

**HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS**

## **FIRST QUARTERLY REPORT FOR 2019 (01.01.2019 - 31.03.2019) ON ACTIONS AND COMPANY FINANCIAL STATEMENTS**

[translation from the Greek original]

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## **A. Hellenic Corporation of Assets and Participations**

## A. Hellenic Corporation of Assets and Participations S.A.

### A.1. HCAP Purpose, Framework and Structure

The Hellenic Corporation of Assets and Participations S.A. ("HCAP" or the "Corporation") is a holding company governed by the provisions of Law 4389/2016 as amended and in force (hereunder the "Law" or the "founding law").

The Hellenic Corporation of Assets and Participations operates in the public interest, in accordance with the rules of the private economy. It is set up to serve a specific public purpose. For the fulfilment of its purpose the Corporation acts in an independent and professional manner, with long term perspective in relation to the achievement of its outcome, in accordance with the institutional framework that its founding law provides, the current legal framework and its Rules of Procedure as well as with guarantees for full transparency.

The Hellenic Corporation of Assets and Participations promotes reforms for the State-Owned Enterprises (SOEs) through restructuring, promoting responsible management and good corporate governance, as well as corporate social responsibility, innovation and best corporate practices. The Corporation may also set up additional subsidiaries to achieve its purpose.

The portfolio of the Hellenic Corporation of Assets and Participations currently includes three companies as **Direct Subsidiaries** and more specifically the Hellenic Financial Stability Fund "HFSF", the Hellenic Republic Asset Development Fund "HRADF" and the Public Properties Company "ETAD", while the participations of the Greek State in SOEs which have been transferred to HCAP are referred as "**Other Subsidiaries**".

The Other Subsidiaries of HCAP portfolio are active in sectors of the Greek economy, such as energy, water and sewage, infrastructure, transport, services, markets, etc., sectors that impact critical sizes of the Greek economy, such as growth, employment, competitiveness and extroversion.

#### HCAP portfolio at a glance



> 35,000 employees



**Electric Power**

>7,000,000 connections



>5,000,000  
water supply clients

>4,000,000  
sewage clients



**Annual transportation work**

>134 mil. vehicle km

>613 mil. boardings



>€1.5 bil. wholesale of fruit,  
vegetables, meat and fish  
from markets annually

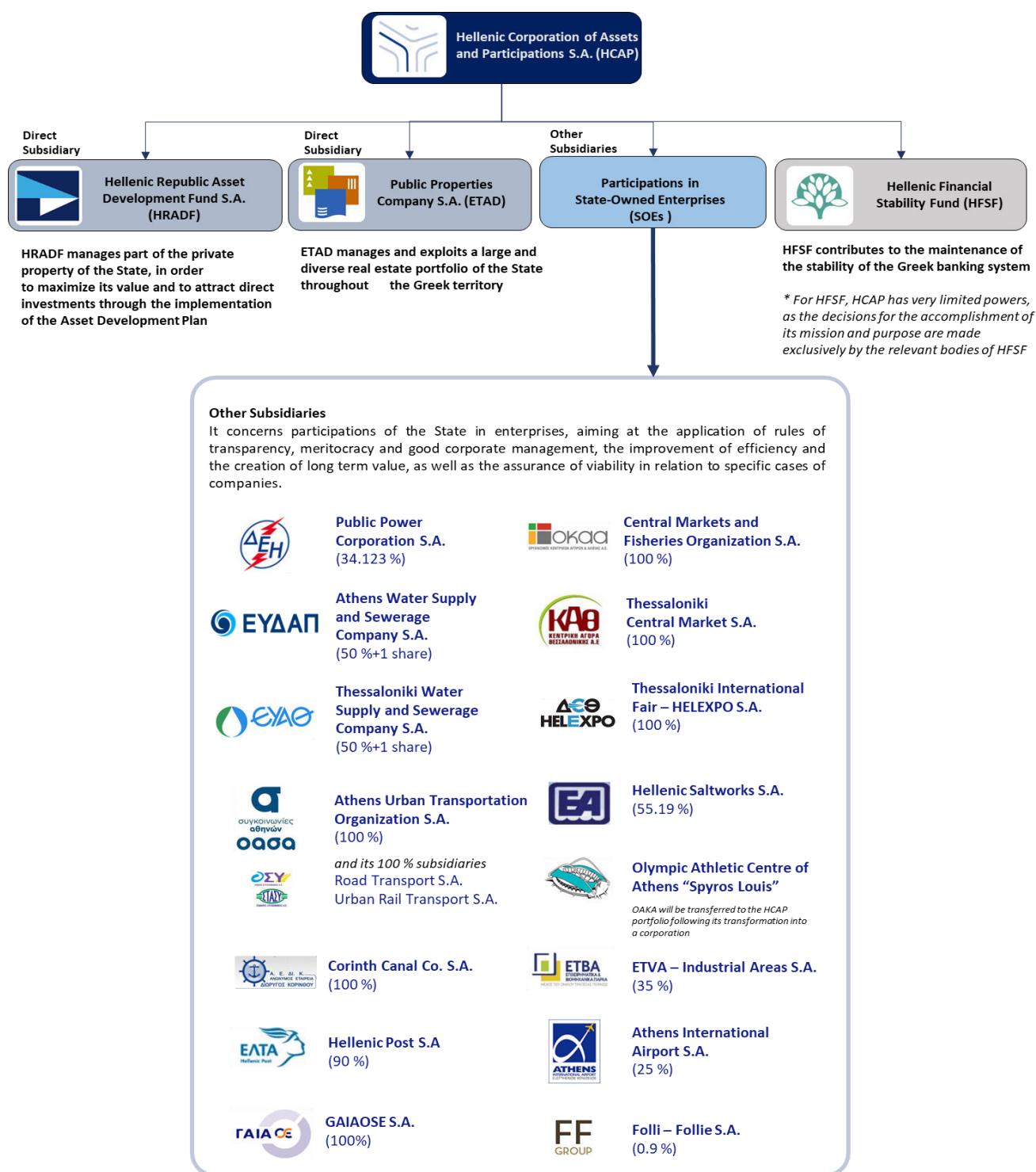


>190 years of activity in the  
postal & parcel business



>9,000 vessel transits from  
the Corinth Canal annually

## Structure of the Hellenic Corporation of Assets and Participations



## Important Notes

\* HRADF holds 30% of the share capital of Athens International Airport S.A., 17% of the share capital of Public Power Corporation S.A., 24.02% of the share capital of Thessaloniki Water Supply and Sewerage Company S.A. and 11.33 % of the share capital of Athens Water Supply and Sewerage Company S.A..

\*\* Regarding the transfer of the shares of the water and sewerage companies, Athens Water Supply and Sewerage Company S.A. and Thessaloniki Water Supply and Sewerage Company S.A., four petitions for annulment by the Council of State with the number 692/2018, 822/2018, 693/2018 and 823/2018 have been submitted. The hearing of the above petitions was held on 27.11.2018 before the Council of State.

## Other Participations and Rights

- Pursuant to article 198 of Law 4389/2016, the concession contracts of the other subsidiaries shall be automatically (ipso jure) transferred to the Corporation. The possibility of concluding or renewing concession contracts relating to public undertakings whose shares are transferred to the Corporation may be transferred to the Corporation by decision of the Minister of Finance. The Greek State, by virtue of act of the Ministerial Council, following a justified recommendation of the Corporation, may decide the co-signature on behalf of the Greek State as a third contracting party, of concession contracts of property rights, intangible rights, rights of operation, maintenance and exploitation of infrastructure, only in relation to the rights and obligations undertaken by the Greek State. By virtue of the aforementioned act, the competent bodies for the countersigning of the abovementioned contracts regarding the particular terms, after the completion of the pre-contractual audit by the Court of Auditors described in article 201 of Law 4389/2016, shall be appointed and authorised.
- Pursuant to the provisions of article 198 par. 2 of Law 4389/2016, as amended and in force, were automatically transferred by HRADF to the Corporation, and without consideration in return any property rights, management and exploitation rights, established financial interests, intangible rights and rights of operation, maintenance and exploitation of infrastructures, which had been transferred previously to HRADF, by virtue of the Decision num. 195/2011 of the Interministerial Committee for Restructuring and Privatizations (B' 2501), regarding the right to grant to third parties, by virtue of concession agreements, the rights of administration, management, operation, upgrade, enlargement, maintenance and exploitation of all the state-owned airports, of which the organisation, operation and management has been assigned to the Civil Aviation Authority (CAA), including any rights of administration, management and exploitation over movable assets and real estate properties, that are connected to their operation, as well as of any spaces of commercial or any other use located within or close to the premises of the abovementioned state-owned airports and under the conditions to be defined in the relevant concession agreement, with the exception of the state-owned regional airports of Crete, mainland Greece and airports of Ionian and Aegean Sea, which have already been granted by virtue of concession agreements ratified by articles 215 and 216 of Law 4389/2016.
- Pursuant to article 350 of Law 4512/2018, the Greek State has assigned to HCAP the right to receive the dividend corresponding to the State's shareholding in the share capital of Hellenic Telecommunications Organization S.A. ("OTE") which is currently 1% of the share capital.

### 23 Regional Airports

✈ Alexandroupoli	✈ Ioanina
✈ Araxos	✈ Kalamata
✈ Astypalea	✈ Kalymnos
✈ Ikaria	✈ Karpathos
✈ Kasos	✈ Kastoria
✈ Kasterorizo	✈ Kozani
✈ Kythira	✈ Limnos
✈ Leros	✈ Milos
✈ Paros	✈ N. Agchialos
✈ Sitia	✈ Naxos
✈ Skyros	✈ Chios
✈ Syros	



## The contribution of HCAP to growth

The Hellenic Corporation of Assets and Participations sets and implements a holistic and long-term strategy of managing the assets included in its portfolio, in order to create value both for the Greek State as a shareholder, and for the citizens.

The contribution of HCAP to the country's development is:

- (a) By channeling part of HCAP's profits to investments:
  - ✓ one part is attributed as a dividend to the Greek State and used by the Greek State for strategic investments, and
  - ✓ the other part is used by HCAP for investments in accordance with the Investment Policy
- (b) Through the implementation of the HRADF Development Plan, as well as the exploitation of ETAD's property portfolio.
- (c) Through the transformation of public enterprises by enhancing operational efficiency, economic efficiency, optimization of resource use, innovation and, in general, improvement of services provided to citizens.
- (d) Through strategic alliances, and synergies within the HCAP structure.

## A.2. Main Corporate Bodies of the Corporation

The supreme body of the Corporation is the **General Assembly** of the sole shareholder, which is the Greek State, as legally represented by the Minister of Finance. The General Assembly of the sole shareholder shall be the only body responsible for deciding on matters which, in accordance with the applicable legislation, fall within the exclusive competence of the General Assembly of the shareholder, with the exception of the election and revocation of the appointment of members of the Board of Directors of the Corporation, the rules regarding the remuneration of the members of the Board of Directors and the amendment of its Articles of Association.

The **Supervisory Board** is responsible for supervising the Board of Directors of the Corporation in order to ensure that it is operating in accordance with the provisions of the institutional framework that concerns its operation to the interest of the Corporation and to the serving of public interest. It consists of five (5) members with a five-year term of office which are appointed by the General Assembly of the sole shareholder, in accordance with the following:

- Three (3) members selected by the sole shareholder, with the agreement of the European Commission and the European Stability Mechanism which act jointly;
- two (2) members, one of which is the Chairman of the Supervisory Board, selected by the European Commission and the European Stability Mechanism, acting jointly, with the agreement of the Minister of Finance.

The first Supervisory Board of HCAP consists of the following members with a five-year term of office:

- Jacques, Henri, Pierre, Catherine Le Pape – Chairman of the Supervisory Board
- David Vegara Figueras
- Stamboulis George
- Tavlas George-Spyros
- Charitou Olga<sup>1</sup>

<sup>1</sup> Without receiving any remuneration from 01.05.2019

The **Board of Directors** is responsible for the management of the Corporation and the achievement of the objects laid down in its Articles of Association. The Board of Directors shall decide on all issues relating to the management of the Corporation, apart from those issues which fall within the competence of the Supervisory Board or the General Assembly.

The Board of Directors of HCAP may consist from five (5) to nine (9) members, which are elected by the Supervisory Board in accordance with the provisions of its founding law. Also, a representative who is appointed jointly by the European Commission and the European Stability Mechanism is present at the meetings of the Board of Directors of the Corporation as an observer without voting right.

The Board of Directors of HCAP today consists of the following members:

Name	Capacity
Diamantopoulos George	Chairman of the Board of Directors, Non-executive Member
Aikaterinari Ourania	CEO, Executive Member
Giourelis Stefanos	Executive Director, Executive Member
Athanassiou Hiro	Non-executive Member
Gregoriadi Alice	Non-executive Member
Kouvarakis Themistoklis	Non-executive Member
Lorentziadis Spyros	Non-executive Member
Niforos Marina	Non-executive Member

For the support of the Board of Directors operations, three Committees were firstly established, namely the:

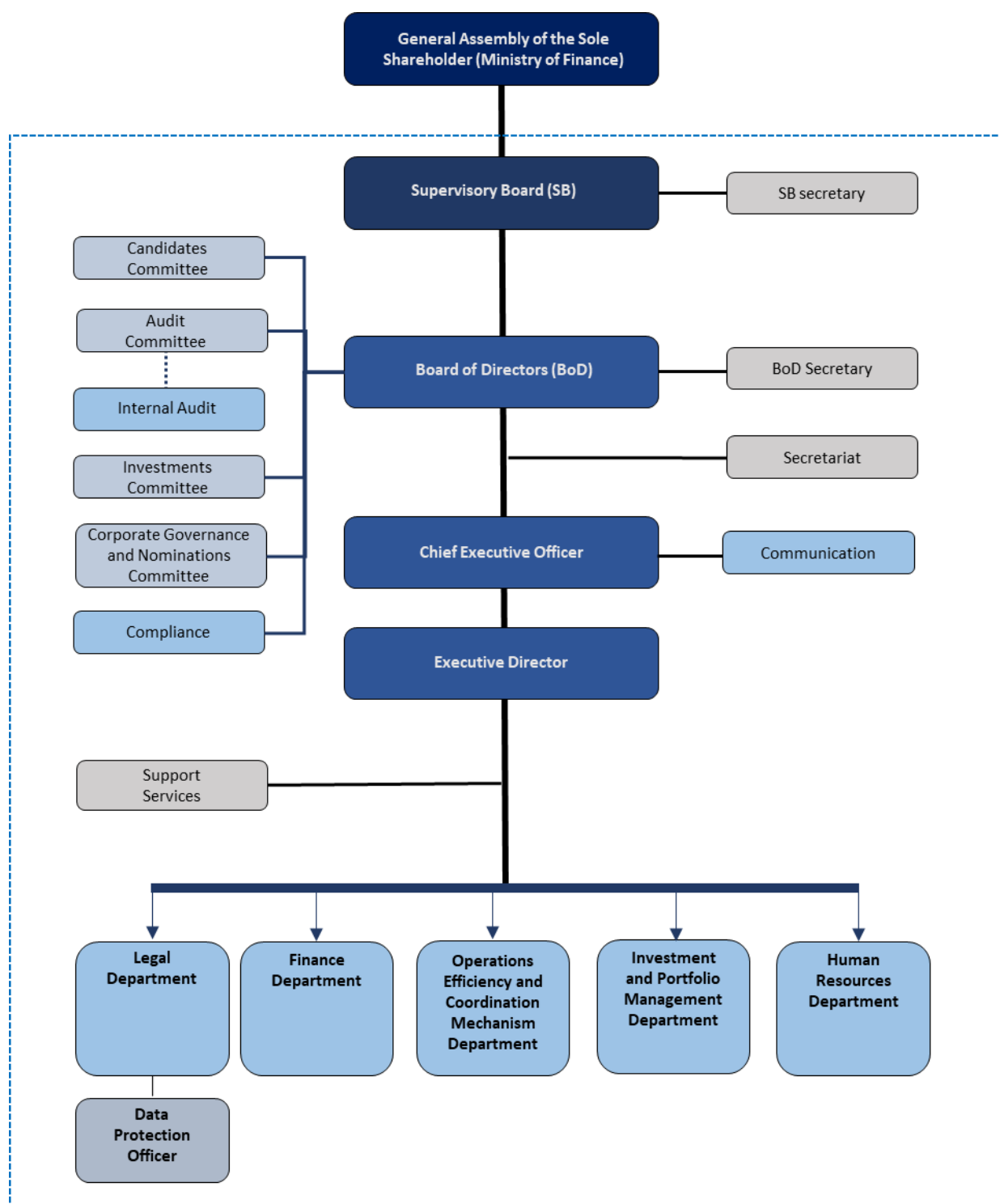
- Internal Audit Committee
- Investment Committee and
- Corporate Governance and Nominations Committee

Furthermore, pursuant to the provisions of the law (article 197 par. 4 of Law 4389/2016, as amended by Law 4512/2018), the Board of Directors of the Corporation established the Candidates Committee (in relation to the Boards of the Other Subsidiaries), consisting of executive and non-executive members of the Board of Directors of HCAP.



## A.3. Organization structure

The organization chart of HCAP is as follows:



#### A.4. Internal Audit and Compliance

The **Internal Audit Division (IAD)** supports HCAP's Management in the performance of its duties and the achievement of the objectives set, by ensuring proper implementation of the procedures and operations of the organizational units of the Corporation, as well as by reviewing the implementation of effective systems and procedures of internal audit, risk management, information systems and corporate governance. The IAD operates based on the Rules of Procedure of the Corporation, Chapter "Performance Auditing Framework", is independent and reports to the Board of Directors of the Corporation, through the Audit Committee, by which it is supervised.

The IAD provides assurance for the proper implementation of the directives and guidelines provided by the Management through planned and unplanned ad hoc audits on procedures, financial data and information systems and submits relevant reports to the Management and the Board of Directors of the Corporation. It is ensured that IAD officers have absolute freedom and unrestricted access to files, services, accounting data and books, assets and personnel of the Corporation.

The IAD prepares an annual plan for internal audit activities, based on a risk assessment, which is approved by the Audit Committee and the Board of Directors. In the first quarter of 2019, the IAD carried out the planned actions on the basis of the Approved Audit Plan 2019 of 13.12.2018, while submitted and presented the relevant report on its activities at the Audit Committee meeting on 20.03.2019.

Also, within January 2019, the "Co-operation Framework of Internal Audit Units of HCAP- Direct Subsidiaries" was notified to the Direct Subsidiaries of HCAP, which had been approved by the Board of Directors on 13.12.2018.

**Compliance** is competent for the design, implementation, supervision and management of HCAP's regulatory compliance system. The aim is to formulate compliance culture and to promote compliance with the highest standards of integrity, meritocracy and good governance in every aspect of the operation of HCAP (and its subsidiaries) in line with international best practices. In this framework, it has, among others, adopted a series of policies that are applied within the Corporation, with the aim them to be also adopted by the HCAP subsidiaries as well.

In particular, the following have been drafted and are applied:

- Code of Conduct and Professional Behavior
- Framework of Regulatory Compliance System
- Gifts and Hospitality Policy
- Anti-corruption and Anti-Bribery Policy

The adoption and implementation of regulatory compliance policies and procedures is also part of the main performance indicators of HCAP subsidiaries.

Regulatory compliance of HCAP has also developed policies and mechanisms to better prevent cases conflict of interest. In particular, an audit procedure is in place for all members of the Boards that are assessed and / or appointed by HCAP to ensure that their personal interests or relationships do not constitute a source of conflict of interest. In this context, a specific Prevention, Detection and Management of Conflict of Interests Directive has been issued for the members of the Board of Directors of the subsidiaries of HCAP.

In addition, HCAP's Compliance Department in 2019 has established training and support programs for subsidiaries in regulatory compliance issues, and organizes presentations and seminars to its subsidiaries (using modern training tools) to promote, keep up-to-date and raise awareness in relation to regulatory compliance issues.

On January 10, 2019, the Regulatory Compliance Department presented to the Board of Directors of the Corporation the Regulatory Compliance Plan for 2019. Part of the Plan is also the design and development of an e-learning program that will apply gradually to all subsidiaries.

#### A.5. External Auditor

According to the Decision of the sole shareholder, dated 10.09.2018, Grant Thornton was elected as external auditor for the statutory audit of the Corporation's financial statements and consolidated financial statements for the period 01.01.2018-31.12.2018.

#### A.6. Cash and cash equivalents – Single Treasury Account

HCAP's cash is held in a cash management account at the Bank of Greece until the start of operation of the Single Treasury Account through which they will be managed. HCAP's cash as of 31.03.2019 amounts to the amount of €18,428,830.

### A.7. Rules of Procedure and BoD reporting

The General Assembly of the sole shareholder adopts the Internal Rules of Procedure ("Rules of Procedure") which regulate the operation of the Corporation and its direct subsidiaries, apart from the HFSF, and is based on best international practices and OECD guidelines.

The Rules of Procedure of the Corporation may be amended by decision of the General Assembly of the sole shareholder, on a proposal of the Board of Directors, which shall be approved by the Supervisory Board.

The Rules of Procedure, as it has been formed until now with decisions of the General Assembly, include the following chapters:

- |   |  |
|---|--|
| <p><b>(a)</b> Procurement Regulation</p> <p><b>(b)</b> The Framework for the preparation of the Strategic Plan of HCAP</p> <p><b>(c)</b> Performance Auditing Framework</p> <p><b>(d)</b> Conflict of Interest Policy and Confidentiality Obligations</p> <p><b>(e)</b> Internal Rules of the Supervisory Board</p> <p><b>(f)</b> Remuneration &amp; Compensation Policy for the BoD of HCAP, which incorporated the addendum of the subchapter "Remuneration Policy for the members of the BoD of the Direct Subsidiaries (apart from the HFSF)"</p> | <p><b>(g)</b> Coordination Mechanism</p> <p><b>(h)</b> Corporate Governance Code</p> <p><b>(i)</b> Performance Monitoring and Reporting Framework</p> <p><b>(j)</b> Travel &amp; Expenses Policy</p> <p><b>(k)</b> Financial Reporting Standards and Framework for Financial Reporting</p> <p><b>(l)</b> Board Evaluation and Removal Criteria concerning the Board of Directors of HCAP</p> <p><b>(m)</b> Dividend Policy</p> <p><b>(n)</b> Investment Policy</p> |
|---|--|

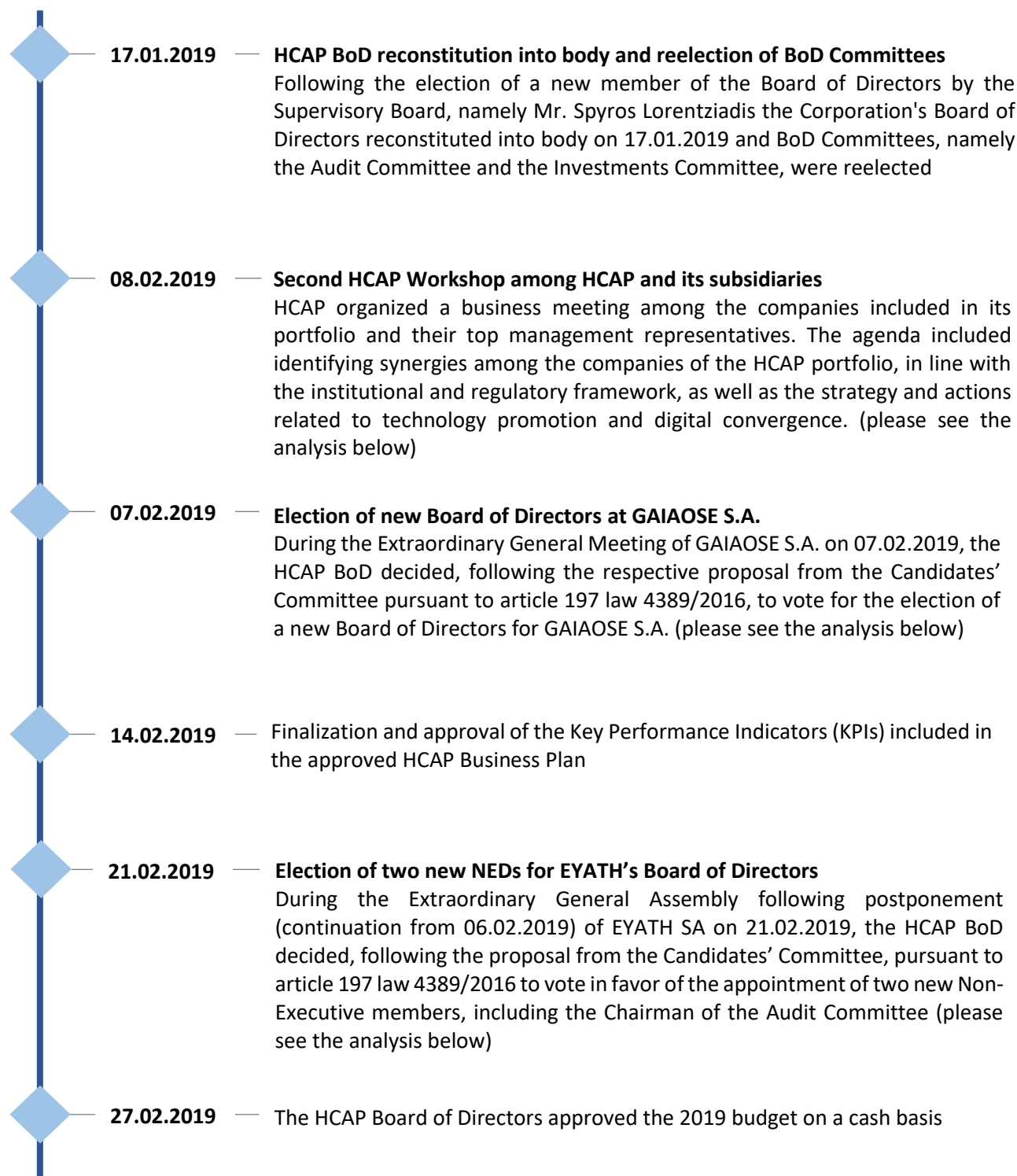
It must also be noted that the Corporate Governance Code is based on the Greek Corporate Governance Code for Listed Companies, which has mainly been written based on the Corporate Governance Principles of OECD, international point of reference for corporate governance.

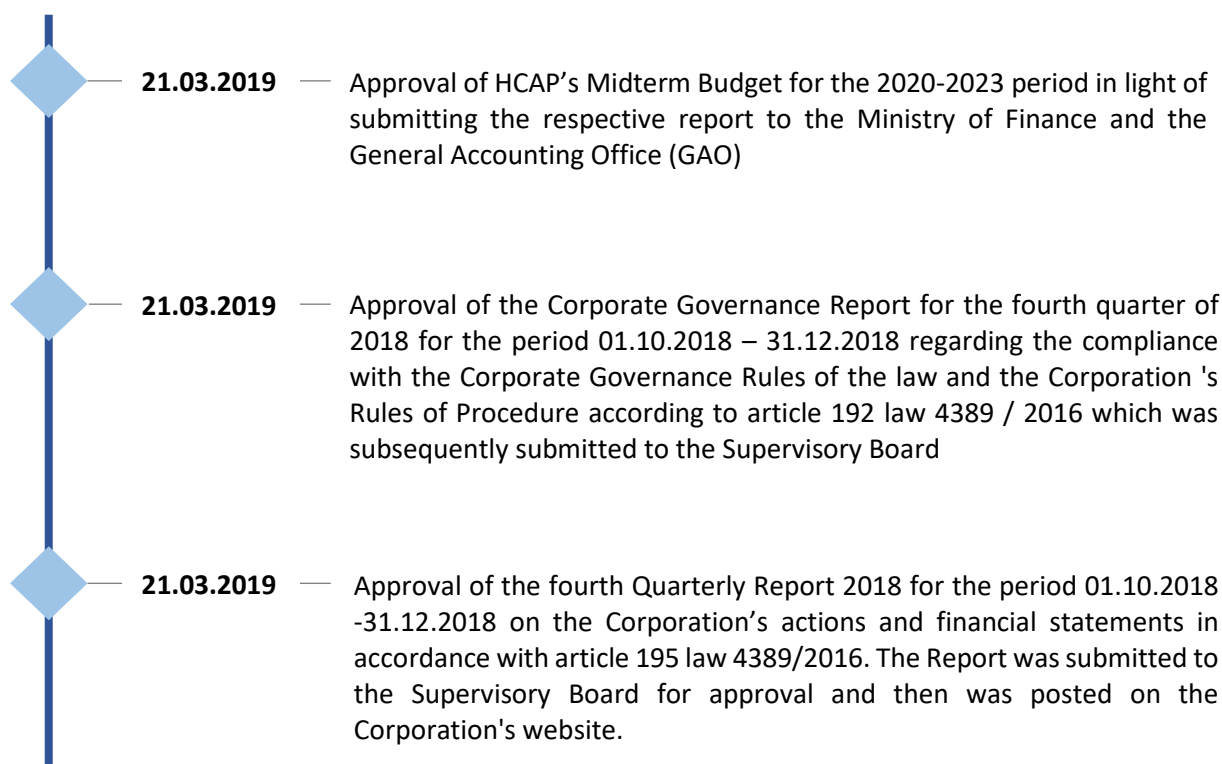
Moreover, in relation to reporting obligations, the Board of Directors submits to the Supervisory Board quarterly reports in relation to the compliance with the rules of corporate governance, as provided by the regulatory framework for the operation of the Corporation. Also, in relation to financial reporting, it submits:

- ✓ quarterly reports on actions and company financial statements,
- ✓ reviewed semi-annual separate and consolidated financial statements and
- ✓ audited annual separate and consolidated financial statements.

#### A.8. Activities of the 01.01.2019 - 31.03.2019 period and main subsequent events

The most important actions and activities of the Corporation for the first quarter of 2019, and specifically for the period 01.01.2019 - 31.03.2019, are presented below.

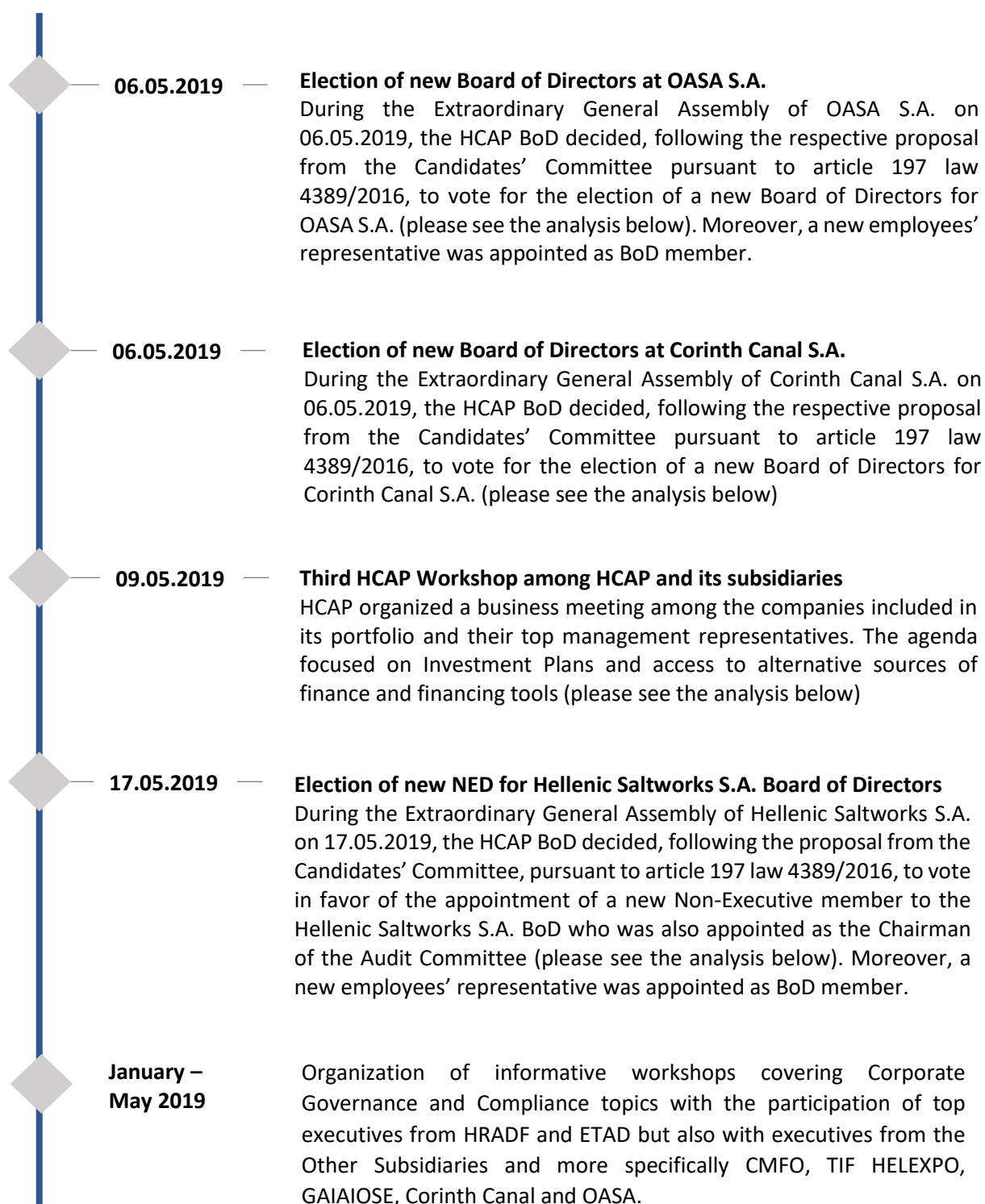




Moreover, in relation to the Corporation's activities concerning its direct subsidiaries (ETAD and HRADF) as well as its Other Subsidiaries and specifically for Corporate Governance topics, the following subsequent to Q1 2019 events are quoted:







### **Boards of Directors of the subsidiaries**

Following the review of a large number of CVs and after the pre-selection and further assessment of a large number of professionals, the Candidates Committee has until end of May 2019 appointed 40 members in 10 Boards of the portfolio's subsidiaries, through open, professional and transparent procedures.

It is important to highlight that most of the newly appointed board members have long professional experience of more than 20 years in the private and/or wider public sector, having driven successful business initiatives and managed large teams and operations in Greece and/or abroad.

Furthermore, they are professionals who collectively bring together skills and experience from different sectors (i.e. banking, advisory services, engineering, manufacturing, IT/technology, real estate, hospitality etc.), in order to ensure better governance and extroversion. A few of the new Boards Members also come from the Greek Academic Community, and have distinguished in the past for their knowledge and expertise.

In terms of academic background, it is noted that 90% of the said newly appointed BoD members hold an MSc and/or a PhD degree in Finance, Economics, Business Administration etc. from Greek universities and/or MSc degrees from foreign universities.

### **Upgrading the role of the Audit Committees of the BoDs of subsidiaries**

HCAP has launched actions to upgrade the role of the Audit Committees by selecting Chairs of the Audit Committees with appropriate knowledge and experience to ensure independency and better auditing procedures through cooperation with the Internal Auditor and to ensure better audits by external auditors which must be selected with the appropriate criteria. For the screening, assessment and selection of the Chairs of the Audit Committees of the Boards of Directors of the SOEs where HCAP is majority shareholder, HCAP published a tender procedure and organized numerous interviews with potential candidates.

In this context, until today, nine (9) Chairs of Audit Committees on the Boards of Directors of ETAD, ELTA, PPC, Corinth Canal, CMT, GAIOSSE, EYATH, OASA and Hellenic Saltworks have been appointed, while soon the posting of the remaining ones will be completed in order to ensure the objective of the proper functioning of the Audit Committees in the State owned Enterprises.

Furthermore, HCAP has also asked the HRADF Board of Directors to establish an Audit Committee.

**Appointment of the new Board of Directors of GAIAOSE**

The Board of Directors of HCAP, sole shareholder of GAIAOSE, due to the expiration of the term of office of the previous Board of Directors of GAIAOSE, selected executives with considerable experience and knowledge to staff the BoD of GAIAOSE and Audit Committee.

More specifically, the Board of Directors of HCAP, unanimously, decided the appointment of the following members to the Board of Directors of GAIAOSE, with force from 7 February 2019:

- Constantinos Kesentes, Chairman of the Board of Directors
- Perikles Nicolaou, Chief Executive Officer, Executive Member of the Board of Directors
- Panagiotis Valantassis, Non-Executive Member of the Board of Directors (Head of the Audit Committee)
- Konstantinos Stavridis, Non-Executive Member of the Board of Directors
- Antonis Rovolis, Non-Executive Member of the Board of Directors

The six-member Board of Directors is completed with Mr. Panagiotis Frountzis (Non-Executive Member), selected by the Minister of Finance.

Below there are short CVs of the Members of the Board of Directors of the company GAIAOSE SA:

**Constantinos  
Kesentes**  
*Chairman of the  
Board of Directors*

Born in 1965. Graduated from the Department of Electrical and Computer Engineering of the University of Patras where he also attended a postgraduate research program in Neural Network applications. CoFounder and for fifteen years CEO of Knowledge SA, an IT company with activities in the fields of Natural Language Processing, Speech Processing and large-scale distributed IT systems. In 2003 he undertook the position of General Manager of ECDL Hellas SA, which in 2009 has been transformed, based on innovation and technology, into a global Certification Services provider, under the brand PeopleCert. He served as Executive VP and COO/CTO of PeopleCert Group (2009-2018) and as the Chairman and CEO of PeopleCert Global Services SA (2016-2018). He also served as Member of the General Council of the Hellenic Federation of Enterprises (SEV), Board Member of Hellenic Association of Accredited Certification Bodies (HellasCert) and General Secretary of Federation of Hellenic ITC Enterprises (SEPE).

**Perikles Nicolaou**  
*CEO  
Executive Member*

Born in 1965. Graduated from the Department of Mining and Metallurgical Engineering of the National Technical University of Athens (1988). He holds a Master of Engineering (1991) and a PhD (1994) in Metallurgical Engineering and Materials Science from Carnegie Mellon University (USA) as well as a Master's degree in Business Administration (2003) from the University of Strathclyde (Scotland). He started his professional career in the United States in 1994 as a researcher in the US Air Force Research Lab. From 1999 onwards, he held various positions as an engineer in industries in both Greece and abroad for local as well as multinational companies. During the last 10 years, he held C level managerial positions, as the Managing Director of Lafarge Beton S.A. and CEO of Mermeren Kombinat AD. He has authored or co-authored more than 60 scientific papers and is also a member of several scientific and social organizations.

**Panagiotis****Valantassis**

*Non-Executive  
Member (Audit  
Committee Chair)*

Born in 1964. He holds a BSc in Business Administration from the Athens University of Economics and Business (ASOEE) and MSc in Cultural Management from the Hellenic Open University. He has acquired the professional titles of Chartered Certified Accountant (FCCA\_UK), Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA). He has more than 25 years of working experience in local and multinational Accounting firms as well in C level managerial positions in big companies specialized in corporate governance, risk management, internal control systems and compliance. From 2001 to 2017 he held the position of Manager in Internal Audit Department of Athens International Airport. Currently, he is a Vice Chairman of the Institute of Internal Auditors of Greece supporting the development of internal audit operations in Greece.

**Konstantinos****Stavridis**

*Non-Executive  
Member*

Born in 1950. He holds a BSc in Chemical Engineering from the National Technical University of Athens and an MSc in Advanced Chemical Engineering and Economics (University of Aston, UK). He has more than 40 years of working experience in the National Bank of Greece Group serving in C level managerial positions in the fields of investment, corporate banking and financial services. From 2002 to 2016 he worked in NBG's Project Finance Division, as a financial advisor to the Greek State and other state entities regarding major concession and PPP projects (Rio-Antirrio Bridge, Attiki Odos, Athens International Airport). He held the position of Fund Manager of four NBG Urban Development Funds, aiming at the improvement of urban infrastructure in the framework of the European Union's JESSICA (Joint European Support for Sustainable Development in City Areas) financial instrument, implemented by NBG in cooperation with the European Investment Bank. Moreover, he has served as a Member of the Board of Directors of a number of companies of the NBG Group as well as of other companies in which NBG had a shareholding interest.

**Antonis Rovolis**

*Non-Executive  
Member*

Born in 1962. Graduated from the Department of Economics of the University of Athens and he holds an MA in Urban and Regional Studies (University of Sussex, UK) and a PhD from London School of Economics (UK). He is a professor of Spatial and Urban Economics in the Department of Economic and Regional Development at Panteion University of Athens, and the Director of the Research Institute of Urban Environment and Human Resources at Panteion University of Athens. He has worked as a research fellow at the Queen Mary College, University of London and a visiting research fellow at University of Toronto, McGill University, Université du Québec, York University (Canada) and Concordia University as well. During his academic career he has taught among other subjects: Urban Economics, Real Estate Economics, Real Estate Management, Investment Appraisal, Land and Housing Policy, Management of Government Property Assets. He has published a series of scientific articles in Greek and international journals and has organized several scientific conferences in Greece and abroad.

**Panagiotis****Fountzis***Non-Executive**Member*

Economist- Selected by the Minister of Finance.

**Appointment of the new Board of Directors of OASA**

The Board of Directors of HCAP, sole shareholder of OASA, acting within its competences and in accordance with the procedure established in article 197 para. 4 Law 4389/2016, has evaluated and selected executives with experience and knowledge in the field of transportation, who collectively bring together considerable and diversified experience, in order to implement the strategic goals of OASA.

More specifically, the Board of Directors of HCAP, unanimously, decided the appointment of the following members to the Board of Directors of OASA, with force from 6 May 2019:

- Ioannis Skoumpouris, Chairman of the Board of Directors
- Nikolaos Athanasopoulos, Chief Executive Officer, Executive Member
- Angelos Amditis, Non-Executive Member
- Nikolaos Kalatzis, Non-Executive Member
- Vasiliki Kefalas, Non-Executive Member

The seven-member Board of Directors is completed with the employee representative (Non-Executive Member), according to article 20 para. 3 of OASA's AoA and also with Ms. Vasiliki Dimitrakopoulou, (Non-Executive Member), selected by the Minister of Finance in accordance with Article 197 para. 4 of Law 4389/2016.

Below there are short CVs of the Members of the Board of Directors of the company Athens Urban Transport Organization S.A. ("OASA"):

**Ioannis Skoumpouris***Chairman of the Board  
of Directors*

Born in 1961. Graduated from the Department of Chemical Engineering of the National Technical University of Athens and holds a Master's Degree in Philosophy of Science. From 1988 to 2002 he worked at the Hellenic Agency for Local Development and Local Government (E.E.T.A.A. S.A.) as Head of Development and Project Manager dealing with large infrastructure projects and being responsible for the design and implementation of local government development programs. Since 2002 he has been providing services as a senior consultant in business planning, environmental, energy and infrastructure projects as well. In addition, from 2010 until 2012 he worked at the Ministry of Infrastructure, Transport and Networks as Technical Consultant, contributing to the design of institutional framework for the restructuring of railway operators, urban transport, etc. From 2015 to 2016 served as Special Advisor to the Alternate Minister of Industry, regarding industrial policy matters. In 2016 he has been appointed as Chief Executive Officer at Athens Urban Transport Organization S.A. During his professional career, he has also published scientific guides focusing on business plan management.

**Dr. Nikolaos Athanasopoulos**  
*CEO*  
*Executive Member*

Born in 1978. Graduated from the Department of Electrical and Computer Engineering of the National Technical University of Athens in 2001, where he also obtained his PhD in 2006. From 2003 to 2012 he worked with academic foundations, research foundations and companies, managing R&D projects in the fields of I.T. and telecommunications. From 2010 to 2016 he managed the Strategic Planning Portfolio of TRAINOSE SA focusing on the development of new products and strategies by applying new technologies. In 2016 he held the position of Director of Railway Transport in Rail Cargo Logistics Goldair with the aim of designing, organizing and certifying the procedures of the company's rail transport department. Since February 2018 he has been employed by the European Commission in the Shift2Rail Joint Undertaking, as Programme Manager managing a wide portfolio. He also served as Vice Chairman of the Board of Directors of TRAINOSE SA (2010- 2013) and Member of the Board of Directors of Road Safety Institute (2014-2016).

**Dr. Angelos Amditis**  
*Non-executive Member*  
*of the Board of*  
*Directors*

Born in 1968. Graduated from the Department of Electrical and Computer Engineering of the National Technical University of Athens (1992). He holds a Ph.D. from the same Department (1997) and an MBA from the University of Piraeus and the NTUA. He has lectured at the Department of Electrical and Computer Engineering of the NTUA and at the Hellenic Naval Academy as well. In January 2002 he founded the I-SENSE Research group at the Institute of Communication and Computer Systems (ICCS) being active in the scientific and research fields of Intelligent Transportation Systems, Telecommunications, Automation and Smart Integrated Systems such as Sensors, Communications and Vehicle Platforms, Smart Cities, Environmental and Industrial applications. He is the Vice President and one of the founding member of the Hellenic Association for the deployment of Intelligent Transport Systems (ITS Hellas) and of the EuroVR Association. Moreover, he is a Research Director (Researcher Grade A) at ICCS of NTUA where he is also a member of its Board of Directors. He has been the Scientific Responsible in more than 120 European and National research projects. He is the author of many articles in scientific journals, book chapters and over 180 conference articles. He represents ICCS in ERTICO - ITS Europe, where he is the Chairman of the Board of Directors. He is the National Representative of Greece at EU on Co-operative Connected and Automated Transport and Mobility (C-ITS and CCAM).

**Nikolaos Kalatzis**  
*Non-Executive Member*  
*(Audit Committee*  
*Chair)*

Born in 1971. He holds a BSc in Economics from the National and Kapodistrian University of Athens and also the professional accreditation of Certified Public Accountant (CPA) from the Institute of Certified Public Accountants of Greece (SOEL). In addition, he has completed the executive training program in tax law at Athens University of Economics & Business (AUEB). He has more than 15 years of working experience in national and multinational corporations in consulting, such as Deloitte, Baker Tilly and BDO in C level managerial positions, providing auditing and assurance services in statutory audit, regulatory audit, financial due diligence procedures and vendor due diligence projects. In 2008 he served as Chief Financial Officer in a multinational aircraft servicing company and since February 2015, he is the Chief Audit Executive of Athens Medical Group a listed company on the Athens Stock Exchange.



### **Vasiliki Kefalas**

*Non-Executive Member*

Born in 1969, New York, USA. She holds a Bachelor in Economics & Political Sciences from the City University of New York and an MBA in Finance from the Lubin School of Business of Pace University also in New York. From 1993 to 1995, she worked as a Management Consultant in New York and since 1995 moved to Greece to work in senior posts in the finance divisions of British Petroleum, of Athens International Airport and of Ellaktor Group (Aktor Concessions). Since 2012 she is the Head of Investments & Development Projects for Consolidated Contractors Company, focusing on investment and shareholders' interests in large infrastructure projects globally, expanded to more than 40 countries. Since December 2015, she is a voting Member of the Investment Committee of the European Fund for Strategic Investments (EFSI) at the European Investment Bank in Luxembourg. Ms. Kefalas is a member of the World Economic Forum (Global Future Council) for Long Term Investments & Infrastructure projects as well as an appointed independent expert on grants and communication matters for the European Commission.

### **Vasiliki**

**Dimitrakopoulou**

*Non-Executive Member*

Lawyer – Selected by the Minister of Finance

### **Appointment of the new Board of Directors of Corinth Canal Co S.A. (AEDIK)**

The Board of Directors of HCAP S.A., sole shareholder of AEDIK, acting within its responsibilities according to the procedure established in article 197 para. 4 Law 4389/2016, unanimously, decided the appointment of members to the Board of Directors of AEDIK, with force from 6 May 2019. Currently the composition of the Board of Directors is the following:

- Pantelis Pantelidis, Chairman of the Board of Directors
- Eleni Sakisli, Chief Executive Officer, Executive Member
- Sotiris Drekos, Non-Executive Member
- Efthymios Dritsas, Non-Executive Member
- Georgios Kolovinos, Non-Executive Member
- Anastasios Kontosis, Non-Executive Member

The seven-member Board of Directors is completed with Mr. Spanos Athanasios (Non-Executive Member), selected by the Minister of Finance in accordance with Article 197 para. 4 of Law 4389/2016.

Below there are short CVs of the Members of the Board of Directors of the company “Corinth Canal Co S.A.” (“AEDIK”):

**Pantelis Pantelidis**

*Chairman of the  
Board of Directors*

Born in 1964. He studied Civil Engineering at the National Technical University of Athens (1983-1988). He got a MSc degree in Soil Mechanics & Engineering Seismology from Imperial College of Science, Technology and Medicine (1988-1989) and also a Postgraduate degree in Structural Analysis and Design from National Technical University of Athens (1998-2000). He worked as a freelancer in the design supervision-construction of Geotechnical and Construction Projects, in consulting and also in the design of large scale infrastructure projects such as Athens metro. He holds a class C License in Geotechnical Design and a class B License in Structural Design. Moreover, he participated as a Construction Site Manager in the support of basement excavation projects at Megaron Athens Concert Hall, at Hellenic General Insurance Company in Syngrou Av., at Cacoyannis Foundation in Piraeus Av., at Onassis Foundation in Syngrou Av. as well as in numerous construction projects.

**Eleni Sakisli**

*CEO  
Executive Member*

Born in 1958. She holds a BSc in Business Administration from the Hellenic Open University and has completed the learning program “Maritime Business Administration” of the National & Kapodistrian University of Athens. During her professional career she has worked in accounting, credit control and marketing. Since 1983 she has worked for the Ministry of Finance in senior posts in Financial Services Divisions such as Chalandri Tax Office (1990-2010) and Financial & Economic Crime Unit of Attica Region. She has also served as Head of the Department of Informatics of the Regional Special Secretariat for Financial & Economic Crime Unit of Attica Region and as an instructor at the Training Division of Ministry of Finance. She was a member of the editorial team of "Tax Investigation" magazine. Since 2016 she has been appointed as Chief Executive Officer of the Board of Directors of AEDIK.

**Sotiris Drekos**

*Non-Executive  
Member (Audit  
Committee Chair)*

Born in 1967. He studied at Deree College and University of La Verne and he holds a BSc degree in Business Administration. He has a professional experience of more than 28 years holding positions in financial advisory, as a consultant, an auditor, an executive and BoD Member. He worked as an auditor for 17 years at two international auditing firms (Arthur Andersen 1990-2002 and KPMG 2002-2007) and then held the position of the CFO at Meadway Shipping and easyCruise where he was also member of the BoD. He has extensive experience on corporate finance fundraising and corporate restructuring services by participating in strategic planning projects, listing companies at the stock exchange, as well as transforming and improving processes. His professional career was mainly in the shipping and hospitality industries. Presently, he is a Partner at Eiger Marine, a consulting firm.

**Efthymios Dritsas**

*Non-Executive  
Member*

Born in 1985. Graduated from the Department of Mineral Resources Engineering of the Technical University of Crete. Since 2017 he works in the supply chain of Landis + Gyr S.A., a company which provides energy management products and services using cutting-edge smart grid technologies. Moreover, he is a partner of a company operating in the hospitality and leisure industry in the area of Loutraki. During his professional career he has participated in training seminars relevant to the energy field. Since 2016 he has been appointed as Non-Executive Member of the Board of Directors of AEDIK.

**Georgios Kolovinos**

*Non-Executive  
Member*

Born in 1965. He holds a BSc in Industrial Engineering and Economics from the New Jersey Institute of Technology (NJIT). He has more than 25 years of working experience in local and multinational companies in managerial positions for technical services in Greece and abroad. Mr. Kolovinos has gained an extensive experience in sales networks, trade marketing and inventory management working in large companies in the field of supply chain and logistics. Since 2016 he holds the position of the Operations Manager in the 2G Group, a service provider company. During his professional career Mr. Kolovinos has held various managerial positions such as General Manager in Metron Logistics S.A., Director of Technical Services in Saracakis Group, Transportation (Bus) Network Director for the Olympic Family for Athens 2004, contributing substantially to the successful coordination of the transport project during the Olympic Games.

**Anastasios  
Kontosis**

*Non-Executive  
Member*

Born in 1971. He holds a BSc in Economics from City University in London and an MBA from ALBA Graduate Business School in Athens. The last eight years he is Partner and Member of the Board of Directors of a Certified Public Accounting Firm (member of the 6<sup>th</sup> global network of audit, tax advisory and accounting firms). He was also elected unanimously three times from the Shareholders General Assembly and served for more than three years as Chief Executive Officer (CEO) of the aforementioned firm. Over the past twenty years, he has gained extensive professional experience and knowledge regarding the provision of financial advisory & management consulting services in various industries, having completed more than one hundred individual project engagements for publicly or privately held companies. He worked with Ernst & Young Hellas Certified Auditors - Accountants, and also served as Deputy CFO and Head of Financial Planning & Control in a Greek Group of Companies. Then he founded his own financial advisory company providing professional advisory services.

**Athanasios Spanos**

*Non-Executive  
Member*

Selected by the Minister of Finance.

Furthermore, additionally to the above Boards of Directors that have been assessed, some individual members were also appointed to replace members that had resigned or/and in vacant positions of the Boards of Directors of certain subsidiaries.

More specifically:

#### **Appointment of two members in the Board of Directors of EYATH:**

##### **Nikos Klitou**

*Non-Executive  
Member (Audit  
Committee Chair))*

Born in 1981. Graduated from the Accounting & Finance Department of the University of Macedonia. He holds a Master's Degree in Accounting and Finance from the same University. He has acquired the professional title of Chartered Certified Accountant (ACCA) and he holds a certificate from the Institute of Certified Public Accountants in Greece (SOEL). From 2005 to 2015, he worked for Ernst & Young, at Thessaloniki's office, gaining international experience in financial controls and internal audit, in companies operating in various industries such as energy, construction, manufacturing, textiles, tobacco, public entities and nonprofit organizations. Since 2015, he holds the position of the Deputy CFO in Diamantis Masoutis S.A., responsible for the Financial Planning and Analysis function and the Financial Reporting, while participating in the preparation of the annual Financial Reports. He is also an independent Non Executive member in the BoD of other companies and member of the Audit Committee.

##### **Dr. Gregory Penelis**

*Non-Executive  
Member*

Born in 1975. He holds a PhD in Mechanical Engineering from the Aristotle University of Thessaloniki and an MSc in Earthquake Engineering from Imperial College. He is the co-author of "Concrete Buildings in Seismic Regions", by Taylor and Francis (CRC Press) as well as co-author of "Structural Restoration of Masonry Monuments: Arches, Domes and Walls" by Taylor and Francis (CRC Press 2019). He is the CEO of Penelis Consulting Engineers S.A., and has been involved in the design of more than 100 buildings throughout Europe and the Middle East. He has been involved in many research projects regarding the seismic assessment of listed and monumental buildings as well as urban nucleus. His team has developed the concrete and seismic design modules of Scia Engineer for the IBC. He has been awarded twice the Gold Medal by the Patriarch of Alexandria and All Africa for his volunteer work. Moreover, he has received the Institute of Structural Engineers (UK) 2016 Structural Award and the ENR 2016 Global Best Project Award (USA) for the innovative design approaches adopted for the largest ferrocement structure in the world, the Renzo Piano designed canopy of the new Athens Opera House (Stavros Niarchos Foundation) and the 2017 ENR Global Best Project Award for the restoration of the 2000 years old Roman Tower and Church (Margirgis) in Cairo.

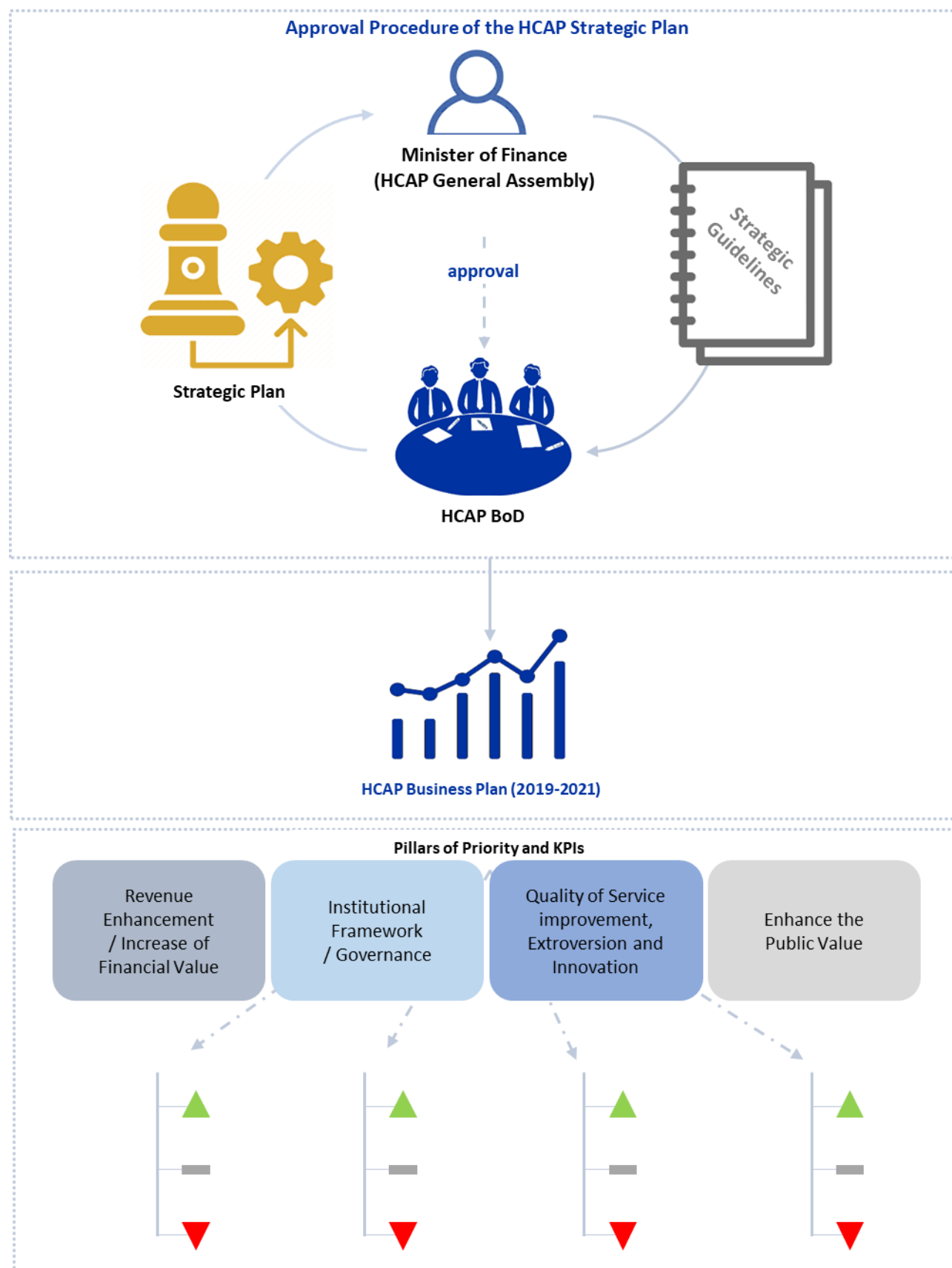
**Appointment of one member in the Board of Directors of Hellenic Saltworks S.A.:**

**Kosmas Liaros,**

*Non-Executive  
Member (Audit  
Committee Chair)*

Born in 1962. He holds a BSc degree in Business Administration from the University of Piraeus and an MBA degree from the University of Bradford, UK. He has acquired the professional certifications of Certified Internal Auditor (CIA) and Certified Risk Management Auditor (CRMA) from the International Institute of Internal Auditors (IIA). He is currently a partner in Verallis Management Consulting while in the past had served as a senior executive in multinational companies gaining significant experience in the fields of corporate governance and internal audit in various industries such as Banking, Insurance, Manufacturing, Food and Beverage, Wholesale, Retail, Shipping, Industrial Areas, Shipbuilding, Oil Refinery and Distribution, Construction, Telecommunications, Health and Care, Mining, Leasing, Asset Management and Real Estate. He specializes in conducting risk assessments, internal audit and special investigations, valuation of companies, Sarbanes-Oxley 404 programs, quality assurance reviews of internal audit units, design of appraisal programs and support tools for Audit Committees, attestation engagements on internal controls to companies according to global best practices and rules of Bank of Greece.

## Strategic and Business Planning



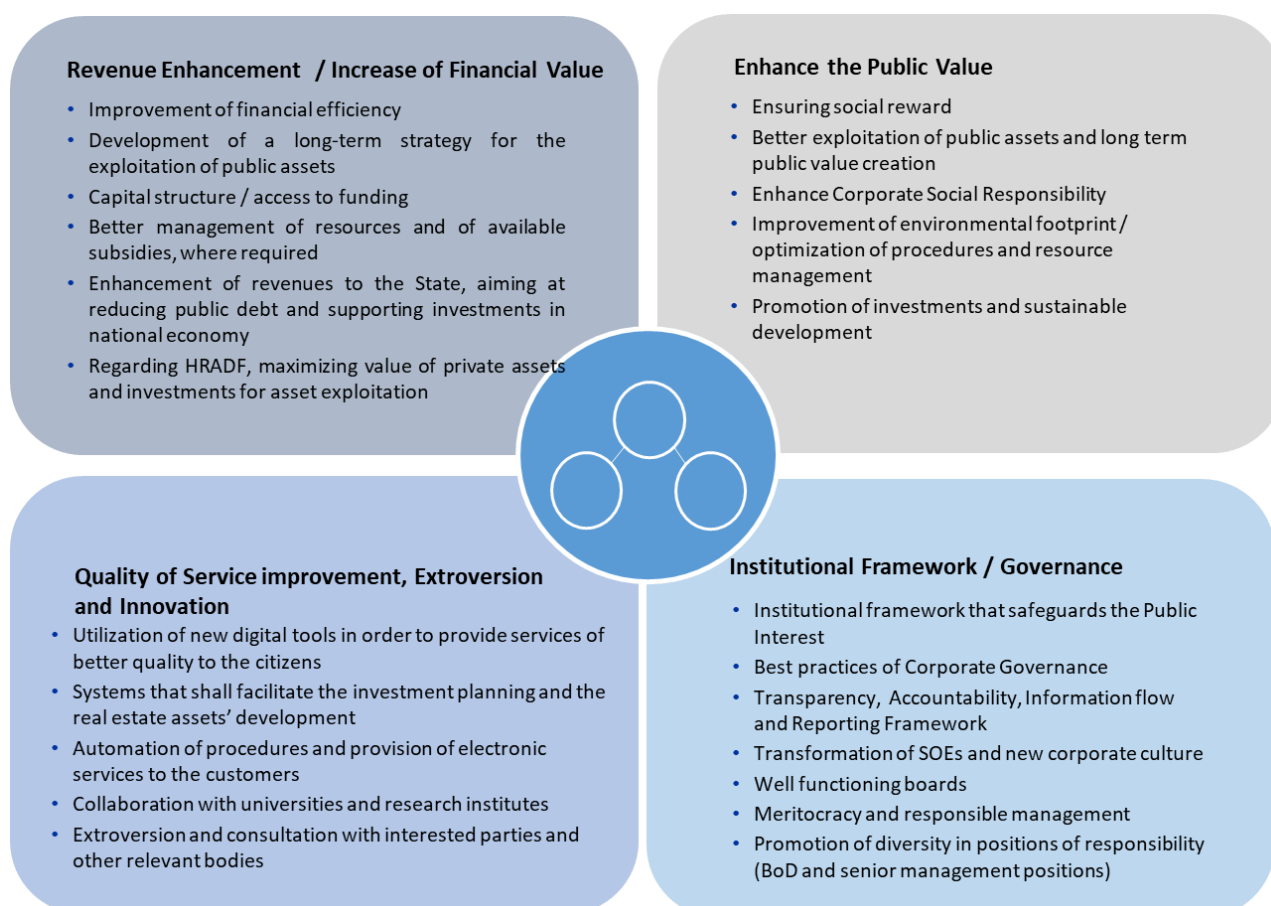


## Strategic Plan

The HCAP Strategic Plan<sup>2</sup> was approved by its General Assembly in January 2018 and comprises the main tool towards the fulfillment of HCAP's purpose which is to safeguard and maximize the value of state owned property, also by giving specific priority to the promotion of appropriate Corporate Governance principles for the reassurance of the maximum possible transparency and accountability and, in parallel, by defining the reporting and performance monitoring framework, as well as the information disclosure requirements for the subsidiaries. It has been prepared taking into account the Strategic Guidelines received from the Sole Shareholder, as represented by the Minister of Finance. Said Strategic Guidelines include, among others, the state priorities for public and growth policy, as well as for the protection of the public interest, which HCAP has to take into consideration while serving its purpose.

The Strategic Plan also sets the objectives that the subsidiaries are requested to incorporate to their business and operational planning and to have them implemented, while it has also served as the guidance for the drafting and updating of the HCAP subsidiaries' business plans by their management teams. Said procedure has been completed since April 2018 for ETAD and for the non-listed other subsidiaries incorporated in the HCAP portfolio on 01.01.2018, where HCAP is the sole or majority shareholder.

### Brief outline of Priorities and Objectives of the HCAP Strategic Plan



<sup>2</sup> It should be noted that HCAP's Strategic Plan does not include analysis and objectives nor for HFSF neither for HRADF - in relation to the assets included in the Asset Development Plan implemented by HRADF. Finally, it does not include analysis related to the non-listed companies where HCAP is a minority shareholder.

**HCAP Business Plan 2019-2021**

Based on the Strategic Plan, HCAP proceeded with the development of its business plan for a three-year period, spanning from 2019 to 2021.

The Business Plan describes the current situation and achieved targets, as milestones so far. Additionally, it analyses the actions and HCAP objectives for the next three years, in two main directions: a) Corporate Governance and b) Strategic Directions & Monitoring Framework.

Regarding **Corporate Governance**, the business planning which is being currently implemented, includes, among others, the following:

- creation of a Corporate Governance manual in order to harmonize SOEs' operations with best practices, including a procedural manual for the BoD and committees;
- completion of the assessment of the Boards of Directors of all SOEs and appointment of new Board members and committees where required;
- enhancing diversity in the selection of BoDs;
- strengthening the Internal Control function and the Audit Committee's role and responsibilities in all SOEs boards; appointment of Chairs of Committees with appropriate knowledge and experience;
- conducting workshops to create a new Compliance culture and transfer relevant knowhow to subsidiaries;
- monitoring the roll-out of ETAD's new organization chart and timely resolution of any problems during the transition from the old to the new organizational and operational model;
- stakeholders' involvement through the organizing of the framework, as well as of the processes, tools and resources for the consultation with social and economic parties;
- continuous reinforcement of managerial skills and creation of a succession plan at the highest administration levels (of the SOEs?);

- embedment of a new corporate culture through administrative transparency and accountability, and also through independence, at all levels, and with many other actions aiming at the implementation of better governance practices by HCAP and its subsidiaries (spanning from the establishment of KPIs to developing e-learning tools).

Regarding **strategic guidelines and the monitoring framework**, the business planning provides for the following actions:

- monitoring of the Strategic Plan execution with specific actions implemented by the subsidiaries to improve their efficiency, make better use of resources and rationalize their operating costs
- implementation of the Coordination Mechanism procedures (as provided by the Corporation's Rules of Procedure) aiming towards a more effective cooperation among the State, HCAP and SOEs;
- implementation of a target - setting model using Key Performance Indicators (KPIs) in non-listed subsidiaries, where HCAP is the majority shareholder and performance monitoring through regular and systematic reporting;
- improving ETAD's efficiency and effectiveness after completing its re-organization and providing support to the management of other SOEs to implement reorganization and/or restructuring initiatives
- implementation of Dividend and Investment Policy
- exploring alternative sources of funding for investments from the SOEs
- encouraging the use of new technology infrastructure (i.e. the use of i-Cloud and applications for Big Data management) but also in the direction of exploiting the capabilities offered by the innovative technologies. This delivers high quality, modern services to the citizens (i.e. development of systems and applications that facilitate public transport and

its design, implementation of applications which will capture the public assets and infrastructure, facilitating the maturity of the investments, the monitoring of the strategic assets and equipment with automation systems etc.)

- Identification of potential synergies among HCAP subsidiaries such as know-how exchange and exploitation of common technologies between companies that either belong to the same sector or have similar targets like digital transformation, including, among others automation, as well as modernization of operational processes/ implementation of digital services
- enhancing corporate social responsibility and environmental consciousness, as well as improving environmental footprint, including energy savings (i.e. energy efficiency of buildings) and/or actions to promote awareness (i.e. to safeguard the natural resource of water)

HCAP's Business Plan depicts the current status of the direct subsidiaries (HRADF and ETAD) and the oOther Subsidiaries (State Owned Enterprises)., Their three-year business plan is also presented, with actions and priorities specialized in short and medium term. For the first time, targets are defined and quantified in terms of key performance indicators (KPIs) for the non-listed entities where HCAP is majority shareholder that include both financial data as well as indicators for their operational efficiency.

HCAP has developed its business planning, targeting and KPIs setting process for the above subsidiaries through a series of meetings with the management and the executives of the companies.

### **Key Performance Indicators (KPIs) 2019 – 2021**

The HCAP subsidiaries operate in significant sectors of the economy and affect investment and consumption decisions, as well as other elements of the Greek economy.

As the economy and the external environment are changing rapidly, the state owned enterprises will have to act to improve their efficiency and be

sustainable and cost-effective over time, at similar levels with related private companies.

The request for better, independent and professional management of public enterprises without distortions and political influence has been put for most European countries since decades and still lies in the heart of the public debate. Three issues are identified as critical to be addressed; the effectiveness of state-owned enterprises, the reduction and elimination of potential conflicts of interest stemming from the state acting both as a shareholder and a supervisor, and the strengthening of professionalism and modern corporate governance in state - owned enterprises' operations. The role of the State continues and remains important as a legislator, regulator and supervisor but also through the formulation of sectoral and social policies for the country, which must be transparent for the SOEs (see Coordination Mechanism).

Therefore, state owned enterprises could and should be used as tools for creating cumulative value in the economy, and their performance should be monitored and evaluated, by adopting the respective measurement and monitoring systems of either operational, financial, technological, customer-centric and /or social performance.

This specific target setting approach is a joint effort between the subsidiaries and HCAP, that took place during the last quarter of 2018 and the first quarter of 2019, so as to align their operational actions for the three-year period 2019-2021 with HCAP's strategic directions and plan.

The short-term financial performance is not the ultimate goal. HCAP also focuses on value creation through the mobilization of appropriate investments and strategic alliances with tangible benefits for the country, while aiming at upgrading the services provided to citizens. Following relevant consultation, a target setting process onto specific results is introduced for the first time, with the use of KPIs, adopting quantitative and qualitative performance indicators.

The introduction of KPIs to the subsidiaries is a fundamental and substantial reform, covering four, substantial areas of key strategic interest, as they are developed in HCAP Strategic Plan, which are:

- Revenue Enhancement and Increase of Financial Value
- Institutional Framework and Corporate Governance
- Improve Quality of Service, Extroversion and Innovation
- Public Value enhancement

This initial target approach to non-listed subsidiaries where HCAP is a majority shareholder aims to have a clear strategic and business framework for operation and growth, with management commitments to allow measurement, quantification and performance assessment of the company and its management.

#### **Connecting the strategic plan to business planning and KPIs**

In summary, the targets for the subsidiaries include:



#### **Hellenic Republic Asset Development Fund S.A. (HRADF)**

Regarding **HRADF**, targets are set for the progress of its Asset Development Plan implementation and for the organization and the procedures prototyping of the Contract Monitoring Department. Objectives have also been set on the Public Value axis, through securing the contractual commitment of investors for the implementation of investments, but also through the assessment of the secondary benefits generated from the implementation of the Asset Development Plan in social and economic terms. Finally, indicators on good corporate governance and compliance policies have been defined



#### **Public Properties Company S.A.**

Regarding the **Public Properties Company** (ETAD), indicators and targets have been set for the assets' exploitation through leases, long-term concessions and sales for a sufficient number of assets. Targets have also been set for preparing business and restructuring plans for the loss-making branches, speeding up the assets' registration and maturing process, thus increasing the company's revenue and profitability. Furthermore, ETAD is targeted towards limiting the arbitrary possession of its property, and speeding up the collection of open receivables. In addition, indicators have been also set regarding good Corporate Governance and the implementation of Compliance policies.

For the **State Owned Enterprises** (other non-listed subsidiaries in which HCAP is a majority shareholder), the objectives identified are challenging, but at the same time achievable, covering a set of business pillars. Some examples include:

- ✓ gradual improvement of revenue and performance through cost rationalisation;
- ✓ measurement of citizens' satisfaction from current services with the aim to improve results;
- ✓ launching of investments and exploitation plans of public property based on clear cost-benefit analysis;
- ✓ implementation of policies and procedures of corporate governance and compliance;
- ✓ potential to strengthen local societies and economies through direct and secondary (multiplier) benefits;
- ✓ protection of the environment and improvement of the environmental footprint

### **Adoption of a Unified Monitoring and Financial Reporting Framework for subsidiaries**

In compliance with the best practices and the provisions of its Rules of Procedure, HCAP has set up **a framework of monitoring and reporting rules** for its subsidiaries, so as to improve their profitability and financial performance.

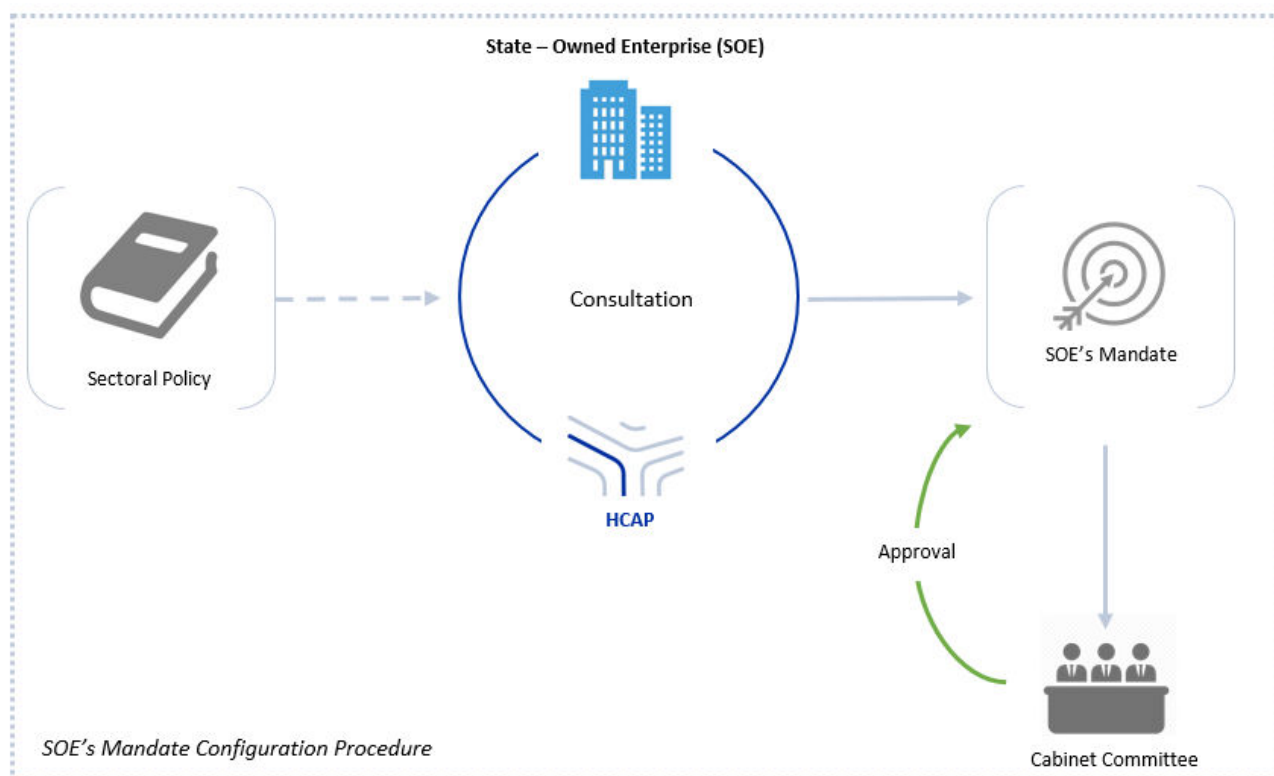
More specifically, HCAP:

- requested from the non-listed subsidiaries, where HCAP is a majority shareholder, to prepare a budget for the year 2019 and following that, progress reports on budget implementation
- discussed with the above subsidiaries the framework of the required financial reporting, and more specifically that the Annual Financial Statements that will accompany the Annual Report, should be prepared on IFRS basis and be completed within a reasonable timeframe to ensure the timely preparation and submission of the consolidated financial statements by HCAP. The semi-annual Financial Statements that will accompany the semi-annual consolidated report, shall be prepared accordingly, under the provisions of IFRS for interim financial reporting and, in particular, shall be prepared in accordance with the International Accounting Standard ("IAS") 34. The annual and the semi-annual Financial Statements & Reports shall be accompanied by the relevant Independents' Auditors' reports
- In addition, the abovementioned reports shall include, among others, reports on activities, progress report on implementation of Strategic and Investment Plan, corporate social responsibility issues, etc.

## Coordination Mechanism

Alongside business plan and within the framework set out in the Rules of Procedure, in 2018, the Coordination Mechanism provisions were gradually implemented, setting out the procedures and deliverables regarding the model of cooperation among the State, HCAP and the State owned Enterprises on:

- a) The Mandate, where the main operational guidelines and objectives are defined;



- b) The Statement of Commitments of the State owned Enterprises - in addition to the Special Obligations described below - with regards to quantitative and qualitative objectives which must be in line with HCAP Strategic Plan. The Statement of Commitments will also include the operational actions that the State owned Enterprise will have to fulfill under the framework of the institutionalized strategy and in harmonization with its purpose to maximize its long-term value, economic and social;

- c) The Performance Contract, which clearly reflects the mission and the Special Obligations, identifies the financial resources to implement them and specify the role and commitments of the signatories.

In this context, HCAP has taken a number of actions in 2018, which are still ongoing in 2019, in order to implement the Coordination Mechanism.



Main actions that are already under way are the following:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ defining the basic framework of cooperation among the parties involved (Committees, State owned Enterprise, HCAP) and technical groups, through the guidelines provided by the Ministry of Finance;</li> <li>✓ setting out the timetable for the first phase of the Coordination Mechanism (companies under priority);</li> <li>✓ initial preparation from HCAP of the agreed deliverables (Mandate, Statement of Commitments, Performance Contract);</li> </ul> | <ul style="list-style-type: none"> <li>✓ Conducting additional meetings of HCAP and the State owned Enterprises with representatives from the Ministry of Finance and the General Accounting Office (GAO), as well as representatives from the supervising Ministries.</li> <li>✓ conducting a series of meetings with the State owned Enterprises, including the target setting process for the 2019-2021 horizon, on the gradual formulation of the deliverables, taking into account the sectoral policies, the legislative framework and the statutes of the companies, the special circumstances of the company, the common values for the Services of General Economic Interest (SGEI), but also the Rules of Procedure and the investment policy of HCAP;</li> </ul> |
|---|---|

At the same time, the role of these enterprises remains significant for social and sectoral policy-making, for example through the provision of SGEIs, in line with European law and the common values and policies of the European Union.

As a result, the Coordination Mechanism will examine - in addition to the company's strategic and operational objectives (KPIs) - the assignment of Special Obligations that are not otherwise regulated in order to agree on the qualitative terms and compensation mechanism of the companies for the services offered.



### Meetings – Workshops between HCAP and the State – Owned Enterprises of its portfolio

Following the round of meetings between the management of the companies of HCAP's portfolio, the second HCAP workshop took place on February the 8<sup>th</sup>, having as subject the potential for synergies between subsidiaries in accordance with the current institutional and regulatory framework, as well as the strategy and actions related to technological advancements and digital convergence.

The managements of the companies PPC, EYATH, EYDAP, AIA, ETAD, Corinth Canal, GAIAOSE, TIF-HELEXPO, ELTA, Hellenic Saltworks, OKAA and the Group of OASA participated in the relevant workshop.

During the meeting, the importance of synergies among subsidiaries was highlighted, as a means to strengthen cooperation and trustful relationships, and so as for the companies to be able to better respond to new trends and exploit their comparative advantages; putting ahead a common strategy for the public interest, which shall create tangible results not only for the enterprises but also for the citizens.

The management of the companies presented their ideas and suggestions about opportunities for cooperation; while the participants selected the opportunities with priority on implementation.

Joint actions, for example, are already being organized with a view to better use real estate for the purpose of housing or exploitation, including also actions of operational and energy upgrading. In this direction, to the potential to create a single digital GIS & MIS background was also explored, with possible expansion to utility and transport networks.

Other common actions relate to the improvement of the 'customer experience' and corporate social responsibility, as well as to joint training programs on topics in which HCAP's subsidiaries have significant know-how (e.g. network management, health and safety at work, etc), with the aim of a wider adoption of best practices from other subsidiaries.

### Areas and opportunities for synergies identified



Modern technology trends were also discussed, as well as how digital transformation affects the model of operations and development of the respective sectors of interest, at a European and international level. In addition, a discussion was held on digital services, business process automation and business digitization in general, interconnection and security of systems, development of digital skills, and exploitation of European funded programs.

The relevant conclusions and targets are summarized as following:

- Creation or update of the Digital Strategy of each company and appointment of a digital convergence head.
- Services upgrade, taking into consideration the new technologic trends and needs, through automation of business processes and systems' interconnection.

- Implementation of change management and more efficient project design and project management policies
- Continuous pursuit of the development of innovative products and value – added services.

In this direction, it is also important to exploit opportunities for cooperation with universities and research centers, as well as other organizations, using available European funding programs.

In order to achieve the goal of digital transformation, a digital strategy for each company with clear priorities and milestones is a prerequisite. HCAP expects from the management of the companies to carry out a digital strategy based on existing trends and looking forward to the future, also anticipating for synergies between affiliates, taking into account the ultimate goal to provide better services.

### Digital Convergence: main factors



## Investment Plans – Alternative Funding Sources & Financing Tools

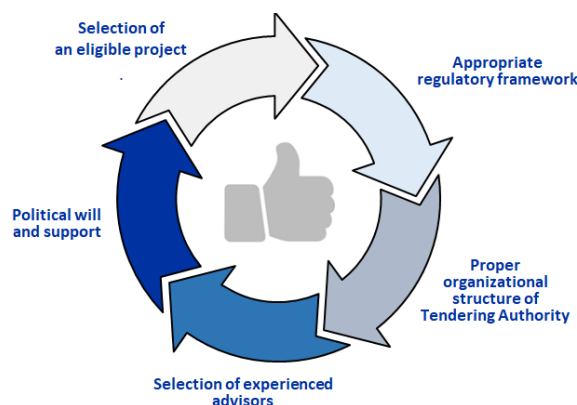
HCAP organized and held on the 9<sup>th</sup> of May, a workgroup with its subsidiaries (HRADF, ETAD, PPC, EYDAP, EYATH, OASA, STASY, ELTA, ETVA-VIPE, OSY, GAIAOSE, TIF-HELEXPO, OKAA, KATH, AEDIK, and Hellenic Salt works) in which the companies discussed about their investment plans, they presented indicative investment projects, while at the same time, managers of the Greek State, of international financial organizations (such as the EIB and the EBRD), and of the four Greek systemic banks, discussed about the terms and conditions through which access to different funding sources (EFSI, multilateral funding, Structural Funds) is evaluated.

Funding securing, having in mind the potential and the eligibility criteria, as well as the proper selection criteria the appropriate project design, and the projects' maturing processes, are definitive factors for the implementation of investments that are crucial both for the effective operations and modernization of the State Owned Enterprises, but also for the competitiveness and growth of the overall economy, this being a main pillar of HCAP's mandate.

During the workshop, the subsidiaries' investments were presented at a per sector level, while 4 of HCAP's subsidiaries presented selected investment projects of different maturity and magnitude. Later on, detailed presentations for the available funding sources and the alternative financing structures we given by the EIB and the EBRD. Furthermore, the Greek State representatives presented the capabilities of the 2014-2020 National Strategic Reference Framework (NSRF / "ESPA"), referring as well to the main pillars of the next Partnership.

Agreement, the special characteristics and development capabilities of the Public – Private Partnerships (PPPs) framework, and the long –term concession agreements.

### Critical Factors



In addition to the abovementioned, there was a discussion regarding the available alternative financing tools and there was an introduction by the EIB to the Infrastructure Fund. The EIB presented the main axes of the relevant EU program, soon to be implemented. The Infrastructure Fund program is a continuation of the previous successful JESSICA financing program.

Up next, the four Greek systemic banks made their presentations, which were relevant to bank lending, referring to project finance, real estate investments financing, and fund- raising through capital markets. The four banks presented the specific characteristics, the terms and preconditions for investment financing on each of the abovementioned sectors. Lastly, specific questions on specific projects that could attract investment interest were set.

## Training & Education of the subsidiaries into issues of compliance and corporate governance

HCAP has formulated specific training & support programs regarding issues of compliance and corporate governance, as well as regarding rules and policies for the avoidance of conflict of interest, through modern training means.

### Work Groups

Within the framework of pursuing its strategic goals, HCAP has created work groups that are assigned to explore the below mentioned areas of interest:



#### Corporate Social Responsibility

The work group is assigned with the analysis of important factors related to propelling a new corporate culture, while at the same time, emphasis is given on issues like the company's environmental footprint, society, placing the citizen to the epicenter of the company's operations, voluntarism, social offering, human resources development, innovation and digital transformation.



#### Consultation with Stakeholders

HCAP's goal is to prove the extroversion of its operations in practice, by creating vivid communication channels with the stakeholders, for issues that fall into HCAP's jurisdiction and the General Interest definition, so as to adopt practices and the stakeholder's approach in a series of matters.



HCAP holds a company portfolio with great population coverage and a great variety of operations. Therefore, is investigating ways of partnership with training institutions and organizations, contributing in such a way to the formulation of a corporate culture of the future managers of the Greek economy.



#### Mentorship

The work group aims at promoting equal opportunities, inclusion, as well as gender parity among the companies in HCAP portfolio, through a number of ways. Within this framework, the company is investigating relevant best practices both from the public & private sectors, both in Greece and internationally. The primary goal is to create an action plan which would promote and accelerate equal professional opportunities.



#### Equal Opportunities / Diversity

The formulation of the abovementioned work groups aims to the adoption of relevant practices by both HCAP and the companies in its portfolio. Towards that direction, and given the corporate governance restrictions and capabilities, HCAP aims to the creation of specific "expectation documents" to be handed to the boards of its subsidiaries. These documents will be communicated shortly.

## **B. Company Financial Information for Q1 2019**

## B. Financial Information

The Hellenic Corporation of Assets and Participations S.A. ("HCAP" or the "Corporation") acquired legal personality upon its registration to General Commercial Registry (GEMI) on 25.10.2016. The Board of Directors of the Corporation constituted into a body on 16.02.2017 and therefore 2017 was the starting year of operations, organization of its structure and its gradual staffing.

As a holding company, HCAP 's revenues, in the separate financial statements, derive mainly from dividends, interest and other capital gains/ income from the assets under management, while its expenses mainly relate to administrative expenses for its operation and fulfillment of its mission. As far as revenues from dividends are concerned, it should be noted that, due to the nature of the relevant revenue stream for HCAP, there is:

- Significant variance in the operating results and the revenues between the quarters within the same financial year: The dividend income along with the operating results of the company present significant variations within the quarters of each financial year as they depend on the timing of the subsidiaries' General Assembly meetings in which the dividends are approved. The General Assemblies usually take place during the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of each year.
- Time lag between the profitability of the companies included in HCAP's portfolio and the timing of the dividend collection: There is a time lag between the period that the subsidiaries create the profitability and the period that the parent company collects the dividends (e.g. profits of each financial year are distributed in the next financial year).
- Existing restrictions on the distribution of subsidiaries' and associates' annual profits: Certain subsidiaries or associates might create profits which are however for various reasons not distributable; i.e. the existence of cumulative losses from previous years, restrictions due to other obligations (due to investment plans etc).

Regarding the results of the 1<sup>st</sup> quarter of 2019:

- the dividend income is recognized at the date of the approval by the General Assembly of the companies comprising HCAP's portfolio, which usually take place in the 2<sup>nd</sup> or 3<sup>rd</sup> quarter. Consequently, the Company recognized no dividend income in the first quarter of 2019, as the annual income will be accounted for in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter. The results of the 1<sup>st</sup> quarter of the Company relate to its operating and development costs and the interest income from deposits of cash deposited in Bank of Greece,
- the variation of the result of the 1<sup>st</sup> quarter of 2019 in comparison with the corresponding quarter of 2018 is mainly due to the fact that the company at the beginning of 2018 was not fully staffed. The recruitment process evolved throughout the 2<sup>nd</sup> semester of 2018 and the 1<sup>st</sup> quarter of 2019, with a consequence that payroll costs were increased. This was amplified by the fact that the public entities were transferred directly to HCAP (instead of EDIS). Additionally, during the first quarter of 2019 there were increased costs for the relocation of the Company to new offices.

## B.1 Basis of the quarterly financial report

The interim condensed financial information and financial data of this section are presented according to the Company's books and records under the accrual basis of accounting. The amounts presented under the accrual basis are in compliance with International Accounting Standard 34 «Interim Financial Reporting», without the presentation of all the information and disclosures required by IAS 34 for the interim financial information.

Pursuant to article 195 Law 4389/2016, the Board of Directors prepares quarterly reports on the activities and the financial statements of the Company.

Regarding the other elements of this financial report, the significant policies are presented below:

1. The depreciation rates of fixed assets are in accordance with the useful life of each respective asset.
2. Dividend income is recognized in the period during which the right to receive payment is established, i.e. the period when the General Assembly of each subsidiary takes place.

The dividend income is presented in the statement of total comprehensive income as operating income, as it relates to the Company's main source of income. With the same rationale, in the cash flow statement the cash inflows from dividends are presented as operating activities.

3. Expenses are recognized within the period that the respective liability occurred.
4. Interest income is collected every six months and, as such, the Company's interest income for the respective quarter is the estimate of the amount of accrued interest relating to this period.
5. The Company's share capital is by Law €40 mln of which €10 mln is already paid. The remaining €30 mln is presented as "Unpaid Share Capital" within Equity at the Statement of Financial Position and according to art. 12 par. 2a of C. L.2190/1920, the period of being unpaid should not exceed five years.
6. Regarding the Direct subsidiaries that have been transferred from the Greek State directly to the Company with no consideration (as per Law 4389/2016), they have been recognized in the financial statements at their cost which is nil and are presented at the symbolic value of one (1) euro per subsidiary.
7. Participations in "Other Subsidiaries", as well as other assets or liabilities transferred to HCAP from the Greek State with no consideration as of 01.01.2018 and 01.07.2018, are presented with zero value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) at their initial recognition.

The participations transferred from the Greek State directly to the Company with no consideration as per Law 4389/2016, relate to the "Direct Subsidiaries" (which have been transferred in 2016) and the "Other Subsidiaries" (which were transferred as of January 1<sup>st</sup>, 2018, except for GAIAOSE which was transferred as of July 1<sup>st</sup>, 2018) and are analyzed as follows:

### A. "Direct Subsidiaries" – participation %



Hellenic Republic Asset  
Development Fund S.A. (HRADF)



Public Properties Company  
(ETAD)



Hellenic Financial Stability  
Fund (HFSF) \*















100%

100%

100%

\* **NOTE:** HCAP has very limited powers on HFSF, as the decisions for the accomplishment of its mission and purpose are made exclusively by the relevant bodies of HFSF.



<b>B. "Other Subsidiaries" (according to law 4389/2016 which were transferred to HCAP from 01.01.2018</b>	<b>Ownership Percentage %</b>	
(a) Public Power Corporation S.A. (PPC)	34.12%	
(b) Athens Water Supply and Sewerage Company S.A. (EYDAP)	50%+1 share	
(c) Thessaloniki Water Supply and Sewerage Company S.A. (EYATH)	50%+1 share	
(d) Athens Urban Transportation Organization S.A. (OASA)	100%	
(e) Central Markets and Fisheries Organization S.A. (OKAA)	100%	
(f) Thessaloniki Central Market S.A. (CMT)	100%	
(g) Corinth Canal Co. S.A. (AEDIK)	100%	
(h) Hellenic Post S.A. (ELTA)	90%	
(i) Thessaloniki International Fair – HELEXPO S.A. (TIF-HELEXPO)	100%	
(j) Hellenic Saltworks S.A.	55.19%	
(k) ETVA – Industrial Areas S.A.	35%	
(l) Athens International Airport S.A.	25%	
(m) Folli Follie S.A.	0.96%	
(n) GAIAOSE S.A.	100%	

In addition:

a) according to article 350 of Law 4512/2018 the Greek State's right to receive dividend due to its participation in the share capital of the Societe Anonyme under the name "Hellenic Telecommunications Organization SA" (OTE SA) is transferred to HCAP. The Greek State reserves the right to vote in the General Assembly of OTE for its shares,

b) pursuant to article 113 of Law 4549/2018, from 01.07.2018 the participation of the Greek State in GAIAOSE S.A. was transferred to the Company and

c) pursuant to the provisions of Law 4549/2018, until full repayment of the loan granted under the Financial Facility Agreement and its subsequent amendments, the Company became a guarantor with commitments as defined in the said agreement.

The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement as at March 31, 2019 and for the quarterly period 01.01.2019 - 31.03.2019 are presented in the following paragraphs B.1.1, B.1.2, B.1.3 and B.1.4.

## B.1.1 Statement of total comprehensive income for the period 01.01.2019- 31.03.2019

Statement of total comprehensive income (amounts in Euro)	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018
<b>Dividend income (note 1)</b>	-	-
Payroll and management cost	(799,247)	(589,254)
Third party fees	(212,847)	(206,022)
Other operating expenses	(187,540)	(96,980)
<b>Result before interest, tax, depreciation and amortization (EBITDA) (note 2)</b>	<b>(1,199,634)</b>	<b>(892,256)</b>
Depreciation and amortization	(6,905)	(3,104)
<b>Result before interest and tax</b>	<b>(1,206,539)</b>	<b>(895,360)</b>
Finance income	152,411	54,017
Finance cost	(1,676)	(1,243)
<b>Profit/ (Loss) before tax</b>	<b>(1,055,804)</b>	<b>(842,586)</b>
Income Tax	-	-
<b>Net profits/(losses)</b>	<b>(1,055,804)</b>	<b>(842,586)</b>
Actuarial gains/ (losses)	-	-
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>(1,055,804)</b>	<b>(842,586)</b>

**Notes on the results of 1<sup>st</sup> quarter of 2019:**

**Note 1:** The main revenue stream of the Company relates to dividends, which in majority are distributed by the companies comprising HCAP's portfolio during the 2<sup>nd</sup> quarter. As a consequence, the 1<sup>st</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters are mainly showing operating expenses and zero or low income, while the 2<sup>nd</sup> quarter high and strong profitability.

In this context, the 1<sup>st</sup> quarters of 2019 and 2018 present losses before tax (in the absence of any dividend income), while the results of the next quarter (2<sup>nd</sup> quarter of 2019), based on current data and estimates, are expected to be a profit before tax of approximately €38 mln (as compared to the profits before tax of the 2<sup>nd</sup> quarter of 2018 which amounted to €15 mln).

**Note 2:** The operating expenses of 1<sup>st</sup> quarter of 2019 and 2018 are not comparable, as the Company's structure and operations have been significantly amended. After the Company's establishment, the 1<sup>st</sup> quarter of 2018 was the beginning of operations and consequently the Company was understaffed. At the same time, its structure was based on the supervision of three direct subsidiaries, including EDIS in which the public entities would be transferred. Finally, the investments in public entities were transferred directly to HCAP as other subsidiaries (14 in total) from 01.01.2018. In light of those changes, the organizational structure and staffing of the company evolved in the 1<sup>st</sup> quarter of 2019 and in comparison with the first months of operation, according with the current responsibilities.

The most significant variances between the 1<sup>st</sup> quarter of years 2019 and 2018 are attributable to the following facts.

Payroll and management cost: includes costs for the employees, the Supervisory Board, the Board of Directors and the Board of Directors' Committees, as well as other related expenses.

As described in note 2 above, the increase in these costs is due to the significantly different organizational structure and operations of HCAP between those two periods. During the 1<sup>st</sup> quarter of 2018 the Company

was understaffed as it was running the first months of operations. Consequently, the Company during 2018 initiated the organizational structure process for the roles and positions according with the requirements of Law 4389/2016 as amended by 4512/2018.

Other operating expenses: mainly include utility costs, various taxes and other expenses. The increase relates to the expenditure for the relocation of the company to its new and single and professional space, as in December 2018 HCAP utilized transitionally offices until the move in the permanent offices during December 2018-January 2019.

## B.1.2 Statement of Financial Position as at 31.03.2019

<b>Statement of Financial Position</b>		
(amounts in Euro)	<u>31.03.2019</u>	<u>31.12.2018</u>
<b>Assets</b>		
Investment in Direct Subsidiaries ( <b>note 1</b> )	3	3
Investment in Other Subsidiaries ( <b>note 2</b> )	-	-
Tangible and intangible assets	266,880	163,779
Other non-current assets	33,045	33,045
<b>Total non-current assets</b>	<b>299,928</b>	<b>196,827</b>
Other receivables ( <b>note 3</b> )	577,521	555,834
Cash and cash equivalents ( <b>note 4</b> )	18,428,830	19,640,841
Other current assets ( <b>note 5</b> )	294,647	516,358
<b>Total current assets</b>	<b>19,300,998</b>	<b>20,713,033</b>
<b>TOTAL ASSETS</b>	<b>19,600,926</b>	<b>20,909,860</b>
<b>Liabilities</b>		
Provision for staff leaving indemnities	40,448	40,448
<b>Total non-current liabilities</b>	<b>40,448</b>	<b>40,448</b>
Trade and other payables ( <b>note 6</b> )	906,630	1,159,760
<b>Total current liabilities</b>	<b>906,630</b>	<b>1,159,760</b>
<b>TOTAL LIABILITIES</b>	<b>947,078</b>	<b>1,200,208</b>
<b>Equity</b>		
Authorized share capital	40,000,000	40,000,000
Less: Unpaid share capital	(30,000,000)	(30,000,000)
<b>Paid share capital</b>	<b>10,000,000</b>	<b>10,000,000</b>
Other reserves	(2,867)	(2,867)
Retained earnings	8,656,715	9,712,519
<b>TOTAL EQUITY</b>	<b>18,653,848</b>	<b>19,709,652</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,600,926</b>	<b>20,909,860</b>

Notes:

- Investments in the “Direct Subsidiaries” ETAD (100%), HRADF (100%) and HFSF (100%) were transferred to the Company with no consideration as per Law 4389/2016. The Company has selected to recognize in the financial statements the Investments in Direct Subsidiaries at cost (which is nil) and to present them at the symbolic value of one (1) euro per subsidiary.
- Investments in “Other Subsidiaries”, as well as other assets that were transferred to HCAP by the Greek State with no consideration within the year 2018, are presented with no value, as HCAP is in the process of examining which of the permissible IFRS options will be adopted in its financial statements (cost or fair value) in respect of their initial recognition.
- The increase in tangible and intangible assets relates to HCAP’s relocation.
- Other receivables relate mainly to dividends receivable from the subsidiaries OKAA €394,228 and Corinth Canal €161,093. The dividend income for these entities was recognized in the income statement of the third quarter 2018, as the General Assemblies that approved the distribution, were held during that period. The relevant dividends were not collected as at 31.03.2019 and therefore at the reporting date the respective amount is presented as other receivables.
- This amount relates to accrued interest income as at period end as well as prepaid expenses.
- Mainly includes trade payables, accrued expenses, withheld personnel tax and payables for social security contributions.

## B.1.3 Statement of Changes in Equity for the period 01.01.2019 - 31.03.2019

## Statement of changes in equity (amounts in Euro)

	Share capital	Other Reserves	Retained earnings	Total
<b>As of 01.01.2018</b>	10,000,000	3	(3,347,837)	6,652,166
Net results of 1 <sup>st</sup> quarter of 2018	-	-	(842,586)	(842,586)
<b>Total comprehensive income 1<sup>st</sup> quarter 2018</b>	-	-	<b>(842,586)</b>	<b>(842,586)</b>
<b>As of 31.03.2018</b>	<b>10,000,000</b>	<b>3</b>	<b>(4,190,423)</b>	<b>5,809,580</b>
<b>As of 01.01.2019</b>	<b>10,000,000</b>	<b>(2,867)</b>	<b>9,712,519</b>	<b>19,709,652</b>
Net results of 1 <sup>st</sup> quarter of 2019	-	-	(1,055,804)	(1,055,804)
<b>Total comprehensive income 1<sup>st</sup> quarter 2019</b>	-	-	<b>(1,055,804)</b>	<b>(1,055,804)</b>
<b>As of 31.03.2019</b>	<b>10,000,000</b>	<b>(2,867)</b>	<b>8,656,715</b>	<b>18,653,848</b>

## B.1.4 Cash flow statement for the period 01.01.2019-31.03.2019

Cash flow statement (amounts in Euro)	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018
Profits/ (Losses) before tax	(1,055,804)	(842,586)
<u>Adjustments for:</u>		
Depreciation	6,905	3,104
Provisions	78,490	81,983
Loss from disposal of assets	438	-
Finance income	(152,411)	(54,017)
Finance cost	1,676	1,243
<u>Changes in working capital:</u>		
(Increase)/ Decrease in Other receivables	(100,177)	(81,983)
(Increase)/ Decrease in Other current assets	48,998	47,756
Increase / (Decrease) in current liabilities	(253,130)	(416,877)
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(1,425,015)</b>	<b>(1,261,378)</b>
Purchase of property, plant and equipment	(127,827)	(4,484)
Collection from disposals of assets	17,383	-
Interest received	325,124	134,226
<b>Net cash inflow/ (outflow) from investing activities</b>	<b>214,680</b>	<b>129,742</b>
Interest and bank charges paid	(1,676)	(1,243)
<b>Net cash inflow/ (outflow) from financing activities</b>	<b>(1,676)</b>	<b>(1,243)</b>
<b>Net cash inflow/ (outflow) for the period</b>	<b>(1,212,011)</b>	<b>(1,132,879)</b>
<b>Cash at the beginning of the period</b>	<b>19,640,841</b>	<b>7,335,934</b>
<b>Cash at the period end</b>	<b>18,428,830</b>	<b>6,203,055</b>

The net variation in cash and cash equivalents **during the 1<sup>st</sup> quarter of 2019** is mainly due to the payments that occurred for the operations of the Company to cover its expenses and payables outstanding from prior period.

It should be noted that, due to the timing of the dividend income, which is collected after the approval by the General Assemblies and mainly during the 3<sup>rd</sup> quarter, the net cash flows are expected to be inflows only during that quarter.