



A STAR ALLIANCE MEMBER 

AEGEAN AIRLINES S.A.

Societe Anonyme Reg. No.: 32603/06/B/95/3
31 Viltanioti Street, Kifissia, Attica

**Annual Financial Report
(1st January to 31st December 2018)**

In accordance with art. 4 of Law 3556/2007 and the Board of Directors'
Resolutions of the Hellenic Capital Market Commission

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(in accordance to art. 4 paragraph 2 of Law 3556/2007)

It is hereby stated that, to the best of our knowledge, the Annual Financial statements of "Aegean Airlines S.A." for the period 1 January 2018 to 31 December 2018, which were prepared in accordance to the International Financial Reporting Standards as adopted by EU, truly reflect all Assets, Liabilities and Shareholders' Equity along with the Income Statement of the Company, as well as of the companies included in the consolidation.

It is also declared that, to the best of our knowledge, the Board of Directors' Annual Report truly reflects the business developments, the performance and the position of the Company, as well as of the companies included in the consolidation, including the key risks and prospects they are facing.

Kifissia, 28 March 2019

The undersigned

Eftichios Vassilakis

Dimitrios Gerogiannis

Georgios Vassilakis

Chairman of the BoD

Chief Executive Officer

Member of the BoD

**B. ANNUAL REPORT OF THE BOARD OF DIRECTORS
of the company "AEGEAN AIRLINES S.A."
for the period 1 January 2018 to 31 December 2018**

This report has been prepared in accordance with article 43a, article 107A and article 43bb (paragraph 1 - cases c & d) of Law 2190/1920 and article 4 of Law 3556/2007 and the Hellenic's Capital Market Board of Directors' resolutions and contains financial and non-financial information of the company "AEGEAN AIRLINES S.A." (hereinafter called the «Company») and its subsidiary companies Olympic Air S.A. and Aegean Cyprus Limited (hereinafter called the «Group», jointly with the Company). It aims to provide an overview to the shareholders and investors of the Company's general course, financial position and results for the period (01/01/2017 – 31/12/2017) as well as highlight major events that occurred during the period and their impact on the annual financial statements. There is also a description of the main risks and uncertainties which the Group is currently facing or may face in the foreseeable future and finally a disclosure of material transactions between the Group and its related parties.

I. Description of Business Model

The Group provides high quality services of air transportation for passengers and cargo with domestic and international, scheduled & non-scheduled flights, in short & medium-haul range with top priority passengers' and crew's safety.

Responsible operation

The Group, since its establishment, has strategically decided to responsibly cooperate with all the stakeholders that may be affected by its decisions and operations. In this context, it applies systematically a series of actions aiming to:

- Operate with respect to the environment, the passengers, the employees, the local communities, the suppliers and the government authorities in accordance with the current Legal and Regulatory framework (in national and international level);
- Promote the cultural heritage of Greece;
- Promote Greek tourism;
- Support education;
- Promote and support sport activities.

Priorities

The Group's strategic priority continues to be the investment in extroversion and the increased connectivity from the bases that is operating. Taking into consideration the economic challenges and the ongoing increased international competition, the company has set a series of priorities:

- Strengthen connectivity at domestic and international level;
- Streamlining of actions in order to improve passengers' services, further development and exploitation of the loyalty programs & launching of new innovative services;
- Further enhancement of employees' satisfaction and their active participation in submitting ideas for improvement and implementation of corporate processes and decisions.

Core values

Group's main goal is to create satisfied and loyal customers and represent the bright side of Greece internationally. It aims to provide high inflight quality & digital services in order to offer an overall experience of a pleasant and comfortable journey.

The Group adopts the approach of "continuous development - high quality service - reliability" by placing emphasis on the following:

- Passenger oriented philosophy;
- Focus on the high quality offered products and services;

- Investment in innovation and continuous improvement;
- Contribution to improvement of the Greek tourism;
- Care for the community needs and the needs of vulnerable social groups;
- Operate with responsibility towards the environment, the employees, the passengers, the regional communities and the suppliers.

II. FINANCIAL REVIEW, BUSINESS DEVELOPMENTS AND MAJOR EVENTS FOR 2018

During 2018, Greek economy rebounded following its deep economic recession. Greece has been integrated into the European Semester for economic policy coordination following the completion of the ESM stability support programme for the period 2019-2022. Enhanced surveillance provides a comprehensive framework for monitoring economic developments and the pursuit of policies needed to ensure a sustainable economic recovery. A new framework for the period 2020-2023 is expected during the next couple of months.

The Economic Sentiment Indicator (ESI) rose by 4 points at 102.7, compared to 96.8 in 2017. Moreover, the average Consumer Price Index for the period of January 2018 – December 2018 increased by 0.6% compared to the respective index for the period of January 2017 – December 2017. The unemployment seasonally adjusted rate stood at 18.0% against 20.8% in December 2017. Finally, according to the preliminary estimate of the Hellenic Statistical Authority, GDP rose to €190.8 bil, an increase of 1.9% compared to previous year.

Moody's upgraded Greece's sovereign credit rating by two notches (to B1 from B3). In addition, the country managed to issue successfully a 10-year bond.

2018 was a year with strong traffic growth and with total passenger traffic rising by 10%, in all Greek airports. According to the HCAA statistics (total departures / arrivals), domestic traffic grew by 5% while international traffic increased by 12%. As a result, market's average annual growth rate for the past five years (2013-2018) stood at 10.5%. Key driver for both international and domestic traffic increase has been the growth in incoming tourist flow.

Competing airlines significantly increased at a higher pace their capacity by 15% to 17% on average to Greece on international routes, compared to the previous years. Moreover, five new carriers were active in the domestic market, operating domestic flights and covering the majority of the Group's network. More specifically, two low cost carriers, Ryanair and Volotea, and local regional carriers Ellinair, Sky Express and Astra, operated domestic routes mainly during summer season of 2019 and continued at a slower pace during winter season as well.

Athens Airport market traffic reached 24.14 million, an increase of 11% compared to 2017, as a result of the 14% international traffic growth and the 6% domestic passenger growth. Domestic network was positively affected by the significant increase in domestic passengers (transfer passengers) and the lower fares as a result of the increase in total offered capacity by airline companies.

Passenger traffic to/from Thessaloniki airport increased by 12%, although Kavala airport (+23%) was used as a substitute to Thessaloniki airport for a large period of time during 2018. Heraklion (+7%) and Corfu (156%) airports also managed to increase traffic numbers.

The Group reported a 6% growth in passenger traffic, despite the increased competition, by operating 1% more flights and offering 5% more available seats. Operating improvement and higher load factor positively were influenced by network's maturity and synergy flows among our bases, brand awareness and efficient revenue management through regular offers. Hence, traffic growth outpaced available seat capacity growth.

Total traffic reached 14m passengers, 6% higher than 2017. International traffic, our key growth driver, reached 7.8m passengers, 7% higher than 2017 while domestic traffic increased by 4% to 6.1m passengers. Load factor reached 83.9% from 83.2% in 2017 as a result of efficient network management.

External factors that affected Group's financial results were the significant increase in oil prices although partially mitigated by the fuel hedging policy and the negative impact of the cost on the carbon dioxide emissions. On the contrary, the effect of the EUR / USD exchange rate had positive effect.

In 2018 the fleet comprised of 49 aircrafts of the Airbus A320 family (A310, A320, A321), 12 Turboprop aircrafts and one Learjet 60.

Group key operating and financial highlights for 2018 were as follows:

- Total offered capacity increased by 4% in ASKs compared to 2017 due to the higher use of jet aircraft versus turboprop aircraft;
- Total number of passengers for 2018 was 14 million, increased by 5.7% compared to 2017;
- Total flights for the Group were 109.825 increased by 1% compared to 2017;
- Load factor increased by 0.7 percentage points, reaching 83.9% (2017: 83.2%);
- Total Group Revenue for 2018 reached € 1.187,4 million from € 1.127,6 million in 2017, an increase of 5%;
- Fuel cost reached € 245.6 million from € 204.5 million in 2017;
- Earnings before Interest, Tax, Depreciation and Amortization and Rents (EBITDAR) stood at € 245.2 million from € 257.3 million in 2017. The decrease was mainly driven by the rise in oil prices which effected operating profitability;
- Aircraft lease costs amounted to € 133.6 million from € 137.5 million in 2017;
- Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) amounted to € 111.4 million from € 119.8 million in 2017;
- Earnings Before Tax (EBT) were € 98.6 million from € 85.8 million in 2017;
- Cash inflows from operating activities were € 86.4 million from € 126 million in 2017;
- The healthy balance sheet structure was maintained, with zero bank debt and liabilities from financial leasing contracts amounting to € 22.9 million, while cash and cash equivalents (€ 261.3 million), restricted cash (€ 10.4 million) along with the financial assets available for sale (€ 18.5 million) amounted to € 290.2 million.

Prospects, key risks and uncertainties

2018 was a year that Greek tourism set a new all-time record in total international visitors number. At the same time, economic sentiment in the country was improved as a result of third's Economic Adjustment Program completion and the issuance of a 10-year bond, reflecting the improvements in fiscal adjustment and improved markets confidence.

Market performance in the sector for 2019 is expected to be flat overall, with a moderately positive trend in Athens and marginally negative for regions. Based on slot requests and the available published capacity, total capacity offered for Athens seems to be at levels of 5 to 6% increase while capacity to the regional airports seems to be at levels of 3 to 5% lower than the previous years.

Forward looking a key domestic factor that may affect the expectations for the sector is the upcoming elections in Greece. In international area the effects of the protective trade policy in the United States and the consequences of the UK exit from the European Union are putting pressure on the upward trend of the economic environment.

Despite the possible negative impact of the external factors, Athens' traffic develops positively as the city gradually gains in preference as a tourism destination while hub flows to the islands are also increased. A positive sign for the Group is the fact that in Athens, competing airlines seem to increase activity for the summer season by only one third of the relevant pace of growth recorded in the previous years. Group's financial performance and key performance indicators for the domestic market continue to be affected by low yields and the disproportionately high airport charges and taxes.

Given the above challenges, the Group has set the following priorities:

- Add new international destinations, increase frequencies to traditional destinations and improve our network efficiency from our Athens hub where the Group sees most of the growth potential and competitive advantages;
- Increase charter flights from Greek regional airports while in the same time decrease relevant activity in scheduled flights;
- Maintain high level of inflight service, Group's main competitive advantage;
- Further increase of the ancillary revenues per passenger from the unbundling of additional services offering more options to the passengers, targeting increased sales of third parties' services and further initiatives and innovative services;
- Continuous development of Group's loyalty program to maximize the benefits provided to passengers;
- Maintain competitive cost structure by reducing aircraft operating costs;
- Reduce energy footprint and implement Group's environmental policy;

Selected Financial Ratios and Operational Performance Indicators

In this section, Group presents certain Alternative Performance Measures on the basis of the ESMA Guidelines on Alternative Performance Measures dated 5/10/2015, in addition to the International Financial Reporting Standards "IFRS" that are based on its financial statements.

Key profitability indicators are presented such as "Earnings before interest, taxes, depreciation, and amortization" (EBITDA) and "Earnings before Interest, Taxes, Depreciation, Amortization and Restructuring or Rent Costs" (EBITDAR).

The Alternative Performance Measures must not substitute other key measures that have been calculated in accordance with IFRS or any other historical financial ratios.

The Group defines the EBITDA measure as the Earnings before taxes, interest and depreciation and the EBITDAR measure as Earnings before taxes, interest, depreciation and Aircraft & spare engines leasing payments.

(amounts in € thousands)	31.12.2018	31.12.2017
Profit before taxes (a)	98.636,33	85.784,92
Depreciation (b)	18.694,88	19.402,96
Financial income (c)	23.138,08	21.252,60
Financial expenses (d)	17.186,34	35.868,52
Earnings before taxes, interest and depreciation (EBITDA) (e) = (a) + (b) - (c) + (d)	111.379,47	119.803,82
Aircraft & spare engines leasing (f)	133.561,03	137.468,02
Earnings before taxes, interest amortization and Aircraft & spare engines leasing (EBITDAR) (g) = (f) + (e)	244.940,50	257.271,84
Revenue from contracts with customers (A)	1.187.439,55	1.127.625,32

EBITDA margin = (e)/(A)	9,3%	10,6%
EBITDAR margin = (g)/(A)	20,6%	22,8%

The following table includes the Alternative Performance Measures (APMs) calculated on the basis of the consolidated financial statements for fiscal years 2018 and 2017.

Group presents key performance indicators RASK (Revenue per Available Seat Kilometer), CASK (Cost per Available Seat Kilometer) and Passenger Yield which are used internationally in the field of air transport.

The following table includes the indicators RASK, CASK and Passenger Yield calculated on the basis of Group's consolidated financial statements for fiscal years 2018 and 2017.

(Amounts in thousands of €, unless noted otherwise)	01.01– 31.12.2018	01.01– 31.12.2017
Revenue from contracts with customers (a)	1.187.439,55	1.127.625,32
Other operating income (b)	17.454,53	13.966,14
Total income (a+b)	1.204.894,08	1.141.591,46
ASK (Total Available Seat Kilometers in millions) (c)	17.245	16.657
RPK (Total Revenue Passenger Kilometers in millions) (d)	14.435	13.851
RASK (in € cents) ((a)+(b))/(c)	7,0	6,9
Passenger Yield (in € cents) ((a)+(b))/(d)	8,3	8,2
Personnel expenses (e)	129.964,57	124.985,08
Depreciation (f)	18.694,88	19.402,96
Consumption of goods and services (g)	963.550,03	896.802,56
Financial income (h)	23.138,08	21.252,60
Financial expenses (i)	17.186,34	35.868,52
Total expenses (e)+(f)+(g)-(h)+(i)	1.106.257,74	1.055.806,52
CASK (in € cents) ((e)+(f)+(g)-(h)+(i))/c	6,4	6,3
Aircraft fuel (j)	245.620,30	204.467,20
CASK excluding the fuel cost (in € cents) ((e)+(f)+(g)-(h)+(i)-(j))/c	5,0	5,1
Load Factor ¹	83,9%	83,2%

¹ It is calculated as the passenger kilometers (RPK) to the available seat kilometers (ASK) for scheduled flights. RPK's is the number of revenues passengers carried multiplied by the distance flown in kilometers.

The calculation method of the above indicators is set out below:

RASK (Revenue per Available Seat Kilometer ÷ Average Revenue per Seat Kilometer)	It is calculated as the ratio of the total revenue to the total available seats multiplied by the total kilometers covered
CASK (Cost per Available Seat Kilometer)	It is calculated as the ratio of the total expenses to the total available seats multiplied by the total kilometers covered
CASK (Cost per Available Seat Kilometer) excluding fuel cost	It is calculated as the ratio of the total expenses minus the fuel cost to the total available seats multiplied by the total kilometers covered
Passenger Yield	It is calculated as the ratio total revenue to total passengers multiplied by the total kilometers covered

Group capitalised the increased traffic flow to the country and managed to increase total number of passengers transferred and record a higher yield factor.

RASK indicator increased to 7.0 euro cents compared to 6.9 euro cents in 2017 while Passenger Yield indicator increased to 8.3 euro cents compared to 8.2 euro cents in 2017, as a result of the increase in other revenues from the new services and products offered.

In 2018, ASK's increased by 3.5% compared to 2017, due to Company's effective plan to increase total capacity in a prudent way mainly through the creation of efficient network synergies among the Athens and peripheral bases, in light to the fleet renewal planned next year.

As a result of the successful commercial planning and network's management, Load factor increased significantly over the last years. In 2018 load factor increased to 83.9% compared to 83.2% in 2017, reflecting the efficient management of our network and fares.

EBITDAR stood at € 244.940,50 thousand in 2018 compared to €257.271,84 thousand in 2017, decreasing by 4.8% as a result of the significant rise in oil prices by 34% on average compared to 2017, affecting negatively the financial results and the operational profitability, despite the hedging policies and the positive effect of the exchange rate of EUR to USD. More specifically, Fuel cost amounted to €245.620,30 thousand in 2018 compared to €204.467,20 thousand in 2017. Finally, aircraft maintenance expenses and employee benefits also increased. Aircraft and spare engines leasing cost decreased by 2.8% compared to 2017, mainly due to the appreciation of the EUR against the USD.

EBITDA were €111.379,47 thousand compared to €119.803,82 million in 2017, decreasing by 7,6%.

The RASK indicator increased by 1.4% compared to 2017, mainly due to the increase in the average fares. Respectively, the CASK indicator (EBT level) increased by 1.6% compared to 2017, mainly due to the rise in the cost of fuel. CASK indicator (EBT level excluding the fuel cost) decreased by 2%, as a result of the decrease in the distribution and Aircraft & spare engines leasing.

Subsequent Events.

In March 2019, the Group announced the issuance of a € 200 million Common Bond Loan due in 2026. The final yield has been set at 3.60.

Total capital raised (net of related expenses) shall be used by the Company as follows:

- 75% of the issue i.e. circa €147.1m, shall be used to finance part of the scheduled aircraft pre-delivery payments, pursuant to the Purchase Agreement signed with Airbus on June 22, 2018 for the delivery of 30 A/C of the A320neo family;
- 14% of the issue, i.e. circa €27.5m, shall be used to finance part of the investment in new training facilities and offices at Athens International Airport;
- 11% of the issue, i.e. circa €21.6m shall be used to finance working capital needs of the Company.

On 14 February 2019, the Company has signed operating lease agreements for 2 new A321-200neo aircrafts with scheduled deliveries in May and June 2020 and 4 new A320-200neo aircrafts with scheduled deliveries in

January, March, April and May 2021. The Company also signed an agreement for a 3-year lease extension for 5 aircrafts. (Note 5.28).

III. RISKS AND RISK MANAGEMENT

Foreign exchange risk

The Company incurs a substantial portion of its expenses, such as aviation fuel, aircraft lease expenses, distribution costs, spare parts, maintenance expenses and aviation insurance premiums in U.S. dollars, whereas it generates most of its revenue in euro. Appreciation of the Euro versus the U.S. dollar positively impacts operating profit as the euro equivalent of the U.S. dollar operating expenses decreases, while depreciation of the euro versus the U.S. dollar negatively impacts the Group's operating profit. Despite the foreign exchange risk hedging policies, substantially adverse movements of the U.S. dollar could potentially have a material negative impact on the business activity, the financial status and the operating results of the Group.

At 31 December 2018 the company has entered into agreements to hedge the 59% of its estimated annual US dollar needs for 2019, 6% of estimated needs for 2020, 4% of estimated needs for 2021 and 2% of estimated needs for 2022. At 31 December 2017 the company has entered into agreements to hedge the 58% of its estimated annual US dollar needs for 2018, 21% of estimated needs for 2019.

Cover levels are monitored and reviewed on an ongoing basis considering market developments and the overall needs of the business.

Interest rate risk

The Group is exposed to interest rate fluctuations risk through its bank deposits as well as through the aircraft finance leases agreed on a floating interest rate. The Group's policy is to continuously monitor its exposure to cash flow risk from interest rate fluctuations relating to its aircraft finance leases. Additionally, the Group has adopted hedging policies against interest rate risk related to finance leases. At 31 December 2018 the Group has adopted a policy of hedging to cover its interest rate risk at 35% (31/12/2017: 40%) of the total liabilities of the finance leases.

Jet fuel risk

The Group is exposed to the fluctuations of oil price which has a direct impact on the jet fuel price. To manage this risk, the Group enters into derivative contracts on oil products to hedge specific percentages of its projected jet fuel needs. At 31 December 2018 the Group had futures contracts for the purchase of aircraft fuel covering 71% of the projected fuel needs for 2019 and 20% of estimated needs for 2020.

At 31 December 2017 the Group had futures contracts for the purchase of aircraft fuel of 226,5 thousand metric tons, covering 58% of the projected fuel needs for 2018 and 1% of estimated needs for 2019.

Credit risk

The Group monitors its trading receivables on a regular basis, to be protected against credit risk, and whenever needed, it assesses their timely collection mainly through factoring. This risk in the current circumstances has not increased in relation to the past.

Liquidity/Cash flow risk

The prudent management of liquidity risk supposes sufficient cash balances. The Company manages the risk by maintaining adequate liquid securities and sufficient credit lines from the suppliers, always align to its operational, investment and financial needs.

Related Parties' Transactions

The Company's transactions with related parties during 2017 were under usual commercial terms and they remained at the same levels with the previous period.

The most significant transactions of the Company with related parties, according to IAS 24, appear on the following table:

2018 - amounts in thousands of €	Revenue	Expenses	Receivables	Liabilities
Olympic Air S.A.	95.449,45	245.730,33	14.587,60	-
Autohellas Hertz Group	1.256,58	1.907,60	211,16	306,38
Other related parties	234,04	888,77	25,31	153,26

2017 - amounts in thousands of €	Revenue	Expenses	Receivables	Liabilities
Olympic Air S.A.	43.702,13	184.949,73	9.658,09	-
Autohellas Hertz Group	1.181,08	1.780,48	120,81	193,76
Other related parties	198,24	625,20	59,55	122,93

The Group directors and Board of Directors' members remuneration for the period 1/1-31/12/2018 was € 4.885,80 thousand, while the relevant amount for the Group was € 5.017,96. As of 31/12/2018 the obligations towards the Group Directors were € 936,33 thousand while there were no receivables from the Directors or the Board of Directors members neither for the Company nor for the Group.

Respectively, for the period 1/1-31/12/2017 was € 5.756,19 thousand, while the relevant amount for the Group was € 5.962,31 thousand. As of 31/12/2017 the obligations towards the Group Directors were € 936,33 thousand while there were no receivables from the Directors or the Board of Directors members neither for the Company nor for the Group.

LABOR & HUMAN RIGHTS

Main risks/effects

The Group acknowledges that its human resources represent one of the core values of its business operation. Having highlighted and evaluated the main labor issues as well as issues of human rights' respect related to operation, the company has set as priority and manages intensively the impacts of the following topics:

- Education and training;
- Health and safety at work;
- Human rights at work.

Corporate policies

Education and training

The Group, in the context of human resources development, provides educational and training options with positive impact to all employees' levels. The investment in employees' skills and capabilities development continues to grow within the years by placing special focus on their active participation within the Company's business thinking and decisions.

Health and safety at work

The management guarantees and commits to the protection and assurance of employees' and stakeholders' health and safety as per the Health and Safety Policy. Through this commitment, the company does not only have as a requirement to be fully compliant to the current legislation but also it adopts the best practices and is continuously progressing its performance as well as it adopts practices in order to educate its employees to become aware of the health and safety issues.

The company implements a certified system of Health and Safety management (standard OHSAS 18001:2007), assuring that all necessary Health and Safety measures are applied to all business extend.

The Company's activities are:

- Investigation and implementation of safety means and measures;
- Continuous observation of corporate events to identify potential risks and take the right actions;
- Implementation of investigation projects and prevention medicine for all staff;
- Establishment and training of first aid teams;
- Conduct of specialized educational programs and create awareness related to Health and Safety issues, promote the mentality of accident prevention and of a safe working environment.

Human rights at work

Acknowledging the importance of human resources, the company continuously works towards the direction of the right development and deployment of employees. Group's recruitment process as well as the preservation of specialized staff is aligned to equal rights and human rights principles, diversity rights and equal opportunities for all employees as well as the right for union representation and the avoidance of use of child labor or obligatory labor.

The human rights protection plays a fundamental role to the employees training, as well at the training of stakeholders such as handling providers related to safety issues and travel documents control.

Training takes place having as main driver the equal treatment for each passenger and avoidance of racist behaviors.

A very important part of the training is the verification of travel documentation so as to prevent events of illegal passengers' transportation and mostly illegal child transportation and people traveling without their willingness in case of hostageship.

Results of the above policies and non- financial performance indices

- 2.856 trainings, amounting to 46.351 hours took place inside and outside the company in 2018.
- Trainings of Aegean pilots in corporate with Hellenic Air Force on aircraft handling in unusual situations
- No fatal incident.
- 29 accidents, of which 22 occurred at the workplace and 7 from and to the workplace.
- No events of illegal child labor or obligatory labor
- Rejection of more than 10.300 cases of passengers' transportation with invalid travel documentation.

Environment

Main risks/effects

Respect for the environment is a key priority for the company. Environment is a collection of high value sources and is directly linked to the quality of life and respect for human being. Having recognized and evaluated the main environmental issues related to its operation, Aegean has prioritized and intensively focus on management of the effects of the following issues:

- Energy consumption and Greenhouse Gas emission
- Proper waste management

Corporate policies

The Company has established the Environmental Department to promote environmental protection and reduce the operation's impact on environment through continuous training and controlling. The Environmental department cooperates with local authorities and communities of Greek and international airports for all the environmental issues.

All policies and legislation of EU and Greece related to the protection of the environment and waste management are being inspected and incorporated in Aegean's processes and business plan. Our policy is not limited to the adoption of the appropriate and optimal "green" practices but also extends to actions to create awareness to passengers and employees and gain support from environmental organizations. Environmental compliance and performance of Aegean is certified by ISO standards (ISO14001:2004).

Some series of actions are:

- Reduce of energy consumption within the Group
- Adopt practices recommended by International Organizations, the aircraft manufacturer and the airline industry

- Reduction of aircraft noise
- Proper waste management control
- Optimal practices for minimization of fuel consumption

Results of the above policies and non- financial performance indices

The actions implemented resulted in:

- Reduction of energy consumption at the technical base (204 Gj less compared to 2017).
- Reduction of gas consumption at the technical base (385 Gj less compared to 2017).
- Reduction of fuel consumption up to 3% through investment in new aircraft A320 CEO with "Sharklets".
- Management of 68.8 tons of hazardous waste.
- Annual reduction of carbon footprint by 20.460 tons CO₂.
- Recycling 90.71 tonnes of waste at AIA and on-board flight.

Society**Main risks/effects**

Having recognized and evaluated the main social issues related to its operation, the Company has set as top priority and has intensively focused on management of the effects of the following issues:

- Flight safety, Training and operational capability
- Quality product and attention to passenger
- Financial performance
- Network planning
- Local communities' growth and promotion of the Greek product
- Contribution to vulnerable groups of people and cultural activities

Corporate policies**Flight safety, Training and operational capability, Health and passengers' safety**

The Group applies a Safety Management System, which composes one of the main elements of its corporate responsibility and its process of flight safety management. The Safety Management System creates the conditions for the safety policy implemented and defines the way that the company manages the safety of operations as an integral part of the overall activity.

Emphasis is placed on business continuity and readiness. The type, volume and complexity of activities require that a high level of operational readiness is maintained. On a yearly basis, a risk plan is prepared and evaluated with the corresponding safety-risk controls, with a view to their adequate management. Emphasis is also given to preventive measures to avoid the occurrence of potential risk. Emphasis on the availability of flights as well as the smooth and uninterrupted operation of information systems.

The group is in an implementation process of a Disaster Recovery Plan. The plan concerns the process of restoring IT and infrastructure systems after a partial or total disaster (physical or voluntary) and is an integral part of the Group's business continuity.

High quality services and attention to passenger

The Group offers high quality services to its passengers during all stages of travel. At the same time, taking into consideration the different needs of each passenger, the Company adjusts the offered services at each stage of the trip, proving its commitment to the passenger. It should also be stressed that the Company offers high-tech options to travelers to facilitate all airport processes.

Through Social Media, Aegean is open to discussion with people and posts regularly about all latest news and updates of the company. More specifically, both Aegean and Olympic Air have a strong presence on social media channels (facebook, twitter, instagram, linkedin).

European Data Protection Regulation 679/2016 on the protection of natural persons regarding the processing of personal data and the free movement of such data

Under the European Regulation, the data protection of individuals about the processing of personal data is a fundamental right and every individual has the right to the protection of personal data. The regulation sets new data and requirements against which the Group must respond and comply.

The Group has invested in a software platform for optimal management of IT systems and databases related to the protection of personal data.

Participation in the European Fraud Prevention Group

The purpose of the organization is to cooperate and coordinate between Europe's airlines, travel agencies and systems, to exchange knowledge and propose solutions to tackle the phenomenon of fraud and further protect passengers. The organization participates in conferences and workshops with Europol.

Financial performance

Having as main goal the continuous improvement of services, the Group invests in new technologies, upgrading its loyalty programs and the level of digital services.

The Group aims to transform the quality of the Greek air transportation into sustainable and profitable growth with multiple benefits for tourism and employment, the supply chain, the local communities and public income.

Network Development

The Group invests in domestic and international network expansion and in tourism growth with new routes and destinations. Furthermore, invests in increased seat capacity and coverage of the whole domestic sector. The Group has expanded its international network with flights from regional bases to improve connections as well as incoming tourism.

Finally, aims to strengthen local economies to support local society and offer high quality services to million foreigner tourists.

Local communities' growth and promotion of the Greek product

The Group aims to further contribute towards the growth of Greek tourism and Greek economy by making use of all means for promoting and advertising the Greek product such as

- BLUE magazine
- Specially dyed aircraft of our fleet for site promotion
- Active participation and cooperation with agencies for the development of tourism
- Complete communication plans.

Contribution to vulnerable groups of people and cultural activities

Social contribution is a main core of our values, aiming to support vulnerable groups of people. The Group supports:

- Together with passengers, Aegean supports SOS Children's' Villages from 2008.
- Various NPO's mission by providing tickets.
- Main sponsor for: Museum of Cycladic Art, Athens and Thessaloniki Concert Hall, Hellenic Film Academy, Thessaloniki International Film Festival and Thessaloniki Documentary Festival, Onassis Cultural Centre, Nikos Kazantzakis Museum, Centre Culturel Hellenique, Greek National Opera and National Museum of Contemporary Art.
- The National Football and Basketball teams (Men/Women) by travelling with special privileges.
- Big sponsor of Hellenic Athletics Federation at Athens Authentic Marathon.
- Support and promote golf as means of touristic growth. Aegean organizes from 2006 the International Golf Tournament "Aegean Airlines ProAm" and supports Hellenic Federation of Golf and Greek PGA.

Results of the above policies and non- financial performance indices

- No incidents regarding flight and passenger safety took place.
- 81% consistency of departure of flights, which left within 15 minutes of the scheduled departure time

- Awarded by SKYTRAX for the 8th continuous year as the Best Regional Airline in Europe and 9 awards in total since 2009
- First place in "Europe's Leading Regional Airline" as part of the 25th annual World Travel Awards.
- 5th place in the list of the top 20 airline companies in the world (excluding USA) based on Conde Nast Traveler.
- Best Regional Airline in Europe, according to Travelers' Choice Awards - TripAdvisor.
- The Company awarded as the company with higher increase in passenger traffic, at the Athens International Airport for 2018.
- The Company awarded as the most popular airline for 2018 among European passengers at the Athens International Airport for 2018.
- The Company awarded as the fastest growing airline in the Africa market, at the Athens International Airport for 2018.
- Gold Award in the category "Mystery Calls - Large Call Centers" in recognition of the excellent services offered through the Companies Call Center at the annual Teleperformance Greece CRM Grand Prix Customer Service Awards.
- 1,84 complaints per 1.000 passengers and 0,78 complaints for baggage, per 1.000 passengers.
- Survey of passenger satisfaction (in a scale with max 5) average rate 4,4 and based on the call center satisfaction (in a scale with max 5) average rate 4,63.

Anti-Corruption & Bribery

Main risks/effects

The Company is against corruption and is totally against any kind of bribery. Its management focuses on core value morality, transparency and open procedures.

Corporate policies

The participation of Directors on the successful policy implementation is immediate and substantial and it achieves the goal of the Group, highlighting in this way that corruption and bribery are not acceptable.

One of the Group's top priorities is the efficient maintenance of internal control processes. There are processes that have been adopted for risk assessment procedures where new and existing risks are prioritized. Based on this ranking, the processes are established, with safety nets to eliminate risks such as corruption.

Within the context of adequate risk confrontation and management, the Group has adopted a series of measures with emphasis on safety issues and information system security, clear and adequate segregation of duties among employees, definition of limits, absolute transparency in procurement, asset protection and corporate assets securing transactions and personal data protection.

The Group has developed the Code of Ethics for Procurement based on the principles of the UN Global Compact, the Universal Declaration of Human Rights, the United Nations Guiding Principles, and the OECD Guidelines for Multinational Enterprises. The Code of Ethics defines minimum standards of ethical and responsible conduct that must be respected by suppliers, in the context of ethics and absolute transparency.

Results of the above policies and non- financial performance indices

There haven't been recorded or mentioned any corruption cases or claims of possible bribery, embezzlement, fraud or deceit.

IV. CORPORATE GOVERNANCE

The Board of Directors declares that the Company has adopted and fully complies with the existing corporate governance legislative framework in force in Greece, and in particular with Articles 43bb and 107a of L. 2190/1920, as replaced by Articles 152 and 153 of L. 4548/2018, respectively, L. 3016/2002, the provisions of Article 44 of L. 4449/2017 (Audit Committee), in combination with the provisions included in the letter under protocol number 1302/28.4.2017 of the Capital Market Commission and the decision 5/204/14.11.2000 of the BoD of the Capital Market Commission, as in force. The Company, by decision of the General Assembly of its shareholders dated 16 May 2018, has -on its own free will- decided to adopt and implement the Greek

Corporate Governance Code for Listed Companies of the Hellenic Federation of Enterprises, as revised in 2013 and in force (hereinafter referred to as the "Code"). This Code can be found on the website of the Hellenic Exchanges S.A., in the following address <https://www.helex.gr/documents/10180/2227277/ESED+Kodikas+FEB+2015+-+A4+-+FINAL+-+Internet.pdf/a1b406ab-52e4-4d76-a915-9abefd0a9d09>

The Company may make amendments to the Code, and its Corporate Governance Principles. Considering the Company's Internal Operation Regulation (IRO), as revised by the Board of Directors' decision dated 30.08.2018, the deviations of the Code implemented by the Company compared to the general or special principles laid down for listed companies can be found in the following table. It is noted that the deviations, as defined in the Greek Corporate Governance Code, are mentioned and justified in the Company's annual report and more specifically in the section on corporate governance.

Greek Corporate Governance Code	Explanation/Justification of the deviations from the specific practices of the Greek Corporate Governance Code
Role and Duties of the Board of Directors	The Board of Directors has not set up separate committees to oversee the submission of candidacies for the Board of Directors and prepare the proposals addressed to the Board of Directors regarding the remuneration of executive members and senior executives, since the Company's policy with respect to these remunerations is formed and fixed.
Size and Composition of the Board of Directors	One third of the Board of Directors does not consist of independent non-executive members, free from conflicts of interest with the Company and close ties to Upper Management, key shareholders or the Company. It consists of 2 executive members, 6 non-executive members and 3 independent non-executive members. This balance has ensured the Board's efficient and productive operation during the last years. The Board of Directors does not appoint an independent Vice President, coming from its independent members, but a non-executive one.
Duties and behavior of the members of the Board of Directors	There is no obligation to provide a detailed disclosure of any professional commitments of the members of the Board of Directors (including significant non-executive commitments to companies and non-profit institutions) prior to their appointment in the Board of Directors, nor a limitation in the number of Boards of listed companies in which they may participate, as long as all the members of the Board of Directors are able to fulfill their duties, devote sufficient time to them and are updated on the developments in matters relating to their duties. No approval by the Board of Directors is required for the appointment of an executive member to a non-affiliated or associated company. However, the members of the Board of Directors are required to disclose to the other members of the Board their significant own interests that may be directly affected by transactions or decisions of the Company and any other conflicts of interest with those of the Company or its affiliated companies, as defined in the relevant legislation, which arises in the performance of their duties.
Election of candidate members of the Board of Directors	There is no candidacy committee for the Board of Directors because, since due to the structure and operation of the Company, this committee is not considered as necessary at this time.
Operations of the Boards of Directors	The Board of Directors, at the beginning of each calendar year, does not adopt a calendar of meetings and a 12-month action plan, since it is easy to convene a meeting of the Board of Directors, when required either by the needs of the Company or by law, without a predetermined action plan. The President has no regular meetings with non-executive members without the presence of executive members to discuss the performance and remuneration of the latter, and other relevant matters, since

	everything is discussed in the presence of all members. There are no introductory information programs guaranteed by the Board of Directors for the new members of the Board of Directors, nor continuous professional training for the other members, since proposed as members of the BoD are individuals with satisfactory and proven experience and organizational-administrative skills. There is no specific provision for the provision of sufficient resources to the committees of the Board of Directors for the performance of their duties or the recruitment of external consultants, since the relevant resources are approved ad hoc by the Company's management according to the needs.
Evaluation of the Board of Directors	There is no statutory procedure aiming to evaluate the effectiveness of the Board of Directors and its committees, nor to evaluate the performance of the President of the Board of Directors during a procedure overseen by the independent Vice President or other non-executive member of the Board in the absence of an independent Vice President. This procedure is not considered necessary in accordance with the organizational structure of the Company. The Board of Directors does not briefly describe in the annual corporate governance statement the evaluation process of the Board or its committees, since there are no relevant evaluation procedures.
Audit Committee	On 10.05.2017, the Ordinary General Assembly (pre)approved the total remuneration amount of €36,000 for 2017 for the members of the Audit Committee of the Company. Similarly, on 16.05.2018, the Ordinary General Assembly (pre)approved the total remuneration amount of €36,000 for 2018 for the Members of the Audit Committee of the Company.
Remunerations	The contracts of the executive members of the Board of Directors do not provide that the Board may require the reimbursement of all or part of the bonus granted due to revised financial statements of previous fiscal years or generally based on incorrect financial data used to calculate the bonus. There is no remuneration committee consisting exclusively of non-executive members regardless of majority, whose purpose is to determine the remuneration of the executive and non-executive members of the Board of Directors, and therefore there are no arrangements for the duties of that committee, its frequency of meetings and other matters relating to its operation. The establishment of this committee, in accordance with the structure and operation of the Company, was not deemed necessary. The remuneration of each executive member of the Board of Directors is not approved by the Board of Directors following a suggestion of the remuneration committee, without the presence of its executive members, since there is no such committee. Any remuneration and benefits to the executive members of the Board of Directors are specified by a decision of the Board of Directors and according to the provisions of L. 2190/1920. The members of the Board of Directors may be compensated, and the amount of this compensation is determined by a special decision of the Ordinary General Assembly of shareholders. Any other remuneration or indemnity of the members of the Board of Directors shall be borne by the Company, if approved by a special decision of the Ordinary General Assembly.
General Assembly	There is no summary of the minutes of the General Assembly of shareholders on the Company's website. However, the results of the voting for each decision of the General Assembly are announced within

	fifteen (15) days from the General Assembly of shareholders, and also translated into English as well.
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Furthermore, the Company has an IRO, which was approved and entered into force initially by the decision of the Board of Directors dated 31.03.2007 and was revised by the decision of the Board of Directors dated 30.08.2018, in order to be adapted to the recent amendments to the existing corporate governance legislation, including the provisions of Article 44 of L. 4449/2017 (regarding the powers of the Audit Committee). The Company's IRO has the minimum content referred to in Article 6 of L. 3016/2002, as currently in force, and is in accordance with the Company's Corporate Governance Statement and the Corporate Governance Code adopted and applied by the Company.

Moreover, the Company has an Operating Regulation for the Audit Committee, which was approved and entered into force by the decision of the Board of Directors dated 25.10.2018 and is published in the Company's website. The Operating Regulation of the Audit Committee was prepared in compliance with the letter under protocol number 1302/28.04.2017 of the Capital Market Commission and covers the composition, role, responsibilities, operation method and evaluation of the Audit Committee, as defined by the said letter, Article 44 of L. 4449/2017 and the Code of Corporate Governance adopted and applied by the Company.

Internal Audit

The Company has an Internal Audit Office, which is an independent, objective and advisory entity, designed to add value and improve the organization's operations. It helps the Company achieve its goals, by providing a systematic approach to assessing and improving the effectiveness of risk management, internal audit systems (processes) and corporate governance.

The Internal Audit Office inspects the correct implementation of the legislation and the observance of the Company's Statute and the Group's policies and procedures. The Head of the Internal Audit Office develops and maintains a relevant Procedures Manual, covering all aspects of Internal Audit actions and continuously oversees its effectiveness.

The Internal Audit operation of the Company is independent and internal auditors are independent in the performance of their work, do not hierarchically belong to any other company unit and are supervised by the Audit Committee. The Internal Audit Office of the Company is an independent organizational unit, which refers to the Board of Directors and the Audit Committee, in accordance with the Statute of the Internal Audit Office and the IRO of the Company. According to the relevant provisions of these texts, the Internal Audit Office, inter alia, submits to the Audit Committee and the Board of Directors a written internal audit report, detailing the individual procedures and internal audit actions, as well as the conclusions of the internal audit.

The internal auditors of the Company are appointed by the Board of Directors, are full-time, exclusive employees. Executives who have other non-internal audit responsibilities or relatives of the above up to second degree by blood or marriage may not be appointed as internal auditors-members of the Board of Directors. The Company is required to inform the Capital Market Commission of any change in the persons or the structure of the internal audit office within ten (10) working days of such change.

In the performance of their duties, internal auditors need to be aware of any documents strictly necessary to carry out the audit. The members of the Board of Directors should cooperate and provide information to the Internal Audit Office and the Audit Committee, and to generally facilitate their work in any way. The Company's upper management must provide all the necessary means to facilitate their work. It should be noted that the provisions of the "Statute of the Internal Audit Office" of November 2018 do not contravene the provisions of the revised IRO of 30.08.2018 and the revised Audit Committee Operating Regulation of 25.10.2018.

Duties

The Internal Audit Office of the Company indicatively has the following duties:

- Monitors the implementation and continuous observance of the IRO and the Statute of the Company, as well as the general legislation concerning the company, especially the legal framework of Société anonymes and stock exchange legislation.
- Monitors compliance with the commitments contained in the Company's information bulletins and business plans, regarding the use of funds raised by the Stock Exchange.

- Controls the legality of remunerations and any kind of benefits to management executives, regarding the decisions of the competent bodies of the Company.
- Reports to the Board of Directors any cases of conflict of the private interests of the members of the Board of Directors or the executives with the interests of the Company, identified during the performance of its duties.
- Provides written information, as required by law, one (1) time per trimester, to the Audit Committee and the Board of Directors regarding the audit conducted.
- Attends the General Assemblies of shareholders and if necessary, provides information to the shareholders during the assemblies.
- Provides, upon approval by the Company's Board of Directors, any information requested in writing by the Supervisory Authorities, cooperates with them and facilitates in every possible way the monitoring, control and supervision work they perform.
- Ensures that staff is kept informed of the current legislation concerning their activity.

Moreover, the Internal Audit Office is responsible for the following:

- Ensures the lawful representation of the Company transactions.
- Confirms the reliability and accuracy and ensures the completeness of the financial and operational information generated and the means used.
- Is responsible for the preparation of a flexible annual audit plan, including any risk and control point recognized by upper management.
- The evaluation of the adequacy and effectiveness, as well as the promotion of quality and continuous improvement, of the control procedures and of risk management.

With the decision of the Board of Directors dated 18 February 2014, the position of Internal Auditor is assigned to Menexiadis Marios, son of Evgenios, full-time and exclusive employee, fulfilling the criteria of independence of par. 3, Article 7 of L. 3016/2002, i.e. he is not a member of the Board of Directors, a manager who has other non-internal audit functions or a relative of the above up to the second degree by blood or by marriage. He also fulfills the conditions and terms regarding the responsibilities and in particular the characteristics of the Internal Auditor, as they are exhaustively referred to the provisions of Articles 7 and 8 of L. 3016/2002 and the Decision 5/204/14.11.2000 of the Board of Directors of the Capital Market Commission, regarding companies listed in the ATHEX, as amended and in force.

Information on the operation of the General Assembly of shareholders and its basic powers, as well as a description of shareholders' rights and how to exercise them

Operation of the General Assembly

The Board of Directors ensures that the preparation and conduct of the General Assembly of Shareholders facilitate the effective exercise of the shareholders' rights, who can be fully informed on all matters related to their participation in the Assembly, including agenda topics and their rights at the General Assembly. The Board of Directors makes use of the General Assembly of shareholders to facilitate their substantive and open discussion with the Company.

In conjunction with the provisions of L. 3884/2010, the Company will post on its website at least twenty (20) days before the General Assembly, in both Greek and English, information on:

- the date, time and place of the General Assembly of shareholders,
- the basic rules and practices of participation, including the right to include items on the agenda and submit questions and the time limits within which such rights may be exercised,
- voting procedures, terms of proxy representation and the forms used for proxy voting,
- the proposed agenda for the Assembly, including draft decisions for discussion and voting, as well as any accompanying documents,
- the proposed list of Candidate Members of the Board of Directors and their resumes (if there is a matter of electing members); and

- the total number of shares and voting rights at the date of the Assembly.

At minimum, the President of the Company's Board of Directors and/or Vice President and Chief Executive Officer must be present in the General Assembly of shareholders, in order to provide information and updates on matters of their duties put forward for discussion and on questions or clarifications requested by the shareholders. The President of the General Assembly has sufficient time for shareholders to ask questions.

Main powers of the General Assembly

The General Assembly of shareholders is the supreme body of the Company and is entitled to decide in general on every corporate affair. Its lawful decisions oblige both absent and disagreeing shareholders.

The General Assembly is the only competent body to decide on:

- Any matter submitted to it by the Board of Directors or by the persons entitled, under the provisions of the Law or the Statute, to cause it to be convened.
- Amendments to the Statute. Such amendments relate to the increase or decrease of the share capital, the dissolution of the Company, the extension of its duration and its merger with another company.
- The election of the members of the Board of Directors and the auditors and the determination of their remuneration
- The adoption or reform of the annual financial statements prepared by the Board of Directors and the allocation of the net profits
- The approval, by special vote by roll call, of the management of the Board of Directors and the discharge of the Board of Directors and auditors from any responsibility after the approval of the annual financial statements and after hearing the report on the Board of Directors' actions and the general status of the Company's corporate affairs. Only Members of the Board of Directors and employees who own shares may participate in the above voting
- The hearing of auditors about the auditing of the Company's books and accounts they have conducted
- The issue of bond loans with a right to deduction of profits, according to Article 3b of C.L. 2190/1920 and convertible bond loans
- The appointment of liquidators in case of dissolution of the Company
- The bringing of actions against the members of the Board of Directors or auditors, for breach of their duties under the Law and the Statute

Rights of shareholders and ways of exercising them

Every shareholder appearing in the entity's records where the Company's securities are held may participate and vote in the General Assembly. The exercise of these rights does not entail the freezing of the shares of the beneficiary nor the observance of a similar procedure. Shareholders having the right to participate in the General Assembly may be represented by a person legally authorized by them.

The rights of the Company's shareholders stemming from its share are proportional to the percentage of the capital that corresponds to the paid-up value of the share. Each share provides all the rights provided by L. 2190/1920, as amended and in force, as well as the Company's Statute.

The President of the Board of Directors, the Vice President and the Chief Executing Officer are available for meetings with the shareholders of the Company that have significant holdings and discuss with them any issues related to the governance of the Company. Moreover, the President makes sure that the views of the shareholders are communicated to the Board of Directors.

Information on the composition and operation of the Board of Directors

Pursuant to Article 6 of the Company's current Statute, the Company is governed by the Board of Directors, which consists of seven (7) to fifteen (15) members. A member of the Board of Directors may also be a legal entity. In this case, the legal entity is required to designate a natural person for the exercise of the legal person's powers as a member of the Board of Directors. Failure by the legal person to designate a natural person for the exercise of the respective powers within 15 days of the appointment of the legal person as a member of the Board of Directors shall be deemed to be the waiver of the legal person from the position of a member.

The Board of Directors shall be elected by secret ballot by the General Assembly for a three-year term, which shall be extended until the expiry of the period within which the next Ordinary General Assembly must be convened after the expiry of its term of office and until the relevant decision is taken. In any case, the term may not exceed a period of four years. The members of the Board of Directors may be shareholders or non-shareholders and may always be re-elected.

The Board of Directors consists of executive and non-executive members, pursuant to L. 3016/2002 on corporate governance, as amended and in force. The number of non-executive members of the Board of Directors must not be less than 1/3 of the total number of members and in case of a fraction it is rounded to the next integer number. At least two (2) non-executive members of the Board of Directors are independent, that is, they have no relationship of dependence with the Company or its affiliated persons within the meaning of Article 4 of L. 3016/2002 on corporate governance, as amended and in force.

The Company's current Board of Directors was initially elected at the Annual Ordinary General Assembly of shareholders held on 16.05.2018 and consisted of 12 members, of which three (3) executive, nine (9) non-executive and three (3) independents, within the meaning of the provisions of L. 3016/2002. In particular, the current composition of the Board of Directors was formed after its establishment into a body, pursuant to the decision of the Board of Directors, and its reestablishment into a body on 24.05.2018 following the death of the President of the Board of Directors, Theodoros Vassilakis, who passed away in May 17, 2018 and the decision of the Company's Board of Directors to continue the management and representation of the Company by the remaining 11 members, of which two (2) are executive, while nine (9) are non-executive and three (3) are independent, non-executive, within the meaning of the provisions of Article 4 of L. 3016/2002, without the direct election of a new member, in accordance with the provisions of the Company's Statute and the law.

The table below includes the members of the Board of Directors:

NAME	CAPACITY	DATE OF APPOINTMENT	END OF TERM
1. Eftichios Vassilakis	Chairman, Executive Member	16/5/2018	16/5/2021
2. Anastasios David	Vice Chairman, Non-Executive Member	16/5/2018	16/5/2021
3. Dimitrios Gerogiannis	Managing Director, Executive Member	16/5/2018	16/5/2021
4. Achilleas Constantakopoulos	Non-Executive Member	16/5/2018	16/5/2021
5. Christos Ioannou	Non-Executive Member	16/5/2018	16/5/2021
6. Konstantinos Kalamatas	Independent, Non-Executive Member	16/5/2018	16/5/2021
7. Panagiotis Laskaridis	Non-Executive Member	16/5/2018	16/5/2021
8. Alexandros Makridis	Independent, Non-executive Member	16/5/2018	16/5/2021
9. Nikolaos Nanopoulos	Non-executive Member	16/5/2018	16/5/2021
10. Victor Pizante	Independent, Non-executive Member	16/5/2018	16/5/2021
11. George Vassilakis	Non-Executive Member	16/5/2018	16/5/2021

The Chairman's and Chief Executive Officer's duties and responsibilities are the following:

Chairman of the Board of Directors

- Sets the daily Agenda, ensures the prompt operation of the Board of Directors, and calls the members of the Board of Directors in meetings which himself leads. In his own capacity or after authorization by the Board of Directors, any member by the Board of Directors, staff or lawyer of the Company may:
- Represent the Company in court or out of court
- Represent the Company against any authority
- In the case of obvious danger, without a decision by the Board of Directors, raise or defend against legal claims and proceedings, assign plenipotentiaries and proceed to court or out of court actions to defend the interests of the Company. These actions are submitted to the Board of Directors for approval.
- Assume all responsibilities assigned by the Board of Directors and sign contracts on behalf of the Company according to the relevant authorizations given by the Board of Directors.

Chief Executive Officer

Chief Executive Officer is responsible for the implementation of the Company's strategic targets and its day to day management. He is responsible for the smooth, proper and effective operation of the Company according to its strategic targets, business plans and action guidelines as those are determined by the decisions of the Board of Directors and the General Shareholders' Meeting.

The Chief Executive Officer reports to the Company's Board of Directors. He provides guidance on strategic actions and validates the important decisions of the Company. He is the Head of all Company's divisions and amongst others he is responsible for:

a) Strategy:

- Strategic decision making with respect to business strategy development, as well as significant investments.
- Defining the Company's organizational plans.
- Ensuring the implementation of the Company's decisions and informing the Board of Directors regarding Company's matters.

b) Executive Guidance:

- Coordination and supervision of the top management to ensure effectiveness and efficiency for the Company's smooth operation.
- Decision making or participation in the process of significant business decisions
- Defining the risk management policies, risk assessment and application of actions and procedures for their effective management.

c) Performance Management:

- Defining budget's targets as well as determining annual performance targets and meeting the annual budget targets.
- Supervision of Company's financial management
- Ensuring the procedures to meet targets and reach results.

d) Human Resources Development:

- Recruiting and providing guidance to the leading officers of the Company.
- Defining performance evaluation guidelines, as well as being responsible for the promotion, development and remuneration policy of the Company's officers.

Chief Executive Officer is responsible for the coordination of the Company's business units and making proposals to the Board of Directors regarding matters within its power.

Operation and Duties of the Board of Directors

According to Article 11 of the Statute, the Board of Directors, acting collectively, has the administration and management of corporate affairs. It generally decides on any matter concerning the Company other than those which either by Law or by the Statute are decided by the General Assembly of shareholders. The duties of the Board of Directors also include the issue of a bond loan, with the exception of convertible bond loans, for which the provisions of Article 3 of the Statute apply, and bond loans with a right to profits, for which the General Assembly is responsible. Indicatively and not restrictively, the Board of Directors:

- (a) Represents the Company in and out of court.
- (b) Initiates and conducts trials, proceeds to confiscations, prenotations and mortgages, consents to their removal, waives privileges, lawsuits and legal remedies, proceeds to settlements judicially and extra-judicially and stipulates arbitration.
- (c) Acquires, recommends or delegates rights in rem and in personam to movable and immovable property, without prejudice to Article 10 of L. 2190/20 (now Article 19 of L. 4548/2018) and accepts liabilities, concludes any form of contract, without prejudice to Article 23a of L. 2190/1920 (in addition to Articles 99-101 of L. 4548/2018), participates in public or other tenders, as well as in public or private calls for bids and calls for tenders.
- (d) Appoints, places and terminates employees and representatives of the Company, regulates their remuneration and salaries, provides and revokes any general and special proxies for the Company.
- (e) Issues, accepts and signs or warrants or endorses bills in order, bills of exchange, checks, as well as each title in order.
- (f) Generally, determines the Company's expenses.
- (g) Inspects the books and the Company's Treasury, prepares the annual financial statements, recommends depreciations taking place in the facilities and bad debts, and proposes the dividends and profits about to be distributed.
- (h) Regulates the internal operation of the Company and issues the relevant regulations and, in general, proceeds to every act of management of the Company and its property and has every power and right to manage the corporate interests and the action of each act for the materialization of the goals pursued by the Company.
- (i) Receives any type of loan or credit with or without a specific guarantee and provides loans to companies with which the Company has business relations for the purposes of the Company.
- (j) Provides all kinds of guarantees for credit documents or obligations undertaken by companies in which the Company may have interests or participation, as well as for credit documents or obligations undertaken by companies or persons with whom the Company may have business relationships.
- (k) Issues and prepares all types of credit documents, accepts and endorses them, including liabilities with or without security in rem.
- (l) Generally, carries out and executes any act, contract, and relevant transaction, incidental or complementary, which is necessary or advisable for the achievement of the Company's purposes.

The Company is represented before third parties, as well as before any Public, Judicial or other Authority, by its Board of Directors. The Board of Directors has the right, by special decision, to delegate the representation of the Company to one or more persons, whether or not they are members of the Board of Directors.

Also, according to Article 9 of the Company's Statute, the Board of Directors meets at the registered office of the Company whenever the law, the Statute or the Company's needs so require, at a day and time specified by the President or the Vice-President replacing him, or whenever at least two (2) of the members request so in writing. The Board of Directors may meet by teleconferencing in accordance with Article 90, par. 4 of L. 4548/2018. In this case, the invitation to the members of the Board of Directors includes the necessary information and technical instructions for their participation in the meeting. Also, any member of the Board of Directors may request that the meeting be teleconferenced, if he resides in a country other than that in which the meeting is held or if there is another important reason, such as illness or disability.

Audit Committee

In accordance with the Company's IRO and the Operating Regulation of the Audit Committee, the Audit Committee consists of at least three (3) members, namely non-executive members of the Board of Directors elected by the General Assembly of the Company's shareholders. The Audit Committee shall be convened by its Chairman or, in the event of his absence or impediment, by his alternate, who shall act as President. Decisions shall be taken by a majority of its members and in the event of a tie, the President's vote shall prevail. The members of the Audit Committee as a whole have proven sufficient knowledge in the sector in which the Company operates (in accordance with the decision of the General Assembly of shareholders dated 16.05.2018) and are mostly independent of the Company, within the meaning of the provisions of L. 3016/2002, as in force.

In accordance with the Company's IRO, the Chairman of the Audit Committee of the Company is appointed by its members or elected by the General Assembly of shareholders of the Company and is independent of the Company within the meaning of the provisions of L. 3016/2002, as in force. Pursuant to the Operating

Regulation of the Audit Committee, which was approved by the Board of Directors at the meeting of 25.10.2018, the President of the Board of Directors may not act as the Chairman of the Audit Committee.

The current composition of the Audit Committee of the Company consists of the following members of the Board of Directors, elected by the General Assembly of shareholders' decision dated 16.05.2018 and have a three-year term:

- Alexandros Makridis – independent non-executive member
- Konstantinos Kalamatas – independent non-executive member
- Nikolaos-Georgios Nanopoulos - non-executive member

Mr. Alexandros Makridis is an independent non-executive member of the Company's Board of Directors and, both on the date of his election and on the date of the Information Bulletin, met the conditions of independence, as provided by the provisions of Art. 4 of L. 3016/2002. Alexandros Makridis has a proven track record of auditing and accounting and was appointed Chairman at the 1st Audit Committee meeting held on 18 June 2018.

According to the Regulation of the Audit Committee, the decision of the General Assembly of the Company's shareholders to elect the members of the Audit Committee is adequately substantiated by the qualifications of the proposed members of the Audit Committee, as well as the independence of the elected independent members. Additionally, the Board of Directors of the Company ensures the provision of the appropriate information and training to each member of the Audit Committee, to enable the effective performance of its duties. It is prohibited for persons holding similar positions or same capacity or conducting transactions incompatible with the purpose of this Committee to participate in it. Subject to the aforementioned, the participation of a person in the Audit Committee does not preclude his participation in another Committee of the Board of Directors, as long as this does not affect the proper performance of the duties of the person as a member of the Audit Committee.

The Audit Committee monitors and supervises Internal Audit through the Internal Audit Office, meets regularly once every trimester of each year, i.e. at least four (4) times per year, keeping Minutes of these meetings. It meets extraordinarily when, in the opinion of the President of the Board of Directors or the Chairman of the Audit Committee, special circumstances require it. The findings of the audit conducted by the bodies of the supervisory authorities and the Internal Audit Office are evaluated during the meetings, and the reports to be submitted to the Board of Directors of the Company are prepared.

According to the Operating Regulation of the Audit Committee, the Audit Committee shall meet at least once per trimester with the Head of the Internal Audit Office to discuss his matters of competence, as well as any problems that may arise from the internal audits. Moreover, the Regulation provides that the Audit Committee shall invite, when appropriate, the Head of the Internal Audit Office to attend specific meetings or specific items of the agenda and give an opinion on them. According to the same Regulation, the Audit Committee receives information on the annual audit schedule of the Internal Audit Office prior to its implementation and requests its own annual schedule of activities.

The Audit Committee acts as an objective body, which is responsible for reviewing and evaluating the auditing practices and the performance of internal and external auditors. The main function of the Audit Committee is to assist the Board of Directors in the performance of its duties, by overseeing the Company's financial reporting procedures, policies and internal audit system. The main responsibilities of the Company's Audit Committee, in compliance with par. 3, Article 44 of L. 4449/2017, are the following:

- a) informs the Board of Directors of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of the financial information and what role the audit committee had in the process,
- b) monitors the financial reporting process and makes recommendations or proposals to ensure its integrity,
- c) monitors the effectiveness of the Company's internal audit, quality assurance and risk management systems, and, where applicable, its internal audit department, regarding the financial information of the Company, without violating the latter's independence,
- d) monitors the statutory audit of the annual and consolidated financial statements and, in particular, its performance, taking into account any findings and conclusions of the Accounting Standardization and Audit Committee, in accordance with par. 6 of Article 26 of the Regulation (EU) Number 537/2014 and par. 5 of Article 44 of L. 4449/2017.
- e) reviews and monitors the independence of certified auditors' accountants or audit firms, in accordance with Articles 21, 22, 23, 26 and 27 and Article 6 of the Regulation (EU) 537/2014 and, in particular, the

suitability of providing non-audit services to the audited entity, in accordance with Article 5 of the Regulation (EU) 537/2014,

f) is responsible for the selection procedure for certified auditors' accountants or audit firms and proposes those to be appointed, in accordance with Article 16 of the Regulation (EU) 537/2014, unless par. 8 of Article 16 of the Regulation (EU) 537/2014 applies,

g) issues an opinion on the approval and revision of the Company's Operating Regulations and the Corporate Governance Code, and submits, at its discretion, a proposal for the revision of the Operating Regulation of the Audit Committee.

Additionally, the Audit Committee monitors and insures the proper functioning of the Internal Audit Office according to professional standards and takes note of the work of the Internal Audit Office and its reports. The Head of the Internal Audit Office reports to the Board of Directors and the Audit Committee.

The members of the Board of Directors should cooperate and provide information both to the Internal Audit Office and the Audit Committee and generally facilitate their work in any way. The Board of Directors shall provide the Audit Committee with the assistance of an external consultant, provided that the Audit Committee so justifiably requests, by providing the necessary funds for this purpose. The Company's upper management must provide all the necessary means to facilitate their work. The Audit Committee has full access to all data of the Company that are needed for the performance of its duties and the Company makes available to the Audit Committee any person the Committee deems necessary.

V. EXPLANATORY REPORT OF THE BOARD OF DIRECTORS (ARTICLE 4, PARAGRAPH 7 & 8 OF LAW 3556/2007

1. Structure of the Company's share capital

The Company's share capital amounts to forty-six million four hundred twenty-one thousand and one hundred fifteen euros (€ 46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting shares (71,417,100 shares), of a par value of sixty five euro cents each (€ 0.65). All the shares are registered and listed for trading in the Securities Market of the Athens Stock Exchange under the "Large Cap" classification.

2. Limits on transfer of Company shares

There are no restrictions set by the Company's Articles of Association regarding the transfer of shares.

3. Significant direct or indirect holdings in accordance with the provisions of articles 9 – 11 of Law 3556/2007

As of 31.12.2018 the following investors held more than 5% of the Company's voting rights: Eftichios Vassilakis 36.68% (1.24% direct, 23.78% through Evertrans S.A. and 11.66% through Autohellas S.A.), Alnesco Enterprises Company Limited 8.56%, Siana Enterprises Company Limited 8.56% and Achilleas Constantakopoulos 5.19%.

4. Shares conferring special control rights

There are no Company shares that carry any special rights of control.

5. Limitations on voting rights

The Articles of Association make no provision for any limitations on voting rights.

6. Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights

The Company is not aware of any Shareholder agreements which result to limitations in the transfer of shares or limitations to exercise voting rights.

7. Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association

The members of the Board of Directors are elected from the General Shareholders' Meeting, through a secret voting procedure, for a three-year term extended up to the Annual General Shareholders' Meeting due in the term's final year. The members may be shareholders or non-shareholders and can be re-elected.

Replacement of a member can be authorized by at least 3 other members and is subject to the approval of the next General Shareholders' Meeting.

The Board may consist of seven (7) up to fifteen (15) members.

8. Authority delegated to the BoD or certain members of the Board for the issue of new shares or acquisition of own shares

According to the provisions of article 13 par. 1 item b) of C.L. 2190/1920 and the article 5 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting that is subject to the publicity announcements of article 7b of C.L. 2190/1920, to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members. In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five years per instance of renewal.

9. Important agreements which are entered in force, amended or terminated in the event of change in the control of the Company following a public offer

There are no agreements which enter into force, are amended or terminated in the event of change in the control of the Company following a public offer.

10. Agreements that the Company has entered into with Board members or employees regarding compensation payments in the case of resignation, dismissal without valid reason and termination of their office period or employment because of a public offering.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without valid reason or termination of their period of office or employment due to a public offer.

11. The Company has branches or offices in 57 locations in Greece and abroad.

Kifissia, March 28th, 2018

Aegean Airlines S.A.
Chief Executive Officer

Dimitrios Gerogiannis

THIS IS A TRANSLATION FROM THE ORIGINAL VERSION IN GREEK LANGUAGE

Independent Auditor's Report

To the Shareholders of AEGEAN AIRLINES S.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the separate and consolidated financial statements of Aegean Airlines S.A. (the "Company"), which comprise the separate and consolidated statement of financial position as at 31 December 2018, the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as incorporated in Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report. We remained independent of the Company and the its subsidiaries throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated in Greek Law, together with the ethical requirements that are relevant to the audit of the separate and consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Provision for aircraft maintenance (separate and consolidated financial statements)	
The Company and the Group operate aircrafts, under operating lease agreements with third parties. Based on the terms of the agreements as agreed with the lessor at the inception of each lease, the aircrafts have to be returned upon expiration of the agreements in a certain condition and, through the contract duration certain maintenance requirements have to be met. During the contract period, a provision is made with the estimated amounts required to be paid in the future for the fulfilment of the contractual commitments. The calculation of the related amounts requires by management the use of judgements, estimates and assumptions which may change in the future. The provision for aircraft maintenance as at 31 December 2018 amounted to €11m and to €16m for the Company and the Group, respectively. We have identified the provision of aircraft maintenance as a key audit matter because of the high degree of uncertainty of the judgements, the estimates made and the assumptions used by the management in the process to determine the related amounts. The Company's and the Group's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions on the provision for aircraft maintenance can be found in notes 5.5 and 5.40 of the separate and consolidated financial statements.	The audit procedures that we performed, among others, have as follows: • We assessed the design of management controls over the calculation of the provision for aircraft maintenance. • We assessed whether the management uses methodologies, judgements, estimates and assumptions in the calculation of the provision for aircraft maintenance that are consistent to those used in prior periods (expected cost of maintenance of aircrafts, engines and other components, flight hours of flight cycles, maintenance program taking into consideration the agreements signed with maintenance providers for aircrafts and engines, discount rate and fx rates). • We recalculated the amounts included in the model used by the management for the calculation of the provision for aircraft maintenance and discussed with management the judgements, estimates and assumptions used and compared them to internal and external sources and data. • Also, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition and loyalty programs (separate and consolidated financial statements)	
Revenues for the year ended 31 December 2018 amounted to €961m and €1.187m for the Company and the Group, respectively, and refer to sales of flight tickets and products and services rendered. Flight ticket sales represent the main revenue source and comprise direct ticket sales, ticket sales through agents and interline ticket sales. Revenues related to flight ticket sales are accounted for as flown and at year-end deferred revenue is recognized for the non-flown tickets as the service has not yet been provided. This amount is subsequently recognised as revenue when the flight takes place. Deferred revenues at year-end amounted to €96m and €102m for the Company and the Group respectively.	The audit procedures that we performed, among others, have as follows: • We tested the general IT controls of systems and applications supporting the significant classes of transactions related to revenue such as logical access, change and IT operation management control. • We audited reconciliations between accounting and commercial systems. • For a sample of direct sales we tested revenues recorded in the system upon issuance of the ticket and the classification when tickets were flown.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition and loyalty programs (separate and consolidated financial statements) – continue	
In addition, the Company and the Group have established a loyalty program that is treated as a separate component of the sales transaction which requires delivery in the future upon redemption of the miles earned by customers. The management makes judgements, estimates and assumptions with a high degree of uncertainty and uses actuarial methods and historical data and information for the quantification of the fair value of the miles offered to customers and the percentage of miles which are not expected to be redeemed. Deferred revenues at year-end amounted to €35m for the Company and the Group. We identified the revenues from ticket sales and deferred revenues as a key audit matter due to the level of the related accounts, the amount of transactions involved and the volume of information processed in various IT systems, the inherent risk of not recognizing revenues in the correct period, the amount of time needed to audit these accounts and the judgements, estimates and assumptions used by the management for the calculation of the related amounts. The Company's and the Group's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used for the revenues from ticket sales and for deferred	• For sales through agents we received the monthly sales analysis per country and we audited the reconciliation of the accounts involved to general ledger. We audited a sample of reports from agents and tested the reconciliation of basic fare, VAT and taxes to the relevant accounts in the general ledger. • For interline revenue, we received the monthly clearance by IATA and we audited the reconciliation to the revenue accounts in the general ledger. • We identified non-financial information that enabled us to draw conclusions for the variation of the value of sales performed. • For the Miles and Bonus loyalty program, we tested the calculation of the part of the revenue that is deferred to next year, we assessed the actuarial valuation of the Company in relation to the fair value of the miles awarded and the assumptions with respect to the percentage of awarded miles not expected to be redeemed through the use of historical trends. We included in our team experts in actuarial

revenues can be found in notes 5.4, 5.5, 5.8, 5.42 and 5.45 of the separate and consolidated financial statements.	assessments. - For a sample of revenue for tickets not flown until December 31, 2018, we checked the breakdown of current and deferred revenue. - We assessed the sufficiency of related disclosures in the separate and consolidated financial statements.
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Key Audit Matter	How our audit addressed the key audit matter
Impairment of goodwill (consolidated financial statements) and intangible assets (separate and consolidated financial statements)	
The amount of goodwill of €40m which was recognized upon acquisition of Olympic Air in the consolidated financial statements and the timeslots in foreign airports with indefinite life of €22m in the separate and consolidated financial statements are not amortized but, are tested for impairment annually (or more frequently if impairment indicators are present). The impairment assessment process of goodwill and timeslots involves judgements, estimates and assumptions with respect to the future cash flows of the Group, the future volume and sales growth rates, the prices of future prices of fuel, the discount rate used etc., considering the Group as one Cash Generating Unit (CGU) and using projected results for a 5years period (2019 - 2023), as well as terminal value. Also, other intangible assets in the consolidated financial statements at December 31, 2018 include the brand name of Olympic Air, with carrying amount of €17m which is amortized during the period of the right and for which the management believes that there are not indications of impairment. We have identified the testing of goodwill and timeslots and the assessment process of whether impairment indications exist for the brand name as a key audit matter due to the level of the amounts and the nature of the accounts involved and due to inherent uncertainty involved in the judgements, estimates and assumptions used by the management during this process. The Group's and the Company's disclosures relevant to the accounting policy, the judgements,	The audit procedures that we performed, among others, have as follows: - We audited the impairment test performed by management on goodwill and timeslots and assessed among others the judgements, estimates and assumptions used in this process with respect to future cash flows of the Group, the future volume and sales growth rates, the future prices of fuel and foreign exchange rates, the discount rate used, considering the Group as one Cash Generating Unit (CGU) and using projected results for a 5years period. In our assessment we also used historical data. We also tested the calculations for mathematical accuracy. - We assessed the consistency between periods of the methods, the assumptions and the calculations used by the Company and the Group, whether events of the period or changes in the environment or changes in the facts and circumstances have been taken into consideration in the assumptions used or in changes in the business practices, and the accounting principles which may have affected the calculations. - We included in our team experts specialized in the valuation issues. - For the unamortized balance of the Olympic Air brand-name we audited the Company's and the Group's assessment about the existence of impairment

the estimates and the assumptions used for the goodwill impairment test and for the assessment of whether impairment indicators exist for the brand name and the time-slots can be found in notes 5.3, 5.5, 5.9 and 5.23 of the separate and consolidated financial statements.	indicators. Also, we assessed the sufficiency of related disclosures in the separate and consolidated financial statements.
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Key Audit Matter	How our audit addressed the key audit matter
Derivative contracts (separate and consolidated financial statements)	
At December 31, 2018 the Company and the Group had recognized derivative assets of €38m and derivative liabilities of €12m. The Group and the Company enters into derivative contracts to hedge risks arising from the variation of prices in fuel, interest rates and foreign exchange. The contracts are made on the basis of business needs (expected cash flows, expected fuel consumption etc.). Derivatives are considered by the management as cash flow hedges and any change in their fair value is transferred to Other Comprehensive Income. We have identified the valuation and recognition of derivative contracts as a key audit matter due to the level and the nature of the related accounts as well as the complexity of the accounting treatment, the hedging relationships and the uncertainties surrounding the judgements, estimates and assumptions used by the management for the calculation of the related amounts. The Group's and the Company's disclosures relevant to the accounting policy, the judgements, the estimates and the assumptions used for the calculation of the value of derivatives can be found in notes 5.5, 5.14 and 5.44 of the separate and consolidated financial statements.	The audit procedures that we performed, among others have as follows: - We audited the balances of derivatives at year-end by confirming the fair value with the counterparties and we compared the fair values with the amounts recognized in the financial statements. - We audited the classification of derivative assets and liabilities in the statement of financial position of the Company and the Group. - We included in our team derivative experts specialized in the valuation of derivative contracts and in assessing these contracts on the basis of the applicable accounting framework. - We assessed the effectiveness of the derivative contracts, by category of contract, on the basis of the applicable accounting framework and the related effectiveness criteria. - We audited the terms of open contracts as at December 31, 2018 and recalculated the fair value of a sample of these. - We audited the proper accounting treatment of the contracts that were closed within 2018. - We assessed the sufficiency of related disclosures in the separate and consolidated financial statements.

Other information

Management is responsible for the other information of the Annual Financial Report. The other information, include the Board of Directors Report for which reference is also made in section Report on Other Legal and Regulatory Requirements, the Statements of the Members of the Board of Directors, and other complementary information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the separate and consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein, according to the provisions of paragraph 5 article 2 of Law 4336/2015 (part B), we report that:

- a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information required by article 43bb of Codified Law 2190/1920.
- b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A, and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying consolidated financial statements for the year ended 31 December 2018.

- c) Based on the knowledge and understanding concerning the company Aegean Airlines S.A. and its environment, gained during our audit, we have not identified information included in the Board of Directors' report that contains a material misstatement.

2. Additional Report to the Audit Committee

Our opinion on accompanying separate and consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, in accordance with Article 11 of the EU Regulation 537/2014.

3. Provision of Non-audit Services

We have not provided any prohibited non-audit services per Article 5 of the EU Regulation 537/2014. Non-audit services provided by us to the Company and its subsidiaries during the year ended December 31, 2018, are disclosed in note 5.61 of the separate and consolidated financial statements.

4. Appointment of the Auditor

We were first appointed as auditors of the Group by the General Assembly on May 12, 2015. Since then our appointment has been uninterruptedly renewed for a total period of 4 years based on the General Assembly decisions of each year.

Athens, 28 March 2019

Vassilios Kaminaris
Certified Auditor Accountant
SOEL R.N. 2041

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
8B Chimarras, Maroussi,
151 25, Greece
Company SOEL R.N. 107

**D. ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY TO 31 DECEMBER 2018
(amounts in thousands euros)**

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1.1 Statement of Financial Position of the Company as 31.12.2018

	Note	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Intangible assets	5.23	26.743,81	27.863,32
Tangible assets	5.24	89.118,27	94.326,38
Advances for assets acquisition	5.26	48.201,37	305,62
Investments in subsidiaries	5.25	72.416,56	72.416,56
Deferred tax assets	5.27	-	610,91
Other long-term assets	5.28	28.055,55	20.487,25
Hedging derivatives	5.44	1.727,63	59,36
Financial Assets		525,00	525,00
Total non-current assets		266.788,19	216.594,40
Current assets			
Inventories	5.30	11.610,42	8.964,05
Customers and other trade receivables	5.31	115.474,79	103.522,29
Advances	5.32	22.632,61	18.638,20
Debt Instruments measured at fair value through other comprehensive income	5.29	18.478,49	6.983,58
Hedging derivatives	5.44	10.645,12	17.323,94
Restricted Cash	5.33	10.409,17	7.207,93
Cash and cash equivalents	5.33	164.095,82	215.195,95
Total current assets		353.346,42	377.835,94
TOTAL ASSETS		620.134,60	594.430,35
EQUITY			
Share capital	5.34	46.421,11	46.421,11
Share premium account	5.35	72.775,98	72.775,98
Other reserves	5.36	(6.140,54)	4.042,41
Retained earnings		96.018,73	73.283,16
Total equity		209.075,27	196.522,65
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.37	12.273,62	21.753,30
Derivative contracts liabilities	5.44	6.771,94	9.074,45
Liabilities for retirement benefits obligations	5.38	11.968,43	10.878,52
Provisions	5.40b	11.283,45	4.757,48
Contract Liabilities	5.42	25.978,48	-
Other long term liabilities		-	18.034,54
Deferred Tax Liabilities	5.27	5.000,37	-
Total long term liabilities		73.276,29	64.498,29
Short term liabilities			
Trade and other payables	5.39	45.281,01	38.491,20
Long term finance leases liabilities payable next year	5.37	10.660,01	9.867,68
Other short term liabilities	5.41	91.433,99	109.300,48
Contract Liabilities	5.42	115.701,55	-
Liabilities from tickets sold non flown		-	110.223,07
Accrued expenses	5.43	43.403,74	37.546,58
Hedging derivatives	5.44	31.038,30	16.900,23
Income Tax Payable		-	11.080,16
Provisions	5.40 a,c	264,44	-
Total short term liabilities		337.783,05	333.409,41
Total liabilities		411.059,34	397.907,70
TOTAL EQUITY AND LIABILITIES		620.134,60	594.430,35

1.2 Statement of Financial Position of the Group as at 31.12.2018

	Note	31/12/2018	31/12/2017
Non-current assets			
Intangible assets	5.23	43.505,63	45.113,82
Goodwill	5.23	39.756,30	39.756,30
Tangible assets	5.24	88.840,59	94.191,86
Advances for assets acquisition	5.26	48.201,37	305,62
Financial Assets		525,00	525,00
Other long term assets	5.28	32.534,29	25.006,06
Hedging derivatives	5.44	1.727,63	59,36
Total non-current assets		255.090,81	204.958,03
Current assets			
Inventories	5.30	17.577,37	15.193,25
Customers and other trade receivables	5.31	128.376,52	115.556,86
Advances	5.32	24.063,97	20.634,42
Debt Instruments measured at fair value through other comprehensive income	5.29	18.478,49	6.983,58
Hedging derivatives	5.44	10.645,12	17.323,94
Restricted Cash	5.33	10.409,17	7.207,93
Cash and cash equivalents	5.33	261.265,93	293.723,58
Total current assets		470.816,57	476.623,57
TOTAL ASSETS		725.907,38	681.581,59
EQUITY			
Share capital	5.34	46.421,11	46.421,11
Share premium account	5.35	72.775,98	72.775,98
Other reserves	5.36	(6.140,54)	4.042,41
Retained earnings		164.821,71	124.700,81
Total equity		277.878,26	247.940,31
LIABILITIES			
Long term liabilities			
Finance lease contracts liabilities	5.37	12.273,62	21.753,30
Derivative contracts liabilities	5.44	6.771,94	9.074,45
Liabilities for retirement benefits obligations	5.38	12.479,80	11.324,64
Provisions	5.40b	16.247,45	9.633,85
Contract liabilities	5.42	25.978,48	-
Other long term liabilities		-	18.034,54
Deferred Tax Liabilities	5.27	6.585,78	1.618,71
Total long term liabilities		80.337,07	71.439,49
Short term liabilities			
Trade and other payables	5.39	65.830,13	57.613,52
Long term finance leases liabilities payable next year	5.37	10.660,01	9.867,68
Other short term liabilities	5.41	94.431,76	117.074,38
Contract Liabilities	5.42	122.311,81	-
Other long term liabilities		-	114.793,21
Accrued expenses	5.43	38.271,51	31.511,58
Hedging derivatives	5.44	31.038,30	16.900,23
Income Tax Payable		4.762,97	14.320,07
Provisions	5.40a,c	385,56	121,11
Total short term liabilities		367.692,05	362.201,79
Total liabilities		448.029,12	433.641,28
TOTAL EQUITY AND LIABILITIES		725.907,38	681.581,59

2.1 Statement of Comprehensive Income of the Company for the period that ended at 31.12.2018

Condensed Statement of Comprehensive Income	Note	01/01 - 31/12/2018	01/01 - 31/12/2017
Revenue from contracts with customers	5.45	961.057,46	933.318,80
Other operating income	5.46	32.972,15	21.491,57
Personnel expenses	5.48	(117.441,29)	(111.301,09)
Depreciation	5.23, 5.24	(17.992,48)	(18.411,63)
Consumption of goods and services	5.47	(791.016,27)	(753.727,81)
Finance income	5.49	21.650,30	20.419,02
Finance expense	5.49	(15.446,38)	(33.745,57)
Profit before tax		73.783,49	58.043,29
Income tax	5.50	(22.948,19)	(19.479,48)
Profit after tax		50.835,29	38.563,81
Other comprehensive income			
Other comprehensive income			
<i>(a) Transferred to the income statement</i>			
Cash flow hedging		(26.302,25)	1.307,84
Reclassification of Profit / (Loss)		9.456,14	(39.749,79)
Net change in fair value of cash flow hedges		4.716,91	11.148,17
Financial Assets			
Reclassification of Profit / (Loss)		-	-
Net change in fair value of financial assets		-	(434,09)
Income tax		-	125,89
Debt Instruments measured at fair value through other comprehensive income			
Reclassification of Profit / (Loss)		73,34	-
Net change in fair value of financial assets		180,61	-
Income tax		(71,10)	-
Total (a)		(11.946,36)	(27.601,99)
<i>(b) Non-transferred in the income statement</i>			
Net actuarial profit/ (loss) on defined benefit plans		(280,18)	(520,37)
Deferred tax		78,45	150,91
Total (b)		(201,73)	(369,47)
Other comprehensive income/ (losses) for the year net of tax		(12.148,09)	(27.971,46)
Total comprehensive income/(losses) for the year net of tax		38.687,20	10.592,35

2.2 Statement of Comprehensive Income of the Group for the period that ended at 31.12.2018

Condensed Consolidated Statement	Note	01/01 - 31/12/2018	01/01 - 31/12/2017
Revenue from contracts with customers	5.45	1.187.439,55	1.127.625,32
Other operating income	5.46	17.454,53	13.966,14
Personnel expenses	5.48	(129.964,57)	(124.985,08)
Depreciation	5.23, 5.24	(18.694,88)	(19.402,96)
Consumption of goods and services	5.47	(963.550,04)	(896.802,56)
Finance income	5.49	23.138,08	21.252,60
Finance expense	5.49	(17.186,34)	(35.868,52)
Profit before tax		98.636,33	85.784,93
Income tax	5.50	(30.718,82)	(25.419,61)
Profit after tax		67.917,51	60.365,32

Other comprehensive income			
(a) Transferred to the income statement			
Cash flow hedging			
Reclassification of Profit / (Loss)		(26.302,25)	1.307,84
Net change in fair value of cash flow hedges		9.456,14	(39.749,79)
Income tax		4.716,91	11.148,17
Financial assets			
Reclassification of Profit / (Loss)		-	(262,50)
Net change in fair value of financial assets		-	(434,09)
Income tax		-	202,01
Debt Instruments measured at fair value through other comprehensive income			
Reclassification of Profit / (Loss)		73,34	-
Net change in fair value of financial assets		180,61	-
Income tax		(71,10)	-
Total (a)		(11.946,36)	(27.788,37)
(b) Non-transferred in the income statement			
Net actuarial profit/ (loss) on defined benefit plans		(240,59)	(480,10)
Deferred tax		66,97	139,23
Total (b)		(173,62)	(340,87)
Other comprehensive income/ (losses) for the year net of tax		(12.119,98)	(28.129,24)
Total comprehensive income/(losses) for the year net of tax		55.797,53	32.236,08

3.1 Statement of changes in Equity of the Company for the period ended at 31.12.2018

	Issued capital	Share premium	Cash flow hedging reserves (Note 5.36)	Reserves (other) (Note 5.36)	Debt Instruments at FV through OCI (Note 5.36)	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2017	46.421,11	72.775,98	21.047,72	8.510,14	373,89	65.368,30	214.497,13
Profit for the year	-	-	-	-	-	38.563,81	38.563,81
Other comprehensive income/ (losses)	-	-	(27.293,79)	-	(308,21)	(369,47)	(27.971,46)
Total comprehensive income/ (losses)	-	-	(27.293,79)	-	(308,21)	38.194,34	10.592,35
Dividends Paid (Note 5.58)	-	-	-	-	-	(28.566,83)	(28.566,83)
Reserves	-	-	-	1.712,65	-	(1.712,65)	-
Balance on 31 December 2017	46.421,11	72.775,98	(6.246,06)	10.222,79	65,68	73.283,16	196.522,65
Balance at 1 January 2018	46.421,11	72.775,98	(6.246,06)	10.222,79	65,68	73.283,16	196.522,65
IFRS 15 & 9 Impact (Note 5.4)	-	-	-	-	(164,78)	13.309,60	13.144,82
Profit for the year	-	-	-	-	-	50.835,29	50.835,29
Other comprehensive income/ losses	-	-	(12.129,20)	-	182,83	(201,73)	(12.148,10)
Total comprehensive income/ losses	-	-	(12.129,20)	-	18,05	63.943,16	51.832,02
Dividends Paid (Note 5.58)	-	-	-	-	-	(39.279,40)	(39.279,40)
Reserves	-	-	-	1.928,19	-	(1.928,19)	-
Balance on 31 December 2018	46.421,11	72.775,98	(18.375,26)	12.150,98	83,73	96.018,73	209.075,27

3.2 Statement of changes in Equity of the Group for the period ended at 31.12.2018

	Issued capital	Share premium	Cash flow hedging reserves (Note 5.36)	Reserves (other) (Note 5.36)	Debt Instruments at FV through OCI (Note 5.36)	Accumulated Profit / (Loss)	Total equity
Balance at 1 January 2017	46.421,11	72.775,98	21.047,73	8.510,13	560,25	94.955,84	244.271,05
Profit for the year	-	-	-	-	-	60.365,32	60.365,32
Other comprehensive income/ (losses)	-	-	(27.293,79)	-	(494,58)	(340,87)	(28.129,24)
Total comprehensive income/ (losses)	-	-	(27.293,79)	-	(494,58)	60.024,45	32.236,09
Dividends Paid (Note 5.58)	-	-	-	-	-	(28.566,83)	(28.566,83)
Reserves	-	-	-	1.712,65	-	(1.712,65)	-
Balance on 31 December 2017	46.421,11	72.775,98	(6.246,06)	10.222,78	65,68	124.700,81	247.940,31
Balance at 1 January 2018	46.421,11	72.775,98	(6.246,06)	10.222,78	65,68	124.700,81	247.940,31
IFRS 15 & 9 Impact (Note 5.4)	-	-	-	-	(164,78)	13.584,58	13.419,81
Profit for the year	-	-	-	-	-	67.917,51	67.917,51
Other comprehensive income/ losses	-	-	(12.129,20)	-	182,84	(173,62)	(12.119,98)
Total comprehensive income/ losses	-	-	(12.129,20)	-	18,06	81.328,47	69.217,34
Dividends Paid (Note 5.58)	-	-	-	-	-	(39.279,40)	(39.279,40)
Reserves	-	-	-	1.928,19	-	(1.928,19)	-
Balance on 31 December 2018	46.421,11	72.775,98	(18.375,26)	12.150,97	83,74	164.821,70	277.878,25

4.1 Cash Flow Statement of the Company for the period ended at 31.12.2018

	31/12/2018	31/12/2017
<u>Cash flows from operating activities</u>		
Profit before tax	73.783,49	58.043,29
<u>Adjustments for:</u>		
Depreciation of tangible assets (Notes 5.23-5.24)	17.992,48	18.411,63
Provisions for aircraft maintenance , bad debts and other provision (Notes 5.29, 5.31, 5.38, 5.40b)	16.417,37	8.979,76
Losses/(gains) from foreign exchange differences (Note 5.49)	(6.996,60)	10.552,55
(Profit) / loss from investing activities	(1.446,94)	(754,55)
Finance Cost (Note 5.49)	2.246,74	3.479,91
Cash flows from operating activities before changes in working capital	101.996,55	98.712,58
<u>Changes in working capital</u>		
(Increase)/Decrease in inventories (Note 5.30)	(2.646,37)	10,85
Increase/ (Decrease) in receivables	(19.936,15)	(7.392,56)
Increase/ (Decrease) in liabilities	20.822,02	17.228,48
Total changes in working capital	(1.760,50)	9.846,77
Interest expenses paid	(2.111,17)	(2.496,14)
Income tax paid	(30.555,66)	(4.507,82)
Net cash flows from operating activities	67.569,21	101.555,40
<u>Cash flows from investing activities</u>		
Purchases of tangible assets (Notes 5.23-5.24)	(11.671,99)	(10.757,71)
Sales of tangible assets	-	164,13
Advances for the acquisition of tangible assets (Note 5.26)	(47.895,75)	-
Purchases of financial assets (Note 5.29)	(11.442,86)	(3.417,18)
Sales of financial assets	-	598,49
Investments in subsidiaries	-	(10.400,01)
Capital return from subsidiary's share capital reduction	939,99	1.090,36
Interest and other financial income received	(70.070,60)	(22.721,93)
<u>Cash flows from financing activities</u>		
Dividends paid	(39.215,90)	(28.525,21)
Financial leases capital paid (Note 5.52)	(9.931,04)	(10.243,73)
Net cash flows from financing activities	(49.146,94)	(38.768,94)
Net (decrease)/increase in cash and cash equivalents	(51.648,33)	40.064,52
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.33)	222.403,88	194.454,36
Net foreign exchange differences	3.749,44	(12.115,00)
Cash, cash equivalents & restricted cash at the end of the period	174.504,99	222.403,88

4.2 Cash Flow Statement of the Group for the period ended at 31.12.2018

	31/12/2018	31/12/2017
Cash flows from operating activities		
Profit before tax	98.726,85	85.784,93
Adjustments for:		
Depreciation of tangible assets (Notes 5.23-5.24)	18.694,88	19.402,96
Provisions for aircraft maintenance , bad debts and other provision (Notes 5.29, 5.31, 5.38, 5.40b)	16.570,26	4.530,14
Losses/(gains) from foreign exchange differences (Note 5.49)	(6.986,73)	11.859,59
(Profit) / loss from investing activities	(1.509,71)	(923,90)
Finance Cost (Note 5.49)	2.311,01	3.621,26
Cash flows from operating activities before changes in working capital	127.806,56	124.274,97
Changes in working capital		
(Increase)/Decrease in inventories (Note 5.28)	(2.384,12)	886,60
Increase/ (Decrease) in receivables	(36.874,62)	(4.655,23)
Increase/ (Decrease) in liabilities	37.792,87	12.626,74
Total changes in working capital	(1.465,87)	8.858,11
Interest expenses paid	(2.175,44)	(2.637,49)
Income tax paid	(37.680,06)	(4.507,82)
Net cash flows from operating activities	86.485,18	125.987,78
Cash flows from investing activities		
Purchases of tangible assets (Notes 5.23-5.24)	(11.742,54)	(11.136,63)
Sales of tangible assets	-	164,13
Advances for the acquisition of tangible assets (Note 5.26)	(47.895,75)	-
Purchases of financial assets (Note 5.29)	(11.442,86)	(3.417,18)
Sales of financial assets	-	1.457,53
Investments in subsidiaries	-	(10.400,01)
Capital return from subsidiary's share capital reduction	1.002,76	1.132,17
Net cash flows from investing activities	(70.078,39)	(22.200,00)
Cash flows from financing activities		
Dividends paid	(39.215,90)	(28.525,21)
Financial leases capital paid (Note 5.53)	(9.931,04)	(10.243,73)
Net cash flows from financing activities	(49.146,94)	(38.768,94)
Net (decrease)/increase in cash and cash equivalents	(32.740,15)	65.018,84
Cash, cash equivalents & restricted cash at the beginning of the period (Note 5.33)	300.931,51	248.477,75
Net foreign exchange differences	3.483,74	(12.565,08)
Cash, cash equivalents & restricted cash at the end of the period	271.675,10	300.931,51

5. Notes to the Financial Statements

5.1 General Information

The Company AEGEAN AIRLINES S.A. is a Societe Anonyme airline Company (hereafter referred as "The Company") under the discreet title AEGEAN AIRLINES, which bears the title of AEGEAN AIRLINES S.A. in its international transactions. The Company's duration has been defined until 31/12/2044 and can be extended after that following the decision of the General Shareholders Meeting. The Company's registered address is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64). The parent company AEGEAN AIRLINES S.A. and its subsidiaries from AEGEAN Group (hereafter referred as "The Group").

The financial statements for the period that ended in the 31st December 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) as they have been adopted by the European Union and have been approved by the Board of Directors of the Company on March 28th 2019 and are subject to approval of the General Shareholders Meeting that will take place within the first half of 2019.

5.2 Nature of Operations

The Company and the Group operate in the sector of public airline transportations, providing transport of passengers and goods inside and outside the Greek territory, conducting scheduled and unscheduled flights. At the same time, they render aviation services, technical support and ground handling aircraft services. Indicatively, the Company's and the Group's objectives include among others the following activities/operations:

- Participation in any type of local or foreign company of similar nature of operations
- Establishment of subsidiaries and agencies
- Import, trade, leasing of aircraft and spare parts.

5.3 Basis of Preparation of the annual financial statements

The Company's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by EU. The financial statements have been prepared under the historical cost principle except for certain categories of assets and liabilities where fair values are used. These categories are the ones stated below:

- Financial derivatives
- Financial Assets available for Sale

Financial statements are presented in thousand euro (€ '000), except if stated otherwise. In case of small variances in decimals are mainly because of rounding.

Management examines the basic financial assets and in special circumstances, compliance with medium-term budget with the existing loan terms if any, so as to conclude that the case of "going concern" is appropriate to be used for the production of the annual financial statements of the Group and the Company.

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and the subsidiaries in which it has control. The subsidiaries (companies in which the Group directly or indirectly controls more than 50% of the votes or otherwise controls the administration) have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and cease to be consolidated from the date on which control ceases to be in effect.

All intragroup transactions and balances have been eliminated in the consolidated financial statements. Where necessary, accounting policies of subsidiaries have been amended to ensure consistency with the policies adopted by the Group.

The financial statements of subsidiaries are prepared on the same date and with the same accounting principles as the financial statements of the parent. Intra-group transactions (including investments), balances and unrealized gains on transactions between Group companies are eliminated. Subsidiaries are fully consolidated from the date on which control is taken and cease to be consolidated from the date on

which control is transferred outside the Group. Losses are allocated to non-controlling interests even if the balance is negative. Transactions that lead to change in ownership in subsidiaries are recognized in shareholders' equity. The results of subsidiaries acquired or sold during the financial period are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

Business combinations and goodwill

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is defined as a set of activities and assets that can be managed for the purpose of creation of benefits to its owners.

If the acquired assets are not a business, the transaction is accounted for as an acquisition of an asset and the acquisition cost is allocated to assets and liabilities, based on their relative fair values at the acquisition date.

Business combinations are accounted with the acquisition method. The cost of an acquisition is the fair value of the assets acquired, equity issued and liabilities assumed at the date of exchange, plus the amount of non-controlling interest measured in, for each combination, either at fair value or at the proportion of non-controlling interest at fair value of the net identifiable assets acquired. Acquisition-related costs are expensed as incurred.

If the cost of acquisition is less than the fair value of the net identifiable assets acquired, the difference is recognized directly in the income statement.

Goodwill on acquisitions of subsidiaries is recorded as an intangible asset. Goodwill is not amortized but is subject to at least annual testing for impairment. Thus, after initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill is allocated, at the acquisition date, to each cash-generating unit that is expected to benefit from the combination.

The impairment test is performed by comparing the recoverable amount (value in use) of the unit with the carrying amount of each unit including the goodwill allocated to this unit. The recoverable amount is the higher of fair value less any costs to sell, and the unit value in use. More specifically the value in use is determined by using discounting future cash flows with an appropriate discount rate. An impairment loss recognized for goodwill is not reversed in subsequent periods. Impairment loss recognized for goodwill is not reversed in subsequent periods. Gains and losses on the disposal of subsidiaries are determined taking into account the goodwill relating to the entity sold.

Investments in subsidiaries

In the financial statements of the parent company, investments in subsidiaries are valued at cost of acquisition less any accumulated impairment losses. The impairment test is carried out whenever there is any indication of impairment based on the provisions of IAS 36 "Impairment of Assets" (Note 5.25)

5.4 Standards, Interpretations and amendments to existing standards

A) Changes in accounting policies 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 Group as of 1 January 2018:

- **IFRS 9 Financial Instruments**

The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

On 1/1/2018, the Group and the Company adopted IFRS 9 by recognizing the cumulative impact in 1/1/2018 retained earnings, without restating the comparatives amounts.

Therefore, adjustments due both to the new impairment requirements and the reclassifications arising from the new rules for classification and measurement are not reflected in the Statement of Financial position of the Group and the Company as at 31/12/2017.

Further to the above the Group and the Company adopted the amended IFRS 7 "Financial Instruments: Disclosures" which accommodates the changes introduced by the IFRS 9.

As far as hedge accounting is concerned, the management did not choose to apply the hedge accounting requirements on 1 January 2018 under the new standard and continue to apply IAS 39.

Initial recognition, classification and measurement

The classification model of IFRS 9 requires the all financial assets within the scope of IFRS 9 to be classified and subsequently measured at amortized cost or fair value based on the Group's business model of managing the particular assets and their contractual characteristics, at amortized cost ("AC"), at fair value through other comprehensive income ("FVTOCI") or at fair value with the corresponding changes allocated to profit or loss ("FVTPL").

Based on the facts and circumstances that existed as of 1/1/2018 the Group concluded that it has more than one business model for managing its financial assets in order to generate cash flows.

With respect to its debt instruments portfolio the Group has a business of collecting contractual cash flows and sell. Therefore, the Group's debt instruments portfolio measured at FVTOCI, with gain and losses recycled to profit or loss on de-recognition. These debt instruments are subject to the impairment requirements of IFRS 9.

With respect to customers and other trade receivables the Group has a business model whose objective is to collect the contractual cash flows. Following the objective of the hold to collect business model the customers and other trade receivables of the Group are managed in order to realize cash flows by collecting the corresponding payments over the life of the financial asset. Accordingly, these receivables are subject to the impairment requirements of IFRS 9.

Given that the Group has not adopted the IFRS 9 requirements with respect to the hedging accounting, all related derivatives are measured at fair value, with any gain or losses recognized in other comprehensive income, until they are sold or impaired. Upon derivatives' sale or impairment, any gain or losses are transferred to the statement of income.

The Group performed its assessment for all financial assets with cash flows that are solely payments of principal and interest ("SPPI") and determined that a particular debt instrument has contractual cash flow that are not SPPI. The particular debt instrument classified at FVTPL.

There was no impact in the classification and measurement of the Group and Company's financial liabilities.

Impairment

IFRS 9 introduces the expected credit loss ("ECL") approach to be applied on all financial assets at AC or at FVTOCI (with the exception of equity securities). Whereas under IAS 39, only incurred losses should be recognized as impairment of financial assets, under the ECL approach, an estimation of the expected credit losses should be performed.

Financial assets with contractual payments over 90 days past due constitute default events. The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all customers and other trade receivables. With respect to debt instruments the Group applies the general impairment model under which the Group assess at each reporting date whether the credit risk associated to any particular debt instrument has been increased since its initial recognition applying in addition the low risk simplification for all investment grade debt securities.

The IFRS 9 and IFRS 15 adoption effect is analyzed in the following tables.

• **IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a five-step model that will be applied to revenues earned from a contract with a customer (with limited exceptions), regardless of the type of the transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures are required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

On 1/1/2018, the Group and the Company adopted IFRS 15 by using the modified retrospective approach (the cumulative impact was recognized in retained earnings and comparatives amounts were not restated).

The effect of the adoption of IFRS 15 is primarily comes from the recognition of ticket revenue and ancillary services, as well as the corresponding incremental costs at the flight date.

Amounts in mil €	Company	Group
Impact in Equity	01/01/2018	01/01/2018
Revenue from unused tickets and ancillary services Note 5.8	9,49	9,44
Loyalty program Note 5.8	6,14	6,14
Incremental contract costs Note 5.8	5,04	5,18
Deferred Tax	(5,69)	(5,71)
Retained Earnings	14,98	15,05

The table below summarizes the cumulative effect on retained earnings on 01/01/2018 from the adoption of IFRS 15 and IFRS 9:

	Company		
Amounts in mil €	IFRS 15	IFRS 9	1/1/2018
Impact			
Customers and other trade receivables	-	(1,42)	(1,42)
Advances	4,20	-	4,20
Other reserves	-	0,23	0,23
Deferred Tax liabilities	(5,75)	0,41	(5,34)
Contract Liabilities	15,64	-	15,64
Retained Earnings	14,09	(0,78)	13,31

GROUP			
Amounts in mil €	IFRS 15	IFRS 9	1/1/2018
Impact			
Customers and other trade receivables	-	(1,72)	(1,72)
Advances	5,06	-	5,06
Other reserves	-	0,23	0,23
Deferred Tax liabilities	(5,98)	0,41	(5,57)
Contract Liabilities	15,59	-	15,59
Retained Earnings	14,67	(1,08)	13,59

The following tables summarize the adjustments/reclassifications recognized by the adoption of the new standards for the year ended at 31/12/2018 accounts:

Company			
Amounts in mil €	Balances IFRS 15	Adjustments/ Reclassifications	Balances IAS 18
Statement of financial Position	31/12/2018		31/12/2018
Non-Current assets			
Deferred tax assets	-	3,95	3,95
Current Assets			
Prepayments	22,63	(4,11)	18,52
Equity			
Retained Earnings	96,02	(21,92)	74,10
Long term Liabilities			
Deferred tax liabilities	5,00	(5,00)	-
Contact liabilities	25,98	(25,98)	-
Short term liabilities			
Contact liabilities	115,70	(115,7)	-
Other short term liabilities	91,43	(49,73)	41,70
Liabilities from tickets sold but not flown	-	192,19	192,19
Statement of comprehensive income	01/01/2018-31/12/2018		01/01/2018-31/12/2018
Income Statement			
Revenue from contracts with customers	961,06	(11,12)	949,94
Consumptions of materials and services	791,02	(0,09)	790,93
Income Tax	22,95	(3,20)	19,75

Group			
Amounts in mil €	Balances IFRS 15	Adjustments/ Reclassifications	Balances IAS 18
Statement of financial Position	31/12/2018		31/12/2018
Non-Current assets			
Deferred tax assets	-	3,57	3,57
Current Assets			
Prepayments	24,06	(4,11)	19,95
Equity			
Retained Earnings	164,82	(21,03)	143,79
Long term Liabilities			
Deferred tax liabilities	6,58	(6,27)	0,31
Contact liabilities	25,98	(25,98)	-
Short term liabilities			
Contact liabilities	122,31	(122,31)	-
Other short term liabilities	94,43	(50,31)	44,12
Liabilities from tickets sold but not flown	-	199,37	199,37
Statement of comprehensive income			
Income Statement	01/01/2018- 31/12/2018		01/01/2018- 31/12/2018
Revenue from contracts with customers			
Statement of financial Position	1.187,44	(12,34)	1.175,10
Consumptions of materials and services	963,55	(0,22)	963,33
Income Tax	30,72	(3,28)	27,44

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The above did not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IAS 40: Transfers to Investment Property (Amendments)**

The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The above amendment did not have a significant impact on the consolidated financial statements for the year ended 31 December 2018

- **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

- **IFRS 16 : Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

IFRS 16 is expected to have a significant impact on the Group's and Company's Statement of Financial Position due to the right-of-use asset (ROU) recognition of all operating leases as well as the respective interest-bearing liability.

The main lease agreements refer to:

- Aircrafts,
- Airports facilities,
- Buildings,
- Airport spaces,
- Spare Engines and
- Cars

IFRS 16 permits various approaches at the transition date, whereas the Group has decided to apply the modified retrospective approach under which the comparative information will not be restated. Specifically, the management elected to follow the method based on which all right-of-use assets (ROU assets) are measured at an amount equal to the lease liability as per January 1, 2019.

Exemptions

The Group intends to use the practical expedient provided by the standard referring to low value and short term lease agreements. Therefore standard requirements concerning the recognition, initial and subsequent measurement as well as the presentation will not be applied in short term lease agreements (lease term of 12 months or less) and lease agreement where the underlying asset is of low value.

In addition, the Group will divide non-lease components from lease components, where appropriate.

Discount Rate

Upon transition, payment obligations from existing operating leases will be discounted using the relevant incremental borrowing rate. The resulting present value will be recognized as a lease liability. The right-of-use assets will be carried in the amount of the lease liability.

Impact in Financial Statements

In order to calculate the estimated impact from IFRS16 on the Consolidated financial statements as per transitional date January 1, 2019, a model calculation is performed. In this calculation the Group is used the rate of the last available exchange currency as at 01/01/2019 and no variation of exchange rates are taken into consideration. Hence, possible exchange differences are not taken into consideration in calculations

The initial estimation of the expected impact for the year 2019 on the Statement of Financial Position and the Statement of Comprehensive Income of the Company and the Group is analyzed as follows:

- Expected initial recognition of right if use asset (ROU) and equally operating lease liabilities amounts to between €315m and €355 m for the company and between €380 m and €420 m for the group respectively,
- Expected decrease of annual expense for lease payments amounts between €100 and €140 m for the company between €110m and €150 m for the group respectively,
- Expected increase of finance income of between €11m and €16 m for the company between €15 m and €20 m for the Group respectively,
- Expected increase in annual depreciation of between €90 m and €130m for the Company and €100 m and €140 m for the Group respectively.

The abovementioned impact is expected to bring about not only an increase in cash flows for investment activities in Company's and Group cash flow but also at the same time a decrease in cash flow for operating activities.

The Company and the Group have not completed yet the final impact exercise in the financial statements. The actual impact of the adoption of IFRS 16 will be determined upon completion of the relevant exercise.

- **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. The above amendment will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. The above amendment will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The above amendments will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IFRIC INTERPRETATION 23: Uncertainty over Income Tax Treatments**

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The above will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

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

The Amendments are effective for annual 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 annual 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. The above Amendments will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **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. Its 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.

- **IFRS 3: Business Combinations (Amendments)**

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. The above Amendments will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. The above Amendments will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **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. The above Improvements will not have a significant impact on the consolidated financial statements for the year ended 31 December 2018.

- **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.

5.5 Important judgments, accounting estimates and assumptions

The preparation of financial statements according to International Financial Reporting Standards (IFRS) requires the formulation of judgments, assumptions and estimates by the management that affect assets, liabilities and related disclosures at the reporting date of the financial statements. They also affect the disclosures of contingent assets and liabilities at the reporting date as well as the published revenues and expenses during the period. Actual results may differ from those estimated. Estimates and judgments are based on experience from the past as well as other factors including expectations for future events which are considered reasonable under specific circumstances while they are reassessed continuously with the use of all available information.

Judgments

During the application of accounting policies, Company's management applies its judgment based on its knowledge of the Company and the market in which it operates, using the most accurate information available. Possible future changes in the current conditions are taken into account in order to apply the most proper accounting policy. Management's judgment in regard to accounting policies used for the formulation of estimates, are summarized in the following categories:

Determining whether a lease can be classified as operating or finance lease

The evaluation of such agreements is not only subject to the assessment of the type of the lease but mainly to the terms of the transaction. Factors examined to assess are the term of the lease, the residual value of the asset at the end of the term, the fair present value of the asset compared to the present value of the lease payments, the specific nature of the assets and various other factors. See note 5.37

Accounting treatment of liabilities (provisions) regarding aircraft maintenance

The Group is committed to satisfy certain maintenance obligations as prescribed by the contract terms upon lease termination. During the lease period the Group is obliged to follow the maintenance program required by the airframe and engine constructors. The estimated maintenance cost is charged in group expenses within the lease period, based on the expected maintenance for the airframe, engines and limited life parts using the flight hours or flight cycles. This estimation is based on Group maintenance program and the relevant contracts agreed with maintenance providers. See note 5.40b

Estimates and assumptions

Specific amounts which are included in, or affect the financial statements and the relevant disclosures are assessed from the Company's management in order to formulate assumptions regarding values or conditions which are not certain during the preparation of the financial statements. An accounting estimate is considered important when it is significant for the financial position and the results of the Group and it requires difficult, subjective or complex judgments by the management and which is often a result of uncertain assumptions. The Group evaluates such estimates continuously, based on results of past experience, consulting experts, current trends, other methods which are deemed reasonable now, as well as assumptions on how these could change in the future.

Impairment

IFRS 9 introduces the expected credit loss ("ECL") approach to be applied on all financial assets at amortized cost ("AC") or at fair value with the corresponding changes allocated to profit or loss FVTOCI.

Debt Instruments

With respect to debt instruments the Group applies the general impairment model under which the Group assess at each reporting date whether the credit risk associated to any particular debt instrument has been increased since its initial recognition, applying in addition the low risk simplification for all investment grade debt securities. Upon a significant increase in credit risk the Group measures lifetime expected credit losses.

Customers and other trade Receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade and other receivables. Therefore, the Group's at each reporting date, measures the loss allowance for its trade receivables at an amount equal to their lifetime expected credit losses.

Financial assets with contractual payments over 90 days past due constitute default events, but assess any given creditworthiness information with respect to certain cases, when a contractual claims collection problem is considered possible.

The expected credit losses on the trade and other receivables are estimated using a provision matrix based on the Company's historical experience of credit losses and recoveries on defaulted exposures.

Impairment of investment in subsidiaries

The parent company examines at each balance sheet date whether indications of impairment of investments in subsidiaries exist. Determining impairment indications requires management to make judgments regarding external and internal factors and the extent to which they affect the recoverability of these assets. If it is assessed that there are indications of impairment, the Company makes an estimate of the recoverable amount. The calculation of the recoverable amount requires estimates regarding future cash flows associated with the investment, business plan and determining the discount and growth rates. See note 5.24.

Impairment of intangible assets

Intangible assets that have indefinite useful life (goodwill and slots) are not subject to amortization but are tested for impairment. More specifically, goodwill impairment test is performed annually or more frequently if there are indications of impairment. Indications for slots value impairment are considered at each reporting period. An impairment loss is recognized for the amount exceeds intangible assets carrying value, not anticipated to be recovered. Any intangible asset being previously impaired, apart from goodwill, is reassessed by the management at each reporting period for potential reversal of impairment.

Loyalty program revenue recognition

The Group estimates the fair value of unredeemed loyalty points (miles) of Miles & Bonus program by utilizing historical and statistical data. This calculation uses estimates for the expected redemption rate and the fair value of the product redeemable on the basis of actual redemptions. On December 31st 2018 the estimated liability for unredeemed miles amounted to € 35.053,47 thousand (2017: € 33.396,64 thousand). See note 5.8d, 5.42

Income tax (current & deferred)

The measurement of income taxes provisions is heavily based on estimates. There are a lot of transactions for which the accurate calculation of the tax is not possible in the normal course of business. The Company recognizes liability provisions for anticipated tax matters, based on estimates for potential amounts due for additional taxes. When the expected final tax payable is different from the initial estimates in the financial statements when those are finalized both income tax and provisions for deferred taxation are affected. Moreover, possible effects from the tax audit of previous periods are included in note 5.40 and are recorded in the account 'Income Tax' of the Income Statement.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will occur and tax losses may be offset and tax credits may be used. The recognition of deferred tax assets requires significant estimates and judgment with respect to future activities and prospects of the Group companies and the amount and timing of taxable profits.

Fair value of derivatives and other financial instruments / Hedge accounting

The Company uses derivatives to manage a series of risks including interest rates, foreign currency exchange rates (EUR/USD) and jet fuel price. Accounting for derivatives, in order to qualify for hedge accounting, requires that at the inception of the arrangement the details of the hedging relationship must be formally documented and the hedged value and the hedging instrument must meet certain requirements. From the beginning of a hedging and thereafter, every quarter the hedging effectiveness is evaluated both retrospectively and prospectively. In cases where the hedging becomes ineffective, it does no longer qualify as a hedge instrument in the future. The fair values of the derivative contracts are calculated using pricing models from an independent platform, making assumptions based on the market, which are confirmed by independent sources.

Additional information regarding the use of derivatives is provided in note 5.44.

Fair value of financial instruments

All assets and liabilities for which the fair value is measured or disclosed in the financial statements, are categorized according to the hierarchy levels, described below:

The fair value of financial instruments traded in active markets is determined at each reporting date in relation to the stock market values or values determined by broker offers, without deduction for transaction costs (Hierarchy Level 1).

The fair value of financial instruments not traded in active markets is determined using: (i) appropriate valuation techniques for which the data, that have significant impact on the fair value accounted for, are directly or indirectly identifiable (Hierarchy Level 2), (ii) techniques for which the data, that have significant impact on the fair value accounted for, are not easily identified in the markets (Hierarchy Level 3) and may include recent transactions under normal conditions, the current fair value of another instrument similar to these instruments, discounted cash flow analysis or other valuation models.

For assets and liabilities recognized in the financial statements at fair value, the Group determines whether there are transfers made during the year between the hierarchy levels at the end of each year.

Contingencies

The Company is involved in litigation and claims in its normal course of operations. Management, based on past experience and the fact that the trial procedures are still in process, estimates that any resulting settlements would not materially affect its financial position and operations. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the possible outcomes and interpretation of laws and regulations. Future changes to the judgments or the interpretations may increase or decrease the Company's contingent liabilities in the future. Contingent assets / liabilities balances are analyzed in note 5.52.

Useful life of depreciable assets

The Company's management evaluates the useful life of depreciable assets in every period. On December 31st 2018 the Company's management believes that the useful lives of the assets are in line with their expected useful life. The depreciable amounts are analyzed in notes 5.9 and 5.10. Intangible asset useful life can be characterized as definite or indefinite.

Post-retirement benefits to personnel

Post-retirement obligations are determined using actuarial valuations. An actuarial valuation requires the management to proceed in various assumptions, such as the future salary increases etc. At each reporting date, when this provision is revised, management tries to more precisely assess these assumptions. (Note 5.36)

Inventories provision

The Company periodically assesses the existing inventory and, if it is necessary, establishes a provision for spare parts impairment. The respective exercise is performed in cooperation with the Technical Department. Any inventories decrease to Net Realizable Value (NRV) and any loss occurred are recorded in the Statement of Comprehensive Income when occurred.

5.6 Summary of accounting policies

The accounting policies used for the preparation of the 2018 financial statements are presented below.

5.7 Foreign Currency Translation

The financial statements of the Company are presented in Euros (€) which is its operating currency.

Foreign currency transactions are converted into the operating currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion of remaining balances at year-end exchange rates, are recognized in the income statement in the accounts "financial income" & "financial expense" respectively. Non-monetary

items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.8 Revenues and expenses recognition

The Company and the Group recognize revenues in order to reflect the transfer of the promised goods or services to customers in an amount equal to the consideration they consider fair to collect for these goods or services.

Revenues from contracts with customers are recognized when all of the following criteria are met:

- a) The parties to the contract have approved the contract and are committed to perform their respective obligations
- b) The Company or the Group can identify each party's rights regarding the goods or services to be transferred
- c) The Company or the Group can identify the payment terms for the goods or services to be transferred
- d) The contract has a commercial substance and
- e) It is probable that the Company or the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue is measured at the fair value of the benefit received, net of tax, credits, trade discounts and airport fees. All taxes and related charges collected by the Group from passengers on behalf of third parties (e.g. airport taxes) are recorded on a net basis, as the Group acts as an agent.

The amount of revenue is estimated that it can be measured reliably only when all contingent liabilities related to it have been resolved.

The Company's respective trade receivables are mainly paid in advance or have a limited maturity (up to 3 months).

(a) Scheduled and charter flights

The Company and the Group operate in the sector of public airline transportations, providing transport of passengers and goods inside and outside the Greek territory, conducting scheduled and unscheduled flights. Therefore, it recognizes revenues when it satisfies the performance obligation of rendering the service to the customer at a given point in time. The performance obligation is satisfied when the flight is flown and the passenger is uplifted. With the adoption of IFRS 15 there has been no change in the revenue recognition from scheduled and charter flights.

The Group separates other obligations that may be included in the contract and constitute a separate performance obligation and determines the proportion of revenue attributable to them (i.e. customer loyalty miles, see (d))

(b) Ancillary Services

Specific categories of ancillary services, such as baggage fees, reissuing tickets fees, "fast track" and "chargeable seat" services, etc., are considered to be a modification of the contract and are directly related the flight performance. Therefore, they are recognized as revenue when the flight is flown. Under IAS 18, the major part of these ancillary services was recognized at the transaction date.

(c) Unused tickets

Passengers pay for their ticket, but do not always exercise its right, i.e. the ticket remains unused. Recognition of unused tickets as revenue is based on the expected breakage amount of tickets remaining unused in proportion to the pattern of rights exercised by the passenger based on historical information. The portion of revenues that has not been recognized based on the said exercise is transferred to a contract liability account and recognized by the company when the likelihood of the passengers exercising their

remining rights becomes remote. Prior to the adoption of IFRS 15, revenues from unused tickets were recognized only when the likelihood of the passengers exercising their remaining rights becomes remote.

(d) Customer loyalty program

The Company has a loyalty program for its customers, whose members can earn points (miles) through flights with the Group's airline companies, Star Alliance companies or through transactions with other partners. Part of ticket revenue attributable to earned miles reduces revenue recognized when the flight is flown and is transferred to contract liability account. The Company determines the separate sale price of this deferred income using the expected cost plus margin approach. The redemption rate is calculated based on an actuarial study, using historical data of passengers' behavior in relation to mileage redemption. The obligation shall be reduced with the corresponding recognition of the revenue, when the actual miles are redeemed by passengers, which in substance is when the obligation performance is satisfied.

In the event of non-redeeming miles through the Company's channels, the related charges received from other partners are netting of the related revenue, since the Company acts as an agent.

There has been no significant change in the recognition of this revenue since the adoption of IFRS 15, which is though coincided with the use of an actuarial study by the Company, in order to assess more accurately the future behavior of passengers in terms of mileage redemption.

(e) Travel value

The sale of goods refers to product sales on board. Related revenue is recognized at the transaction date when the performance obligation is satisfied and the customer takes control of the asset. The adoption of IFRS 15 did not affect the recognition of travel value revenue.

(f) Interest income

Interest income is calculated using the method of the effective interest rate which is the rate that discounts future flows for the expected duration of the financial instrument at the net book value of the asset or liability.

Incremental costs of obtaining a contract with customers

The Company and the Group incur various costs in order to obtain a contract (sale of a ticket) with a customer, which they would not have incurred if the contract haven't been obtained (for example, sales commission). These direct sales costs are considered as incremental contract costs and are directly related to the contract. They increase the resources that will be used to fulfill the performance obligation in the future and are expected to be recovered.

These costs are initially recognized in Advances of current assets. Then, they are allocated to the corresponding flight performance obligation and are depreciated when this flight is flown in the income statement (Note 5.32)

Other Expenses

Expenses are recognized in profit or loss on an accrual basis. Based on this principle, the provision of aircraft maintenance is calculated on the basis of accrued flight hours. Interest expense is recognized on a time-proportion basis using the effective interest rate.

5.9 Intangible Assets

Intangible assets include airports slots, software licenses, Olympic Air brand and goodwill. Airport slots are assets with an indefinite useful life, given that with minimum use, they remain available for future use and therefore not depreciated but subject to an impairment test annually. Reasonable control is mainly based on available slots trading data. Software licenses are valued at historic cost less amortization and/or any other possible impairment. Amortization of intangible assets is calculated applying the straight-line method in the useful life of the assets which is between 1 to 10 years.

Goodwill is an asset with an indefinite useful life, therefore it is not depreciated, but is subject to impairment testing annually. It derives from the company's acquisitions and is calculated as a balance between the acquisition price and the fair value of the net assets acquired. (Note 5.23)

Useful life for Intangible Assets

-Software	5 years
-Olympic Air Brand	Contract terms (49 years)
-Other	10 years

5.10 Tangible Assets

Tangible assets are reported in the financial statements at acquisition cost, less accumulated depreciations and possible impairment. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets. Subsequent expenditure is added to the carrying value of the tangible fixed assets or is recognized as a separate fixed asset only if it is expected to increase the future economic benefits for the Company and their cost can be accurately and reliably measured. Upon initial recognition of the value of aircraft for which a lease begins, the Group estimates the cost of major maintenance and recognizes them as separate tangible assets, which are depreciated based on their expected flight hours, until the occurrence of the next major maintenance. When the next major maintenance is carried out, this cost is recognized in the residual value of the aircraft, as a replacement of depreciated asset, which is derecognized. Such events include engine performance restorations and airframe heavy checks. Tangible assets that have been acquired through financial leasing are depreciated through the whole duration of the expected useful life (based on similar owned tangible assets) if or during the lease period if it is shorter.

Depreciation of tangible fixed assets (other than Land which is not depreciated) is calculated using the straight-line method over their useful life, as follows:

Buildings	2-20 years
Machinery	6-22 years
Aircraft	20-25 years
Vehicles	3-5 years
Aircraft / airport equipment	3-8 years
Other equipment	5 years

Aircraft maintenances for financial leases is depreciated over the realized flight hours based on aircraft technical specifications.

The residual values and useful economic life of tangible fixed assets are subject to impairment testing annually. Upon sale of the tangible fixed assets, any difference between the proceeds and the book value is recognized as profit or loss to the results. Depreciation of aircrafts is done using the component depreciation method.

5.11 Impairments of tangible and Intangible Assets

The tangible and intangible assets that are valued at cost less depreciation/amortization, are reviewed for impairment when events or circumstances indicate that the residual value may not be recoverable. The impairment loss is the amount by which the book value of the cash-generating unit exceeds its recoverable amount. The recoverable amount is determined by discounting the future cash flows expected from the cash-generating unit.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Net selling price is considered as the possible proceeds from the sale of an asset in an arm's length transaction in which the parties have full knowledge and adhere voluntarily after deducting any additional direct cost of disposal of the asset, while value in use is the present value of the estimated future cash flows expected to be realized by the continuing use of an asset and its disposal at the end of its estimated useful life.

If an entity is unable to estimate the recoverable amount of an asset for which there is an indication of impairment, it determines the recoverable amount of the cash-generating unit to which the asset belongs.

Reversal of an impairment loss on the value of assets recognized in prior years is made only when there is sufficient evidence that the impairment no longer exists or has decreased. In such cases the above reversal is recognized as income. Management estimates that there is no indication of impairment of the Group's fixed assets.

5.12 Pre- Delivery Payments

Pre-delivery payments in foreign currency are paid by the Company to Airbus in order to finance the aircraft production in accordance to the contractual terms of the agreement. Such advances are recognized at cost and classified as non-current assets.

The Company is likely to enter into a sale and leaseback agreements in the future with lessors who will finance these aircrafts in full. According to these agreements' clauses, the right and the commitment to purchase the aircraft is assigned to the lessor on the date of their delivery. Hence, the pre-delivery classification and measurement does not change when the agreements are signed.

At the delivery date, the lessor pays the full purchase price and the Company collects the full amount already paid in advance.

Consequently, the related non-current asset is derecognized and any gain or losses is recognized in the statement of comprehensive income. (Note 5.26)

5.13 Leases

The Company as lessee:

Finance leases

Leases of tangible assets that transfer to the Company all the risks and benefits linked to the ownership of an asset, whether the title has or has not eventually been transferred, constitute finance leases. At inception, such leases are capitalized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Every lease is apportioned between liability and finance cost so that a fixed interest rate can be applied on the residual financial liability.

Operating leases

The leases where the lessor transfers the right of use for an asset for a certain period without actually transferring all the risks and benefits linked to the ownership of an asset, are classified as operating leases. Operating leases of the Group relate to aircraft leases, spare engines, buildings and cars. Payments made under operating leases (net of possible incentives offered by the lessor) are recognized to the income statement over the period of the lease. The company has the obligation at the end of the contract before returning the aircraft to carry out the necessary maintenance according to lease agreements. For this reason, a maintenance accrual is kept based on flight hours, as indicated in Note 5.40b.

The Company as lessor:

The leases in which the Company does not actually transfer all risks and benefits of an asset are classified as operating leases. Initial direct costs which burden the lessor during the negotiation and signing of the lease contract are added to the book value of the leased asset and are recognized as revenue with the same

method during the leasing period. As a lessor the Company receives lease payments from the sublease of offices.

5.14 Financial Assets

Initial Recognition of financial assets

The Company measures financial assets on their initial recognition at their acquisition fair value. The Company recognizes initially trade receivables without a significant financing component at their transaction price.

Classification and Measurement of financial assets

All financial assets that fall within the scope of IFRS 9 are subsequently to their initial recognition measured at amortized cost or fair value.

Accordingly, Company's financial assets are classified in one of the following categories:

1. Amortized cost ("AC")
2. Fair Value through other comprehensive income ("FVTOCI")
3. Fair Value through profit or loss ("FVTPL")

The basis of their classification and subsequent measurement depends on the following two conditions:

- Entity's business model for managing the financial assets ("Business Model Assessment")
- Entity's contractual cash flow characteristics

The business model of the Company refers to how the Company manages its financial assets in order to generate cash flows and determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The business model assessment is performed based on scenarios that the Company reasonably expects to occur, and not based on "worst case" or "stress case" scenarios.

The SPPI test is the second condition for classification of a financial asset in either AC or FVTOCI categories by the Group. In particular, for a debt instrument to be measured at AC or FVTOCI, its contractual terms must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost ("AC")

A financial asset is measured at AC only if both of the following conditions are met, unless it is designated as at FVTPL on initial recognition:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows ("HTC") and,
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Accordingly, the Company classifies financial assets at AC, when the financial assets both are held within a business model with the objective to hold them until maturity collecting mostly of their contractual cash flows and these financial assets give rise to cash flows consisting only of payments of principal and interest. All financial assets that fail the SPPI test are subsequently measured at FVTPL; except for investments in equity instruments not held for trading that are elected at initial recognition to be measured at FVTOCI.

The Company subsequent to their initial recognition measures financial assets under this category at amortized cost using the effective interest. These financial assets are subject to the impairment requirements as per IFRS 9 (Note 5.4). Amortized cost of a financial asset is defined as the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance.

Fair Value through Other Comprehensive Income ("FVTOCI")

A financial asset is measured at FVTOCI only if both of the following conditions are met, unless it is designated as at FVTPL on initial recognition:

- i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accordingly, the Company classifies financial assets at FVOCI, when are held within a business model with objective to hold the financial assets to collect the contractual cash flows but also the Company expects to sell these financial assets when this is necessary (e.g. to fulfill a specific need for liquidity). In addition, these financial assets give rise to cash flows consisting only of payments of principal and interest.

The Company subsequent to their initial recognition measures financial assets under this category at fair value, with changes in their fair value recognized in other comprehensive income ("OCI"), except for:

- interest income
- foreign exchange gains or losses
- impairment gains or losses

Are recognized in profit and loss and computed in the same manner as for financial assets measured at AC. Any fair value changes recognized in OCI are transferred to profit and loss when the debt security is derecognized.

Fair Value through Profit and Loss ("FVTPL")

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. Any financial asset that fails the SPPI test is classified by the Company, at FVTPL (except if it is an investment in equity instrument designated in FVTOCI).

The Company, classifies the financial assets that are not held within the "hold to collect" or "hold to collect and sell business models", at FVTPL.

Since the option to designate a financial asset at fair value in its initial recognition is irrevocable, if a financial asset is designated as at FVTPL at initial recognition, the Company does not reclassify out of FVTPL to AC or FVTOCI, if the business model changes.

Financial assets at FVTPL are carried in the statement of financial position at fair value with changes in the fair value between reporting dates in the statement of profit and loss. Financial assets at FVTPL are not subject to the impairment requirements.

Equity Instruments

By default, the Company classifies equity participations under the scope of IFRS 9 at FVTPL unless; the Company makes an irrevocable election/designation at initial recognition for particular investments in equity to present subsequent changes in fair value in other comprehensive income.

Only dividend income that does not clearly represent a recovery as part of the cost of the investment is recognized in profit or loss, with all other gains and losses recognized in OCI. These gains and losses remain permanently in equity and are not subsequently reclassified to profit or loss, following derecognition.

Reclassification of Financial assets

A financial asset is reclassified by the Company, only when Company's business model for managing financial assets changes. In general, a change in the business model is expected to be rare and occurs when the Company either begins or ceases to perform an activity that is significant to its operations. An example of business model's change is when a business line is acquired, disposed of or terminated.

Changes in intention related to particular financial, the temporary disappearance of a particular market for financial assets or a transfer of financial assets between parts of the Company with different business models, are not considered by the Group changes in business model.

The reclassification is applied prospectively from the reclassification date, which is the first day of the first reporting period following the change in the business model, therefore previously recognized gains, losses (including impairment gains or losses) or interest are not restated.

Financial derivatives and hedge accounting

All financial derivative assets are initially recognized at the fair value on the trade date and subsequently at their fair value. Financial derivative instruments are recognized in assets when their fair value is positive and in liabilities when their fair value is negative. Their fair value is calculated from the value they have on an active market or through other valuation techniques when an active market does not exist for these financial instruments.

The profit or loss recognition depends whether a derivative has been determined as a hedging item and if hedging exists based on the nature of the hedged item. Profit or loss arising from the change of the fair value of derivatives that are not recognized as hedging items, is recognized in the income statement. The Company is using hedge accounting when at the commencement of the hedging transaction, and the subsequent use of financial derivatives can determine and justify the hedging relationship between the hedged item and the instrument used for hedging, relating to its risk management policy and strategy for hedging. Moreover hedge accounting is used only when it is expected that the hedging strategy will be highly effective and reliably and continuously calculated, for the periods it was intended for, as per the reconciliation of the movements in the fair value or the cash flows resulting from the hedged risk. The Company is hedging cash flows using financial derivative instruments.

Cash flow hedging

With cash flow hedging the Company is covering risks coming from an asset, liability or future transaction that cause fluctuations in the cash flows and which could have an impact to the period's result. For financial derivatives classified as hedging items for cash flow hedging purposes, special accounting treatments are required. In order to fulfill the hedge accounting requirements, certain conditions relating to justification, hedging effectiveness and reliable calculation must be met.

The changes in the fair value of the effective part of the hedging derivative are recognized in the equity while the ineffective part is recognized in the comprehensive income statement. The accumulated balances in the equity are transferred in the income statement of the periods where the hedging derivatives are recognized. In particular amounts relating to hedging of fuel prices increase or decrease fuel expenses, amounts relating to hedging of lease rentals increase or decrease lease expenses and amounts relating to hedging of interest rates increase or decrease finance costs.

When a financial instrument expires, is either sold or exercised without being replaced, or when a hedged item does no longer fulfill the criteria of hedge accounting, cumulative gain or loss remains in equity and it is recognized when the transaction occurs. If the hedged transaction is not expected to occur, gains or losses are recognized directly in the income statement.

5.15 Inventories

The inventories include aircraft spare parts and purchased goods. The acquisition cost includes all the costs incurred to bring the inventories at their current location and condition. Finance cost is not included in the inventories acquisition cost. The inventories' cost is calculated using the FIFO method (First In First Out).

Aircraft spare parts of large values that can be utilized multiple times are capitalized at aircraft value in tangible assets. Restricted cash relate to guarantees to counterparties for commodity swaps, in particular jet fuel swaps, to cover the fuel price increase risks.

On the balance sheet date, the inventories are measured at the lower of acquisition cost and net liquidation value. The Company at the end of each fiscal year reviews the depreciation of inventory and estimates the relevant provision or write off.

5.16 Cash and cash equivalents - Restricted Cash

Cash and cash equivalents include cash at bank, petty cash as well as short term highly liquid deposits with an original maturity of three months or less. Restricted cash refer to cash collaterals with counterparties that commodity swaps have been signed, more specifically jet fuel swaps, in order to offset fuel price increase

5.17 Share Capital

Share capital is determined using the nominal value of shares that have been issued. Share premium reserve includes all premiums more than the nominal price received at the date of the issue.

A share capital increase through cash includes any share premium during the initial share capital issuance. Any cost related to the capital increase or any tax benefit is deducted from the product of the share capital increase.

Retained earnings include the result of the current and the previous periods.

5.18 Employee benefits due to retirement and other short term benefits to employees**Short term benefits**

Short term employee benefits in cash or in kind are recognized as expense when incurred. Any unpaid amount is recognized as liability.

Retirement benefits

The Company has established both defined benefit and defined contribution plans.

Typically, defined benefit schemes provide for a benefit the employee will receive on retirement, based on factors such age, service years and compensation received.

The balance sheet liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan's assets.

The defined benefit obligation is measured annually by independent actuaries using the projected unit credit method. The current value of the defined benefits is estimated by discounting the future expected cash outflows (using the interest rate of European bonds index Iboxx AA Corporate Overall 10+ EUR indices), issued in the currency the benefits will be paid at and have similar maturity terms to those of the retirement's liability.

The actuarial gains or losses that result from adjustments based on empirical adjustments and changes in actuarial assumptions are recorded in other comprehensive income and through it in retained earnings

A defined contribution plan is a retirement scheme where the Company pays defined contributions, to an independent institution (the fund) that operates the contributions and provides the benefits, on a compulsory or non-compulsory basis. The Company has no other legal or any other type of obligation for further contributions if the fund is unable to meets its contract requirements and provide to the employees the agreed benefits for current or past services. Prepaid contributions are recognized as assets to the extent the cash return or decrease is expected in the future payments.

5.19 Financial Liabilities

Financial liabilities include trade and other payable liabilities, liabilities incurred from financial leases and derivative liabilities.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument and derecognized when the obligation under the liability is discharged, cancelled or expires.

The IFRS 9 did not affect the classification and measurement of financial liabilities of the Company and the Group as they are classified as amortized at amortized cost.

All interest related charges are recognized as an expense in "financial expense" in the income statement.

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

Dividends payable to the shareholders are included in "Other short-term liabilities" when they are approved by the Shareholders' General Meeting.

When a current financial liability is exchanged with another of different type and terms but from the same originator, this is dealt as termination of the initial liability and commencement of a new one. Any difference in the book values is recognized in the income statement.

5.20 Income tax and deferred tax

Current Income tax

Current income tax receivables / liabilities comprise of obligations to / or claims from fiscal authorities based on taxable income of the current or previous reporting periods that have not been settled until the balance sheet date.

They are measured at tax rates and tax laws that are enacted on the respective financial year based on the taxable profits for the period. All differences in tax assets / liabilities are charged to the income statement for the period as part of the income tax expense.

Deferred tax

Deferred income tax is calculated with the net liability method focuses on temporary differences between the carrying amounts of assets and liabilities of the financial statements and the corresponding tax bases. Deferred tax assets are re-examined at every balance sheet date and are reduced to the extent that it is no longer possible that enough taxable income will be available to allow the use of benefit (in total or partially) of the deferred tax asset. Deferred tax liabilities are recognized for all temporal tax differences except when the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to be enacted when the asset will be recovered or the liability settled taking into consideration the tax rates already enacted by the time of the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as tax revenue - expense. Changes in deferred tax assets or liabilities related to a change in the value of asset or liability recognized in equity through the statement of other comprehensive income or directly, are recognized in equity through the statement of comprehensive income or directly respectively.

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

5.21 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has present legal or assumed obligations as a result of past events, their settlement is probable through an outflow of economic resources from the Company and the liability can be estimated reliably. The time frame or the resources' outflow may be uncertain. A present

obligation stems from the existence of a legal or assumed obligation resulting from past events such as warranties, legal disputes or onerous contracts. When the total or part of the estimated provision settlement amount is expected to be paid by a third party, the remuneration will be recognized only if it is more probable than not that the remuneration will be paid by the financial entity. The remuneration amount recognized cannot exceed the provision amount.

The expense relating to a provision is presented in the income statement, net of the provision initially formed. A provision is used only for the purpose it was initially formed. Provisions are evaluated at each balance sheet date and adjusted accordingly in order to depict the best most current estimation. Provisions are valued at the balance sheet date and are adjusted in order to reflect the present value of the obligation's expected settlement cost.

In such cases where the possible economic resources outflow as a result of present obligation is not probable or the amount or the provision cannot be reliably estimated no provision for contingent obligations is recognized in the financial statements however they are disclosed if the probability of economic resources outflows is high. Contingent assets are recognized in the financial statements but are disclosed when the economic resources inflow is probable. Possible economic resources inflows for the Company that do not meet the conditions for an asset are considered as contingent assets.

5.22 Operating Segments

More specifically, the Group is managed as one business unit that provides high-quality air transport within and outside the Greek territory.

Operations are monitored and managed by the Board of Directors, which acts as the Chief Operating Decision Maker - CODM.

For more efficient decision-making, CODM is provided with all necessary information (route revenue, available resources, competition analysis), which is evaluated for the entire network, with the goal of maximizing the overall financial results and not to improve the results of a particular route.

Finally, it should be noted that profitability is measured on the basis of the result, profit or loss, from operating activities before income tax, without taking into account the financial results and extraordinary items.

5.23 Intangible Assets and Goodwill

As at 31/12/2018 the Company held intangible assets amounting to € 26.743,81 thousand and the Group € 43.505,63 thousand. The changes in the aforementioned amounts are analyzed as follows:

Company	Slots	Software	Other	Total
Cost of acquisition				
Balance January 1st 2017	22.030,00	15.023,50	2.696,68	39.750,18
Additions	-	1.111,55	-	1.111,55
Disposals	-	(83,76)	-	(83,76)
Balance December 31st 2017	22.030,00	16.051,30	2.696,68	40.777,98
Depreciations				
Balance January 1st 2017	-	8.781,43	1.797,95	10.579,38
Depreciations	-	2.080,74	254,54	2.335,28
Balance December 31st 2017	-	10.862,17	2.052,49	12.914,66
Net Book value at 31 December 2017	22.030,00	5.189,13	644,19	27.863,32
Cost of acquisition				
Balance January 1st 2018	22.030,00	16.051,30	2.696,68	40.777,98
Additions	-	1.428,21	-	1.428,21
Balance December 31st 2018	22.030,00	17.479,51	2.696,68	42.206,19
Depreciations				
Balance January 1st 2018	-	10.862,17	2.052,49	12.914,66
Depreciations	-	2.293,18	254,54	2.547,72
Balance December 31st 2018	-	13.155,35	2.307,02	15.462,38
Net Book value at 31 December 2018	22.030,00	4.324,15	389,66	26.743,81

Group	Brand name	Slots	Software	Other	Total
Cost of acquisition					
Balance January 1st 2017	21.750,05	22.039,00	20.780,02	2.696,68	67.265,75
Additions	-	-	1.220,80	-	1.220,80
Disposals/Write offs	-	-	(83,76)	-	(83,76)
Balance December 31st 2017	21.750,05	22.039,00	21.917,06	2.696,68	68.402,79
Depreciations					
Balance January 1st 2017	4.308,57	-	14.112,51	1.797,95	20.219,02
Depreciations	412,84	-	2.402,57	254,54	3.069,95
Balance December 31st 2017	4.721,40	-	16.515,08	2.052,49	23.288,97
Net Book value at 31 December 2017	17.028,65	22.039,00	5.401,98	644,19	45.113,82
Cost of acquisition					
Balance January 1st 2018	21.750,05	22.039,00	21.917,06	2.696,68	68.402,79
Additions	-	-	1.449,81	0,00	1.449,81
Balance December 31st 2018	21.750,05	22.039,00	23.366,87	2.696,68	69.852,60
Depreciations					
Balance January 1st 2018	4.721,40	-	16.515,08	2.052,49	23.288,97
Depreciations	412,84	-	2.390,63	254,54	3.058,00
Balance December 31st 2018	5.134,24	-	18.905,71	2.307,02	26.346,97
Net Book value at 31 December 2018	16.615,81	22.039,00	4.461,16	389,66	43.505,63

Group Intangible assets as of 31.12.2018 include "Olympic" brand amounting of € 16.615,81 thousand, airport slots amounting of € 22.039,00 thousand, software licenses amounting of € 4.461,16 thousand and other intangible assets amounting of € 389,66 thousand.

The Group performs its annual impairment test of goodwill every year end amounted to €40 mil (December 31st). The goodwill that arose from acquisition of Olympic Air and is included in the financial statements of the Group was examined for impairment with the value-in-use method. More specifically, discounted cash flows were used based on the 5 years business plan of the Group.

Future cash flows based on the Group's five-year plan were determined on the basis of an estimated long-term growth rate of 0.5%, which was considered as expected by the Management. The discount rate used was 9,7%.

In the above assumptions, a sensitivity analysis was performed to determine the impact on the recoverable amount due to a possible change in these assumptions by +/- 0.5%. There was no need for impairment since the exercise of Equity Value exceeded their current book value by € 990m on 31/12/2018.

5.24 Tangible Assets

The Group's fleet as at 31/12/2018 consisted of 61 aircrafts. Of these aircraft, 49 are Company's aircrafts and 12 of the Olympic Air subsidiary. Of these, 4 are leased under finance leases and the rest are leased under operating lease.

The table below presents the Group fleet of aircraft dated 31/12/2018

FLEET 31/12/2018					
Manufacturer/ Model	Operator		Finance lease	Operating lease	
	Aegean	Olympic Air	Aegean	Aegean	Olympic Air
Airbus A320ceo	37	-	4	33	-
Airbus A321ceo	11	-	-	11	-
Airbus A319ceo	1	-	-	1	-
Bombardier Dash 8-Q400	-	8	-	-	8
Bombardier Dash 8-100	-	2	-	-	2
ATR 42-600	-	2	-	-	2
Total	49	12	4	45	12

The Company also owns one Learjet 60, which it uses for air-taxi flights.

On 31/12/2017 the Company fleet consisted of 46 aircraft and the Group fleet consisted of 58 aircraft.

The corresponding table of the fleet of the Group's fleet dated 31.12.2017 is as follows:

FLEET 31/12/2017					
Manufacturer/ Model	Operator		Finance lease	Operating lease	
	Aegean	Olympic Air	Aegean	Aegean	Olympic Air
Airbus A320ceo	37	-	4	33	-
Airbus A321ceo	8	-	-	8	-
Airbus A319ceo	1	-	-	1	-
Bombardier Dash 8 - Q400	-	8	-	-	8
Bombardier Dash 8 - 100	-	2	-	-	2
ATR 42-600	-	2	-	-	2
Total	46	12	4	42	12

Table of tangible assets

AEGEAN AIRLINES S.A.

amounts in thousand €

Company	Buildings	Aircraft owned	Finance Leased Aircraft	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance January 1st 2017	10.717,55	6.475,32	69.723,41	68.684,89	35.395,98	1.769,41	1.125,49	10.746,67	204.638,72
Additions	1.613,09	-	232,80	6.048,43	134,75	297,38	211,00	1.192,47	9.729,92
Disposals/ Write offs	(127,34)	-	-	-	(260,33)	(0,20)	(278,89)	(95,01)	(761,77)
Balance December 31st 2017	12.203,30	6.475,32	69.956,21	74.733,32	35.270,39	2.066,59	1.057,61	11.844,12	213.606,87
Depreciation									
Balance January 1st 2017	5.311,55	3.318,59	24.843,01	46.977,85	11.862,34	1.550,54	684,72	9.174,38	103.722,98
Depreciation	1.067,13	323,77	3.147,78	8.424,97	2.557,53	76,77	107,91	370,49	16.076,35
Disposals/ Write offs	(108,15)	-	-	-	(49,52)	-	(278,89)	(82,28)	(518,84)
Balance December 31st 2017	6.270,53	3.642,35	27.990,79	55.402,82	14.370,36	1.627,31	513,74	9.462,59	119.280,50
Net Book value at 31 December 2017	5.932,77	2.832,97	41.965,42	19.330,50	20.900,03	439,28	543,86	2.381,53	94.326,37
Cost of acquisition									
Balance January 1st 2018	12.203,30	6.475,32	69.956,21	74.733,32	35.270,39	2.066,59	1.057,61	11.844,12	213.606,87
Additions	538,62	-	-	6.005,53	2.017,53	-	3,11	1.678,98	10.243,78
Disposals/ Write offs	-	-	-	-	-	(5,19)	(18,29)	(5,85)	(29,33)
Balance December 31st 2018	12.741,93	6.475,32	69.956,21	80.738,86	37.287,92	2.061,40	1.042,42	13.517,25	223.821,31
Depreciation									
Balance January 1st 2018	6.270,53	3.642,35	27.990,79	55.402,82	14.370,36	1.627,31	513,74	9.462,59	119.280,50
Depreciation	1.163,62	323,77	3.150,53	7.279,16	2.706,87	77,48	122,08	621,25	15.444,76
Disposals/ Write offs	-	-	-	-	-	(5,19)	(11,77)	(5,25)	(22,21)
Balance December 31st 2018	7.434,15	3.966,12	31.141,32	62.681,99	17.077,23	1.699,60	624,06	10.078,58	134.703,06
Net Book value at 31 December 2018	5.307,78	2.509,20	38.814,89	18.056,87	20.210,69	361,80	418,36	3.438,67	89.118,26

Group	Buildings	Aircraft owned	Finance Leased Aircraft	Aircraft Leasing maint. reserves	Aircraft equipment	Airport equipment	Other vehicles	Furniture and spare parts	Total
Cost of acquisition									
Balance January 1st 2017	10.717,55	6.475,32	69.723,41	68.684,89	34.446,06	1.769,41	1.302,42	15.238,92	208.357,99
Additions	1.613,09	-	232,80	6.048,43	134,75	297,38	211,00	1.462,14	9.999,59
Disposals/ Write offs	(127,34)	-	-	-	(260,33)	(0,20)	(278,89)	(95,01)	(761,77)
Balance December 31st 2017	12.203,30	6.475,32	69.956,21	74.733,32	34.320,48	2.066,59	1.234,53	16.606,05	217.595,80
Depreciation									
Balance January 1st 2017	5.311,55	3.318,59	24.843,01	46.977,85	11.829,04	1.550,54	842,20	12.916,98	107.589,76
Depreciation	1.067,13	323,77	3.147,78	8.424,97	2.462,54	76,77	110,53	719,52	16.333,01
Disposals/ Write offs	(108,15)	-	-	-	(49,52)	-	(278,89)	(82,26)	(518,82)
Balance December 31st 2017	6.270,53	3.642,35	27.990,79	55.402,82	14.242,06	1.627,31	673,84	13.554,24	123.403,95
Net Book value at 31 December 2017	5.932,77	2.832,97	41.965,42	19.330,50	20.078,42	439,28	560,69	3.051,81	94.191,86
Cost of acquisition									
Balance January 1st 2018	12.203,30	6.475,32	69.956,21	74.733,32	34.320,48	2.066,59	1.234,53	16.606,05	217.595,80
Additions	538,62	-	-	6.005,53	2.017,53	-	3,11	1.727,90	10.292,69
Disposals/ Write offs	-	-	-	-	-	(5,19)	(18,29)	(45,04)	(68,51)
Balance December 31st 2018	12.741,93	6.475,32	69.956,21	80.738,86	36.338,01	2.061,40	1.219,34	18.288,92	227.819,99
Depreciation									
Balance January 1st 2018	6.270,53	3.642,35	27.990,79	55.402,82	14.242,06	1.627,31	673,84	13.554,22	123.403,93
Depreciation	1.163,62	323,77	3.150,53	7.279,16	2.611,88	77,48	124,70	866,55	15.597,69
Disposals/ Write offs	-	-	-	-	(0,02)	(5,19)	(11,77)	(5,25)	(22,23)
Balance December 31st 2018	7.434,15	3.966,12	31.141,32	62.681,99	16.853,92	1.699,60	786,78	14.415,52	138.979,40
Net Book value at 31 December 2018	5.307,78	2.509,20	38.814,89	18.056,87	19.484,08	361,80	432,56	3.873,40	88.840,59

5.25 Investments in subsidiaries

Investments in subsidiaries are analyzed as follows:

Company	Country of activity	Participation	31/12/2018	31/12/2017
Olympic Air A.E.	Greece	100%	62.416,56	62.416,56
Aegean Cyprus LTD	Cyprus	100%	10.000,00	10.000,00
Investment in subsidiaries			72.416,56	72.416,56

Management estimates that there are no impairment indications in the investments in its subsidiaries.

5.26 Advances for assets acquisition

On 22.06.2018 the Company signed a binding purchase agreement with Airbus S.A.S (Aircraft Purchase Agreement) which provides for the acquisition of a total of 30 new A320neo family, A320neo and A321neo, with option for 12 additional aircrafts.

The account increase is mainly attributable to advances paid under the above agreement (Note 5.51)

5.27 Deferred tax assets/ liabilities

The deferred tax assets/liabilities arising from the corresponding temporary tax differences for the Company and the Group are the following:

Company	31/12/2018		31/12/2017	
	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	225,52	(4.835,26)	530,74	(5.339,71)
Finance leases	26.614,87	(36.160,84)	9.170,08	(18.410,92)
Receivables	6.451,42	(8.692,68)	4.138,70	(4.968,52)
Provisions for employee retirement benefits	2.893,97	-	3.154,77	-
Liabilities from financial derivatives	-	(14,51)	2.491,50	-
Bonds	7.122,50	-	-	(29,32)
Other short-term liabilities	11.034,16	(9.639,52)	43.268,64	(33.395,06)
Total for offsetting	54.342,43	(59.342,81)	62.754,44	(62.143,52)
Balance	(5.000,38)		610,91	

	31/12/2018		31/12/2017	
Group	Asset	Liability	Asset	Liability
Revaluation of assets and depreciation/amortization	4.912,81	(10.752,77)	5.658,84	(11.565,62)
Finance leases	26.614,87	(36.160,84)	9.170,08	(18.410,92)
Receivables	10.186,31	(12.677,62)	4.138,70	(5.784,81)
Provisions for employee retirement benefits	3.037,15	-	3.284,15	-
Liabilities from financial derivatives	-	(14,51)	2.491,50	(76,13)
Bonds	7.122,50	-	-	(29,32)
Other short term liabilities	12.317,21	(11.170,90)	43.494,48	(33.989,67)
Total for offsetting	64.190,84	(70.776,63)	68.237,74	(69.856,45)
Balance	(6.585,79)		(1.618,71)	

All deferred tax assets and liabilities were determined with the liability method and refer to temporary tax differences.

5.28 Other long-term assets

Other long-term assets are analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Security deposits for lease agreements	27.148,99	19.279,53	31.627,73	23.437,40
Other long-term assets	906,56	1.207,72	906,56	1.568,66
Total	28.055,55	20.487,25	32.534,29	25.006,06

In accordance with the aircraft operating lease contracts terms, the Company and the Group provide security deposits. Account balance increase mainly derives to the new operating lease agreements signed. (Note 5.60)

Minor part of the above security deposits refers to building leases that the Group and the Company uses for its main operations.

"Other long-term assets" refers long term receivable amount from sales of assets.

5.29 Debt instruments that are measured at fair value through other comprehensive income

The amount relates to investments of Company's cash and cash equivalents which are traded in primary and secondary markets. Following the adoption of the requirements of IFRS 9, this amount was classified as a debt instruments that are measured at fair value through other comprehensive income as the Group aims to collect contractual cash flows consisting of capital and interest payments, or their sale. (Note 5.4.) (Fair value hierarchy Stage 1).

The management decided to proceed with an impairment of amount €500 in year end 31.12.2017 results. The impairment is mainly due to low and volatile capital adequacy ratios with a narrow

buffer vs required capital and to relatively lower ability to access the market or issue capital in case that capital injections are needed

On 31/12/2018, as a consequence of the adoption of IFRS 9, the reversal of the provision for impairment of expected credit losses recognized on 1/1/2018 of € 73 thousand was included in the financial income. (Note 5.49)

During the year the Company and the Group were accomplished purchases of financial assets amounted to €11.442,86 thousand. (31/12/2017 €3.417,18 thousand)

During the period ended in 31/12/18, no transfers of financial assets between Level 1 and Level 2 hierarchies were made.

5.30 Inventories

The inventories refer to goods sold during international flights and aircraft spare parts.

Regarding the aircraft spare parts, the Company and the Group maintain a determined amount of spare parts in order to cover the needs of the aircraft maintenance and repair operations.

	Company		Group	
Closing Stocks	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Goods	655,61	760,21	655,61	760,21
Aircraft spare parts	10.954,81	8.203,84	16.921,76	14.433,04
Total	11.610,42	8.964,05	17.577,38	15.193,25

The changes in the inventories are analyzed as below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Goods				
Opening balance	760,21	659,25	760,21	659,25
Purchases for the period	2.110,09	1.815,02	2.110,09	1.815,02
Consumption for the period	(2.214,69)	(1.714,06)	(2.214,69)	(1.714,06)
Closing balance	655,61	760,21	655,61	760,21
Aircraft spare parts				
Opening balance	8.203,85	8.315,65	14.433,05	15.420,60
Purchases for the period	9.237,06	7.053,56	11.851,20	9.708,96
Spare parts consumption for the period	(6.486,10)	(7.165,37)	(9.362,49)	(10.696,51)
Closing balance	10.954,81	8.203,84	16.921,76	14.433,04
Total inventories	11.610,42	8.964,05	17.577,38	15.193,25

5.31 Customers and other trade receivables

"Customers and other trade receivables" refer mainly to the following balances:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Domestic customers	6.967,31	6.203,59	8.591,86	10.421,15
Foreign customers	3.585,60	4.561,54	3.954,90	4.946,63
Greek State	505,73	474,78	505,73	1.518,81
Other miscellaneous debtors	29.645,42	35.943,03	56.754,76	55.315,17
Accrued income receivable	37.084,77	32.904,87	43.417,80	30.586,54
Contract Assets	11.170,65	-	1.564,18	-
Prepayments to suppliers	14.972,43	15.695,39	3.006,89	7.567,97
Total	103.931,90	95.783,20	117.796,12	110.356,27
Allowance for doubtful debts	(1.932,19)	-	(4.881,71)	(2.837,00)
Total Customers	101.999,71	95.783,20	112.914,41	107.519,27
Other	13.475,07	7.739,09	15.462,10	8.037,59
Total Trade and Other Receivables	115.474,78	103.522,29	128.376,52	115.556,86

"Other miscellaneous debtors" balance refers to receivables from ticket sales through IATA travel agents in Greece or abroad and tickets sold from/to other airlines.

"Contract assets" balance refers to revenue billings of 2018 financial year which were invoiced within January 2019 and mainly include interline revenues, capital gains and income from redemption/conversion of award points from the Company loyalty program.

"other Assets" is mainly consisted of credit VAT

"Accrued income from receivables" includes mainly claims for the reimbursement of maintenance reserves by the lessors for maintenance carried out within the year and the corresponding receipts are invoiced in the following year.

The corresponding receivables at 31/12/2017 were included in the "Accrued income receivables" The majority of the above receivables is considered to be short-term and therefore their fair value is not considered to be materially different from their book value.

The ageing of customer receivables less bad debt provision is presented in the table below:

Ageing Analysis of customers/debtors (Company)						
1/1/2018	Not past due	< 30 days	30-60 days	61-90 days	> 90 days	Total
Expected Credit Loss Rate	0,69%	8,50%	17,92%	29,72%	73,96%	1,48%
Estimated total gross carrying amount at default	92.537,45	1.871,31	216,09	625,06	533,29	95.783,20
Lifetime ECL	642,84	159,10	38,72	185,79	394,44	1.420,89

Ageing Analysis of customers/debtors (Company)						
31/12/2018	Not past due	< 30 days	30-60 days	61-90 days	> 90 days	Total
Expected Credit Loss Rate	0,87%	10,65%	22,46%	37,25%	92,69%	1,86%
Estimated total gross carrying amount at default	100.410,02	2.030,51	234,47	678,23	578,66	103.931,90
Lifetime ECL	874,16	216,35	52,66	252,64	536,38	1.932,19

Ageing Analysis of customers/debtors (Group)						
1/1/2018	Not past due	< 30 days	30-60 days	61-90 days	> 90 days	Total
Expected Credit Loss Rate	1,24%	9,20%	23,96%	30,21%	94,04%	3,88%
Estimated total gross carrying amount at default	104.492,26	1.964,37	552,73	746,39	2.600,51	110.356,27
Lifetime ECL	1.295,89	180,63	132,45	225,45	2.445,49	4.279,91

Ageing Analysis of customers/debtors (Group)						
31/12/2018	Not past due	< 30 days	30-60 days	61-90 days	> 90 days	Total
Expected Credit Loss Rate	1,02%	11,11%	22,75%	35,35%	96,68%	4,14%
Estimated total gross carrying amount at default	110.991,85	2.147,18	656,51	830,34	3.170,25	117.796,12
Lifetime ECL	1.135,22	238,56	149,35	293,56	3.065,01	4.881,70

The movement of provision is analyzed below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Balance as at the beginning of the year	-	-	2.837,39	2.837,39
Adoption of IFRS 9	1.420,89	-	1.720,91	-
Adjusted opening balance	1.420,89	-	4.558,30	2.837,39
Unused Provision	-	-	(278,39)	-
Impairment losses recognized on receivables (Note 5.47)	511,30	-	601,80	-
Balance at year end	1.932,19	-	4.881,70	2.837,39

The Company, on 31/12/2018, has made write-offs for non-recoverable receivables amounting to € 689,36 thousand (2017: €1.755,17 thousand) and received cash recoveries amounting to € 126,37 thousand (2017: € 104,83 thousand).

The Group did not carry out any write-offs in 2018 and 2017 while a total of € 137,87 thousand (2017: € 111,43 thousand) was collected.

For the above write-offs, the corresponding provision of doubtfulness had not been formed

5.32 Prepayments

Prepayments relate to amounts paid in advance for certain transactions with third parties or to the Company's and the Group's employees.

Prepayments balance is analyzed below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Advances to employees	-	-	7,51	1,75
Employees prepaid expenses	0,13	0,13	0,13	0,13
Other prepayments	98,83	118,47	98,83	118,47
Income tax prepayment	1.726,07	47,04	1.726,07	47,04
Prepaid expenses	17.226,08	16.019,27	18.649,94	18.013,74
Fixed assets orders prepayments	3.581,49	2.453,28	3.581,49	2.453,28
Total	22.632,61	18.638,20	24.063,98	20.634,42

Prepaid expenses mainly relate to aircraft maintenance and insurance and other operating costs.

The income tax liability for the year ended 31 December 2018 has been offset to the "Income tax prepayment" paid in previous year.

"Prepaid expenses" includes the asset recognized by the incremental costs of obtaining contract with customers.

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Contact Cost asset	4.280,99	-	5.008,93	-
Amortization of contract cost	87,30	-	217,60	-

5.33 Cash and cash equivalents- Restricted Cash

Cash and cash equivalents of the Company and the group are analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash	303,60	363,03	343,14	407,72
Current accounts	84.506,07	111.332,29	139.455,63	137.628,23
Short term time deposits	59.733,62	84.838,20	101.914,64	137.025,19
Cash equivalents	19.552,52	18.662,44	19.552,52	18.662,44
Total	164.095,82	215.195,95	261.265,93	293.723,58

Cash equivalent refer to low risk investments which are immediately liquidated (less than 3 months). (Treasury bills, money market funds).

Part of Company's and Group's cash and cash equivalent, amounting to €60,79 m (31/12/2017: €68,54m) and €61,51m (31/12/2017: €73,05m) respectively, include cash denominated in foreign currency (mainly USD).

The Group's restricted cash as at 31/12/2018 amounted at €10.409,17 thousand (31/12/2017 €7.207,93 thousand), concerning cash collateral provided to third parties, in the context of contracts for derivative financial instruments used as security for hedging contracts.

5.34 Share Capital

The Company's share capital at 31/12/2018 and 31/12/2017 is €46.421 thousand, divided into 71.417.100 common registered shares of nominal value sixty-five eurocents (€ 0,65) per share. All shares have been fully paid and participate in the profits.

5.35 Share Premium

The share premium at 31/12/2018 and 31/12/2017 resulted at € 72.775,98 thousand.

5.36 Other Reserves

Other reserves comprise of statutory, extraordinary, tax exempt reserves, reserves arising from cash flow hedges with the use of financial derivatives, as well as reserves arising from financial assets available for sale.

Company's "Other reserves" are analyzed as follows:

Reserves	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Debt instruments at fair value through OCI	Total
Balance at 31/12/2017	8.153,62	356,50	21.047,71	373,88	29.931,74
Change for the period	1.712,65	-	(27.293,79)	(308,21)	(25.889,33)
Balance at 31/12/2017	9.866,27	356,50	(6.246,08)	65,67	4.042,41
Change for the period	1.928,19	-	(12.129,20)	18,05	(10.182,96)
Balance at 31/12/2018	11.794,47	356,50	(18.375,27)	83,74	(6.140,56)

Group "Other reserves" are analyzed as follows:

Reserves	Statutory reserves	Extra ordinary reserves	Fair value reserves (cash flow hedging)	Debt instruments at fair value through OCI	Total
Balance at 31/12/2016	8.153,63	356,50	21.047,71	560,25	30.118,09
Change for the period	1.712,65	-	(27.293,79)	(494,55)	(26.075,68)
Balance at 31/12/2017	9.866,28	356,50	(6.246,08)	65,70	4.042,41
Change for the period	1.928,19	-	(12.129,20)	18,05	(10.182,95)
Balance at 31/12/2018	11.794,47	356,50	(18.375,28)	83,76	(6.140,54)

The fair value reserves are presented net of deferred taxes.

5.37 Liabilities from finance leases

The analysis of four finance lease agreements is as follows:

	Company/ Group	
Future Payments	31/12/2018	31/12/2017
Up to 1 year	11.581,98	10.743,86
Between 1 to 5 years	13.066,46	23.150,75
Total	24,648.43	33.894,61
Present value of future payments	31/12/2018	31/12/2017
Up to 1 year	10.660,01	9.867,68
Between 1 to 5 years	12.273,62	21.753,29
Total	22,933.64	31.620,97

The weighted average interest rate was calculated at 1,6281% (2017 : 1,1579%).

5.38 Provision for employee retirement benefits

The amounts analyzed below are recognized as defined benefit plan for the Company and they are based on independent actuarial calculations:

	31/12/2018	31/12/2017
Amounts recognized in the income statement		
Current service cost	688,34	653,05
Interest cost	185,38	173,28
Additional post retirement and termination benefits paid out, not provided for	437,85	251,57
Amounts recognized in the income statement	1.311,57	1.077,89
Total expense to the income statement	1.311,57	1.077,89
Changes in net obligation recognized in the balance sheet		
Net obligation at the start of the year	10.878,52	9.614,80
Benefits paid by the employer	(554,02)	(334,55)
Total expense recognized in the income statement	1.363,74	1.077,89
Amount recognized in other comprehensive income	280,18	520,37
Net obligation at the end of the year	11.968,43	10.878,52
Changes in the present value of the obligation		
Present value of the obligation - Opening period	10.878,52	9.614,80
Current service cost	740,52	653,05
Interest cost	185,38	173,28
Benefits paid by the employer	(554,02)	(334,55)
Additional payments	437,85	251,57
Actuarial loss	280,18	520,37
Present value at the end of fiscal year	11.968,43	10.878,52

Actuarial assumptions were:

	31/12/2018	31/12/2017
Discount rate	1,70%	1,70%
Expected salary increase percentage	2,00%	2,00%
Average years of working life	23,93	23,93

The Group amounts are as follows:

	31/12/2018	31/12/2017
Amounts recognized in the income statement		
Current service cost	815,09	744,16
Interest cost	192,52	179,97
Additional post retirement and termination benefits paid out, not provided for	462,13	304,75
Amounts recognized in the income statement	1.469,74	1.228,88
Service cost recognition	-	-
Total expense to the income statement	1.469,74	1.228,88
Changes in net obligation recognized in the balance sheet		
Net obligation at the start of the year	11.324,64	9.998,18
Benefits paid by the employer	(581,26)	(394,14)
Total expense recognized in the income statement	1.469,74	1.228,88
Amount recognized in other comprehensive income	266,67	491,73
Net obligation at the end of the year	12.479,80	11.324,64
Changes in the present value of the obligation		
Present value of the obligation - Opening period	11.324,64	9.998,18
Current service cost	815,09	744,16
Interest cost	192,52	179,97
Benefits paid by the employer	(581,26)	(394,14)
Additional payments	462,13	304,75
Actuarial loss	266,67	491,73
Present value at the end of the year	12.479,80	11.324,64

The sensitivity analysis of the actuarial calculation outcome for the company is analyzed as follows:

By using a higher by 0,5% discount rate the actuarial obligation would be lower by 8%. In contrary if the discount rate was increased by 0,5% the actuarial obligation would be higher by 9%.

The relevant sensitivity checks for the expected salaries % increase are as follows:

If the expected salaries % increase was increased by 0,5% then the actuarial obligation would be higher by 8% and if the expected salaries % increase was decreased by 0,5% then the actuarial obligation would be lower by 7%.

The actuarial obligation for the Company for each scenario mentioned above is analyzed as follows:

	Actuarial Obligation	% Change
Discount rate increase by 0,5%	11.018,74	-8%
Discount rate decrease by 0,5%	13.025,21	9%
Expected salaries % increase by 0,5%	12.892,65	8%
Expected salaries % decrease by 0,5%	11.122,93	-7%

5.39 Suppliers and other liabilities

The analysis for the Company and the Group is as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
State-owned entities	25,07	43,00	25,07	43,00
Abroad suppliers	24.695,74	20.236,08	29.774,54	21.645,05
Domestic suppliers	20.560,20	18.212,11	36.030,52	35.925,48
Total	45.281,01	38.491,20	65.830,13	57.613,53

The balance "Abroad suppliers" mainly relates to liabilities resulting from aircraft maintenance, fuel and aircraft leases.

Customer loyalty programs liabilities on 31/12/2017 were classified in "Suppliers and other payables" (€ 15,362.11 thousand) but for better presentation purposes the corresponding amount for 31/12/2017 was reclassified to "Other short-term liabilities "(Note 5.41).

The book values of the suppliers and other liabilities approximate the fair values

5.40 Provisions

(a) Tax unaudited periods

The Company has been tax audited for the fiscal years 2007 - 2010 according to the par. 5 of Article 82 of L.2238/1994 and according to the Article 65A of L.4174/2013 for the fiscal years 2011-2017 by its certified auditor accountants.

On September 2017, Olympic Air received an audit order from the tax authorities for the fiscal year 2012.

The subsidiary Olympic Air S.A. has been tax audited for the fiscal years 2011 - 2017 according to the par. 5 of Article 82 of L.2238/1994 and according to the Article 65A of L.4174/2013 by its certified auditor accountants. The subsidiary has not established any tax provisions.

The subsidiary AEGEAN CYPRUS LTD has not been audited by the tax authorities of Cyprus. It is noted, however, that the company was and remains inactive and has no taxable income.

The Company and the Group have not formed a provision for tax audit differences as it is estimated by the Group's management that the results of future audits by the tax authorities, if ultimately realized, will not have a material effect on the financial statements of the Group.

In the year 2018, the tax authorities conducted a partial on-site income tax audit for the fiscal year 2013 in respect of the conclusion of the statutory auditor's compliance report for that particular financial year. The audit was completed on 4/12/2018 without any additional audit differences

For 2018 the Company and its subsidiary Olympic Air S.A., are being tax audited by the certified auditor accountants according to the Article 65A of the L.4174/2013. The audit is still ongoing and the relevant tax certificates are expected to be provided after 2018 financial statements issuance date. Any potential additional tax liabilities that may arise from the tax audit are not expected to have significant impact in the Group's financial statements.

It should be noted that the amount of €468,97 thousand refers to tax audit differences that were attributed to the audit carried out by the tax authorities for the fiscal years 2007-2011 and for which the Company has appealed to the tax courts.

The amount was offset against the counterpart claim included in the item "Other long-term receivables".

The respective classification is performed for 31/12/2017 for better presentation.

(b) Maintenance Reserves

The accumulated amount provisioned for future aircraft maintenance (maintenance reserves) is as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Balance as at January 1st	4,757.46	6.092,66	9.633,83	15.236,24
Current period's provisions	140,591.34	129.801,88	144.200,29	133.155,94
Less: Provisions used	(134,065.36)	(131.137,06)	(137.586,67)	(138.758,34)
Balance as at December 31st	11,283.44	4.757,48	16.247,45	9.633,85

c) Other Provisions

The Company has established a provision for litigation cases amounting to € 320,71 thousand. The corresponding amount for the Group amounted to € 440,84 thousand. (31/12/2017 € 120,13 thousand for the Company and the Group)

5.41 Other Short-Term Liabilities

Other short-term liabilities refer to the Company's and Group's liabilities to social security organizations and other creditors that are directly related to their trading operation. The analysis is as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Airport Taxes	60.225,74	57.164,60	61.915,64	58.226,39
Social Security Contributions	4.923,91	4.828,67	5.476,83	5.449,09
Other Short term liabilities	18.548,95	15.812,81	18.789,88	20.145,33
Advances	-	8.334,27	-	9.147,49
Taxes-Tax remuneration	5.231,69	7.795,05	5.745,71	8.740,99
VAT	2.503,69	2,98	2.503,69	2,98
Liabilities from customer loyalty program	-	15.362,11	-	15.362,11
Total	91.433,99	109.300,48	94.431,76	117.074,37

"Liabilities from customer loyalty programs" on 31/12/2017 are included in "Other current liabilities". As a result of the adoption of IFRS 15, the corresponding figure for 2018 was reclassified as a contractual obligation and is therefore included in "Contractual Liabilities" (Note 5.42).

5.42 Contracts Balances

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Trade Receivables (Note 5.31)	101.999,71	100.783,20	112.914,42	112.519,27
Contract assets (Note 5.31)	11.170,65	-	1.564,18	-
Contract Liabilities	141.680,04	-	148.290,29	-

(a) Contracts Liabilities – short term

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Liabilities from tickets sold but non-flown				
Fare	86.271,74	-	91.527,60	-
Services provided	9.863,40	-	10.111,78	-
Total tickets sold but non-flown	96.135,14	-	101.639,39	-
Advances	10.490,95	-	11.596,96	-
Liabilities from customer loyalty program – short term	9.075,47	-	9.075,47	-
Total contract liabilities – short term	115.701,55	-	122.311,81	-

The fluctuation of this amount is mainly due to the adoption of the requirements of IFRS 15 and the use of an actuarial study to determine the liability of the customer loyalty program.

On 31/12/2017, the " Liabilities from customer loyalty program – short term " item did not include ancillary services liability, which is though included in the current year, following the adoption of IFRS 15 and is classified as "contingent liabilities".

(b) Contracts Liabilities- long term

Due to the adoption of the requirements of IFRS 15, the long-term part of the contractual obligations of the Company and the Group (€ 25.978,48 thousand) includes the long-term part of the Miles & Bonus customer loyalty program obligation. On 31/12/2017 the corresponding amount was included in the item "Other long-term liabilities" (€ 18.034,54 thousand Company and Group).

For the Company and the Group, the total liability arising from the customer loyalty program is analyzed as follows:

	31/12/2018	31/12/2017
Balance as of 01/01	33.396,64	26.335,60
Effect of adoption of IFRS 15	(6.148,06)	-
Adjusted Balance at 01/01	27.248,58	26.335,60
Additions of miles	14.684,66	12.704,32
Redemption of miles	(6.879,30)	(5.643,28)
Liability as of 31/12	35.053,95	33.396,64

5.43 Accrued Expenses

Accrued expenses are analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Agents' commissions	3.796,48	4.513,38	4.446,02	4.513,38
Use of software	89,19	288,51	89,19	2.525,81
Aircraft fuel	1.196,86	1.066,58	1.493,49	1.066,58
Aircraft maintenance expenses	10.127,72	12.938,30	10.295,99	12.503,92
Landing costs	8.954,34	9.510,71	12.945,83	9.846,79
Another Airlines Cost	11.590,37	6.985,14	1.125,32	286,24
Other fees payable	437,67	523,92	845,64	523,92
Other expenses	7.211,10	1.720,04	7.030,02	244,93
Total	43.403,74	37.546,58	38.271,51	31.511,58

"Other expenses" mainly includes, accrued expenses relating to the purchase of emission allowances.

The increase is due to the significant price increase during 2018 compared to the corresponding 2017

5.44 Financial Derivatives

Financial derivatives are analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-current assets				
Forward contracts in US \$ - Cash flow hedging	1.727,6	-	1.727,6	-
Commodities' swaps (jet fuel) - Cash flow hedging	-	59,4	-	59,4
Total Assets from Derivative financial instruments for hedging (Long term)	1.727,6	59,4	1.727,6	59,4
Current Assets				
Forward contracts in US \$ - Cash flow hedging	10.645,1	161,6	10.645,1	161,6
Commodities' swaps (jet fuel) - Cash flow hedging	-	17.162,4	-	17.162,4
Total Assets from Derivative financial instruments for hedging (Short term)	10.645,1	17.323,9	10.645,1	17.323,9
Total Receivables from derivative contracts	12.372,7	17.383,3	12.372,7	17.383,3
Long term Liabilities				
Forward contracts in US \$ - Cash flow hedging	(10,6)	(8.880,4)	(10,6)	(8.880,4)
Commodities' swaps (jet fuel) - Cash flow hedging	(6.739,2)	-	(6.739,2)	-
Interest Rate Swap contracts- cash flow hedging	(22,1)	(194,0)	(22,1)	(194,0)
Total Liabilities from derivative financial instruments for hedging (Long Term)	(6.771,9)	(9.074,5)	(6.771,9)	(9.074,5)
Short Term Liabilities				
Forward contracts in US \$ - Cash flow hedging	(2.806,2)	(16.900,2)	(2.806,2)	(16.900,2)
Commodities' swaps (jet fuel) - Cash flow hedging	(28.232,1)	-	(28.232,1)	-
Total Liabilities from Derivative financial instruments for hedging (Short term)	(31.038,3)	(16.900,2)	(31.038,3)	(16.900,2)
Total Liabilities from derivative contracts	(37.810,2)	(25.974,7)	(37.810,2)	(25.974,7)

Hedging derivatives are classified either as assets or liabilities. Hedging derivative fair value that has been is qualified as a hedging instrument is classified either as a non-current asset or a non-current liability (if hedged item maturity is more than 12 months) or as a current asset or a current liability (if hedged item maturity is less than 12 months).

	<1 month	1-3 months	3-6 months	6-9 months	9-12 months	More than 12 months	Total
31/12/2018							
Forward contracts in US \$ - Cash flow hedging amount in thousand \$	28.500	57.000	85.500	85.500	85.500	72.000	414.000
Commodities' swaps (jet fuel) – metric tones	-	54.000	84.000	98.000	57.000	84.000	377.000
31/12/2017							
Forward contracts in US \$ - Cash flow hedging amount in thousand \$	-	75.000	75.000	75.000	75.000	114.000	414.000
Commodities' swaps (jet fuel) – metric tones	-	48.000	63.000	70.500	42.000	3.000	226.500

(a) Forward contracts in US dollars (currency forwards & options)

Forward contracts are used for cash flow hedging of risk relating to USD/EURO exchange rate movement. As at 31/12/2018, the Company had entered into forward contracts to hedge 59% of its estimated needs in US dollar for 2019, and 6% for 2020 and 4% for 2021 (future transactions). As at 31/12/2017, the Company had entered into forward contracts to hedge 58% of its estimated needs in US dollar for 2018 and 21% for 2019.

The nominal amount as at 31.12.2017 of the open forward contracts was €345.201,37 (31/12/2017: € 345.201,37 thousand.) (Level 2 Fair Values).

Maturity	Nominal Amount in thousand \$ 31/12/2018	Nominal Amount in thousand \$ 31/12/2017
2018	-	300.000
2019	342.000	114.000
2020	36.000	-
2021	24.000	-
2021	12.000	-
Total	414.000	414.000

(b) Commodity swaps (jet fuel swaps)

On 31 December 2018 the Company has signed jet fuel swaps amounted to contracts for a total quantity of 377 thousand metric tons which account for approximately 71% of the projected jet fuel needs in 2019 (future transactions) and 20% in 2020.

On 31 December 2017 the Company had signed jet fuel swaps amounted to contracts for a total quantity of 226,5 thousand metric tons which account for approximately 58% of the projected jet fuel needs in 2018 (future transactions) and 1% in 2019.

The specific derivative contracts are used for cash flow hedging of the risks arising from the increase in the fuel prices.

The nominal value of the open contracts as at 31/12/2017 was € 217.822,07 thousand (31/12/2017: € 98.531,35 thousand) (Level 2 Fair Values).

Maturity	Metric Tons 31/12/2018	Metric Tons 31/12/2017
2018	-	223.500
2019	293.000	3.000
2020	84.000	-
Total	377.000	226.500

(c) Interest Rate Swaps

Interest rate swaps (IRS) are used as hedging instruments for the cash flow hedging of floating rate financial liabilities for the 35% (31/12/2017: 40%) of the finance leases obligations.

The nominal value of the open IRS contracts as at 31/12/2018 was € 8.406,73 thousand (31/12/2017: € 13.187,93 thousand) (Level 2 Fair Values).

The derivatives are valued at their fair value. The fair value are provided by the financial institutions and they represent, in good faith, assumption and estimations of the abovementioned institutions based on the available information for the market trends. The parameters used to calculate the fair value differ depending on the type of derivative.

5.45 Revenue from contracts with customers

Revenue from contracts with customers refers to proceeds from tickets sales, sales of goods and other services.

Revenue from contracts with customers per service category is analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Revenue from scheduled flights	713.816,36	719.430,21	1.014.913,68	963.400,62
Revenue from chartered flights	122.177,23	104.696,31	51.632,38	54.555,24
Other operating income related to flights	125.063,87	109.192,28	120.893,49	109.669,46
Total	961.057,46	933.318,80	1.187.439,55	1.127.625,32

A geographic breakdown of revenue from contracts with customers is provided below:

Company	2018		
	Domestic	International	Total
Revenue from scheduled flights	8.243,13	705.573,22	713.816,36
Revenue from chartered flights	56.804,92	65.372,32	122.177,23
Other operating income related to flights	28.373,55	96.690,32	125.063,87
Total	93.421,60	867.635,86	961.057,46

Company	2017		
	Domestic	International	Total
Revenue from scheduled flights	17.429,41	702.000,80	719.430,21
Revenue from chartered flights	50.631,14	54.065,17	104.696,31
Other operating income related to flights	23.703,37	85.488,87	109.192,29
Total	91.763,92	841.554,84	933.318,80

Group	2018		
	Domestic	International	Total
Revenue from scheduled flights	259.234,60	755.679,08	1.014.913,68
Revenue from chartered flights	574,77	51.057,62	51.632,38
Other operating income related to flights	24.923,82	95.969,67	120.893,49
Total	284.733,19	902.706,36	1.187.439,55

Group	2017		
	Domestic	International	Total
Revenue from scheduled flights	261.408,03	701.992,58	963.400,61
Revenue from chartered flights	490,07	54.065,17	54.555,24
Other operating income related to flights	24.155,34	85.514,09	109.669,46
Total	286.053,44	841.571,84	1.127.625,32

5.46 Other Income

This category includes income created by ancillary activities and is analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Greek Manpower Employment Organization subsidies	17,71	25,65	17,71	25,65
Services rendered to third parties	31.947,05	20.750,84	13.340,62	10.454,85
Income from Training	311,29	311,29	943,71	798,13
Rental income	23,91	48,55	293,12	190,39
Other income	672,19	355,24	2.859,36	2.497,12
Total	32.972,15	21.491,57	17.454,53	13.966,14

5.47 Consumptions of materials and services

These amounts refer to the operating expenses of the Company and the Group and they are analyzed as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Aircraft fuel	178.896,71	162.398,01	245.620,30	204.467,20
Aircraft maintenance	140.798,96	129.801,88	163.751,93	153.752,32
Overflight Expenses	57.755,14	58.062,02	67.484,87	65.678,44
Handling charges	45.019,06	44.389,29	65.905,83	63.175,68
Airport charges	46.256,50	43.806,10	63.957,11	60.843,34
Catering costs	29.876,89	28.121,76	32.518,44	29.418,54
Distribution costs	63.805,33	66.768,98	79.617,80	84.083,88
Marketing costs	15.224,62	14.452,45	16.238,75	15.578,58
Aircraft & spare engines leasing	128.987,74	130.893,25	133.561,03	137.468,02
Inventories' consumption	2.218,13	1.718,14	2.218,13	1.718,14
Other operating expenses	82.177,19	73.315,92	92.675,85	80.618,42
Total	791.016,27	753.727,81	963.550,03	896.802,56

Further analysis of "Other operating expenses" is the following:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Third party fees	12.262,26	12.580,31	12.598,63	12.884,96
Board of Directors remuneration	-	1.500,00	-	1.500,00
Cargo expenses	1.696,55	1.671,19	1.931,38	1.834,61
Personnel training	3.600,14	3.546,54	4.314,77	4.184,45
Mail & Telecommunications expenses	2.657,84	2.765,85	3.037,58	3.205,51
Rents	3.168,30	3.084,24	2.755,69	2.659,00
Insurance premiums	1.430,21	1.810,44	1.594,62	2.024,03
Maintenance for building and equipment	888,17	715,34	946,86	781,60
Travel expenses	4.390,15	3.590,97	7.149,40	6.084,38
Stationary	471,83	500,93	544,86	557,26
Subscriptions	3.124,12	3.150,70	3.678,26	3.665,23
Emission rights (CO2)	8.699,00	2.907,00	10.700,81	2.907,00
Other overhead costs	39.788,62	35.492,40	43.422,98	38.330,38
Total	82.177,19	73.315,91	92.675,85	80.618,41

In the year 2018 there was a significant increase in the prices of the rights of the CO2, with the result that the respective expenses in the Company and the Group increased.

For better presentation purposes, these costs were separated from the "other costs" included until 31/12/17. The respective reclassification has been made to funds on 31/12/2017.

"Other operating expenses" includes impairment of doubtful debts of € 511 thousand (Group € 601 thousand). (Note 5.31)

5.48 Employee Costs

Employee costs include salaries as well as provisions for retirement benefits.

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Salaries and wages	95.029,71	90.403,08	105.017,05	101.326,03
Employers' contribution	21.485,68	20.071,68	23.896,69	22.676,81
Provision for retirement benefits	925,89	826,33	1.050,83	982,25
Total	117.441,29	111.301,09	129.964,57	124.985,08

The number of employees is the following:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Employees	2.498	2.285	2.703	2.493

5.49 Financial Income/ Expense

Financial income / expense analysis is as follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Interest and expenses from long term liabilities	85,32	293,51	85,32	293,51
Interest and expenses from short term liabilities	49,95	848,67	50,34	848,99
Letters of Guarantee commissions	559,71	921,86	800,13	1.063,21
Finance leases interest	1.026,21	930,78	1.026,21	930,78
Foreign exchange losses	13.199,64	29.765,66	14.634,52	31.864,48
Other financial expenses	525,56	485,09	589,83	367,57
Impairment of financial assets	-	500,00	-	500,00
Total financial expenses	15.446,38	33.745,57	17.186,34	35.868,52
Other interest income	1.454,07	1.211,40	1.516,83	1.253,20
Foreign exchange gains	20.196,24	19.207,63	21.621,24	19.999,40
Total financial income	21.650,30	20.419,02	23.138,08	21.252,60

The significant amounts in exchange differences (Gains & Losses) derive from the fact that the Company and the Group have a significant number of transactions in foreign currencies (inflows & outflows)

Total financial expense includes reversal of impairment of financial assets at fair value through other comprehensive income of € 73 thousand

5.50 Income Tax

Income tax is analyzed below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current tax	(17.843,89)	(19.449,27)	(26.177,67)	(25.226,97)
Deferred tax	(5.104,30)	(30,21)	(4.541,15)	(192,64)
Total Tax	(22.948,19)	(19.479,48)	(30.718,82)	(25.419,61)
Profit /(loss) before taxes	73.783,49	58.043,29	98.636,33	85.784,93
	29%	29%	29%	29%
Tax estimated on existing tax rate	(21.397,21)	(16.832,55)	(28.604,54)	(24.877,63)
Tax on expenses not deductible for tax purposes	(1.508,00)	(2.411,93)	(1.743,91)	(2.877,11)
Recognition of subsidiary's deferred tax	-	-	-	2.537,79
Other permanent differences	(42,98)	(235,00)	(370,37)	(202,66)
Income Tax	(22.948,19)	(19.479,48)	(30.718,82)	(25.419,61)

5.51 Commitments

The Company and Group commitments arising from the operating leases of aircraft and aircraft engines used to execute flights, as well as from the leases of building facilities used to cover functional and operational needs, are analyzed below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	112.242,91	106.034,76	130.957,26	122.608,42
Between 1 and 5 years	205.214,03	215.637,34	265.328,18	277.973,91
More than 5 years	5.124,42	16.303,24	8.129,27	22.964,33
Total	322.581,36	337.975,33	404.414,72	423.546,66

On 22/06/2018 the Company has signed a binding purchase agreement (Aircraft Purchase Agreement) with Airbus S.A.S. for the acquisition of 30 firm new generation aircraft of the A320neo family, in two types, A320neo and A321neo, including an option for 12 additional aircraft. The order includes at least 10 aircraft of the largest version A321neo, while the number may be increased further through conversion of part of the order from A320neo to A321neo. The planned deliveries of the aircraft are expected to start during the first semester of 2020 (2 aircraft), subsequently 8 aircraft will be delivered in the year 2022 and 10 aircraft are scheduled to be delivered each year in 2023 and 2024. The scheduled deliveries for the 12 option aircraft are set for the years 2024-2026, after the respective prior notifications.

The price of the 30 aircraft included in the above Purchase Agreement is based on the price list published by Airbus for the fuselage and engines (list prices), with discounts as agreed under a separate agreement between the parties. The amounts shall be adjusted following an annual price escalation clause which adjusts the price of each aircraft through the application of a mathematical formula that reflects adjustments following changes in the prevailing economic conditions. The prices depend on the engine selection, the selected weights, as well as the aircraft final configuration.

In this context, the total value of the investment for the aforementioned 42 aircraft, based on list prices, amounts to approximately USD 5 bn. However, airlines usually ensure significant discounts on the list prices.

In December 2018 the Company has signed 6 aircraft 12-year term lease agreements with aircraft deliveries scheduled for 2020 (2 aircraft) and 2021 (4 aircraft). Moreover, in December 2018 the Company has signed 2 sale and lease back agreements for 2 aircraft scheduled to be delivered in 2022 for 12-year lease term. The amount of the commitments arising from the aforementioned agreements shall depend on a number of factors, such as : (1) the exact aircraft delivery time, (2) the USD interest rates at the time of delivery of the aircraft, (3) the estimated future leases escalations agreed by the contracting parties, (4) the €/USD exchange rate at delivery dates and (5) the selection of aircraft type. At the time of aircraft deliveries all these factors will be finalized and the relevant final commitments shall be incorporated in the above table.

5.52 Contingent Liabilities/ Contingent assets

Legal or in arbitration disputes

The pending legal or in arbitration disputes and other contingent future events are not expected to have a material effect in the financial position or the operation of the Company and the Group.

Contingent Liabilities

The contingent liabilities of the Company and the Group arising from the issuance of bank letters of guarantee are analyzed as follows :

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Letters of guarantee	28.728,01	31.710,22	44.513,56	46.212,18

The Company's management based on previous court decisions as well as on the fact that the trial procedures have not been finalized yet, estimates that their outcome would not have a material impact on its financial position and operation.

An analysis of the pending legal cases follows:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Labor disputes	138,44	198,44	198,44	258,44
Accidents	-	-	-	-
Other	645,01	254,02	705,14	314,15
Total	783,44	452,46	903,58	572,59

5.53 Finance Lease Liabilities

In the current period the Company has repaid the amount of € 9.931,04 thousand (2016: € 10.243,73 thousand) which refers to financial leases capital.

5.54 Related parties transactions & balances

The most significant transactions of the Company with related parties according to IAS 24, appear on the following table:

	Company	
	31/12/2018	31/12/2017
Balances with other companies owned by the major shareholder		
Receivables (End of period balance from sale of goods- services)	211,16	120,81
Payables (End of period balance from purchase of goods- services)	306,38	193,76
Balances with subsidiaries		
Receivables (End of period balance from sale of goods- services)	14.587,60	9.658,09
Balances with other related parties		
Receivables (End of period balance from sale of goods- services)	25,31	59,55
Payables (End of period balance from purchase of goods- services)	153,26	122,93

	Company	
	2018	2017
Transactions with other companies owned by the major shareholder		
Income – Services provided from the Company	1.256,58	1.181,08
Expenses – Services the Company received	1.907,60	1.780,48
Transactions with subsidiaries		
Income – Services provided from the Company	95.449,45	43.702,13
Expenses – Services the Company received	245.730,33	184.949,73
Transactions with other related parties		
Income – Services provided from the Company	234,04	198,24
Expenses – Services the Company received	888,77	625,20

The transactions above with companies owned by the major shareholder of the Company relate mainly to leases and services provided or received. The transactions with the subsidiary are mainly related with aircraft leases and other services. All transactions are on arm's length basis.

Besides the above mentioned, it should be also noted that the Annual General Meeting has approved, according to par. 2 L.2190/20 the agreement between the Company and the company "TEMES SA", whose chairman of BoD and shareholder is a member of the Company's BoD and shareholder of the Company, Mr. Achilleas Konstantakopoulos. The agreement relates to the performance of scheduled flights to/from Kalamata with agreed frequencies and capacity, with Airbus A320 and A319 aircraft, according to the relevant terms.

5.55 Transactions with directors and Board of directors members

Compensation to directors and BoD members is analyzed below:

	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
BoD members fees	1.500,00	1.500,00	1.500,00	1.500,00
Directors' salaries	2.865,58	3.677,97	3.034,32	3.849,92
Directors' social insurance expenses	230,36	259,12	254,25	283,38
Material benefits and other payments to directors	289,86	319,09	299,98	329,01
Total	4.885,80	5.756,19	5.088,55	5.962,31
Obligations to directors'	985,40	936,33	1.008,94	936,33

By decision of the Annual General Meeting dated 16/05/2018, the pre-approval for the year 2018 and the maximum remuneration from the net profits of the fiscal year, of the executive members of the Board of Directors, amounting to € 1.500 thousand, was decided in accordance with the provision of article 24 of the Codified Law 2190/1920. 2190/20

No other transactions, receivables or liabilities with the directors or the BoD members exist.

5.56 Earnings/Loss per Share

Earnings per share were based on the weighted average outstanding number of shares out of the total number of shares and are analyzed as follows:

	Group	
	31/12/2018	31/12/2017
Profit / (Loss) before tax	98.636,33	85.784,93
Income tax	(30.718,82)	(25.419,61)
Profit / (Loss) after tax	67.917,51	60.365,32
Attributable to:	71.417.100	71.417.100
Basic earnings / (Loss) per share (euros / share)	0,95	0,85

5.57 Risk management

The Group is exposed to multiple risks. The risk management policy of the Group aims to reduce the negative impact on outcome resulting from the unpredictability of financial markets and the variations in costs and sales.

The Group uses financial derivative instruments to hedge its exposure to certain types of risk.

The risk management policy is executed by the Financial Department of the Group. The procedure is the following:

- Evaluation of risks associated with the activities and operations of the Group
- Design of a methodology and selection of appropriate financial products to reduce risks
- Execution / implementation, in accordance with the procedure approved by the management

Foreign currency risk

The Group due to the nature of the industry is exposed to variations in foreign currency exchange rate which arise mainly from US Dollar.

This kind of risk arises mainly from transactions in foreign currency. The Group's exposure to foreign exchange risk varies during the period according to the seasonal volume of transactions in foreign currency.

To manage this kind of risk the Group enters into forward currency exchange contracts with financial organizations.

Interest rate risk

The Group's policy is to minimize interest rate cash flow risk exposure on long – term financing.

With relation to the above risk the Group has hedged a portion of its financial leases obligations.

Jet fuel risk

The Group is exposed to the fluctuations of the price of oil which directly influences the price of jet fuel. To manage this risk the Group enters into derivative contracts on oil products in order to hedge part of its projected jet fuel needs.

The following tables present:

- ⊕ The sensitivity of the period's result as well as of the equity's if a reasonable movement of +/- 50 basis points in the Euro / USD exchange rate takes place.
- ⊕ The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- 10 basis points in the interest rates.
- ⊕ The sensitivity of the period's result as well as of the equity's in a reasonable movement of +/- \$75/MT in the Jet fuel price.

Company 31/12/2018	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Debt instruments measured at fair value through other comprehensive income	18.478,49	-	-	(52,28)	52,61	-	-
Receivables	26.208,50	(80,90)	81,61	-	-	-	-
Cash and cash equivalents	69.196,56	(213,61)	215,48	-	-	-	-
Derivatives	(25.437,49)	(1.066,64)	1.075,79	3,74	(3,75)	17.532,97	(17.532,97)
Liabilities	(45.166,30)	139,43	(140,65)	-	-	-	-
Net earnings after tax/Equity		(155,08)	156,45	-	-	-	-
Total comprehensive income after tax/Equity		(1.066,64)	1.075,79	(48,53)	48,87	17.532,97	(17.532,97)

Company 31/12/2017	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Financial Assets	6.983,58	-	-	(15,21)	15,28	-	-
Receivables	20.941,87	(61,73)	62,25	-	-	-	-
Cash and cash equivalents	47.484,84	(139,97)	141,15	-	-	-	-
Derivatives	(8.591,38)	(934,31)	926,31	(11,18)	11,16	10.056,80	(10.056,80)
Liabilities	(40.279,72)	118,74	(119,73)				
Net earnings after tax/Equity	-	(82,97)	(82,97)	(82,97)	(82,97)	(82,97)	(82,97)
Total comprehensive income after tax/Equity	-	(934,31)	926,31	(26,39)	26,44	10.056,80	(10.056,80)

Group 31/12/2018	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Debt instruments measured at fair value through other comprehensive income	18.478,49	-	-	(52,28)	52,61	-	-
Receivables	30.653,89	(94,63)	95,46	-	-	-	-
Cash and cash equivalents	69.675,67	(215,09)	216,97	-	-	-	-
Derivatives	(25.437,49)	(1.066,64)	1.075,79	3,74	(3,75)	17.532,97	(17.532,97)
Liabilities	(47.574,34)	146,86	(148,15)	-	-	-	-
Net earnings after tax/Equity	-	(162,85)	164,28	-	-	-	-
Total comprehensive income after tax/Equity	-	(1.066,64)	1.075,79	(48,53)	48,87	17.532,97	(17.532,97)

Group 31/12/2017	Balance Sheet value	Foreign exchange risk		Interest rate risk		Fuel price risk	
		+50 bps	-50 bps	+10 bps	-10 bps	+75 USD/MT	-75 USD/MT
Financial Assets	6.983,58	-	-	(15,21)	15,28	-	-
Receivables	28.131,22	(82,92)	83,62	-	-	-	-
Cash and cash equivalents	51.874,55	(152,91)	154,19	-	-	-	-
Derivatives	(8.591,38)	(934,31)	926,31	(11,18)	11,16	10.056,80	(10.056,80)
Liabilities	(40.360,01)	118,97	(119,97)	-	-	-	-
Net earnings after tax/Equity	-	(116,87)	117,85	-	-	-	-
Total comprehensive income after tax/Equity	-	(934,31)	926,31	(26,39)	26,44	10.056,80	(10.056,80)

Fair value hierarchy levels				
Company 31/12/2018	Derivative type	Level 1	Level 2	Level 3
Assets				
Forward contracts in USD	(FWD)	-	12.372,75	-
Jet fuel commodity swaps	(FWD)	-	-	-
Interest rate swaps	(IRS)	-	-	-
Bonds (commercial portfolio)		19.003,49	-	-
Total assets		19.003,49	12.372,75	-
Liabilities				
Forward contracts in USD	(FWD)	-	(2.816,78)	-
Jet fuel commodity swaps	(FWD)	-	(34.971,38)	-
Interest rate swaps	(IRS)	-	(22,08)	-
Total liabilities		-	(37.810,23)	-

Company 31/12/2017	Derivative type	Level 1	Level 2	Level 3
Assets				
Forward contracts in USD	(FWD)	-	161,58	-
Jet fuel commodity swaps	(FWD)	-	17.221,72	-
Interest rate swaps	(IRS)	-	-	-
Bonds (commercial portfolio)		7.508,58	-	-
Total assets		7.508,58	17.383,31	-
Liabilities				
Forward contracts in USD	(FWD)	-	(25.780,66)	-
Jet fuel commodity swaps	(FWD)	-	-	-
Interest rate swaps	(IRS)	-	(194,02)	-
Total liabilities		-	(25.974,68)	-

Fair value hierarchy levels				
Group 31/12/2018	Derivative type	Level 1	Level 2	Level 3
Assets				
Forward contracts in USD	(FWD)	-	12.372,75	-
Jet fuel commodity swaps	(FWD)	-	-	-
Interest rate swaps	(IRS)	-	-	-
Bonds (commercial portfolio)		19.003,49	-	-
Total assets		19.003,49	12.372,75	-
Liabilities				
Forward contracts in USD	(FWD)	-	(2.816,78)	-
Jet fuel commodity swaps	(FWD)	-	(34.971,38)	-
Interest rate swaps	(IRS)	-	(22,08)	-
Total liabilities		-	(37.810,23)	-

Group 31/12/2017	Derivative type	Level 1	Level 2	Level 3
Assets				
Forward contracts in USD	(FWD)	-	161,58	-
Jet fuel commodity swaps	(FWD)	-	17.221,72	-
Interest rate swaps	(IRS)	-	-	-
Bonds (commercial portfolio)		7.508,58	-	-
Total assets		7.508,58	17.383,31	-
Liabilities				
Forward contracts in USD	(FWD)	-	(25.780,66)	-
Jet fuel commodity swaps	(FWD)	-	-	-
Interest rate swaps	(IRS)	-	(194,02)	-
Total liabilities		-	(25.974,68)	-

Level 1 values refer to published prices and Level 2 values are based on measurement techniques. In particular, bonds and shares are traded in active markets and they are valued at their market value according to the balance sheet date. Derivatives are valued using as a reference international pricing platforms.

Credit Risk

The maximum exposure to credit risk without taking into consideration security deposits and letters of guarantee are:

Classes of assets	Company		Group	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and cash equivalents	174.504,99	222.403,88	271.675,10	300.931,51
Financial Assets	-	7.508,58	-	7.508,58
Debt instruments measured at fair value through other comprehensive income	19.003,49	-	19.003,49	-
Receivables from derivative contracts	12.372,75	17.383,31	12.372,75	17.383,31
Trade and other receivables	115.474,79	103.522,29	128.376,52	115.556,86
Total	321.356,01	350.818,06	431.427,85	441.380,26

The management considers that all the above financial assets that have not been impaired in previous reporting dates under review are of high credit quality.

In order to be protected against the credit risk, the Group monitors on a regular basis its trading receivables and whenever necessary, assesses the insurance of the receivables collection, mainly through factoring.

Possible credit risk also exists in cash and cash equivalents and in forward contracts. The risk may arise from the possibility of the counterparty becoming unable to meet its obligations towards the Group. To minimize this risk the Group examines regularly its degree of exposure to every individual financial institution. As far as it concerns its deposits the Group is dealing only with reputable financial institutions which have high credit ratings.

Liquidity Risk

Liquidity risk is managed effectively by maintaining sufficient cash levels. The Group manages its liquidity by maintaining adequate cash levels as well as ensuring the provision of credit facilities not only from financial institutions but also from suppliers, always in relation to its operating, investing and financing requirements. It is noted that as at 31/12/2018 the Group had a cash position of € 271,68 m. and had also secured an adequate amount of committed credit facilities ensuring the servicing of its short and medium term liabilities.

The financial obligations maturities of the Company as at 31 December 2018 are analyzed as follows

31/12/2018	Short term		Long term	
	Within 6 months	6 – 12 months	Within 6 months	6 – 12 months
Long Term Leases	-	-	-	-
Finance lease obligations	5.358,66	5.304,65	12.270,33	-
Trade payables	45.281,01	-	-	-
Other short term liabilities	74.611,99	10.490,95	-	-
Financial derivatives	14.430,85	16.629,53	6.749,86	-
Total	139.682,51	32.425,13	19.020,19	-

The relevant maturities as at 31 December 2017 of the Company are analyzed as follows:

31/12/2017	Short term		Long term	
	Within 6 months	6 – 12 months	Within 6 months	6 – 12 months
Long Term Leases	-	-	-	-
Finance lease obligations	5.618,47	5.594,21	21.770,79	-
Trade payables	38.491,20	-	-	-
Other short term liabilities	58.191,04	8.334,27	-	-
Financial derivatives	8.569,97	8.330,26	9.074,45	-
Total	110.870,68	22.258,74	30.845,24	-

The financial obligations maturities of the Group as at 31 December 2018 are analyzed as follows:

31/12/2018	Short term		Long term	
	6 – 12 months	Within 6 months	6 – 12 months	Within 6 months
Long Term Leases	-	-	-	-
Finance lease obligations	5.358,66	5.304,65	12.270,33	-
Trade payables	65.830,13	-	-	-
Other short term liabilities	32.516,12	11.596,96	-	-
Financial derivatives	14.430,85	16.629,53	-	-
Total	118.135,76	33.531,14	12.270,33	-

The financial obligations maturities of the Group as at 31 December 2017 are analyzed as follows

31/12/2017	Short term		Long term	
	6 – 12 months	Within 6 months	6 – 12 months	Within 6 months
Long Term Leases	-	-	-	-
Finance lease obligations	5.618,47	5.594,21	21.770,79	-
Trade payables	57.613,53	-	-	-
Other short term liabilities	34.157,39	9.147,49	-	-
Financial derivatives	8.569,97	8.330,26	9.074,45	-
Total	105.959,36	23.071,96	30.845,24	-

The above periods' maturities reflect the gross cash flows.

Policies and procedures on capital management

Primary target of the capital management is to ensure preservation of the high ranking credit rating as well as solid equity ratios so as to support and expand the operations and maximize shareholders' value.

The Company monitors managed capital based on shareholders' total equity plus subordinated loans less cash and cash equivalents as they appear on the balance sheet.

The Capital for the fiscal years 2018 and 2017 is analyzed as follows :

	Company		Group	
	2018	2017	2018	2017
Shareholders' total equity	209.075,27	196.522,65	277.878,26	247.940,31
Plus: Loans	22.933,63	31.620,98	22.933,63	31.620,98
Less: Cash and cash equivalents (included restricted cash)	(174.504,99)	(222.403,88)	(271.675,10)	(300.931,51)
Capital	57.503,91	5.739,74	29.136,80	(21.370,22)
Shareholders' total equity	209.075,27	196.522,65	196.522,65	196.522,65
Plus: Loans	22.933,63	31.620,98	31.620,98	31.620,98
Total capital	232.008,90	228.143,63	228.143,63	228.143,63
Capital / Total capital ratio:	0,25	0,03	0,13	(0,09)

The Company's target is to maintain the above ratio of "managed capital" (as defined above) over "total capital" (equity plus loans) less than 0.50.

According to the existing legislation, specific provisions exist regarding the capital adequacy. (Article No 47 Law 2190/20). The Company complies fully with them.

5.58 Dividends

The General Meeting of Shareholders, which took place on May 16th 2018, approved the distribution of a dividend equal to € 0.55 per share, for a gross amount of € 39.279.405,00 which after the Law 4172 tax was € 35.860.088,20. Until 31.12.2018 the distributed amount was € 35.797.385,70 and the withholding tax to the Greek State was € 3.418.516,80.

5.59 Other significant events

On 17/10/2018 the Company has signed a Memorandum of Understanding with International Aero Engines LLC. Both parties will negotiate in good faith and upon completion of the relevant negotiations, will sign a definitive agreement.

The Memorandum of Understanding refers to the commitment between the contracting parties for the technical support pursuant to a long-term Fleet Management Program and/or Maintenance Cost Guarantee for forty-five (45) up to fifty-five (55) new A320neo and A321neo aircraft, equipped with PW1100G-JM engines, which covers all firm aircraft ordered to Airbus S.A.S. pursuant to the Purchase Agreement dated 22 June 2018, as well as aircraft from future deliveries from lessors. The above Fleet Management Program includes the main terms regarding the maintenance of engines which, according to the flight activity and the use of the aircraft, shall constitute the Company's future cost of the engines' "heavy maintenance". Moreover, the Memorandum of Understanding also includes manufacturer's guarantees and securities, as well as a summary of invoicing and financing terms for the purchase of the aircraft engines ordered pursuant to the 22 June 2018 Purchase Agreement with Airbus S.A.S., as well as the purchase agreement of four (4) additional new PW1127GA-JM spare engines and two (2) additional new PW1133GA-JM or PW1130G-JM spare engines. The invoicing terms agreed with IAE form the final cost of acquisition of the aircraft ordered to Airbus.

Furthermore, the Memorandum of Understanding also specifies amendments to the existing Maintenance Service Contract with International Aero Engines dated 20 April 2017.

Finally, within 2018 the Company has delivered 3 A321ceo type aircraft under operating leases

5.60 Subsequent Events

On 22/02/2019 the Company's Board of Directors has decided the issue of a Common Bond Loan for a total amount of at least €150.00 million and up to €200.00 million, with a 7 years duration, divided to up to 200.000 common bearer Bonds with a nominal value of €1,000 each through a Public Offer, as well as to submit an application for their admission for trading in the category of Fixed Income Securities of the Regulated Market of the Athens Exchange (Athex).

The Public Offer was concluded on 07.03.2019, total demand reached €527.7 million and a total of 200,000 common bearer bonds of the Company were issued, with a nominal value of EUR 1,000 each; the corresponding funds raised amounted to €200 million. The final yield has been set at 3.60%, the Bonds interest rate at 3.60% and the offer price of the Bonds at €1,000 each, i.e. 100% of the nominal value.

On 14 February 2019, the Company signed operating lease agreements for 2 new A321-200neo aircraft with planned deliveries in May and June 2020 and 4 new A320-200neo aircraft with planned deliveries in January, March, April and May 2021, and an agreement for a three-year lease extension for 5 aircraft. (Note 5.28)

There are no other subsequent events.

5.61 Auditor's remuneration

Auditors' remuneration for the period of 2018 was € 402,50 thousand (2017: € 230,00 thousand). This remuneration includes the audit of financial statements and the provision of tax certificate for the fiscal year 2018 and audit for the issue of the bond loan . Also permitted non-audit services were provided in the amount of € 3 thousand.

The annual Financial Statements for the period of 2018 have been approved by the Board of Directors of "Aegean Airlines S.A." on 28/03/2018 and are posted on the Company's website (www.aegeanair.com) for investors' reference, where they will remain for at least 5 years after their compilation and public announcement date.

Kifissia, March 28th 2019

Chairman

Chief Executive Officer

Chief Financial Officer

Chief Accountant

Eftihios Vasilakis

Dimitrios Gerogiannis

Michael Kouveliotis

Maria Zannaki

I.D. no. AN049866

I.D. no. AB642495

I.D. no. P490629

I.D. no. Σ723984

E. Company announcements as per Art. 10 Law 3401/2005 published during fiscal year 2018

Aegean Airlines had disclosed the following information over the period beginning 01/01/2018 and ending 31/12/2018, which are posted on the Company's website (www.aegeanair.com) as well as the website of Athens Exchange www.helex.gr.

Date	Subject	Web Site
27/11/2018	Press Release Nine Month 2018	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
21/11/2018	Release date of Nine-Month 2018 trading update	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
2/11/2018	Tax Audit 2017 and Tax Certificate Issuance	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
31/8/2018	First Half 2018 Results	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
30/7/2018	Conference Call Invitation	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
27/7/2018	Publication date of First Half 2018 financial results	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
28/6/2018	Announcement	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
22/6/2018	Signing an Agreement with Airbus	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
24/5/2018	Disclosure of Board of Directors	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
24/5/2018	First Quarter 2018 Trading Update	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
22/5/2018	Regulated Information - Disclosure of Significant Investments in accordance with Law. 3556/2007	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
16/5/2018	Dividend distribution	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
23/4/2018	Summary of revised Invitation to the Ordinary General Meeting of Shareholders	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
16/4/2018	Release date of First Quarter 2018 trading update	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
12/4/2018	Passenger Traffic for first quarter 2018	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/

		tes/anakoinoseis/announcements/
28/3/2018	The largest private investment in Greece	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
15/3/2018	Financial Results 2017	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
28/2/2018	Financial Calendar 2018	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
9/2/2018	Conference Call Invitation	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
9/2/2018	Publication date of 2017 Financial Results	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/
8/1/2018	Passenger Traffic for 2017	https://el.about.aegeanair.com/ependytes/anakoinoseis/announcements/

Additionally at website:

<https://el.about.aegeanair.com/ependytes/anakoinoseis/trade-acknowledgements>

(www.aegeanair.com, About Aegean / Investors, Financial Results/Announcements) and to the website of Athens Stock Exchange www.helex.gr

Announcements of Regulated Information according to Law 3556/2007 (Transaction Disclosure) were posted on the following dates:

Additionally in website <https://el.about.aegeanair.com/ependytes/anakoinoseis/trade-acknowledgements> , www.aegeanair.com

Announcements of Regulated Information according to Law 3556/2007 (Transaction Disclosure) were posted on the following dates:

1	20/12/2018
2	17/12/2018
3	9/7/2018
4	6/7/2018

F. Website of the Annual Financial Report

The annual financial statements of the Company and the Group, the audit report of the Certified Auditor Accountant and the Management Report of the Board of Directors for the year ended December 31, 2018 have been posted to the Company's website www.aegeanair.com.

Also, the Data and Information and the Annual Financial Report according to the International Financial Reporting Standards of 100% subsidiary Olympic Air are published in accordance with Law 2190 and posted on www.aegeanair.com and www.olympicair.com