	<b>(6.980.615,46)</b>

*The Company applied IFRS 16 as of 1 January 2019. Based on the transition method adopted, the comparative information has not been restated.*

*On 30.9.2019 TRAINOSE S.A. merged EESSTY S.A.. The comparative information has not been restated .*

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**Statement of comprehensive income**

 values in unit of Euros
 

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	Notes	2019	2018
<b>Net operating result</b>		<b>1.487.412,11</b>	<b>(6.980.615,46)</b>
<b>Components that will not be reclassified later in the profit/(loss) for the year, net of tax effects:</b>			
Losses relating to actuarial gains		(881.259,00)	(422.683,00)
<b>Total comprehensive income for the fiscal year</b>		<b>606.153,11</b>	<b>(7.403.298,46)</b>

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*On 30.9.2019 TRAINOSE S.A. merged EESSTY S.A.. The comparative information has not been restated .*

**Statement of changes in Equity**

	Share capital	Reserve for actuarial gains/(losses) for employee benefits	Reserves				Profits (losses) carried forward	Profit (loss) for the financial year	Total Shareholders' Equity
			Extraordinary reserve L.3891/2010	Extraordinary reserve due to merge with EESSTY S.A.	Other reserves	Total Reserves			
<b>Balance as of 1 January 2018</b>	<b>213.043.400,00</b>	<b>(1.884.465,32)</b>	<b>692.161.809,26</b>	-	<b>13.094,15</b>	<b>690.290.438,09</b>	<b>(869.661.651,46)</b>	-	<b>33.672.186,63</b>
Capital increase (capital reduction)	<b>(178.636.890,90)</b>	-	-	-	-	-	-	-	<b>(178.636.890,90)</b>
Other changes	-	-	<b>(692.161.809,26)</b>	-	-	<b>(692.161.809,26)</b>	<b>870.779.931,24</b>	-	<b>178.618.121,98</b>
Total Profit/(Losses) recognised of which:	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the financial year	-	-	-	-	-	-	-	<b>(6.980.615,46)</b>	<b>(6.980.615,46)</b>
Profits/(Losses) recognised directly in Equity	-	<b>(422.683,00)</b>	-	-	-	<b>(422.683,00)</b>	-	-	<b>(422.683,00)</b>
<b>Balance as of 31 December 2018</b>	<b>34.406.509,10</b>	<b>(2.307.148,32)</b>	-	-	<b>13.094,15</b>	<b>(2.294.054,17)</b>	<b>1.118.279,78</b>	<b>(6.980.615,46)</b>	<b>26.250.119,25</b>
		-							
<b>Balance as of 1 January 2019</b>	<b>34.406.509,10</b>	<b>(2.307.148,32)</b>	-	-	<b>13.094,15</b>	<b>(2.294.054,17)</b>	<b>(5.862.335,68)</b>	-	<b>26.250.119,25</b>
Capital increase (capital reduction)	-	-	-	-	-	-	-	-	-
Other changes due to merge with EESSTY S.A.	-	-	-	975.408,82	-	975.408,82	-	-	975.408,82
Reclass of reserve for actuarial gains/(losses) for employee benefits	-	(1.810.499,64)	-	1.810.499,64	-	-	-	-	-
Total Profit/(Losses) recognised of which:	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the financial year	-	-	-	-	-	-	-	<b>1.487.412,11</b>	<b>1.487.412,11</b>
Profits/(Losses) recognised directly in Equity	-	<b>(881.259,00)</b>	-	-	-	<b>(881.259,00)</b>	-	-	<b>(881.259,00)</b>
<b>Balance as of 31 December 2019</b>	<b>34.406.509,10</b>	<b>(4.998.906,96)</b>	-	<b>2.785.908,46</b>	<b>13.094,15</b>	<b>(2.199.904,35)</b>	<b>(5.862.335,68)</b>	<b>1.487.412,11</b>	<b>27.831.681,18</b>

*The Company applied IFRS 16 as of 1 January 2019. Based on the transition method adopted, the comparative information has not been restated.*

*On 30.9.2019 TRAINOSE S.A. merged EESSTY S.A.. The comparative information has not been restated.*

*The accompanying notes in pages 16 to 53 are integral part of the Interim financial statements.*

## Statement of cash flows

<i>Values in € ' </i>	<b>Note</b>	<b>1/1- 31/12/2019</b>	<b>1/1-31/12/2018</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) for the year		1.487.412,11	(6.980.615,46)
Income Taxes		1.851.926,85	(348.171,74)
Adjustment of Income Tax		-	(18.768,92)
Financial Expenses & Revenues		(1.054.853,51)	(786.926,29)
Amortization and depreciation		14.272.006,79	340.680,41
Risk provisions		854.828,12	4.555.778,04
Accruals for employee benefits payment		288.478,00	185.043,00
Change in inventories		(535.015,35)	106.400,47
Change in trade receivables		25.576.585,55	(33.045.490,51)
Change in trade payables		(20.130.297,99)	35.611.614,21
Change in other assets and liabilities		(550,56)	(1.385.238,44)
Payment of employee benefits		(506.932,18)	(257.736,00)
<b>NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES</b>		<b>22.103.587,83</b>	<b>(2.023.431,23)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(719.260,90)	(735.150,09)
Interest received		590.352,72	976.351,26
Participations in subsidiaries		(22.000.000,00)	-
<b>NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES</b>		<b>(22.128.908,18)</b>	<b>241.201,17</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(858.216,64)	(189.424,97)
Loans received		25.000.000,00	-
Loans paid		(2.000.000,00)	
Cash & cash equivalent due to merge with EESSTY S.A.		691.265,54	
<b>NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES</b>		<b>22.833.048,90</b>	<b>(189.424,97)</b>
<b>Total cash flow generated in the year</b>		<b>22.807.728,55</b>	<b>(1.971.655,03)</b>
Cash and cash equivalents at the beginning of the period		26.306.555,94	28.278.210,97
<b>Cash and cash equivalents at the end of the period</b>		<b>49.114.284,49</b>	<b>26.306.555,94</b>

*The Company applied IFRS 16 as of 1 January 2019. Based on the transition method adopted, the comparative information has not been restated.*

*On 30.9.2019 TRAINOSE S.A. merged EESSTY S.A.. The comparative information has not been restated .*

*The accompanying notes in pages 16 to 53 are integral part of the Interim financial statements.*

## **Notes on the financial statements**

## 1 Preliminary remarks

«TRAINOSE TRANSPORTATIONS – PASSENGER AND CARGO TRANSPORTATION SERVICES RAILWAY SOCIETE ANONYME» (henceforth also referred to as the “Company” or “TRAINOSE S.A.” has the legal entity of a Societe Anonyme and is registered in the Societe Anonyme Register with no. 59777/001/B/05/0584.

The Company was established as a Societe Anonyme company in 2005, with a decision of the Ministry of Transportation and Communication (Φ4/65206/5120/22-11-2005) and its corporation document was published on Government Gazette FEK 12948/20-12-2005 volume of Societe Anonyme and Limited Companies. The latest update of the incorporation document was published on 28/12/2018 GEMI No 1346769 (KAK: 1612039), regarding the decrease of the share capital (Note 10). The complete Company’s name is «TRAINOSE TRANSPORTATIONS – PASSENGER AND CARGO TRANSPORTATION SERVICES RAILWAY SOCIETE ANONYME» and its distinctive title «TRAINOSE S.A.».

The Company’s headquarters and the offices of the Company’s Management are located in a leased property at Karolou 1-3 Str. in Athens. The Company has entered into a lease agreement for premises on Petmeza str in Athens and it is planned that both the headquarters and the Management of the Company will move to the new location within 2020.

According to Article 1 of the Article of Association, Company’s duration is set at 50 years, calculated from the day that was registered in the Societe Anonyme Registry.

On July 14 2016 the HRADF (Hellenic Republic Asset Development Fund) Board of Directors, announced that from the evaluation of the proposals which were offered for the purchase of TRAINOSE’s 100% of shares, the Italian railway company «Ferrovie Dello Stato Italiane S.p.A» offering of € 45 million total value, was evaluated as the preferred investor for the particular acquisition. On January 18th 2017 the sale of the 100% TRAINOSE’s shares, to the Italian railway company «Ferrovie Dello Stato Italiane S.p.A.», was signed. The completion of the contract agreement was finalized on 14.9.2017.

From September 14, 2017 Company’s shareholder is Ferrovie Dello Stato Italiane S.p.A. with 100% participation.

On 1.6.2019, Ferrovie Dello Stato Italiane S.p.A transferred all the shares of TRAINOSE SA, to its subsidiary TRENITALIA S.p.A..

Briefly the basic information of the Company are the following:

<b>GEMI Number</b>	6780801000
<b>Tax Register Number (AFM)</b>	EL999645865
<b>Headquarters Address</b>	Karolou 1-3, 104 37, Athens, Greece
<b>Board of Directors composition</b>  <b>Board of Directors formation as elected on 10.12.2019</b>	Caposciutti Marco (President of BoD.) Tsalidis Filippos (Managing Director of BoD) Domenico Galli (Member) Ester Marconi (Member) Ilaria Anna De Dominicis (Member)

## 1.1 Objective of Activity

As it is described by Article 2 of the Articles of Association, the Company's objective of activity consists of:

- Providing pull services for the railway transportation cargo and passengers.
- Developing, organizing and commercially exploiting urban, suburban, regional, and international railway cargo and passenger transportation.
- Developing, organizing and commercially exploiting urban, suburban, regional, and international cargo and passenger bus transportation domestically or abroad.
- Establishment and operation of general tourist offices domestic or abroad, as well as agency of transportation companies and general tourism offices.
- Organizing, exploiting commercially and providing lodging and catering.
- Organizing and operating the manufacturing, repair and maintenance of the railroad material.
- Developing, organizing and commercially exploiting transportations, which serve the purpose of improving the country's transportation system and integration.
- Development of any other activity which contributes to the growth of transportation and public transportation services

The publication of these financial statements was authorised by the Directors on 05/03/2020 and the same will be submitted to the Shareholders' Meeting for approval and subsequent filing, within the terms established by law. The Shareholders' Meeting has the power to make changes to these financial statements.

KPMG Certified Auditors – Accountants S.A. has been engaged to perform the statutory audit of the accounts.

## 2 Criteria for the preparation of the financial statements

These financial statements for the year ended on 31 December 2019 have been prepared in accordance with the *International Accounting Standards* (IAS) and the *International Financial Reporting Standards* (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the *IFRS Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee* (SIC), recognised in the European Union pursuant to regulation (EC) no. 1606/2002 and in force at the end of the financial year (the set of all the reference standards and interpretations indicated above are henceforth referred to as the "EU-IFRS"). In particular, the EU-IFRS have been applied consistently to all the periods contained within this document.

It should also be noted that these financial statements have been prepared based on the best available knowledge of the EU-IFRS, and taking into account the best interpretations in this field; any future interpretative guidance and updates will be reflected in subsequent fiscal years in accordance with the methods required by the financial reporting standards, on a case-by-case basis.

The Company's functional currency, and the base currency for presenting the financial statements, is the Euro, which is the current currency of the main countries in which the Company operates; unless otherwise indicated.

The financial statements are made up of the Statement of Financial Position, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Equity, the Cash Flow Statement and the relative Explanatory Notes; in particular:

- the Statement of Financial Position has been prepared by classifying the assets and liabilities according to the “current/non-current” criterion,
- the income statement was prepared by classifying the costs by nature, providing separate disclosure, if present, of the net results of the continuing operations and those of the discontinued operations;
- In addition to the operating result, the comprehensive income statement also includes any other changes in the shareholders' equity items attributable to transactions not carried out with the Company's shareholders;
- the Statement of changes in Shareholders' Equity provides separate disclosure of the operating result for the year and any other change not recorded on the income statement;
- The Cash Flow Statement has been prepared by stating the cash flows resulting from operating activities according to the indirect method.

The Financial Report is also accompanied by the Management Report included with the financial statements.

These financial statements have been prepared in accordance with the going concern assumption, as the directors have verified the absence of any financial, managerial, or other indicators that could indicate problems with the Company's ability to cope with its obligations in the foreseeable future and, in particular, over the next 12 months.

The financial statements have been prepared based on the conventional historical cost criterion, with the exception of cases where the application of the fair value criterion is required.

It should also be noted that the term “current” means the 12 months following the reference date of this document, while the “non-current” means periods more than 12 months beyond the same date.

The same accounting standards adopted for the preparation of the Financial Statements as of 31 December 2018 were applied during the preparation of these financial statements.

### 3 Main accounting standards applied

The accounting standards and the most significant assessment criteria used for the preparation of the financial statements are indicated below.

#### Property, plant and equipment

The property, plant and equipment are recorded at purchase or production cost, net of accumulated depreciation and any impairment losses. The purchase or production cost includes the costs directly incurred to prepare the assets for their use, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations requiring the asset to be restored to its original conditions. The financial charges directly attributable to the purchase, construction or production of qualified assets are capitalised and amortized based on the useful life of the asset to which they refer. The costs of an incremental nature for the improvement, modernisation and transformation of tangible assets are recognised among the balance sheet assets.

Charges incurred for routine maintenance and repairs are ascribed directly to the income statement when incurred. The capitalisation of the costs associated with the expansion, modernisation or improvement of structural elements owned or used by third parties is carried out to the extent that they meet the requirements for being separately classified as an asset or part of an asset, applying the component approach criterion, according to which each component subject to an autonomous assessment of its useful life and value must be dealt with individually.

Depreciation is calculated systematically based on the rates deemed to be representative of the assets' estimated economic-technical useful life.

Where necessary, the useful life and residual value of the tangible fixed assets are reviewed and updated at least at the end of each year. Land is only depreciated for the part relating to capitalised reclamation costs.

The depreciation rates and useful lives are as follows:

Category	Depreciation rate
Buildings	<i>from 5 to 20 years</i>
Mechanical equipment	<i>from 5 to 10 years</i>
Means of transport	<i>from 5 to 10 years</i>
Other equipment	<i>from 4 to 6 years</i>

## Leased assets

### i. Identification

On the start date of a lease or rental contract (the inception date, meaning the date upon which the contract is signed or that upon which the parties undertake to respect the contractual terms, whichever comes first) and with every subsequent amendment of the relative contractual terms and conditions, the Company verifies whether it contains or represents a lease. In particular, a contract is deemed to contain or represent a lease if it transfers the right to control the use of an identified asset, for a set period of time, in exchange for a fee. For contracts containing multiple components of a leasing and non-leasing nature, and therefore falling under other accounting standards, the Company separates the various components.

The lease begins when the lessor renders the asset available to the lessee (commencement date), and is determined considering the period of the contract that cannot be cancelled, i.e. the period during which the parties have legally enforceable rights and obligations, even including rent-free periods. This duration is combined with:

- the period covered by a contract renewal option, when the Company is reasonably certain that it will be exercising this option;
- the periods following the termination date (termination option), when the Company is reasonably certain that it will not be exercising this option.

Termination options held only by the lessor are not considered.

The Company has chosen not to apply IFRS 16 to short term leases, or rather those which have a duration of less than 12 months; to low value lease contracts, or rather those in which the value of the asset, when new, or else the overall contract, is equal to or less than € 5,000. For these types of contracts, the Company recognises the payments due as a cost according to a straight-line criterion, or else with another systematic criterion, if more representative.

### ii. Subsequent accounting

As of the effective date of the lease, the Company recognises the Right of Use (RoU) asset under the corresponding fixed assets item, based on the nature of the asset itself, and the lease liabilities are classified among the Current and non-current financial liabilities items. The asset consisting of the right of use is initially valued at cost, including the amount of the lease liability's initial valuation, adjusted for any lease payments made on or before the effective date, increased by the initial direct costs incurred, and an estimate of the costs that the lessee will have to bear for the dismantling and removal of the underlying asset, or for the restoration of the underlying asset or the site where it is located, net of the leasing incentives received.

The lease liability is valued as the actual value of the payments due for the lease not paid on the effective date. Whenever possible, and if able to be discerned from the contract, the Company uses the implicit interest rate of the lease or, alternatively, the IBR incremental borrowing rate for discounting purposes. The lease payments included in the assessment of the liability include the fixed payments, the variable payments that depend on an index or rate, the amounts expected to be paid as a guarantee on the residual value, the price of exercising the purchase option (which the Company is reasonably certain to exercise), the payments due during the optional renewal period (if the Company is reasonably certain to exercise the renewal option), and the early termination penalties (unless the Company is reasonably certain that it will not terminate the lease early). The right of use of leased assets are recorded at purchase cost, net of accumulated depreciation and any impairment losses.

The right of use asset is subsequently depreciated on a straight-line basis for the entire duration of the contract, unless the contract itself provides for the transfer of ownership at the end of the lease-term, or the cost of the lease does not reflect the fact that the lessee will exercise the option to purchase. In the latter case, the depreciation will be take place over the useful

life of the asset or the duration of the contract, whichever is shorter. The estimated useful lives of the assets for the right of use are calculated according to the same criterion applied to the fixed asset items of reference. The right of use asset is also decreased by any impairment losses in relation to the CGU to which the same right belongs, and is adjusted to reflect the recalculation of the lease liability.

Following its initial valuation as of the commencement date, the lease liability is valued at the depreciated cost using the effective interest criterion, and is recalculated if the future lease payments have been modified due to a change in the index or rate, if the amount that the Company expects to have to pay as a guarantee on the residual value has changed, or if the Company alters its assessment as to whether it intends to exercise a purchase, extension or termination option. When the lease liability is recalculated, the lessee makes a corresponding change to the right of use asset. If the book value of the right of use asset is reduced to zero, the change is recognised in the profit/(loss) for the year.

On the statement of financial position, the Company lists the right of use assets among the same items in which the underlying assets of the lease would be listed if they were owned, and lists the lease liabilities among the other financial liabilities. On the income statement, the interest expenses on the lease liabilities constitute a financial expense component, and are listed separately from the right of use assets' depreciation amounts.

### **Criterion applicable prior to 1 January 2019**

Since the Company has applied IFRS 16 using the modified retroactive application method, the comparative information has not been restated and continues to be presented in accordance with IAS 17 and IFRIC 4. Therefore, with regard to the comparative data as of 31 December 2018, the tangible Assets held through financial leasing contracts, according to which the risks and benefits associated with ownership are substantially transferred to the Company, are recognised as assets at their current value as of the contract signing date, or, if lower, the actual value of the minimum payments due for the lease, including any amount to be paid for exercising the option to purchase. The corresponding liability to the lessor is indicated on the balance sheet under financial payables. The assets are depreciated by applying the criterion and the rates indicated above, unless the duration of the lease is less than the useful life represented by these rates, and there is no reasonable assurance of the transfer of the leased assets' ownership upon the agreement's natural expiration date; in this case, the amortisation period is represented by the duration of the lease agreement itself. Leases in which the lessor substantially retains all the risks and benefits of ownership are classified as operating leases. The costs associated with operating leases are recorded in a linear fashion on the Income Statement over the term of the lease agreement.

### **Real estate investments**

Real estate investments are real estate properties owned for the purpose of obtaining lease payments and/or for the appreciation of the invested capital, and are not intended for sale during the normal course of business activities. Furthermore, real estate investments are not utilised for the production or supply of goods or services, or for the company's administration. The accounting standards used to account for the item in question are consistent with the criteria previously described for the "Property, plant and equipment" item.

In the event that a development project is launched with the prospect of a future sale, the properties are reclassified under the Inventories item following the change in intended use. The book value on the date of the change in the property's intended use is taken as the cost for the subsequent accounting among the inventories, and its depreciation is suspended.

The reclassifications from/to the “Real estate investments” category are only carried out when there is evidence of a change in the property’s use, considering that a change in the management’s intentions regarding the use of the property in question does not, in and of itself, constitute evidence of a change in use.

### **Intangible assets**

Intangible assets are identifiable non-monetary assets without physical substance that are able to be monitored and are intended to generate future economic benefits. These items are recognised at purchase and/or production cost, including expenses directly attributable to preparing the asset for use, net of accumulated depreciation (except for intangible assets with an indefinite useful life) and any impairment losses. Any interest expenses accrued during the useful lives and for the development of the intangible assets are considered part of the purchase cost. Depreciation begins when the asset is available for use, and is systematically distributed in relation to its residual possibility of use, or rather based on its estimated useful life. In particular, the following main intangible assets can be identified within the context of the Company:

*(a) Concessions, licenses and trademarks*

Concessions, licenses and trademarks are amortised on a straight-line basis over their relative durations.

The costs of software licenses, including the costs incurred to render the software ready for use, are amortised on a straight-line basis over their relative durations. The costs associated with the maintenance of the software programs are expensed at the time in which they are incurred.

*(b) Patent and intellectual property rights*

Patents and intellectual property rights are amortised on a straight-line basis over their useful lives.

*(c) Goodwill*

Goodwill is the difference between the cost incurred for the acquisition of a business and the current value of the relative identifiable assets and liabilities acquired at the time of acquisition. Goodwill is classified as an intangible asset with an indefinite useful life, and therefore is not subjected to systematic amortisation, but rather an assessment aimed at identifying any impairment (Impairment test) on at least an annual basis. Restoration of goodwill is not permitted in the case of a previous write-down for impairment.

For the purposes of conducting the impairment test, the goodwill acquired in a business combination is allocated to the individual Cash Generating Units (CGUs) or to groups of CGUs that are expected to benefit from the synergies of the combination, in a manner consistent with the minimum level at which such goodwill is monitored within the Company.

*(d) Research and development costs*

The costs related to the research activities are recorded on the income statement for the year in which they are incurred, while the development costs are recorded among the intangible assets once all the following conditions are met:

- the project is clearly identified and the costs associated with it can be reliably identified and measured;
- the project’s technical feasibility is demonstrated;
- the intention to complete the project and to sell the intangible assets generated by the project is demonstrated;
- there is a potential market for, or in case of internal use, the usefulness of the intangible asset for the production of the intangible assets generated by the project is demonstrated;

- the technical and financial resources necessary to complete the project are available.

The amortisation of any development costs recorded among the intangible assets starts from the date on which the result generated by the project is able to be used, and is carried out over a period of 5 years.

If the research phase of an identified internal project for the formation of an intangible asset cannot be distinguished from the development phase, the cost resulting from this project is recorded entirely on the income statement as if it had been exclusively incurred during the research phase.

The profits and losses resulting from the alienation of an intangible asset are determined as the difference between the divestment value, net of sales costs, and the carrying value of the asset, and are recognised on the income statement at the time of the alienation.

### **Agreements for licensed services**

Agreements for licensed services, in which the licensor is a public sector entity and the licensee is a public-to-private sector entity, only fall within the scope of IFRIC 12 if the prerequisites for regulating services and the prerequisite for checking the residual interest are both met. In particular, this interpretation applies if the infrastructure is subject to the provision of services to the public, and the agreement requires the licensor to:

- monitor or regulate which services that the licensee must provide with the infrastructure, to whom it must provide them, and at what price; and
- control any significant residual interest in the infrastructure at the deadline of the license period, either through ownership or in another manner.

For licenses that fall within these cases, the Company does not record the infrastructure among the Property, plant and equipment items, but recognises the following at fair value, either alternatively or jointly: the intangible asset, if the licensee obtains the right to make the users pay the fee for the construction or improvement of the infrastructure; and the financial asset when said construction or improvement give rise to an unconditional contractual right to receive cash from the licensor or from the subject identified by the latter without the possibility of avoiding payment. The costs and revenues associated with the investment activities are recognised on a contractual basis with reference to the completion phase, as better detailed with reference to the construction contracts. The recognition of tariff revenues, however, continues to be carried out according to the provisions of the section below concerning Revenues, just as any intangible assets follow the amortisation associated with the license period of reference, with a criterion that reflects the estimate and the method of consumption of the economic benefits incorporated within the law; to this end, the amortisation rates are calculated taking into account the duration of the license. The provisions for the licensing commitments include the provisions relating to the specific obligations to restore, adapt and replace the infrastructure in order to return it to its normal state of use, and are only set aside if these obligations are envisaged in the licensing contract, and if the licensee does not receive additional economic benefits at the same time.

### **Impairment of tangible and intangible assets**

#### *Assets (tangible and intangible) with a finite useful life*

On each of the financial statements' reference dates, checks are carried out to determine whether there are any indications that tangible and intangible fixed assets have suffered impairment losses. For this purpose, both internal and external sources of information are taken into account. With regard to the former (internal sources), the following are taken into consideration: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the asset's economic performance in relation to the expectations. With regard to external sources, the following are taken into consideration: the trend of the assets' market prices, any technological, market or regulatory discontinuity, the trend of the market interest rates or the cost of capital used to evaluate the investments.

If such indicators are determined to be present, the recoverable value of the aforementioned assets is estimated (Impairment test), with any depreciation with respect to the relative book value being recorded on the income statement. An asset's recoverable value is to be understood as the greater of either the fair value, less the ancillary sales costs, and the relative value of use, with the latter being understood as the actual value of the future cash flows for that asset. In determining the value in use, the expected future cash flows are discounted using a discount rate that reflects the current market assessments of the cost of money in relation to the period of the investment and risks specific to the asset. For an asset that does not

generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which the asset belongs.

An impairment loss is recorded on the income statement whenever the carrying amount of the asset, or of the cash generating unit to which it is allocated, exceeds the relative recoverable value. The impairment losses of a cash generating unit are first recorded as a reduction of the carrying amount of any goodwill attributed to the same, and then as a reduction of the other assets, in proportion to their carrying values, and within the limits of their recoverable values. If the conditions for a write-down previously carried out no longer subsist, the carrying amount of the asset is restored through registration on the income statement, within the limits of the carrying value that the asset in question would have had if the write-down had never been done and the relative amortisations had been carried out.

#### *Goodwill and intangible assets not yet available for use*

The recoverable value of goodwill and intangible assets not yet available for use is subject to a verification of the value's recoverability (impairment test), either annually or more frequently, if there are any indicators suggesting the aforementioned assets may have suffered an impairment. The original value of the goodwill is not restored, however, if the reasons for the impairment no longer exist.

#### **Shareholdings in subsidiaries, associates, joint ventures and other shareholdings**

Shareholdings in subsidiaries, associates and joint ventures are valued at cost, including any directly attributable ancillary charges, adjusted for impairment losses.

The non-controlling or associated shareholdings held by the company that aren't listed on an active market, and for which the use of an appropriate valuation model is not reliable, are nevertheless initially valued at cost, which is considered to be the best estimate of the investment's fair value. These shareholdings are subsequently measured at fair value, with the effects being recognised on the income statement.

In the case of shareholdings valued at cost, wherever impairment losses are identified a write-down is made with an impact on the income statement. If the reasons for the write-down cease to exist, the value must be restored up to at most the original cost. This restoration is recorded on the income statement.

#### **Business Combinations**

In IFRS 3, business combinations are defined as the "union of separate enterprises or businesses within a single entity required to prepare financial statements".

A business combination can be carried out in different ways, for fiscal, legal or other reasons. It can also entail one entity's purchase of another entity's capital, the purchase of another entity's net assets, the assumption of another entity's liabilities, or the purchase of part of another entity's net assets which, combined, constitute one or more company assets. The combination can be achieved through the issuance of equity instruments, the transfer of money, cash or cash equivalents, or other assets, or through a combination thereof. The transaction can take place between the shareholders of the entities being

combined, or else between one entity and the shareholders of another entity. It may entail the establishment of a new entity that controls the entities participating in the combination or the net assets transferred, or the restructuring of one or more entities participating in the combination.

Business combinations are accounted for according to the purchase method. This method assumes that the purchase price will be reflected based on the value of the acquired entity's assets, and this attribution must take place at the fair value (of the assets and liabilities), and not at their book values. Any residual positive difference constitutes Goodwill, whereas any residual negative difference constitutes Badwill (Negative Goodwill).

With regard to transactions between entities subject to common control ("Business combinations under common control"), a case which is not covered by IFRS 3 nor the other IFRS accounting standards, FS Group takes into account the provisions of IAS 8, or rather the concept of the transaction's faithful and reliable representation, and the provisions of OPI 1 (preliminary Assirevi guidelines on the IFRS).

## Financial Instruments

### i. Classification and assessment of Financial Assets

The classification and assessment of the financial assets held by the Company reflect both the Business model according to which these assets are managed and the characteristics of their financial flows. The Business Model indicates whether the company will obtain the cash flows associated with the asset from contract-based collections alone, from the sale of the financial asset itself, or from both. In order to evaluate the characteristics of the cash flows, the Company performs the so-called SPPI Test (Solely Payment of Principal and Interest Test) at the single instrument level, which determines whether it generates flows that represent the payment of principal and interest only (SPPI Test passed).

Upon initial recognition, a financial asset is classified into one of the following categories:

- amortised cost AC
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

#### *(a) Financial assets measured at amortised cost*

This category includes all financial assets for which the following two conditions are met:

- the asset is held exclusively to collect the contractual cash flows (HTC Held To Collect business model); and
- they are represented exclusively by capital and interests (SPPI Test passed).

In this category, financial instruments are initially recognised at fair value, including transaction costs, and are subsequently valued at amortised cost. The interest, calculated using the effective interest criterion, impairment losses (and reversals of losses), profits/(losses) on foreign exchange, and profits/(losses) resulting from derecognition are recognised in the profit/(loss) for the year.

(b) *Financial assets measured at fair value through other comprehensive income (FVTOCI)*

This category includes all financial assets for which the following two conditions are met:

- the asset is not held only to collect the contractual cash flows, but also the cash flows generated by its sale (HTC&S Held To Collect and Sale business model); and
- they are represented exclusively by capital and interests (SPPI Test passed).

In this category, financial instruments are initially recognised at fair value, including transaction costs. The interest, calculated using the effective interest criterion, impairment losses (and reversals of losses), profits/(losses) on foreign exchange, and profits/(losses) resulting from derecognition are recognised in the profit/(loss) for the year, and the other changes in the instrument's fair value are recognised through other comprehensive income (OCI). At the time of the instrument's derecognition, all the profits/(losses) accumulated through OCI are reclassified to the profit/(loss) for the year.

With regard to equity instruments, which fall within the scope of IFRS9, please refer to the chapter titled "Shareholdings in subsidiaries, associates, joint ventures and other shareholdings".

(c) *Financial assets measured at fair value through profit or loss (FVTPL)*

This category includes all financial assets not classified as measured at amortised cost or at FVOCI.

They are initially and subsequently measured at fair value. The transaction costs and changes in fair value are recognised in the profit/(loss) for the year.

ii. Classification and assessment of Financial liabilities

Loans, trade payables and other financial liabilities are initially recorded at fair value, net of any directly attributable ancillary costs, and are subsequently valued at amortised cost, by applying the effective interest rate criterion. If there is a change in the expected cash flow estimate, the value of the liabilities is recalculated to reflect this change based on the actual value of the new expected cash flows and the effective internal rate initially determined. Loans, trade payables and other financial liabilities are classified among current liabilities, with the exception of those with a contractual expiry beyond twelve months from the balance sheet date and those for which the company has an unconditional right to defer payment for at least twelve months after the reference date. Loans, trade payables and other financial liabilities are removed from the balance sheet once they have been settled and once the Company has transferred all the risks and charges associated with the instrument itself.

iii. Classification and measurement of derivative financial instruments

With regard to derivative instruments, pending the completion of the so-called macro-hedging project by the IASB, for the simplification of hedging transactions, the Company has opted to continue applying the hedge accounting envisaged by IAS 39.

The Company uses derivative financial instruments within the context of hedging strategies aimed at neutralising the risk of changes in the fair value of financial assets or liabilities recognised on the financial statements or of contractually defined commitments (fair value hedges), or risks of changes in expected cash flows associated with contractually defined or high probability transactions (cash flow hedges). The effectiveness of the hedges is documented and tested at the inception of the

transaction, as well as periodically (at each annual or interim reporting date). Hedge effectiveness is measured by comparing the variations in the fair value of the hedging instrument with those of the hedged item (dollar offset ratio), or, for more complex instruments, using statistical analysis based on risk variations.

*Fair value hedge:* changes in the fair value of derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, as are changes in the fair value of the underlying assets or liabilities attributable to the risk hedged by the hedging transaction.

*Cash flow hedge:* changes in the fair value of derivatives designated as cash flow hedges and which qualify as such are recognised, to the extent of the portion determined to be “effective”, on the comprehensive income statement in a specific equity reserve (“hedging reserve”). This is subsequently reclassified on the income statement when the forecast transaction affects profit or loss. The change in the fair value of the ineffective portion is recognised immediately in profit or loss. If the forecast transaction is no longer highly probable, the relevant portion of the “cash flow hedge reserve” is released immediately to profit or loss. If, on the other hand, the derivative instrument is sold, expires, or no longer qualifies as an effective hedge of the risk against which the transaction was initiated, the portion of the “cash flow hedge reserve” associated with the same is maintained until the underlying contract occurs. At this point the cash flow hedge accounting ceases prospectively.

iv. Subsequent assessment: impairment losses

For the determination of impairment losses, the Company applies the expected credit loss (ECL) forecast model. This model requires a considerable level of assessment with regard to the impact of the changes in the economic factors upon the ECL, which are weighted based on probability.

Hedges on receivables are valued using the following methodological approaches: the “General deterioration method” and the “Simplified approach”; in particular:

- the “General deterioration method” requires the financial instruments to be classified in three stages, which reflect the deterioration level of the credit’s quality from the time the financial instrument is acquired, and entail a different method for calculating the ECL;
- for trade receivables, contract assets and receivables deriving from lease contracts, the “Simplified approach” provides for certain simplifications in order to prevent entities from being forced to monitor changes in credit risk, as required by the general model. *Stage allocation* is not required, since the recognition of the loss according to the simplified approach must be lifetime. The same is calculated over a period corresponding to the residual life of the receivable, generally not exceeding 12 months.

As previously mentioned, in cases where the General Deterioration Method is applied the financial instruments are classified into three stages based on the deterioration of the credit quality between the date of the initial recognition and date of the assessment:

- Stage 1: includes all the financial assets in question at the time of their first recognition (Initial recognition date), regardless of qualitative parameters (e.g. rating) and with the exception of situations with objective evidence of impairment. After the subsequent evaluation phase, all financial instruments that have not had a significant increase in credit risk compared to the initial recognition date, or that have a low credit risk on the reference date, remain in stage 1. For these assets, the credit losses expected within the next 12 months (12-month ECL) are recognised, which represent the

expected losses in consideration of the possibility of defaults occurring within the next 12 months. The interests for the financial instruments included in stage 1 are calculated based on the book value, including any write-downs on the asset;

- Stage 2: includes the financial instruments that have had a significant increase in credit risk with respect to the initial recognition date, but have no objective evidence of impairment. For these assets, only the expected credit losses resulting from all the possible default events throughout the financial instrument's expected lifetime (Lifetime ECL) are recognised. The interests for the financial instruments included in stage 2 are calculated based on the book value, including any write-downs on the asset;
- Stage 3: includes financial assets that have objective evidence of impairment on the assessment date. For these assets, only the expected credit losses resulting from all the possible default events throughout the financial instrument's expected lifetime are recognised.

In order to define the methodological approach to be applied to the assets within the perimeter of impairment and, in particular, to properly identify the likelihood of default, the Company has adopted a conventional segmentation into uniform clusters based on the type of counterparty:

- Public Administration: includes all financial and trade receivables whose counterparties consist of the State, Regional, Provincial, or Municipal governments, the EU or Bodies attributable to the same;
- Intercompany: includes all financial and trade receivables between subsidiary counterparties;
- Deposits: all deposits held by bank counterparties;
- Receivables due from third parties: includes financial and trade receivables, other than the above, whose counterparties consist of non-financial corporations, manufacturing groups, and consumer groups.

The Company has also decided to apply the "Low Credit Risk Exemption" envisaged by IFRS 9 for types of receivables other than trade receivables with an Investment Grade rating (from AAA to BBB-), whereby the stage allocation is not carried out, with the receivables being allocated directly to stage 1 with 1 year provisioning.

The application of the impairment model thus entails the following main operating steps:

- Distinction between financial receivables and trade receivables: this is aimed at isolating the perimeter of the receivables to be subjected to the stage allocation criteria, or rather all financial receivables. For trade receivables, however, the standard offer an exemption from the application of the stage allocation via the application of the simplified approach, according to which the expected loss is always calculated with a lifetime outlook;
- Calculation of Expected Credit Loss – Financial Receivables: once the stage of membership has been determined, the expected loss is calculated for each cluster;
- Calculation of the Expected Credit Loss – Trade Receivables: for each cluster, the receivable is segmented by category of expiration (in particular: positions due to expire, expired within 1 year, expired within 2 years, expired beyond 2 years), after which the expected loss is calculated.

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## Determination of fair value

The fair value of financial instruments quoted on active markets is calculated using the bid price at the reporting date. The fair value of unlisted derivatives is measured using financial valuation techniques. Specifically, the fair value of interest rate swaps is calculated discounting the future cash flows, while that of currency forwards is determined on the basis of market rates at the reporting date and the expected exchange rate spreads between the relevant currencies. Financial assets and liabilities measured at fair value are classified according to the three hierarchical levels described below, based on the relevance of the information (inputs) used to determine the fair value itself. Specifically:

- Level 1: financial assets and liabilities whose fair value is determined based on the listed prices (unadjusted) on active markets for identical assets or liabilities, which the Company is able to access on the assessment date;
- Level 2: financial assets and liabilities whose fair value is determined based on inputs other than listed prices referred to in Level 1, but directly or indirectly observable;
- Level 3: financial assets and liabilities whose fair value is determined based on unobservable input data.

## Inventories

The inventories are entered at the purchase and/or production cost or the net realisable value, whichever is less. The cost is determined according to the weighted average cost method. For finished products and properties, the net realisable value corresponds to the estimated sale price during the normal course of business, net of the estimated sales costs. For raw, ancillary and consumable materials, the net realisable value is represented by the replacement cost.

The purchase cost includes ancillary charges; the production cost includes the directly attributable costs and a portion of the indirect costs reasonably attributable to the products.

Obsolete and/or slow-moving inventories are written down in relation to their presumed possibility of use or future realisable value, by recording a special reserve to adjust the value of the inventories. If the reasons for it no longer exist in subsequent years, the write-down is eliminated.

This item also includes trading properties, which are entered at either the purchase cost or the market value determined by an independent third party expert, whichever is lower. These are recorded net of the write down and the incremental costs are capitalised. If the reasons for it no longer exist in subsequent years, the write-down is eliminated.

## Cash and cash equivalents

The cash and cash equivalents include available cash and bank deposits and other forms of short-term investment, with an original maturity of three months or less, net of the write-downs made according to IFRS 9. As of the balance sheet date, the current account overdrafts were recorded on the statement of financial position among the financial payables in the current liabilities. The elements included within the cash and cash equivalents are valued at fair value, which normally coincides with the nominal value, and the relative changes are recognised on the income statement.

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## Employee benefits

### Short-term benefits

Short-term employee benefits are recognized as an expense when they accrue. Any unpaid amount is recognized as a liability and, if the amount already paid exceeds the amount of benefits, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction in future payment or refund.

### Retirement benefits

Severance payment for staff is calculated at the present value of future benefits that are accrued at year end based on the employee's entitlement to benefits over the expected working life. The above liabilities are calculated on the basis of the financial and actuarial assumptions detailed in note 11 and are determined using the Projected Unit Credit Method actuarial method. The obligations for the above benefits are not funded.

### State insurance programs

The Company's employees are mainly covered by the main State Social Insurance Agency ("EFKA") which provides pension and medical benefits. Every employee is obliged to contribute part of his monthly salary to the fund, while part of the total contribution is covered by the Company. At retirement, the pension fund is responsible for paying employees' retirement benefits.

Consequently, the Company has no legal or constructive obligation to pay future benefits under this plan. The program is considered a defined contribution plan and contributions to the insurance institution are recognized in the statement of comprehensive income when accrued.

## Provisions for risks and charges

The provisions for risks and charges are recorded against losses and charges of a specific nature, that are known or likely to be existent, but for which either the amount or the date of occurrence is undetermined. Their entry is only recognised once a current (legal or implicit) obligation arises for a future disbursement of economic resources as a result of past events, and it is likely that this disbursement will be required to fulfil the obligation. This amount represents the best estimate of the amount required to settle the obligation. The rate used to determine the actual value of the liability reflects the current market values, and takes into account the specific risk associated with each liability.

When the financial effect of the time is significant and the dates of the obligations' payment can be reliably estimated, the funds are valued at the actual value of the expected disbursement using a rate that reflects the market conditions, the change in the cost of money over time, and the specific risk associated with the obligation. The increase in the value of the provision caused by changes in the cost of money over time is accounted for as interest expense.

The risks for which the occurrence of a liability is merely possible are indicated in the specific disclosure section regarding potential liabilities, and no allocations are made for the same.

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## Revenue from contracts with customers

### i. Initial recognition and subsequent assessment

The Company recognises revenues in such a way that the transfer of goods and/or services to the customer is expressed as an amount that reflects the consideration to which the Company believes it is entitled as compensation for the transfer of the goods and/or services themselves. Revenue recognition takes place according to the so-called five step model, which entails: i) the identification of the contract, ii) the identification of the performance obligations, iii) the identification of the consideration, iv) the allocation of the consideration to the performance obligations, and v) the recognition of the revenue.

Revenues are measured taking into account the contractual terms and commercial practices usually applied to relations with customers. The transaction price is the amount of the consideration (which may include fixed and/or variable amounts) to which the Company believes it is entitled in exchange for the transfer of control of the goods/services promised. The term control is generally understood as the ability to decide on the use of the asset (good/service) and to take advantage of all of its remaining benefits. The total consideration of the contracts for the provision of services is distributed among all the services based on the sales prices of the relative services, as if they had been sold individually. Within the context of each contract, the reference element for the recognition of the revenues is the single performance obligation. For each separately identified performance obligation, the Company recognises the revenues once it has fulfilled (or as it progressively fulfils) the obligation itself, by transferring the promised good/service (i.e. asset) to the customer. The asset is transferred once the customer has gained (or progressively gains) control of it. For performance obligations fulfilled over time, the revenues are recognised over time, with the progress made towards the obligation's fulfilment being assessed at the end of each year. For the assessment of the progress, the Company uses the input-based cost-to-cost method. The revenues are recognised based on the inputs used to fulfil the obligation up until the date in question, with respect to the total inputs hypothesised to fulfil the entire obligation. When the inputs are uniformly distributed over time, the Company recognises the corresponding revenues in a linear fashion. Under certain circumstances, when the results of the performance obligation cannot be reasonably evaluated, the revenues are only recognised up to the amount of the costs incurred.

### ii. Variable consideration

If the contractual consideration includes a variable amount (e.g. due to reductions, discounts, reimbursements, credits, price concessions, incentives, performance bonuses, penalties, or because the consideration itself depends on whether or not an uncertain future event occurs), the amount of the consideration believed to be owed must be estimated. The Company estimates variable consideration consistently for similar cases, using the expected value or the value of the most probable amount method; afterwards, it only includes the estimated amount of the variable consideration in the transaction price to the extent that this amount is highly probable.

### iii. Existence of a significant financial component

The revenues are adjusted if there are significant financial components, both if the Company is financed by its customer (advance collection), and if the Company finances it (deferred collections). The existence of a significant financial component is identified upon stipulating the contract, by comparing the expected revenues with the payments to be received. It is not recognised if less than 12 months elapse between the time of the transfer of the goods/service and the time of payment.

iv. Costs for obtaining and fulfilling the contract

The Company capitalises the costs incurred for obtaining the contract, which it would not have incurred if it had not obtained it (e.g. sales commissions), when it expects to recover them. In the case of contracts not obtained, the costs are only capitalised if they can be explicitly charged to the customer. The Company only capitalises the costs incurred for the fulfilment of the contract when they are directly related to the contract, when they provide for new and greater resources for future fulfilments, and when they are expected to be recovered.

### **Public grants**

In the presence of a formal attribution resolution and, regardless, when the right to their disbursement is considered definitive, as there is reasonable certainty that the Company will comply with the conditions required for receipt and that the grants will be collected, public grants are recognised on an accrual basis, in direct correlation with the costs incurred.

#### *Grants for plant and equipment*

Public grants for plant and equipment refer to amounts disbursed to the Company by the State and other Public Bodies for the implementation of initiatives aimed at the construction, reactivation, and expansion of property, plant and equipment. Capital grants are accounted for as a direct reduction of the assets to which they refer, and contribute, decreasingly, to the calculation of the depreciation rates.

#### *Operating grants*

Operating grants refer to amounts disbursed to the Company by the State or other Public Bodies in order to reduce the costs and charges incurred. Operating grants are ascribed to the "Revenues from sales and services" and "Other income" items as a positive income statement component.

### **Dividends**

These are recognised on the income statement when the right of the shareholders to receive the payment arises, which normally coincides with the resolution approving the distribution of the dividends.

Dividends paid to the Company's shareholders are considered as a change in equity and are recognised as a liability in the year in which the distribution was approved by the shareholders' meeting.

### **Cost recognition**

Costs are recognised when they regard goods and services purchased or consumed during the financial year or for systematic distribution.

### **Income taxes**

The current taxes are determined based on the estimate of the Company's taxable income and in compliance with the current tax legislation. Deferred tax assets relating to past tax losses are recognised to the extent that a taxable income for which these assets can be recovered will likely be available in the future. Deferred tax assets and liabilities are determined using the tax rates expected to be applicable during the financial years in which the differences will be realised or settled.

The current, prepaid and deferred taxes are recognised on the income statement, except for those associated with items recognised among the other components of comprehensive income or directly debited or credited to equity. In these latter cases, the deferred taxes are respectively recognised under the "Tax effect" item relating to the other components of comprehensive income and relating directly to the shareholders' equity. Deferred tax assets and liabilities are offset when they are applied by the tax authorities, in which case there is a legal right of compensation and a liquidation of the net balance is expected.

Other taxes not related to income, such as indirect taxes and fees, are included under the "Other operating costs" item on the income statement.

### **Translation of foreign currency entries**

Transactions in currencies other than the functional currency are recognised at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities in currencies other than the Euro are subsequently adjusted based on the exchange rate in effect on the closing date of the year. Non-monetary assets and liabilities in currencies other than the Euro are entered at historical cost, using the exchange rate in effect on the transaction's initial date of recognition. Any exchange rate differences that may emerge are reflected on the income statement.

### **Assets and Liabilities held for sale and disposal groups**

Non-current assets and liabilities (or disposal groups) whose book value will mainly be recovered through sale rather than through continuous use are classified as held for sale and are stated separately from the other assets and liabilities on the statement of financial position. The corresponding assets and liabilities from the previous year are not reclassified. A Discontinued Operation represents a part of the entity that has been disposed of or classified as held for sale, and:

- represents a major branch of activity or geographical area of activity;
- is part of a coordinated plan of divestiture in a major branch of activity or geographical area of activity;
- is a subsidiary acquired exclusively for the purpose of being resold.

The results of discontinued operations (whether disposed of or classified as held for sale and in the process of being disposed of) are indicated separately on the income statement, net of tax effects. Where present, the corresponding values for the previous year are reclassified and indicated separately on the separate income statement for comparative purposes, net of tax effects. Non-current assets and liabilities (or disposal groups) classified as held for sale are first recognised in accordance with the specific IFRS applicable to each asset and liability, and are subsequently recognised at the book value or the relative fair value, net of sales costs, whichever is less. Any subsequent impairment losses are recognised directly as an adjustment to non-current assets (or disposal groups) classified as held for sale, with a balancing entry on the income statement.

A reversal is recorded, on the other hand, for each subsequent increase in an asset's fair value, net of sales costs, but only up to the amount of the previously recognised impairment loss.

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## RECENTLY ISSUED ACCOUNTING STANDARDS

### A) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2019. An analysis of accounting policies is provided in the notes to the Interim Financial Statements for the year ended 31 December 2018 that have been posted on the Company's website.

- **IFRS 16 Leasing**

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The European Union has adopted this standard which is in effect from 1 January 2019. For the effect from the change in accounting policy and method, see Note 3 «Changes in Accounting policies and methods».

- **IFRS 9: Prepayment Option with Negative Compensation (Amendment)**

The amendment is effective for Interim periods beginning on or after 1 January 2019, with earlier application permitted. The amendment clarifies that pre-paid financial assets that allow or require a party to either pay or receive reasonable compensation for the early termination of the contract (in the sense that the asset holder may incur a charge due to early repayment) may be measured at amortized cost or at fair value through the statement of other comprehensive income. The application of the standard has no impact on the Financial Statements.

- **IAS. 28: Long-term Investments to affiliated companies and Joint Ventures (Amendments)**

The amendments are effective for Interim periods beginning on or after January 1, 2019, while earlier application is permitted. The amendments relate to whether the measurement (and, in particular, impairment) of long-term participations to affiliated companies and joint ventures, which are in essence part of the net investment in the associate or joint venture, is governed by IFRS 9 and IAS 28 or a combination of the two templates. The amendments clarify that an entity applies the IFRS 9, before applying IAS. 28, to those long-term participations for which the equity method does not apply. In applying IFRS 9 An entity does not take into account any adjustments in the carrying amount of long-term participations that arise from the application of IAS. 28. The application of the amendments did not affect the Financial Statements.

- **IFRS 23 INTERPRETATION: Uncertainty concerning Income Taxes**

This interpretation is applied for Interim periods beginning on or after January 1, 2019, and earlier application is permitted. The interpretation provides guidance for addressing the uncertainty involved in tax handling when accounting for income taxes. The interpretation provides additional clarification regarding the examination of uncertain tax considerations individually or jointly, the examination of fiscal considerations by the tax authorities, the appropriate method to reflect the uncertainty of the acceptance of the visa by the tax authorities as well as the examination of the consequences of changes in facts and circumstances. The implementation of the interpretation did not affect the Financial Statements.

## **B) Standards issued but not yet effective and not early adopted**

- **IFRS 17: Insurance Contracts**

The standard is effective for Interim periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. Company's management is currently examining the effect of this standard to the Financial Statements.

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

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

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

The Amendments are effective for Interim periods beginning on or after 1 January 2019 with earlier application permitted. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the Interim reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. Company's management is currently examining the effect of this standard to the Financial Statements.

- **Conceptual Framework in IFRS standards**

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. It's objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies

using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. Company's management is currently examining the effect of the upgrades of this standard to the financial statements.
  - **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
  - **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

## USE OF ESTIMATES AND ASSESSMENTS

The preparation of the financial statements requires the directors to apply accounting standards and methodologies which, under certain circumstances, are based on difficult and subjective assessments and estimates, historical experience, and assumptions that are considered to be reasonable and realistic in light of the relative circumstances. The final results of the financial statement entries for which the aforementioned estimates and assumptions have been utilised may therefore differ in the future from those indicated in the financial statements, due to the uncertainty of the assumptions and conditions upon which the estimates are based. The estimates and assumptions are reviewed periodically, and the effects of each change are only reflected on the income statement if it affects the relative year. If the review affects both the current and future years, the change is recognised in the year for which the review is carried out and in the relative future years.

The future results may therefore differ from these estimates, even significantly, due to possible changes in the factors taken into consideration for the determination of the estimates themselves.

### Reclassifications

Some accounts of the Statement of Financial Position for the year 2018 have been reclassified as shown in the following analysis in order to provide more accurate information to the users of the Financial Statements.

Account	2018 Published	2018 Revised	Difference	Remarks
Current trade receivables	3.188.162,35	2.250.539,32	(937.623,03)	1,2
Other current assets	71.927.677,05	72.397.885,82	470.208,77	2,3,4,5,6,7
Current trade payables	60.159.051,31	60.067.895,47	91.155,84	1,7,8
Other current liabilities	7.574.505,77	7.198.247,35	376.258,42	3,4,5,6,8
Operating expenses	87.256.846,42	85.242.522,16	(2.014.324,26)	9,10
Other expenses	1.007.893,86	2.838.922,52	1.831.028,66	9
Other income	2.091.832,07	1.908.536,47	(183.295,60)	10

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## Remarks on reclassification

1. Liability towards OASA amounting € 518.169,34 reclassified from "Current trade receivables" to "Current trade payables" in order to offset the corresponding liability to OASA.
2. Receivables in the context of foreign railway networks amounting € 419.453,69 which is included in "Current trade receivables" (Account 50.09) reclassified to "Other current assets".
3. Credit balance reflecting the recovery of an amount receivable of € 232.290,68 which was included in "Other current liabilities", is reclassified to "Other current assets".
4. Corporate income tax of business year 2018, amounting € 309.672,55 which was included in "Other current liabilities", is reclassified to "Other current assets" in order to be offset with the tax advance.
5. Receivables from agents and other receivables amounting € 3.231.303,65 have been reclassified from "Other current liabilities" to "Other receivables".
6. An impairment provision on the above receivables from agents and other receivables amounting to € 3.238.318,30, which was included in the line "Other current liabilities" was reclassified to "Other receivables".
7. Amounts receivable from OSE due to paid compensations on behalf of the Company amounting € 599.740,96, which had been entered in the line "Suppliers and related liabilities", was reclassified to "Other receivables".
8. Trade payables relating to foreign railway network of € 172.727,46, which had been entered in the line "Suppliers and related liabilities", were reclassified to "Other current liabilities".
9. Expenses related to the exchange of rolling stock amounting to € 1.831.028,66, which had been recognized in the Company's operating expenses, were reclassified to "Other expenses" in order to relate them to similar income.
10. Other income related to the reversal of provision concerning SLI amounting to € 183.295,60 was reclassified to "Operating expenses".

#### 4 **Effects of the adoption of IFRS 16**

The effects of the application of the international financial reporting standard IFRS 16 Leases are shown below, both for when the Company acts as a lessee and as a lessor:

##### **Lessee**

The Company has applied the standard IFRS 16 Leases since 1 January 2019, using the modified retroactive application method, whereby the cumulative effect of the initial application is recognised in the opening balance of the retained earnings. According to this method, comparative information is not restated.

On the date of initial application, the Company decided to adopt the practical expedient envisaged by the standard that allows the Company not to re-examine which operations constitute a lease; the new standard was therefore only applied to contracts that had previously been identified as leases, pursuant to IAS 17 Leasing and IFRIC 4 "Determining whether an arrangement contains a lease".

Aside from the exemptions represented by contracts of brief duration and modest value, the Company has recorded right of use Assets and lease Liabilities for leases classified as operating leases pursuant to IAS 17.

- the lease liabilities were calculated at the actual value of the residual payments due for the leases, discounted using the marginal loan rate as of 1 January 2019;
- the right of use Assets were valued at an amount equal to the liability of the lease, adjusted by the amount of any deferred income or accrued income due for the lease recognized immediately prior to the initial application date.

The Company has used the following technical simplifications to apply IFRS 16 to leases previously classified as operating leases in accordance with IAS 17.

- it applied a single discount rate to a leasing portfolio with similar characteristics;
- it verified the recoverability of the right of use assets as of 1 January 2019 based on the assessment made regarding the cost of the lease contracts in accordance with the provisions of IAS 37.

In the case of leases classified as financial leases according to IAS 17, the book value of the right of use asset and the lease liability as of 1 January 2019 corresponds to the book value of the leased asset and the lease liability according to IAS 17 immediately prior to that date.

The Company recognised right of use assets during the initial application of IFRS 16, which amounted to € 53.339.283,00 as well as equal lease liabilities. During the assessment of the lease liabilities, the company discounted the lease payments due using the marginal financing rate as of 1 January 2019. The weighted average of the applied rate was equal to 3,85%.

The following table shows the impacts of the standard's adoption on the Company's financial position as of the transition date:

	Values in unit of Euros
<b>Impacts as of 01.01.2019</b>	
<b>ACTIVITIES</b>	
Civil buildings	5.277.129,00
Rolling stock	47.978.740,00
Busses	83.414,00
<b>TOTAL</b>	<b>53.339.283,00</b>
<b>Total financial liabilities of the lease</b>	<b>53.339.283,00</b>

The following table, on the other hand, shows the impacts of the standard's adoption on the 2019 income statement:

	Values in unit of Euros
<b>Impacts on the income statement</b>	
Cancellation of lease payments	16.832.659,00
Recognition of depreciation of rights of use	(14.876.297,00)
<b>Impact on EBIT</b>	<b>1.956.362,00</b>
Recognition of higher interest expenses	(3.136.736,00)
<b>Impact on Net Profit</b>	<b>(1.180.374,00)</b>

The following table provides the reconciliation between the commitments as of 31.12.2018 recognised according to IAS 17/IFRIC 4 and the Lease liabilities recorded as of 1 January 2019, accounted for according to IFRS16:

	Values in unit of Euros
<b>Impacts as of 01.01.2019</b>	
Lease commitments as of 31 December 2018 (not recognised on the financial statements)	59.225.780,63
Discount on 2018 commitments	5.537.493,00
<b>Discounted lease commitments as of 31 December 2018</b>	<b>53.688.287,63</b>
Financial liabilities not recognised due to IFRS16 exemptions	349.004,63
<b>Total financial liabilities for leases as of 1 January 2019</b>	<b>53.339.283,00</b>

With regard to disclosures, the standard dictated new disclosure requirements of both a qualitative and quantitative nature, with the aim of providing the financial statements' users with enough information to understand and evaluate the leases' effects on the company's financial situation, economic result and cash flows.

## 5 Financial risk management

The activities carried out by the Company expose it to various types of risks resulting from the use of financial instruments:

- credit risk;
- liquidity risk;
- market risk, specifically interest rate and exchange rate risk.

This section provides information concerning the Company's exposure to each of the risks listed above, the objectives, policies and processes for managing these risks, and the methods used to assess them, as well as the management of the capital. These financial statements also include additional quantitative information. The Company's risk management focuses on the volatility of the financial markets and tries to minimise any potential unwanted effects on the Company's financial and economic performance.

### CREDIT RISK

The credit risk is mainly derived from the financial receivables from the public administration, from trade receivables, and from the Company's financial investments.

For the credit risk deriving from the investment activities, a policy has been established for the use of the liquidity managed centrally by the Parent Company, which defines:

- the minimum requirements of the financial counterparty in terms of creditworthiness and the relative concentration limits;
- the types of financial products that can be used.

With regard to the derivative financial instruments used for hedging purposes, which can potentially generate credit exposure for counterparties, the Company has established a specific policy that defines concentration limits by counterparty and by rating class.

With regard to the assessment of the customers' credit risk, the Company is responsible for the risk management and analysis of all new major customers, constantly monitors its own commercial and financial exposure, and monitors the collection of receivables from the public administration within pre-established contractual times.

The following table shows the Company's credit risk exposure by counterparty, both in net value and in percentage value:

	Values in unit of Euros
	<b>31.12.2019</b>
Public Administration	22.315.212,04
Third Party Customers	7.806.134,05
<b>TOTAL FINANCIAL ASSETS</b>	<b>30.121.346,09</b>
	<b>31.12.2019</b>
Public Administration	74,08%
Third Party Customers	25,92%
<b>TOTAL FINANCIAL ASSETS</b>	<b>100,00%</b>

The following tables provide a breakdown of the financial assets and trade receivables as of 31 December 2019, grouped by maturity:

	Values in unit of Euros					
	<b>31.12.2019</b>					
	<b>Past due by</b>					
	<b>Not past due</b>	<b>0-180</b>	<b>180-360</b>	<b>360-720</b>	<b>over 720</b>	<b>Total</b>
Public Administration	6.983.077,66	456.918,42	212.178,80	2.894.922,55	12.997.094,40	23.544.191,82
Provision for Write-Downs	-	-	-	13.922,19	1.215.057,59	1.228.979,78
<b>Public Administration (net)</b>	<b>6.983.077,66</b>	<b>456.918,42</b>	<b>212.178,80</b>	<b>2.881.000,35</b>	<b>11.782.036,81</b>	<b>22.315.212,04</b>
Third party customers	853.405,85	2.788.059,47	1.580.536,62	2.552.563,06	26.650.038,08	34.424.603,08
Provision for Write-Downs	-	-	8.158,45	115.979,80	26.494.330,78	26.618.469,03
<b>Third party customers (net)</b>	<b>853.405,85</b>	<b>2.788.059,47</b>	<b>1.572.378,18</b>	<b>2.436.583,26</b>	<b>155.707,30</b>	<b>7.806.134,05</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>7.836.483,51</b>	<b>3.244.977,89</b>	<b>1.784.556,98</b>	<b>5.317.583,61</b>	<b>11.937.744,11</b>	<b>30.121.346,09</b>

The following tables show the overall exposure and the derivative impairment of each credit class, determined by risk class as of 31 December 2019, as determined by the rating agency:

Values in unit of Euros

<b>31.12.2019</b>			
	<b>FVOCI</b>	<b>AMORTISED COST</b>	
	<i>12-months expected credit losses</i>	<i>Lifetime-impaired</i>	<b>Total</b>
from BB to BB+	30.781.258,21	537.498,61	31.318.756,71
from B to CCC		26.650.038,08	26.650.038,08
<b>Gross carrying amounts</b>	<b>30.781.258,21</b>	<b>27.187.536,69</b>	<b>57.968.794,79</b>
<b>Provision for write-downs</b>	<b>(815.619,41)</b>	<b>(27.031.829,39)</b>	<b>(27.847.448,80)</b>
<b>Net value</b>	<b>29.965.638,80</b>	<b>155.707,30</b>	<b>30.121.345,99</b>

## LIQUIDITY RISK

Liquidity risk is the risk that an entity may have difficulty fulfilling the obligations associated with financial liabilities to be settled via the delivery of cash or another financial asset. The cash flows, financing needs, and liquidity of the Group's companies are generally monitored and managed centrally by the Finance department of the Parent Company's Central Finance, Control and Capital Division, with the aim of ensuring the effective and efficient management of financial resources. The Company's goal is to ensure the prudent management of any liquidity risk resulting from normal operations. This goal implies the maintenance of adequate cash and cash equivalents, short-term securities, and committed and uncommitted credit lines. In fact, the Parent Company relies upon several of the banking system's major financial institutions, from which it has received uncommitted credit lines. As of 31 December 2019, the Company had no credit lines.

The contractual maturities of the financial liabilities as of 31 December 2019 and 31 December 2018, including the interest to be paid, are shown in the following table:

The following tables show the repayments of the non-derivative financial liabilities and trade payables with maturity within 12 months, from 1 to 5 years, and beyond 5 years:

Values in unit of Euros

<b>31/12/2019</b>	<b>Carrying amount</b>	<b>Within 12 months</b>	<b>1-5 years</b>	<b>Beyond 5 years</b>
Payables due to other lenders	23.000.000,00	2.000.000,00	8.000.000,00	13.000.000,00
Lease liabilities	81.417.179,00	17.082.365,00	64.334.814,00	-
Trade payables	51.521.713,90	51.521.713,90	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>155.938.892,90</b>	<b>70.604.078,90</b>	<b>72.334.814,00</b>	<b>13.000.000,00</b>

<b>31/12/2018</b>	<b>Carrying amount</b>	<b>Within 12 months</b>	<b>1-5 years</b>	<b>Beyond 5 years</b>
Trade payables	60.067.895,47	60.067.895,47	-	-
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>60.067.895,47</b>	<b>60.067.895,47</b>	-	-

## MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, exchange rates, interest rates, or quoted equity instruments.

In carrying out its operating activities, the Company is exposed to various market risks, mainly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates. The goal of market risk management is to maintain the Company's exposure to this risk within acceptable levels, while at the same time optimising the return on investments. This risk is also divided into the following components: interest rate risk and exchange rate risk, as detailed below.

### Interest rate risk

The Company is mainly exposed to interest rate risk in relation to medium and long-term passive loans indexed at the floating rate.

The common goal of the Group policies adopted by the Company is to limit the cash flow variations associated with the existing financing transactions and, where possible, to exploit the opportunities to optimise the cost of the debt resulting from the debt being indexed at the floating interest rate.

In implementing the Group's policies, the Company uses exclusively so-called "plain vanilla" hedging derivative financial instruments, such as interest rate swaps, interest rate collars, and interest rate caps.

The following table shows floating rate and fixed rate loans.

Values in unit of Euros

	Carrying amount	Current amount	1 and 2 years	2 and 5 years	beyond 5 years
Floating rate	23.000.000,00	2.000.000,00	2.000.000,00	6.000.000,00	13.000.000,00
<b>Balance as of 31 December 2019</b>	<b>23.000.000,00</b>	<b>2.000.000,00</b>	<b>2.000.000,00</b>	<b>6.000.000,00</b>	<b>13.000.000,00</b>
Floating rate	-	-	-	-	-
Fixed rate	-	-	-	-	-
<b>Balance as of 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## **MANAGEMENT OF EQUITY CAPITAL**

The Company's main goal with regard to capital risk management is to safeguard its business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Company also aims to maintain an optimal capital structure in order to reduce the cost of debt.

## 6 Acquisitions of subsidiaries

### Business combinations

The Board of Directors of HRADF accepted the offer of TRAINOSE S.A for the acquisition of 100% of the share capital of EESSTY S.A (Hellenic Railways Maintenance Company) and declared it as the preferred investor, taking into account the positive recommendation of its consultants for the validity of the submitted bid. The valuations made by two independent valuers and the positive opinion of the Board of Experts. The tender dossier has been submitted to the Court of Audit for pre-contractual inspection.

On 29/10/2018 signed the contract for the acquisition of 100% of the share capital of EESSTY S.A by TRAINOSE S.A amounting 22 mil. €.

On 27/2/2019 the transaction was approved by the HELLENIC COMPETITION COMMISSION. Within the next months the acquisition of 100% of the share capital of EESSTY S.A by TRAINOSE S.A will be completed.

On 01/04/2019 the acquisition of 100% of the share capital of EESSTY S.A by TRAINOSE has been finalized with the deposit of 22 mil. €.

The net assets of the company EESSTY S.A. acquired at the acquisition date are analysed as follows:

<b>Assets</b>	<b>Amounts in thousands of Euros</b>
Property, plant and equipment	6.716
Royalties to Property, plant and equipment (Finance Lease)	40.527
Cash and cash equivalents	690
Intangible assets	1.171
Trade receivables, other receivables & cash	21.189
Inventory	18.472
Deferred income tax assets	1.701
<b>Total assets</b>	<b>90.466</b>
<b>Liabilities</b>	
Provisions for employees	3.932
Provisions for risks and charges	1.569
Deferred tax liability & Other non-current liabilities	471
Leasing liabilities	40.699
Trade payables and other payables	18.474
<b>Total liabilities</b>	<b>65.145</b>
<b>Net assets</b>	<b>25.321</b>

\*The above amounts are the Fair Value adjusted amounts as per PPA exercise.

The goodwill resulting from the acquisition was recognised as shown in the following table:

	Amounts in unit of Euros
<b>Net assets of the company EESTY S.A. on the acquisition date</b>	<b>25.321.043,78</b>
Total purchase price of EESTY S.A.	(22.000.000,00)
<b>Goodwill</b>	<b>3.321.043,78</b>

On 5/12/2019, the Extraordinary General Meeting of the Company approved the Draft Merger Agreement with its subsidiary EESTY S.A. The merger took place on 1/10/2019.

On 1/10/2019, the Company acquired as a result of the merge with EESTY SA the following net assets:

<b>Assets</b>	<b>Amounts in thousands of Euros</b>
Property, plant and equipment	6.633
Royalties to Property, plant and equipment (Finance Lease)	39.750
Cash and cash equivalents	691
Intangible assets	1.130
Trade receivables, other receivables & cash	24.126
Inventory	18.755
Deferred income tax assets	1.018
<b>Total assets</b>	<b>92.103</b>
<b>Liabilities</b>	
Provisions for employees	3.001
Provisions for risks and charges	1.569
Deferred tax liability & Other non-current liabilities	1.979
Leasing liabilities	40.102
Trade payables and other payables	20.806
<b>Total liabilities</b>	<b>65.888</b>
<b>Net equity</b>	<b>26.215</b>
<b>Total liabilities and equity</b>	<b>92.103</b>

## 7 Property, plant and equipment

The table below shows the amounts of property, plant and equipment at the beginning and end of the year, with the relative changes. There were no changes in the estimated useful lives of the assets during the years presented.

- Property, plant and equipment (excluding IFRS 16)**

<i>values in unit of Euros</i>	<b>Buildings</b>	<b>Machinery</b>	<b>Transportation Means</b>	<b>Advance payments for rolling stock</b>	<b>Furniture &amp; other equipment</b>	<b>TOTAL</b>
<b>Cost at 1/1/2018</b>	<b>177.379,32</b>	<b>141.427,36</b>	<b>67.750,00</b>	-	<b>3.594.072,67</b>	<b>3.980.629,35</b>
Additions for the period	-	2.254,56	-	-	456.147,64	458.402,20
Fixed assets sold	-	-	-	-	(16.204,00)	(16.204,00)
<b>Cost at 31/12/2018</b>	<b>177.379,32</b>	<b>143.681,92</b>	<b>67.750,00</b>	-	<b>4.034.016,31</b>	<b>4.422.827,55</b>
<b>Accumulated depreciation 1/1/2018</b>	<b>(146.304,56)</b>	<b>(129.763,33)</b>	<b>(64.089,16)</b>	-	<b>(3.184.935,15)</b>	<b>(3.525.092,20)</b>
Depreciation for the period	(6.385,60)	(6.628,40)	(3.660,82)	-	(231.977,09)	(248.651,91)
Depreciation of fixed assets sold	-	-	-	-	4.759,16	4.759,16
<b>Accumulated depreciation 31/12/2018</b>	<b>(152.690,16)</b>	<b>(136.391,73)</b>	<b>(67.749,98)</b>	-	<b>(3.412.153,08)</b>	<b>(3.768.984,95)</b>
<b>Net book value at 31/12/2018</b>	<b>24.689,16</b>	<b>7.290,19</b>	<b>0,02</b>	-	<b>621.863,23</b>	<b>653.842,60</b>
<b>Cost at 1/1/2019</b>	<b>177.379,32</b>	<b>143.681,92</b>	<b>67.750,00</b>	-	<b>4.034.016,31</b>	<b>4.422.827,55</b>
<b>Acquisition from EESSTY S.A. due to merge</b>	115.927,22	4.605.521,97	1.778.960,57	-	158.933,25	<b>6.659.343,00</b>
Additions for the period	53.900,00	12.584,27	-	11.875.000,00	486.436,37	<b>12.427.920,64</b>
Disposal for the year	-	(28.080,00)	-	-	(15.957,36)	<b>(44.037,36)</b>
<b>Cost at 31/12/2019</b>	<b>347.206,54</b>	<b>4.733.708,16</b>	<b>1.846.710,57</b>	<b>11.875.000,00</b>	<b>4.663.428,57</b>	<b>23.466.053,83</b>
<b>Accumulated depreciation 1/1/2019</b>	<b>(152.690,16)</b>	<b>(136.391,73)</b>	<b>(67.749,98)</b>	-	<b>(3.412.153,08)</b>	<b>(3.768.984,95)</b>
Depreciation for the period	(8.001,97)	(71.948,17)	(16.777,13)	-	(279.301,84)	<b>(376.029,11)</b>
Depreciation of disposed assets	(0,01)	28.079,99	-	-	15.824,37	<b>43.904,35</b>
<b>Accumulated depreciation 31/12/2019</b>	<b>(160.692,14)</b>	<b>(180.259,91)</b>	<b>(84.527,11)</b>	-	<b>(3.675.630,55)</b>	<b>(4.101.109,71)</b>
<b>Net book value at 31/12/2019</b>	<b>186.514,40</b>	<b>4.553.448,25</b>	<b>1.762.183,46</b>	<b>11.875.000,00</b>	<b>987.798,02</b>	<b>19.364.944,12</b>

## Impairment losses

Taking into consideration the profitability of the company as well as its Business plan there is no indication for impairment losses.

## 8 Royalties to Property, plant and equipment

An analysis of the Company's Royalties Property, Plant and Equipment (Finance Lease) is presented below:

<i>values in unit of Euros</i>	<b>Buildings</b>	<b>Transportation Means</b>	<b>Rolling Stock</b>	<b>TOTAL</b>
<b>Cost at 1/1/2019</b>	-	-	-	-
<b>Right of use assets</b>	<b>5.277.129,00</b>	<b>83.414,00</b>	<b>47.978.740,00</b>	<b>53.339.283,00</b>
<b>Acquisition from EESSTY S.A. due to merge</b>	<b>40.609.668,00</b>	-	-	<b>40.609.668,00</b>
Additions for the period	-	-	-	-
<b>Cost at 31/12/2019</b>	<b>45.886.797,00</b>	<b>83.414,00</b>	<b>47.978.740,00</b>	<b>93.948.951,00</b>
<b>Accumulated depreciation 1/1/2019</b>	-	-	-	-
Depreciation for the period	(866.555,00)	(51.262,00)	(12.794.331,00)	<b>(13.712.148,00)</b>
<b>Accumulated depreciation 31/12/2019</b>	<b>(866.555,00)</b>	<b>(51.262,00)</b>	<b>(12.794.331,00)</b>	<b>(13.712.148,00)</b>
<b>Net book value at 31/12/2019</b>	<b>45.020.242,00</b>	<b>32.152,00</b>	<b>35.184.409,00</b>	<b>80.236.803,00</b>

Royalties to Property, plant and equipment (Finance Lease) recognized for first time on 1/1/2019 by applying IFRS 16.

The depreciation of Royalties property, plant and equipment (Finance Lease) is recognized in the period's statement of comprehensive income results.

## 9 Spare parts of rolling stock

Spare parts of rolling stock are materials intended to replace damaged rolling stock parts. They are depreciated over their useful life and their depreciation begins with the use of these spare parts.

Total value came after the merger with EESSTY S.A..

## 10 Intangible assets

The table below shows the intangible assets at the beginning and end of the year, with the relative changes.

values in unit of Euros	Concessions, licenses, trademarks and other similar rights
<b>Cost at 1/1/2018</b>	<b>573.312,42</b>
Additions for the period	288.192,73
<b>Cost at 31/12/2018</b>	<b>861.505,15</b>
<b>Accumulated amortisation 1/1/2018</b>	<b>(355.706,00)</b>
Amortisation for the period	(92.028,50)
<b>Accumulated amortisation 31/12/2018</b>	<b>(447.734,50)</b>
<b>Net book value at 31/12/2018</b>	<b>413.770,65</b>
<b>Cost at 1/1/2019</b>	<b>861.505,15</b>
<b>Acquisition from EESSTY S.A. due to merge (Operation license for maintenance activity)</b>	<b>1.050.903,85</b>
<b>Acquisition from EESSTY S.A. due to merge (Other)</b>	<b>84.060,08</b>
Additions for the period	130.650,11
<b>Cost at 31/12/2019</b>	<b>2.127.119,19</b>
<b>Accumulated amortisation 1/1/2019</b>	<b>(447.734,50)</b>
<b>Depreciation from EESSTY S.A. due to merge</b>	-
Amortisation for the period	(142.547,74)
<b>Accumulated amortisation 31/12/2019</b>	<b>(506.951,18)</b>
<b>Net book value at 31/12/2019</b>	<b>1.536.836,95</b>

As of 31 December 2019 the "Intangible assets" item does not appear to be burdened with mortgages or privileges.

## 11 Deferred tax assets and deferred tax liabilities

The following tables illustrate the opening and closing balances of deferred tax assets and deferred tax liabilities, as well as the changes recorded in the years presented for the main temporary differences.

	<b>01/01/2019– 31/12/2019</b>	<b>01/01/2018– 31/12/2018</b>
<b>Opening Balance:</b>	<b>1.408.844,29</b>	<b>751.000,00</b>
Deferred tax asset due to merge with EESSTY S.A.	1.051.098,20	-
Provision for Staff Leaving Indemnity (IFRS 19)	(272.988,54)	38.499,19
Provision of legal cases	(155.315,53)	-
Application of IFRS 16	291.114,50	-
Provisions for doubtful debts	(142.421,99)	619.345,10
Provisions for doubtful debts and legal cases	19.140,60	-
<b>Total</b>	<b>2.199.471,53</b>	<b>1.408.844,29</b>

The change in deferred tax assets for the year 2019 is essentially due to merge with EESSTY S.A.

The reconciliation between nominal and actual tax rates is shown in the following table:

	<b>01/01/2019– 31/12/2019</b>	<b>01/01/2018– 31/12/2018</b>
<b>Profit / (Loss) before Income Tax</b>	<b>3.339.338,96</b>	<b>(7.328.787,20)</b>
Current Income Tax	801.441,35	(2.125.348,29)
Income Tax for non-deductible expenses	825.519,84	2.435.020,55
Deferred Tax Asset	224.965,66	(657.844,00)
<b>Total Income Tax at Income Statement (expense/(gain))</b>	<b>1.851.926,85</b>	<b>(348.171,74)</b>

## 12 Other current and non-current assets

This item consists of the following:

	Values in unit of Euros								
	31.12.2019			31.12.2018			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
VAT credits	-	1.189.192,93	1.189.192,93	-	2.196.145,66	2.196.145,66	-	(1.006.952,73)	(1.006.952,73)
Ministry of infrastructure and Transport	-	1.802.822,21	1.802.822,21	-	48.302.822,21	48.302.822,21	-	(46.500.000,00)	(46.500.000,00)
Other State Administrations	-	971.985,99	971.985,99	-	1.965.816,40	1.965.816,40	-	(993.830,41)	(993.830,41)
Unbilled revenue	-	13.928.505,00	13.928.505,00	-	13.256.227,55	13.256.227,55	-	672.277,45	672.277,45
Operating revenues from Supplementary maintenance – OSE S.A. & GAIAOSE S.A.	-	15.905.763,58	15.905.763,58	-	-	-	-	15.905.763,58	15.905.763,58
Miscellaneous debtors and accruals/deferrals	891.978,03	1.929.586,65	2.821.564,68	883.636,67	1.379.261,37	2.262.898,04	8.341,36	550.325,28	558.666,64
Doubtful other receivables	-	18.710.537,58	18.710.537,58	-	17.501.239,55	17.501.239,55	-	1.209.298,03	1.209.298,03
<b>Total</b>	<b>891.978,03</b>	<b>54.438.393,94</b>	<b>55.330.371,97</b>	<b>883.636,67</b>	<b>84.601.512,74</b>	<b>85.485.149,41</b>	<b>8.341,36</b>	<b>(30.163.118,80)</b>	<b>(30.154.777,44)</b>
Provision for write-downs	-	(18.710.537,58)	(18.710.537,58)	-	(17.501.239,55)	(17.501.239,55)	-	(1.209.298,03)	(1.209.298,03)
<b>Total net provision for write-downs</b>	<b>891.978,03</b>	<b>35.727.856,36</b>	<b>36.619.834,39</b>	<b>883.636,67</b>	<b>67.100.273,19</b>	<b>67.983.909,86</b>	<b>8.341,36</b>	<b>(31.372.416,83)</b>	<b>(31.364.075,47)</b>

Receivables from the MIT are detailed below:

	Values in unit of Euros			
	Values as of 31.12.2018	Increases	Decreases	Values as of 31.12.2019
<b>In operating grants</b>				
- Amounts due from the MIT under the PSO (Public service Obligation)	46.500.000,00	62.000.000,00	108.500.000,00	-
- Compensation from MIT	1.802.822,21	-	-	1.802.822,21
- Unbilled revenue	12.500.000,00	12.500.000,00	12.500.000,00	12.500.000,00
<b>Total</b>	<b>60.802.822,21</b>	<b>46.500.000,00</b>	<b>93.000.000,00</b>	<b>14.302.822,21</b>

The receivables relating to the amounts owed by the MIT under the program agreement were recorded in the financial year 2019 amounted to € 50 mil. plus VAT 24% 12 mil. , to the extent equal to that established by law 3891/2010.

The breakdown of the Other current and non-current assets by geographical area is shown below:

	Values in unit of Euros		
	31.12.2019	31.12.2018	Change
Domestic	35.942.717,76	67.571.887,00	(31.629.169,24)
Euro area countries	5.998,60	-	5.998,60
Other European countries (UE non-Euro)	207.775,78	202.333,37	5.442,41
Other countries	463.342,25	209.689,49	253.652,76
<b>Total</b>	<b>36.619.834,39</b>	<b>67.983.909,86</b>	<b>(31.364.075,47)</b>

Unbilled revenue receivable is mainly consisting of accrued grants related to the assignment of Public Service Obligations ("Ministry of Finance") for the fourth quarter of 2019 amounting to Euro 12.500.000,00.

Receivable from Supplementary maintenance – OSE S.A. & GAIAOSE S.A. relates to the invoiced recharge of supplementary by OSE S.A. and GAIAOSE S.A. concerning the maintenance of rolling stock, for the period 9/2017 - 2/2019, as well as the provision for the period 03/2019-09/2019.

Company has estimated a provision for doubtful other receivables of € 18.710.537,58.

### 13 Inventories

This item consists of the following:

	Values in unit of Euros		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>Change</b>
Raw materials, consumables and supplies	-	609.636,96	(609.636,96)
Acquisition from EESSTY S.A. due to merge	423.647,39	-	423.647,39
Provision for write-downs	-	(609.636,96)	609.636,96
<b>Net value</b>	<b>423.647,39</b>	<b>-</b>	<b>423.647,39</b>
Fuel	1.472.732,63	1.295.263,88	177.468,75
Provision for write-downs	(79.752,52)	-	(79.752,52)
<b>Net value</b>	<b>1.392.980,11</b>	<b>1.295.263,88</b>	<b>97.716,23</b>
Spare parts of fixed assets	5.681,00	5.681,00	-
Acquisition from EESSTY S.A. due to merge	871.641,66	-	871.641,66
<b>Net value</b>	<b>877.322,66</b>	<b>5.681,00</b>	<b>871.641,66</b>
<b>Total Inventories</b>	<b>2.693.950,16</b>	<b>1.300.944,88</b>	<b>1.393.005,28</b>

Provision for fuel obsolescence concerns part of the fuel reserves.

There are no commitments regarding the Company's inventories.

Spare parts of fixed assets are materials used in the context of rolling stock maintenance, destined to service third parties.

These inventories have been acquired through the merger with EESSTY S.A..

#### 14 Current and non-current trade receivables

The trade receivables are broken down as follows:

	31.12.2019		31.12.2018		Change	
	Current	Total	Current	Total	Current	Total
Ordinary customers	4.153.636,72	4.153.636,72	1.532.684,17	1.532.684,17	2.620.952,55	2.620.952,55
State Authorities and other Pub. Administrations	218.399,45	218.399,45	363.580,94	363.580,94	(145.181,49)	(145.181,49)
Other receivables	271.740,16	271.740,16	354.274,21	354.274,21	(82.534,05)	(82.534,05)
Doubtful receivables	16.504.153,67	16.504.153,67	8.465.452,22	8.465.452,22	8.038.701,45	8.038.702,45
<b>Total</b>	<b>21.147.930,00</b>	<b>21.147.930,00</b>	<b>10.715.991,54</b>	<b>10.715.991,54</b>	<b>10.431.938,46</b>	<b>10.431.939,46</b>
Provision for write-downs	(16.504.153,67)	(16.504.153,67)	(8.465.452,22)	(8.465.452,22)	(8.038.701,45)	(8.038.701,45)
<b>Total net provision for write-downs</b>	<b>(16.504.153,67)</b>	<b>(16.504.153,67)</b>	<b>(8.465.452,22)</b>	<b>(8.465.452,22)</b>	<b>(8.038.701,45)</b>	<b>(8.038.701,45)</b>
<b>Total net provision for write-downs</b>	<b>(16.504.153,67)</b>	<b>(16.504.153,67)</b>	<b>(8.465.452,22)</b>	<b>(8.465.452,22)</b>	<b>(8.038.701,45)</b>	<b>(8.038.701,45)</b>
<b>Total current and non-current trade receivables</b>	<b>4.643.776,33</b>	<b>4.643.776,33</b>	<b>2.250.539,32</b>	<b>2.250.539,32</b>	<b>2.393.237,01</b>	<b>2.393.238,01</b>

The increase Ordinary customers line is mainly due to the merge with EESSTY SA.. The amount of trade receivables which were transferred was 3.689.526,66 €.

Doubtful receivables appear an increase of Euro 8,038,701.45. The amount of Euro 7,634,832,01 was transferred from EESSTY S.A..

The maximum exposure to credit risk, broken down by geographical region, is as follows:

	Values in unit of Euros		
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>Change</b>
Domestic	2.854.108,79	646.514,94	2.207.593,85
Euro area countries	1.785.839,24	1.604.024,38	181.814,86
The United States	3.828,30	-	3.828,30
<b>Total</b>	<b>4.643.776,33</b>	<b>2.250.539,32</b>	<b>2.393.237,01</b>

## 15 Cash and cash equivalents

This item is detailed as follows:

Description	Values in unit of Euros		
	31.12.2019	31.12.2018	Change
Bank and postal accounts	49.040.816,14	26.248.196,49	22.792.619,65
Money and cash values	73.468,35	58.359,45	15.108,90
<b>Total</b>	<b>49.114.284,49</b>	<b>26.306.555,94</b>	<b>22.807.728,55</b>
<b>Restricted cash</b>	<b>1.500.000,00</b>	<b>1.500.000,00</b>	-

Company's cash and cash equivalents represent cash either in the Company's petty cash in various locations or bank deposits, available at first demand.

A letter of guarantee from National Bank of Greece amounting to euros 1.500.000,00 has been submitted to the Ministry of Infrastructure and Transport, in accordance with the terms of the PSO contract agreement between TRAINOSE S.A. and the Ministry of Infrastructure and Transport.

Besides the above mentioned letter of guarantee there are no commitments regarding the Company's cash and cash equivalents.

## 16 Tax receivables

Receivables from Greek State mainly relate to Prepayment of Income Tax concerning business year 2018, Withheld Income Tax 8% and Corporate Tax 2018 & 2019.

This item is detailed as follows:

	Values in unit of Euros	
	31.12.2019	31.12.2018
Prepayment of Income Tax	4.737.093,37	1.376.856,83
Withheld income tax	7.104.390,56	392.256,75
Withheld income tax from interest	166.708,30	4.146.726,50
Income tax	(1.717.866,55)	(309.672,55)
Provisions	(308.554,90)	(308.554,90)
<b>Total tax receivables</b>	<b>9.981.770,78</b>	<b>5.297.612,63</b>

The Company has estimated the taxable income for the period 01/01/2019 – 31/12/2019, resulting to Current Tax Expense of € 1.851.926,85.

## 17 Shareholders' equity

The changes that took place during the 2019 and 2018 financial years for the main equity items are reported analytically in the table at the beginning of the explanatory notes to the financial statements.

### Share capital

On 31.7.2018, an Extraordinary General Meeting of the Shareholders of the Company took place in order to decide upon taking appropriate and corrective measures, pursuant to the provisions of article 47 of law 2190/1920.

Specifically, the measures included the following:

- Offset of part of the cumulative accounting losses amounting to 871.546.116,78€ with the special reserve of Law 3891/2010 formed upon the debt release of OSE (debt to OSE written-off) amounting to 692.161.809,26€.
- Decrease of the Company's share capital with offset of the remaining accounting losses, by the total amount of 178.636.890,90€
- Decrease of the nominal value of the shares by 83,85€ (178.636.890,90€ / 2.130.434 shares) each, so as the total number of shares to remain the same and the share capital of the Company to stand at 34.406.509,10 Euro divided into 2.130.434 registered shares with a nominal value of 16,15 Euro each.

Consequently, the Company's share capital consists of 2.130.434 common fully paid shares, of € 16,15 nominal value each. The total share capital amounts to 34.406.509,10. Company's shares are not listed in any Financial Market.

On 1.6.2019, Ferrovie Dello Stato Italiane S.p.A transferred all the shares of TRAINOSE S.A., to its subsidiary TRENITALIA S.p.A..

### Other reserves

Company's Capital Reserves amount to € 13.094,15 and relate to the statutory reserve that was established in prior years. According to the Greek Companies law, all entities are obliged to form a 5% from their year-end profits as a statutory reserve until such reserve reaches the amount of one third (1/3) of the paid share capital. This reserve cannot be distributed during the company's operation.

On September 12th 2017 the 45496/2336 Jointed Ministerial Decision was published in the Official Government Gazette between the Ministry of Finance and the Ministry of Transportations and Infrastructure. According to this decision, a debt write off of debt to OSE SA amounting to 692.161.809,27 € was approved. This amount is directly recognized in the Company's net asset position. The gain which arises for TRAINOSE SA following this debt settlement is not subject to income tax. Furthermore, this settlement does not have any effect on VAT applicable to the relevant invoices issued by OSE during the year in which they were issued.

On 31.7.2018, an Extraordinary General Meeting of the Shareholders of the Company TRAINOSE S.A. took place in order to decide upon taking appropriate and corrective measures, pursuant to the provisions of article 47 of law 2190/1920.

Specifically, the measures included the following:

- Off-set of part of the cumulative accounting losses amounting to 871.546.116,78€ with the special reserve of Law 3891/2010 formed upon the debt release of OSE (debt to OSE written-off) amounting to 692.161.809,26€,
- Decrease of the Company's share capital with offset of the remaining accounting losses, by the total amount of 178.636.890,90€,

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- Decrease of the nominal value of the shares by 83,85€ (178.636.890,90€ / 2.130.434 shares)each, so as the total number of shares to remain the same and the share capital of the Company to stand at 34.406.509,10 Euro divided into 2.130.434 registered shares with a nominal value of 16,15 Euro each.

After the aforementioned write off both the Company's net assets and the Company's working capital are positive.

#### **Reserve for actuarial gains/(losses) for employee benefits**

The Reserve for actuarial gains/(losses) for employee benefits relates to actuarial losses that have been recognized directly in equity. As of 31.12.2018 this reserve was cumulatively shown with Profits/(Losses) carried forward.

#### **Extraordinary reserve due to merge with EESSTY S.A**

This Extraordinary reserve include the result of the period 01/04/2019 - 30/09/2019. The reserve includes as well the reclassification of the actuarial profit that was directly recorded in the equity of EESSTY S.A..

#### **Profits/(Losses) carried forward**

Company's (Losses) carried forward until 31/12/2018 are € (5.862.335,68).

#### **Operating result**

Company's Operating profit for the period 1/1/2019 – 31/12/2019 is profit of € 1.487.412,11 compared to a loss of € (6.980.615,46) for the period 1/1/2018 – 31/12/2018.

The following table indicates the origin and availability to distribute the Shareholders' Equity items, as well as their use in the three previous years:

Origin	Amounts as of 31.12.2019 (a+b)	Amount unavailable (a)	Amount available (b)	Summary of uses for the three previous years	
				Loss coverage	Other (to be specified)
<b>Share Capital</b>	34.406.509,10		34.406.509,10	<b>(178.636.890,90)</b>	
<b>Profit reserves:</b>					
Reserve for actuarial gains/(losses) for employee benefits	(4.998.906,96)	(4.998.906,96)			
Legal reserve	13.094,15	13.094,15			
Extraordinary reserve Law 3891/2010	-	-	-		(692.161.809,26)
Extraordinary reserve due to merge with EESSTY S.A	2.785.908,46	2.785.908,46	-		
Profits (losses) carried forward	(5.862.335,68)	(5.862.335,68)	-		870.779.931,24
Profit (loss) for the financial year	1.487.412,11	1.487.412,11	-		
<b>TOTAL</b>	<b>27.831.681,18</b>	<b>(6.574.827,92)</b>	<b>34.406.509,10</b>	<b>(178.636.890,90)</b>	<b>178.618.121,98</b>

## 18 Medium/long-term and short-term loans

The item amounts to € 23.000.000,00 and is broken down as follows:

Values in unit of Euros

	31.12.2019	31.12.2018	Change
Medium/long-term loans net of the current amount			
Loans from shareholders	21.000.000,00	-	21.000.000,00
<b>Total</b>	<b>21.000.000,00</b>	<b>-</b>	<b>21.000.000,00</b>
<b>Short-term loans and current portion medium/long-term loans</b>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>Change</b>
Loans from shareholders (short term)	2.000.000,00	-	2.000.000,00
<b>Total</b>	<b>2.000.000,00</b>	<b>-</b>	<b>2.000.000,00</b>
<b>Total Loans</b>	<b>23.000.000,00</b>	<b>-</b>	<b>23.000.000,00</b>

The reconciliation table for the overall changes in liabilities and financial assets, broken down into monetary and non-monetary changes, is shown below.

Values in unit of Euros

Cash flow items generated/(absorbed) from financial assets	31.12.2018	Cash flow statement effect	Non-monetary effects New leases	31.12.2019
Disbursement and repayment of short and medium/long-term loans	-	23.000.000,00	-	23.000.000,00
Change in other financial liabilities	-	-	81.417.179,00	81.417.179,00
<b>Total</b>	<b>-</b>	<b>23.000.000,00</b>	<b>81.417.179,00</b>	<b>104.417.179,00</b>

The terms and conditions of the existing loans are as follows:

Values in unit of Euros

Creditor	Currency	Nominal Interest Rate	Year of Maturity	31.12.2019		31.12.2018	
				Nom. Value	Book Value	Nom. Value	Book Value
FERROVIE DELLO STATO ITALIANE S.P.A.	€'	3,7% plus Euribor	8	23.000.000,00	23.000.000,00	-	-
<b>Total Loans</b>				<b>23.000.000,00</b>	<b>23.000.000,00</b>	<b>-</b>	<b>-</b>

The following table shows the composition of the Net financial position shown on the reclassified Balance Sheet, as reported in the Management Report as of 31 December 2019, compared with the data as of 31 December 2018:

Values in unit of Euros			
<b>Net financial position</b>	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>Change</b>
<b>Net short term financial position</b>	<b>(31.531.919,49)</b>	<b>(86.806.555,94)</b>	<b>55.274.636,45</b>
Treasury current accounts (cash & cash equivalent)	(50.614.284,49)	(27.806.555,94)	(22.807.728,55)
Financial receivables for PSO	-	(59.000.000,00)	59.000.000,00
Payables due to other lenders	2.000.000,00	-	2.000.000,00
Other financial liabilities	17.082.365,00	-	17.082.365,00
			-
<b>Net medium/long term financial position</b>	<b>85.334.814,00</b>	<b>-</b>	<b>85.334.814,00</b>
Payables due to other lenders	21.000.000,00	-	21.000.000,00
Other financial liabilities	64.334.814,00	-	64.334.814,00
			-
<b>Overall total</b>	<b>53.802.894,51</b>	<b>(86.806.555,94)</b>	<b>140.609.450,45</b>

The significant increase of the financial position is mainly connected to the first time adoption of IFRS16, and to the financing for the acquisition of EESSTY S.A.. The short-term financial position of the Company, nonetheless, remains negative for 31,5 million euros.

## 19 Post-employment benefits and other employee benefits

	Values in unit of Euros	
	<b>31.12.2019</b>	<b>31.12.2018</b>
Current value of post-employment benefits (TFR) obligations	6.601.179,00	2.722.411,00
<b>Total current value of obligations</b>	<b>6.601.179,00</b>	<b>2.722.411,00</b>

The following table shows the changes in the current value of the liabilities for defined benefit obligations.

	Values in unit of Euros	
	<b>2019</b>	<b>2018</b>
Defined benefit obligations as of 1 January	2.722.411,00	2.372.421,00
Balance of EESSTY S.A. due to merge	3.000.090,00	-
Service Costs	236.392,00	149.457,00
Interest cost	52.086,00	35.586,00
Actuarial (gains)/losses recognised in equity	881.259,00	422.683,00
Benefits paid	(291.059,00)	(257.736,00)
<b>Total defined benefit obligations</b>	<b>6.601.179,00</b>	<b>2.722.411,00</b>

The Company recognizes as personnel benefit liabilities due to termination of employment, the current value of the legal commitment that the Company has undertaken, for payment of a lump sum indemnity to the personnel which terminates its employment due to retirement. This liability is calculated based on an actuarial study performed annually by an independent actuarial, in accordance with IAS 19. It is depicted at Income Statement and Statement of other comprehensive income. The actuarial method used is the «Projected Unit Credit Method».

It is highlighted that the total actuarial liability for the Company's personnel as of December 31st 2020 amounts to € 9.103.566,00. This amount included the liability undertaken by OSE SA in recognition of the employees work experience until December 31st 2006. As a result, the actuarial liability of TRAINOSE S.A. as of December 31st 2020 is net amount of € 6.601.179,00.

The indemnity payment to personnel exiting service during the years presented was realized solely from the Company and the Company is recharging OSE with the amount corresponding to period of the work experience of the personnel until December 31st 2006.

It must be noted that OSE has proceeded unilaterally to cancelling the related liability in its Financial Statements at 31.12.2017, following a communication in which it was argued that such liability was to be deemed canceled in the context of the cancellation of the debts of TRAINOSE S.A to OSE S.A., and on general terms, that such liabilities toward the employees are "automatically" transferred to the employer. The Company refutes this unilateral cancellation as illegitimate, in view both of OSE S.A. having agreed for 11 years to bear the economic burden of the indemnity computed as of December 31st 2006, and in view of the fact that in the Decree for the cancellation of debts of TRAINOSE S.A. towards OSE (KYA 4549672336711-9-2017) no mention was made of the cancellation of what actually is a liability of OSE towards the workforce ceded to TRAINOSE S.A. in 2006. The Company will therefore seek legal restoration of the aforementioned practice regarding the liability to the

exhaustion of legal means. It is noted that for the cases of employees who have left the Company and have received their full compensation, without having paid the proportion that should be paid by OSE S.A. in TRAINOSE S.A. a related claim of Euro 1.072.617,75 has been formed. The Company will try, through legal acts, to collect the above mentioned amount.

### Actuarial assumptions

The main assumptions for the actuarial estimate process are described below.

	2019	2018
Post-employment benefits (TFR) discount rate	1,00%	1,50%
Annual post-employment benefits (TFR) increase rate for 20xx+1	1,00%	1,00%
Annual post-employment benefits (TFR) increase rate for 20xx+2	1,00%	1,00%
Annual post-employment benefits (TFR) increase rate for 20xx+3 and 20xx+4	1,00%	1,00%
Annual post-employment benefits (TFR) increase rate for 20xx+5 onward	1,00%	1,00%
Annual post-employment benefits (TFR) inflation rate for 20xx+1	1,40%	1,80%
Annual post-employment benefits (TFR) inflation rate for 20xx+2	1,40%	1,80%
Annual post-employment benefits (TFR) inflation rate for 20xx+3 and 20xx+4	1,40%	1,80%
Annual post-employment benefits (TFR) inflation rate for 20xx+5 onward	1,40%	1,80%
Likelihood of death	Greek mortality table : MT_EAE2012_P	
Disability	Included in the rates of the mortality table	
Retirement age	67	67

The results of the sensitivity analyses carried out in order to evaluate the effects that would have been recorded in terms of changes in the current value of the liabilities for defined benefit obligations, following reasonable potential changes in actuarial assumptions, are shown below.

The table shows the average duration of the defined benefit obligations and the disbursements envisaged by the plan.

Values in unit of Euros

### Post-employment benefits

Benefit Increase Rate + 0,25%	6.826.099
Benefit Increase Rate - 0,25%	6.384.733
Discount rate +0,50%	6.178.396
Discount rate -0,50%	7.062.270

## 20 Provision for risks and charges

The following table shows the opening and closing balances of the provisions for risks and charges, and the changes that took place during the 2019 financial year, highlighting the current portion:

	Provisions for legal cases	Provisions D.E.H. <sup>1</sup>	Allowance for doubtful accounts receivable <sup>2</sup>	Provisions For Accidents	Total
<b>Book value at 1/1/2018</b>	<b>5.424.172,56</b>	<b>106.765,56</b>	<b>13.698,73</b>	<b>2.574.627,39</b>	<b>8.119.264,24</b>
Additional provision	2.962.838,31	-	-	-	2.962.838,31
Provision reversal	-	-	-	(274.755,45)	(274.755,45)
<b>Book value at 31/12/2018</b>	<b>8.387.010,87</b>	<b>106.765,56</b>	<b>13.698,73</b>	<b>2.299.871,94</b>	<b>10.807.347,10</b>
<b>Balance of EESSTY S.A. due to merge</b>	<b>1.041.148,06</b>	-	-	-	<b>1.041.148,06</b>
Additional provision	1.425.676,33	-	-	-	-
Provision reversal	(2.472.777,88)	(106.765,56)	-	(96,40)	-
Provision reclassification	-	-	(13.698,73)	-	-
<b>Book value at 31/12/2019</b>	<b>8.381.057,38</b>	-	-	<b>2.299.775,54</b>	<b>10.680.832,92</b>

The above mentioned provisions do not include any interest and other increases that may be attributable to court decisions as they cannot be reliably predicted.

<sup>1</sup>The provision has been reversed as the related case is cleared.

<sup>2</sup>The provision has been reclassified to "Other current assets" within first semester of 2019.



## 21 Current and non-current financial liabilities (including derivatives)

Lease liabilities that have not been matured are valued at cost and analyzed as follows:

	Values in unit of Euros		
	<b>Carrying amount</b>		
	<b>31.12.2019</b>		
	<b>Non-current</b>	<b>Current</b>	<b>Total</b>
Lease liabilities	64.334.814,00	17.082.365,00	81.417.179,00
<b>Total financial liabilities</b>	<b>64.334.814,00</b>	<b>17.082.365,00</b>	<b>81.417.179,00</b>

Lease liabilities were first recognized on 1/1/2019 by applying IFRS 16.

Leased liabilities are booked to "Current trade payables" upon issue of the relevant invoices.

## 22 Other current and non-current liabilities

	Values in unit of Euros								
	31.12.2019			31.12.2018			Change		
	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current	Total
Advances from customers	138.333,33	-	138.333,33	70.000,00	-	70.000,00	68.333,33	-	68.333,33
Payables to Pension and Social Security Institutions	-	2.106.384,01	2.106.384,01	-	1.508.470,02	1.508.470,02	-	597.913,99	597.913,99
Payables for VAT & other taxes & duties	-	1.448.397,86	1.448.397,86	-	1.334.950,53	1.334.950,53	-	113.447,33	113.447,33
Other payables and accrued expenses	1.012.000,00	18.803.101,19	19.815.101,19	-	4.354.826,79	4.354.826,79	-	14.448.274,40	14.448.274,40
<b>Total</b>	<b>1.150.333,33</b>	<b>22.357.883,06</b>	<b>23.508.216,39</b>	<b>70.000,00</b>	<b>7.198.247,34</b>	<b>7.268.247,34</b>	<b>68.333,33</b>	<b>15.159.635,72</b>	<b>15.227.969,05</b>

Other current liabilities do not bear interest and usually are settled within the next fiscal year. It is noted that the Company has no overdue liabilities.

The significant change in the "Other payables and accrued expenses" line, is mainly due to liability towards GAIAOSE S.A. concerning accrued rental for maintenance plants, as transferred to the company books through the merger with EESSTY S.A.. An additional amount concerns accrued expenses for employment termination benefits of personnel not in service of the Company, as well as network utilization duties and rolling stock rentals that were not invoiced until the 31<sup>st</sup> of December 2019.

## 23 Current and non-current trade payables

Values in unit of Euros

	31.12.2019		31.12.2018		Change	
	Current	Total	Current	Total	Current	Total
Trade payables domestic	39.437.157,55	39.437.157,55	59.954.886,01	59.954.886,01	(20.517.728,46)	(20.517.728,46)
Trade payables foreign	79.546,02	79.546,02	15.032,46	15.032,46	64.513,56	64.513,56
Trade payables to Group companies	12.005.010,33	12.005.010,33	97.977,00	97.977,00	11.907.033,33	11.907.033,33
<b>Total</b>	<b>51.521.713,90</b>	<b>51.521.713,90</b>	<b>60.067.895,47</b>	<b>60.067.895,47</b>	<b>(8.546.181,57)</b>	<b>(8.546.181,57)</b>

Trade payables domestic as of December 31st 2019 amount to € 39.437.157,55 (€ 59.954.886,01 in December 31st 2018) includes mainly liabilities towards OSE S.A. & GAIAOSE S.A. concerning network utilization duties and rent of rolling stock respectively.

Trade payables to Group companies as of December 31st 2019 amount to € 12.005.010,33 (€97.977,00 in December 31st 2018) includes mainly liabilities towards TRENITALIA S.P.A. concerning prepayment for the acquisition of trains.

## 24 Income from sales and services

The details of the items that make up the revenues from sales and services are illustrated in the tables and comments below.

	Values in unit of Euros		
	2019	2018	Change
Revenues from passengers transportation	39.438.956,37	33.248.698,76	6.190.257,61
Revenues from passengers transportation (Suburban)	17.021.872,67	15.624.012,44	1.397.860,23
Revenues from transportation with busses	1.597.496,45	1.570.758,47	26.737,98
Revenues from merchandise transportation	13.891.354,74	13.429.821,91	461.532,83
Revenue from PSO (Public service Obligation)	50.000.000,00	50.000.000,00	-
Revenue from maintenance services to third parties	509.469,74	-	509.469,74
<b>Total revenues from sales and services</b>	<b>122.459.149,97</b>	<b>113.873.291,58</b>	<b>8.585.858,39</b>

On June 15<sup>th</sup> 2011 the contract agreement for Public Service Obligation was signed between the Greek State and TRAINOSE S.A., during which Services of Public Economic Interest took place, with the purpose of financing the Company's deficit services and more specifically with the purpose of financing deficit routes. In particular, with the aforementioned agreement TRAINOSE S.A. undertook the commitment of providing services passenger railway transport in exchange with compensation, which according to the paragraph 3 of the aforementioned agreement did not exceed the amount of € 50.000.000,00 annually for the years 2011, 2012 και 2013, according to the article 12 of law N. 3891/2010. The agreement was extended by the 4337/2015 law, until 31.12.2015. On 17.12.2015, new contract agreement was signed between Greek state and TRAINOSE S.A.. Provided services, routes which are covered by the agreement, the method of compensating TRAINOSE SA, the agreement's execution tracking mode, control measures and every other relevant point, are defined by this contract agreement. The total compensation amount which TRAINOSE S.A. can receive from the Greek State for providing these services (Public Service Obligation) cannot exceed the amount of (50.000.000) euros annually for the period from 2015 to 2020.

After 2020, providing that PSO railway transportation services, are assigned on P.A.E.M (Passenger Transportation Regulatory Authority) through a contest procedure, according to article 5 of regulation 1370/2007 through more YDY contract agreements which are limited in a specific geographical region or a specific route. The object of the particular YDY agreements is refined by P.A.E.M. (Passenger Transportation Regulatory Authority, taking into accounts the regional passenger needs and the need of securing a railway transportation between certain areas. All of the above were regulated by par. 2<sup>a</sup> article 17 of L.4337/2015 regulation, as incorporated into par. 7<sup>a</sup> art 12 of L.3891/2010 .

On 05.08.2017 the modification of the Public Service Obligation was signed between the Greek State and Company, clarifying the terms of the initial agreement. Specifically, the expenses that are recognized for subsidized routes are defined, as well as other technical issues regarding the agreements application.

The analysis of PSO Agreement is shown in the following table:

	Values in unit of Euros		
	2019	2018	Change
<b>Pricing and service obligations</b>			
for passenger transport	50.000.000,00	50.000.000,00	-
<b>Total</b>	<b>50.000.000,00</b>	<b>50.000.000,00</b>	<b>-</b>

## 25 Other income

The details of the other income are shown in the following table:

<i>Values in unit of Euros</i>	<b>1/1 - 31/12/2019</b>	<b>1/1 - 31/12/2018</b>	<b>Change</b>
Income of exchange of rolling stock	913.847,30	290.694,55	623.152,75
Income from other services	1.270.266,34	1.595.145,42	(324.879,08)
Other extraordinary and non-operating income	923.735,13	747.073,29	176.661,84
<b>Total</b>	<b>3.107.848,77</b>	<b>2.632.913,26</b>	<b>474.935,51</b>

Income of exchange of rolling stock appears to have been increased mainly due to the fact that the Company made a forecast of revenue for the period 8/2017 - 12/2019 in the context of bilateral cooperation with Skopje based on the relevant clearances.

## 26 Personnel costs

The breakdown of the personnel costs is shown in the following table:

	Values in unit of Euros		
	2019	2018	Change
<b>Permanent personnel</b>			
· Wages and salaries	25.850.831,00	22.379.569,37	3.471.261,63
· Social security	6.259.348,88	5.572.455,02	686.893,86
· Other permanent personnel costs	386.058,47	445.784,17	(59.725,70)
· Post-employment benefits	504.351,18	185.608,23	318.742,95
<b>Total</b>	<b>33.000.589,53</b>	<b>28.583.416,79</b>	<b>4.417.172,74</b>

The increase concerning personnel costs is mainly due to the merge with EESSTY S.A..

The following table shows the Company's average workforce broken down by category:

	2019	2018	Change
<b>Personnel</b>			
Senior Managers	24	13	11
Other personnel	1.260	659	601
<b>Total</b>	<b>1.284</b>	<b>672</b>	<b>612</b>
<b>Out of which coming from EESSTY S.A.:</b>			
Senior Managers	10	-	
Other personnel	630	-	
<b>Total from EESSTY S.A.</b>	<b>640</b>	<b>672</b>	<b>612</b>

## 27 Raw materials, consumables, supplies and merchandise

This item is detailed as follows:

	Values in unit of Euros		
	2019	2018	Change
Materials and consumables	1.725.675,84	-	1.725.675,84
Electricity for propulsion	5.826.826,35	4.333.375,32	1.493.451,03
Fuel for propulsion	13.118.521,33	16.616.410,50	(3.497.889,17)
<b>Total</b>	<b>20.671.023,52</b>	<b>20.949.785,82</b>	<b>(278.762,31)</b>

## 28 Costs for services

The balance indicated in the financial statements is broken down in the following table:

	Values in unit of Euros		
	2019	2018	Change
Maintenance of rolling stock	17.940.413,21	24.344.671,54	(6.404.258,33)
Network utilization duties	16.093.254,85	15.593.976,19	499.278,66
Rent of rolling stock	-	13.595.073,00	(13.595.073,00)
Cleaning of rolling stock	1.418.830,15	1.220.771,24	198.058,91
Insurance fees	364.144,20	481.331,97	(117.187,77)
Tax and duties	1.140.641,97	390.697,22	749.944,75
Agency commissions	3.168.764,44	2.300.926,59	867.837,85
Other third party fees	3.593.062,38	2.313.360,62	1.279.701,76
Other expenses	4.436.994,25	4.674.206,04	(237.211,79)
<b>Total</b>	<b>48.156.105,45</b>	<b>64.915.014,41</b>	<b>(16.758.908,96)</b>

The decrease of maintenance of rolling stock is mainly attributable to the merge with EESSTY S.A.. The related costs have been replaced, for the last quarter of the year, by the operating costs of EESSTY.

Due to the application of IFRS 16 from 1/1/2019, Rent of rolling stock appear decreased, for the period 1/1/2019 – 31/12/2019.

## 29 Costs for leased assets

The breakdown of costs for leased assets is shown in the following table:

	Values in unit of Euros		
	2019	2018	Change
Lease fees	933.125,51	905.040,58	28.084,93
<b>Total</b>	<b>933.125,51</b>	<b>905.040,58</b>	<b>28.084,93</b>

During the course of the financial year ended on 31 December 2019 this item amounted to € 933.125,51 and included costs relating to short-term leases (less than 12 months), leases of modest value (less than or equal to € 5,000), and costs related to variable payments not included in the assessment of the lease liabilities.

### 30 Other operating costs

The details of the other operating costs are shown in the following table:

	Values in unit of Euros		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Payroll expenses	577.639,03	216.496,48	361.142,55
Other extraordinary and non-operating expenses	1.826.281,58	2.076.965,60	(250.684,02)
Prior years supplementary maintenance of rolling stock and network fares cost	319.454,00	-	319.454,00
Interest in arrears and extraordinary expenses	216.655,64	140.356,34	76.299,30
Tax penalties and surcharges	47.080,51	164.142,75	(117.062,24)
Rent of exchange of rolling stock	2.487.379,73	1.774.241,11	713.138,62
<b>Total</b>	<b>5.474.490,49</b>	<b>4.372.202,28</b>	<b>1.102.288,21</b>

Payroll expenses from previous period appear to be increased due to an increase of payment of retrospective amounts.

### 31 Provisions and write-downs

The details of provisions and write-downs are shown in the following table:

	Values in unit of Euros		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Additional legal provisions	1.425.676,33	2.962.838,31	(1.537.161,98)
Reversal of legal provisions	(2.456.874,36)	-	2.456.874,36
Total legal provisions	(1.031.198,03)	2.962.838,31	(3.994.036,34)
Provisions for bad debts	1.400.307,47	1.592.939,73	(192.632,26)
Write-downs	406.062,56	-	406.062,56
<b>Total provisions and write-downs</b>	<b>775.172,00</b>	<b>4.555.778,04</b>	<b>(3.780.606,04)</b>

### 32 Amortisations

This item is broken down as follows:

	Values in unit of Euros		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Depreciation/amortisation of tangible and intangible assets			
• Amortisation of intangible assets	142.547,74	92.028,50	50.519,24
• Depreciation of tangible assets	376.029,11	248.651,91	127.377,20
• Depreciation of right of use assets	13.753.429,94	-	13.753.429,94
<b>Total</b>	<b>14.272.006,79</b>	<b>340.680,41</b>	<b>13.931.326,38</b>

### 33 Financial income

The breakdown of the financial income is shown in the following table:

	Values in unit of Euros		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Other financial income	590.352,72	976.351,26	(385.998,54)
Negative goodwill due to merge with EESSTY S.A.	3.321.043,78	-	3.321.043,78
<b>Total</b>	<b>3.911.396,50</b>	<b>976.351,26</b>	<b>2.935.045,24</b>

The increase of the financial income is mainly due to the negative goodwill resulted from the merge with EESSTY S.A..

### 34 Financial expenses

The breakdown of the financial charges is shown in the following table:

	Values in unit of Euros		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Financial charges on loans received	654.918,75	-	654.918,75
Financial charges on leases	1.946.240,35	-	1.946.240,35
Other financial charges	255.383,89	189.424,97	65.958,92
<b>Total</b>	<b>2.856.542,99</b>	<b>189.424,97</b>	<b>2.667.118,02</b>

The increase is mainly attributed to the calculation of Interest concerning "Property, plant and equipment (Finance Lease-IFRS 16)" based on the application of IFRS 16 from 1.1.2019 as well as the interest accrued on the loan received by the Company from FERROVIE DELLO STATO ITALIANE S.p.A. in 2019.

### **35 Current, deferred and prepaid income taxes for the financial year**

According to article 46 of Law 4172/23.07.2013 and Circular POL.1044/10.02.2015, the legal entities which are entirely owned, directly or indirectly, by HRADF (Hellenic Republic Asset Development Fund) in line with paragraph 13 of article 2 of Law 3986/2011, are exempted from corporate income tax.

As such, as regards fiscal year 2017, the Company is tax exempted from corporate income tax for the period until 13.9.2017, i.e. until the privatization date, as confirmed with Public Revenues Authority's document with Protocol No ΔΕΑΦ Β 1024792 ΕΞ 2018 / 13.2.2018. Based on said decision it is stipulated that as of 14.9.2017 and onwards, the Company is taxed under the general corporate income tax provisions based on the articles 45, 47 and subsequent thereof Law 4172/2013 (Income Tax Code).

The Company has estimated the taxable income for the period 1/1/2019 – 31/12/2019 resulting to:

- Increase of Deferred Tax Asset of € 307.539,42 concerning tax losses carried forward has been recognized for the provision formed for the Staff Leaving Indemnity and for provisions.
- Income Tax concerning the period 1/1/2019 – 31/12/2019 amounting € 1.626.961,19.
- Adjustment of Income Tax concerning business year 2018 amounting € 283.521,06.
- Decrease of Deferred Tax Asset of € 366.094,81 due to merge with EESSTY S.A.

Given that the Company for prior years has been tax exempted, no deferred tax has been recognized. Taking into account the transition to a taxable regime under the general tax provisions within fiscal year 2017, the Company has recognized deferred tax asset amounting 751.000 €. Deferred taxes are calculated on all temporary tax differences between the accounting and tax base of assets and liabilities. Deferred taxes are calculated using the tax rates that are expected to be applied in the future. In light of the above, the estimated Income Tax loss for the period 1/1/2019 – 31/12/2019 amounts to € 1.851.926,87.

It is worth mentioning that within Q.3 2014, the tax audit was completed by K.E.M.EP. (Center for Large Corporations Audit) for the unaudited fiscal years 2007 – 2011. No additional taxes and surcharges relevant to the income tax were imposed.

The Company for the fiscal years 2012 and 2013 has been subject to tax audit from the regular Certified Auditor Accountants as dictated by article 82 par. 5 Law 2238/ 1994, and for the fiscal years 2014, 2015, 2016 and 2017 as dictated by article 65 α N. 4174/ 2013. The Company has received Tax Compliance Certificates: for fiscal years 2012 – 2014 with qualification, for year 2015 without qualification and for year 2016 and 2017 with emphasis of matters.

The right of tax authorities to audit business year 2012 has been time-barred.

In addition, on the basis of risk analysis criteria, Greek tax authorities may choose the Company for tax audits as part of the audits carried out on companies that have received tax compliance certificates with the assent of the Statutory Auditor. In this case, the Greek tax authorities have the right to carry out a tax audit of the uses they choose, taking into account the work for the issuance of the tax compliance certificate. The Company does not expect any additional taxes and surcharges to be incurred under the control of the Greek tax authorities for the business years 2013 to 2018.

For the fiscal year 2019, the tax compliance assurance work is in progress by the statutory auditor in accordance with Article 65A of the Code of Tax Procedure of Law 4174/2013. There is no provision for the above to have a significant effect on the Company's Equity.

The Income tax rate due to business activity in Greece, for the year 2019 is 24%.

The analysis of Income Tax is shown in the following table:

<b>Amounts in € ' </b>	<b>1/1 – 31/12/2019</b>	<b>1/1 – 31/12/2018</b>
Income Tax	1.626.961,19	309.672,55
Deferred Tax	307.539,42	(657.844,29)
Adjustment of Income Tax concerning business year 2018	283.521,06	-
Deferred Tax from EESSTY S.A.	(366.094,81)	-
<b>Total Income Tax at Income Statement</b>	<b>(1.851.926,87)</b>	<b>(348.171,74)</b>

## 36 Contingent liabilities and assets

### Unaudited tax years

The Company has been audited for the years 19/12/2005 to 31/12/2011 from the tax authorities.

Additionally, as stipulated by par. 5 of article 82 of the Code of Income Tax (v. 2238/1994), the Company effective from 2011 and afterwards is subject to a tax audit from its statutory auditors with audit offices which are registered in the Public Register of L. 3693/2008 for the issuance of the «Annual Certificate».

### Legal Cases

The Company is involved in various pending court proceedings amounting Euro 68.816.657,16.

Concerning the above legal claims, a provision amounting to € 8.381.057,38 has been created and is deemed sufficient.

With regards to other legal cases Management's best estimate is that their outcome will not have a significant effect on the Company's financial position.

### Contingent receivables

There are no contingent receivables which meet the disclosure criteria set by IFRS.

### Non-finalized receivables and liabilities

#### Invoices charged by OSE S.A. to TPAINOSE S.A. concerning Network usage fees

With regard to transactions with OSE S.A concerning Network usage fees, the Company has specific objections not only for the business year 2018 but also for the business year 2017. These objections are due to incorrect calculations OSE S.A.

For the period 1/1/2017 – 31/12/2017, according to the audit of the cost data carried out by TRAINOSE S.A. concerning network usage fees, an incorrect calculation of fees for certain types of trains has arisen. As a result, TRAINOSE S.A. has requested a credit invoice amounting to €133.250,13 to be issued.

On 31.7.2018 OSE S.A. issued Invoice No 964 towards TRAINOSE S.A. amounting € 1.545.625,50. This invoice concerns to damages due to derailment of a train. TRAINOSE S.A., based on the findings of a committee (Proc.: 1750344/8.10.2015) for the above mentioned event, did not accept the charge and returned the invoice to OSE S.A. (Proc.:6874/15/ T2 - 10.9.2018).

Invoices amounting 986.439,91 € (including VAT) issued by TRAINOSE S.A. to OSE S.A. concerning works on the railway executed during 2018 have not been accepted by OSE S.A..

Out of this amount, invoices totaling to 976.272,15 euros are related to services which have been invoiced according to the pricing policy of TRAINOSE. It is highlighted that the same services which have been rendered to OSE during the years of 2017 and 2019 have been invoiced according to the very same policy, and these invoices have been accepted by OSE.

For this reason, no relevant provision has been made as the total of the receivable is expected to be collected through all the legal means available to the Company.

## PROCEEDINGS BEFORE THE NATIONAL AND EUROPEAN AUTHORITIES

RAILCARGO LOGISTICS GOLDAIR S.A. has submitted an application before the Hellenic Railway Regulatory Authority against TRAINOSE. RAILCARGO argues that TRAINOSE breaches its obligations under competition law (through its refusal to provide to it certain services and the excessive pricing in the contract for the provision of maintenance services). TRAINOSE rejects the arguments and holds them ill-founded. TRAINOSE has submitted its defence on 10.2.2020.

### 37 Remuneration of Auditing Services

It should be noted that the total amount of the consideration concerning auditing services rendered within 2019 is equal to € 108.000,00 plus VAT 24%.

### 38 Salaries and other fees of Board of Directors members and executives

Salaries and benefits of members and executives of the Board of Directors are as follows:

	2019	2018	Change
Salaries and fees for members of the BoD	109.999,92	88.611,12	21.388,80
Salaries and fees for Senior Managers	975.954,71	594.910,14	381.044,57
<b>Total</b>	<b>1.085.954,63</b>	<b>683.321,26</b>	<b>402.433,37</b>

Values in unit of Euros

### 39 Related parties

Interrelations between TRAINOSE S.A., FS Italiane Group companies, and between these and other related parties are generally carried according to criteria of fairness, with the aim of ensuring mutual economic convenience, guided by the normal market conditions, which - where appropriate - are even identified with the help of external consultants; inter-company transactions share the common goal of creating efficiency and, therefore, value for FS Italiane Group as a whole.

These processes and transactions take place in compliance with the sector-specific, civil and tax legislation, in compliance with the Group and the Corporate Administrative Accounting Procedures, and taking into account the characteristics and the specific aspects of the activities carried out by many of the Group's companies.

The most significant transactions are analysed in the table below:

Company's Name	31.12.2019					2019		Values in unit of Euros
	Receivables	Payables	Loans	Acquisition of rolling stock	Finance costs – Loans	Costs	Revenues	
<b>Parent companies</b>								
FERROVIE DELLO STATO ITALIANE S.p.A.	-	152.033,33	23.000.000,00	-	654.918,75	242.033,33	-	
TRENITALIA/CORP S.p.A.	-	11.875.000,00	-	11.875.000,00	-	11.875.000,00	-	
<b>Other companies</b>								
OSE S.A.	7.102.106,75	18.798.884,90	-	-	-	23.193.508,42	1.493.370,94	
GAIOSE S.A.	10.910.136,16	30.004.045,09	-	-	-	14.261.747,14	8.806.001,53	
MERCITALIA	-	97.977,00	-	-	-	-	-	
<b>Total</b>	<b>18.012.242,91</b>	<b>60.927.940,32</b>	<b>23.000.000,00</b>	<b>11.875.000,00</b>	<b>654.918,75</b>	<b>49.572.288,89</b>	<b>10.299.372,47</b>	

### 40 Guarantees and commitments

On December 31st 2019 the granted guarantees for securing receivables, amount to € 4.605.138,56 (€4.439.097,17 as at 31/12/2018) and the commitments amount to € 36.822.500,00.

The analysis of commitments is shown in the following table:

Description	2019	Period time
Renovation of new headquarters (Petmeza str.)	1.197.500,00	1 year
Acquisition of rolling stock	35.625.000,00	2-5 years
Committed amounts on purchases of materials	14.131.652,96	1 year
<b>Total</b>	<b>50.954.152,96</b>	

#### **41 Financial statements segmented per activity**

As dictated by paragraph 1 of the article 8 of the (Presidential Order) π.δ. 41/2005 as it was replaced by par. 1 article 41 of 3891/2010 law, the Company is obliged to keep and publish separate profit and loss accounts, as well as balance sheets or annual asset and liability statements for activities relevant to passenger and cargo transportation services.

Below are presented separated in terms of Income Statement of the Company for the period 1/1/2019 until 31/12/2019, as it is dictated by the 17.5.2015 P.S.O agreement between the Greek State and TRAINOSE S.A..

On 05.08.2017 the modification of the Public Service Obligation was signed between the Greek State and Company, clarifying the terms of the initial agreement. Specifically, the expenses that are recognized for subsidized routes are defined, as well as other technical issues regarding the application of the agreement.

## Segment analysis of Statement of Total Income (1/1-31/12/2019)

### INCOME

	<b>TOTAL</b>	<b>PASSENGERS</b>	<b>MERCHANDISE</b>	<b>OTHER</b>	<b>MAINTENANCE</b>	<b>% Allocation Passengers</b>	<b>% Allocation Merchandise</b>	<b>% Allocation Other expenses</b>
REVENUE	72.459.149,97	56.460.829,04	13.891.354,74	1.597.496,45	509.469,74			
INCOME FROM P.S.O.	50.000.000,00	50.000.000,00	0,00	0,00	0,00			
OTHER OPERATING INCOME	6.428.892,55	202.616,36	3.375.729,31	2.298.641,37	551.905,51			
INTEREST INCOME	590.352,72	0,00	0,00	589.778,96	573,76			
<b>TOTAL INCOME</b>	<b>129.478.395,24</b>	<b>106.663.445,40</b>	<b>17.267.084,05</b>	<b>4.485.916,78</b>	<b>1.061.949,01</b>			

### EXPENSES

PERSONNEL COST	(33.000.589,54)	(25.285.813,88)	(2.322.166,58)	(1.060.742,76)	(4.331.866,32)	88,20%	8,10%	3,70%
THIRD PARTIES PAYMENTS FOR BORROWED STAFF	(176.520,37)	(137.474,06)	(32.303,23)	(6.743,08)	0,00	77,88%	18,30%	3,82%
FUEL	(13.118.521,33)	(11.560.041,00)	(1.338.089,18)	(220.391,16)	0,00	88,12%	10,20%	1,68%
MATERIALS AND CONSUMABLES	(1.725.675,84)	0,00	0,00	0,00	(1.725.675,84)			
MAINTANCE OF ROLLING STOCK	(17.940.413,21)	(23.816.249,82)	(1.386.424,37)	(5.041,54)	7.267.302,52	94,48%	5,50%	0,02%
NETWORK USAGE FEES	(16.093.254,85)	(15.301.466,71)	(788.569,49)	(3.218,65)	0,00	95,08%	4,90%	0,02%
RENT OF ROLLING STOCK	0,00	0,00	0,00	0,00	0,00	85,24%	14,76%	0,00%
CLEANING OF ROLLING STOCK	(1.418.830,15)	(1.104.984,92)	(259.645,92)	(54.199,31)	0,00	77,88%	18,30%	3,82%
ELECTRICAL POWER PULL	(5.826.826,35)	(4.665.494,16)	(980.753,16)	0,00	(180.579,03)	82,63%	17,37%	0,00%
BUILDINGS RENTALS	(252.171,93)	(132.472,98)	(31.128,09)	(6.497,78)	(82.073,09)	77,88%	18,30%	3,82%
RENTALS FOR TRANSPORTATION MEANS	(680.953,58)	(528.379,65)	(124.157,01)	(25.916,93)	(2.500,00)	77,88%	18,30%	3,82%
RENTALS FROM EXCHANGE OF ROLLING STOCK	(2.274.644,22)	0,00	(2.274.644,22)	0,00	0,00	0,00%	100,00%	0,00%
INSURANCE PREMIUM	(364.144,20)	(281.111,50)	(66.054,70)	(13.788,47)	(3.189,53)	77,88%	18,30%	3,82%
OTHER EXPENSES –OSE	(58.219,44)	(45.341,30)	(10.654,16)	(2.223,98)	0,00	77,88%	18,30%	3,82%
OTHER EXPENSES	(3.199.846,27)	(2.461.416,63)	(578.376,02)	(120.732,04)	(39.321,58)	77,88%	18,30%	3,82%
THIRD PARTY FEES (CODE 61)	(3.044.445,78)	(1.682.639,56)	(395.381,41)	(82.533,17)	(883.891,65)	77,88%	18,30%	3,82%
COMMISSIONS FOR SALES	(2.159.196,05)	(1.681.581,88)	(395.132,88)	(82.481,29)	0,00	77,88%	18,30%	3,82%
SECURITY FEES	(548.616,60)	(427.262,61)	(100.396,84)	(20.957,15)	0,00	77,88%	18,30%	3,82%
INTERESTS ON ROYALTIES TO PROPERTY, PLANT AND EQUIPMENT	(1.036.240,00)	(883.290,98)	(152.949,02)	0,00	0,00	85,24%	14,76%	0,00%
DEPRECIATION ON ROYALTIES TO PROPERTY, PLANT AND EQUIPMENT	(9.595.748,00)	(8.179.415,60)	(1.416.332,40)	0,00	0,00	85,24%	14,76%	0,00%
COMMISSIONS (CODE 61.02)	(1.009.568,39)	(786.251,86)	(184.751,02)	(38.565,51)	0,00	77,88%	18,30%	3,82%
THIRD PARTY SERVICES (CODE 62)	(2.546.627,55)	(1.917.109,08)	(450.476,32)	(94.033,86)	(85.008,29)	77,88%	18,30%	3,82%
TAX & DUTIES (CODE 63)	(1.140.641,97)	(746.910,62)	(175.506,73)	(36.635,83)	(181.588,79)	77,88%	18,30%	3,82%
OTHER EXPENSES (CODE 64)	(1.655.626,89)	(1.092.629,88)	(256.742,77)	(53.593,30)	(252.660,94)	77,88%	18,30%	3,82%
INTERESTS AND RELATED EXPENSES	(1.820.302,99)	0,00	0,00	(1.403.403,73)	(416.899,26)	0,00%	0,00%	100,00%
DEPRECIATION	(4.676.258,79)	(3.227.431,73)	(758.371,86)	(158.304,95)	(532.150,25)	77,88%	18,30%	3,82%
PROVISIONS	(775.172,00)	0,00	0,00	(604.072,41)	(171.099,59)	0,00%	0,00%	100,00%
<b>TOTAL EXPENSES</b>	<b>(126.139.056,28)</b>	<b>(104.355.232,37)</b>	<b>(14.665.747,82)</b>	<b>(5.496.874,47)</b>	<b>(1.621.201,63)</b>			
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>3.339.338,96</b>	<b>2.308.213,04</b>	<b>2.601.336,23</b>	<b>(1.010.957,69)</b>	<b>(559.252,62)</b>			
INCOME TAXES	(1.851.926,85)	(1.285.341,74)	(1.448.569,08)	562.957,62	319.026,35			
<b>PROFIT/ (LOSS) AFTER TAX</b>	<b>1.487.412,11</b>	<b>1.022.871,29</b>	<b>1.152.767,15</b>	<b>(448.000,07)</b>	<b>(240.226,27)</b>			

## Segment analysis of Statement of Total Income (1/1-31/12/2018) according to PSO Agreement

Amounts in €

<u>INCOME</u>	<u>TOTAL</u>	<u>PASSENGERS PSO</u>	<u>MERCHANDISE</u>	<u>OTHER</u>	<u>% Allocation Passengers</u>	<u>% Allocation Merchandise</u>	<u>% Allocation Other expenses</u>
REVENUE	47.625.860,05	35.713.021,83	10.443.732,50	1.469.105,72			
INCOME FROM P.S.O.	37.500.000,00	37.500.000,00	0,00	0,00			
OTHER OPERATING INCOME	2.091.832,07	40.576,48	201.898,65	1.849.356,94			
INTEREST INCOME	695.828,30	0,00	0,00	695.828,30			
<b>TOTAL INCOME</b>	<b>87.913.520,42</b>	<b>73.253.598,31</b>	<b>10.645.631,15</b>	<b>4.014.290,96</b>			
<u>EXPENSES</u>							
PERSONNEL COST	(20.541.728,51)	(18.117.804,55)	(1.663.880,01)	(760.043,95)	88.20%	8.10%	3.70%
THIRD PARTIES PAYMENTS FOR BORROWEDSTAFF	(230.500,41)	(179.513,72)	(42.181,58)	(8.805,12)	77.88%	18.30%	3.82%
FUEL	(12.422.542,37)	(10.946.744,34)	(1.267.099,32)	(208.698,71)	88.12%	10.20%	1.68%
MAINTANCE OF ROLLING STOCK	(17.600.000,00)	(16.628.480,00)	(968.000,00)	(3.520,00)	94.48%	5.50%	0.02%
NETWORK USAGE FEES	(10.765.536,75)	(10.235.872,34)	(527.511,30)	(2.153,11)	95.08%	4.90%	0.02%
RENTOFROLLING STOCK	(10.196.304,75)	(8.691.330,17)	(1.504.974,58)	0,00	85.24%	14.76%	0.00%
CLEANING OF ROLLING STOCK	(932.475,03)	(726.211,55)	(170.642,93)	(35.620,55)	77.88%	18.30%	3.82%
ELECTRICAL POWER PULL	(2.882.654,24)	(2.381.937,20)	(500.717,04)	0,00	82.63%	17.37%	0.00%
BULDINGS RENTALS	(209.518,62)	(163.173,10)	(38.341,91)	(8.003,61)	77.88%	18.30%	3.82%
RENTALS FOR TRANSPORTATION MEANS	(446.803,87)	(347.970,85)	(81.765,11)	(17.067,91)	77.88%	18.30%	3.82%
RENTALS FROM EXCHANGE OF ROLLING STOCK	(1.592.254,60)	(1.240.047,88)	(291.382,59)	(60.824,13)	77.88%	18.30%	3.82%
INSURANCE PREMIUM	(375.667,44)	(292.569,80)	(68.747,14)	(14.350,50)	77.88%	18.30%	3.82%
OTHER EXPENSES –OSE	(75.776,69)	(59.014,89)	(13.867,13)	(2.894,67)	77.88%	18.30%	3.82%
OTHER EXPENSES	(1.007.893,86)	(784.947,74)	(184.444,58)	(38.501,55)	77.88%	18.30%	3.82%
THIRD PARTY FEES (CODE 61)	(1.718.652,16)	(1.338.486,30)	(314.513,35)	(65.652,51)	77.88%	18.30%	3.82%
COMMISSIONS (CODE 61.02)	(1.632.359,72)	(1.271.281,75)	(298.721,83)	(62.356,14)	77.88%	18.30%	3.82%
THIRD PARTY SERVICES (CODE 62)	(983.735,54)	(766.133,24)	(180.023,60)	(37.578,70)	77.88%	18.30%	3.82%
TAX&DUTIES (CODE 63)	(292.273,11)	(227.622,30)	(53.485,98)	(11.164,83)	77.88%	18.30%	3.82%
OTHER EXPENSES (CODE 64)	(1.593.402,67)	(1.240.942,00)	(291.592,69)	(60.867,98)	77.88%	18.30%	3.82%
INTERESTS AND RELATED EXPENSES	(139.773,91)	(108.855,92)	(25.578,63)	(5.339,36)	77.88%	18.30%	3.82%
DEPRECIATION	(211.557,65)	(164.761,10)	(38.715,05)	(8.081,50)	77.88%	18.30%	3.82%
PROVISIONS	(2.553.102,29)	(1.988.356,06)	(467.217,72)	(97.528,51)	77.88%	18.30%	3.82%
<b>TOTAL EXPENSES</b>	<b>(88.404.514,19)</b>	<b>(77.902.056,80)</b>	<b>(8.993.404,06)</b>	<b>(1.509.053,33)</b>			
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>(490.993,77)</b>	<b>(4.648.458,49)</b>	<b>1.652.227,09</b>	<b>2.505.237,63</b>			
INCOME TAXES	(1.124.057,17)	(875.415,72)	(205.702,46)	(42.938,98)			
<b>PROFIT/ (LOSS) AFTER TAX</b>	<b>(1.615.050,94)</b>	<b>(5.523.874,21)</b>	<b>1.446.524,63</b>	<b>2.462.298,65</b>			

Until 30/09/2018 the Segment analysis of Statement of Total Income was calculated according to PSO Agreement. Since 01.10.2018 the Segment analysis of Statement of Total Income was calculated based on a cost analysis composed by TRAINOSE S.A.

## Segment analysis of Statement of Total Income (1/10-31/12/2018)

### Amounts in €

<b>INCOME</b>	<b>TOTAL</b>	<b>PASSENGERS</b>	<b>MERCHANDISE</b>	<b>OTHER</b>
REVENUE	16.247.431,53	12.817.157,76	2.986.089,41	444.184,35
INCOME FROM P.S.O.	12.500.000,00	12.500.000,00	0,00	0,00
OTHER OPERATING INCOME	431.931,81	21.583,43	125.419,35	284.929,03
OTHER INCOME	366.885,38	12.435,34	623,74	353.826,31
INTEREST INCOME	280.522,96	0,00	0,00	280.522,96
<b>TOTAL INCOME</b>	<b>29.826.771,68</b>	<b>25.351.176,53</b>	<b>3.112.132,50</b>	<b>1.363.462,65</b>
<b>EXPENSES</b>				
PERSONNEL COST	(8.299.424,28)	(6.881.073,09)	(1.212.193,91)	(206.157,28)
THIRD PARTIES PAYMENTS FOR BORROWEDSTAFF	(124.344,99)	(73.321,04)	(51.023,95)	0,00
FUEL	(4.193.868,13)	(3.105.467,65)	(956.804,14)	(131.596,34)
MAINTANCE OF ROLLING STOCK	(6.744.671,54)	(5.425.663,22)	(1.319.008,33)	0,00
NETWORK USAGE FEES	(4.828.439,44)	(4.394.213,26)	(434.226,18)	0,00
RENT OF ROLLING STOCK	(3.398.768,25)	(2.508.047,30)	(890.720,95)	0,00
CLEANING OF ROLLING STOCK	(288.296,21)	(288.296,21)	0,00	0,00
ELECTRICAL POWER PULL	(1.450.721,08)	(1.349.408,30)	(101.312,78)	0,00
BULDINGS RENTALS	(69.375,28)	(57.212,70)	(10.299,55)	(1.863,04)
RENTALS FOR TRANSPORTATION MEANS	(179.342,81)	(147.769,76)	(26.639,56)	(4.933,49)
RENTALS FROM EXCHANGE OF ROLLING STOCK	(181.986,51)	0,00	(181.986,51)	0,00
INSURANCE PREMIUM	(105.664,53)	(87.218,24)	(15.678,70)	(2.767,59)
OTHER EXPENSES – OSE	(23.687,07)	(19.540,23)	(3.515,98)	(630,86)
OTHER EXPENSES	(1.590.067,31)	(486.103,40)	(85.641,55)	(1.018.322,36)
THIRD PARTY FEES (CODE 61)	(594.708,46)	(420.266,30)	(160.761,56)	(13.680,61)
COMMISSIONS (CODE 61.02)	(668.566,87)	(668.566,87)	0,00	0,00
THIRD PARTY SERVICES (CODE 62)	(1.175.488,55)	(966.001,38)	(174.767,21)	(34.719,96)
TAX&DUTIES (CODE 63)	(98.424,11)	(81.161,91)	(14.612,91)	(2.649,28)
OTHER EXPENSES (CODE 64)	(467.270,12)	(338.329,54)	(60.797,71)	(68.142,87)
INTERESTS AND RELATED EXPENSES	(49.651,06)	(40.944,18)	(7.362,86)	(1.344,01)
DEPRECIATION	(129.122,76)	(106.238,25)	(19.196,24)	(3.688,27)
PROVISIONS	(2.002.675,75)	(1.646.731,11)	(297.839,16)	(58.105,48)
<b>TOTAL EXPENSES</b>	<b>(36.664.565,11)</b>	<b>(29.091.573,93)</b>	<b>(6.024.389,74)</b>	<b>(1.548.601,44)</b>
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>(6.837.793,43)</b>	<b>(3.740.397,40)</b>	<b>(2.912.257,24)</b>	<b>(185.138,79)</b>
INCOME TAXES	1.472.228,91	805.335,99	627.031,12	39.861,79
<b>PROFIT/ (LOSS) AFTER TAX</b>	<b>(5.365.564,53)</b>	<b>(2.935.061,41)</b>	<b>(2.285.226,12)</b>	<b>(145.277,00)</b>

Since 01.10.2018 the Segment analysis of Statement of Total Income was calculated based on a cost analysis composed by TRAINOSE S.A..

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**42 Events occurring after the reporting period**

There are no events subsequent to the date of the statement of financial position that may have a material effect on the Company's financial position or operation.

Athens, March 05<sup>th</sup> 2020

CHAIRMAN OF BOD

THE MANAGING DIRECTOR

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CAPOSCIUTTI MARCO

PASSPORT NO. YA8623900

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TSALIDIS FILIPPOS

ID NO. AZ 898125

CHIEF FINANCIAL OFFICER

THE CERTIFIED ACCOUNTANT

---

GENTILE LORENZO

CA39478AC

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GIORGOS ANAGNOS

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