



THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A.



**2018**  
ANNUAL REPORT





THESSALONIKI WATER SUPPLY & SEWERAGE Co. S.A.

# CONTENTS

Letter from CEO .....	4
Information on how the annual report was prepared.....	6

## 01

### 01-THE COMPANY IN 2018

1.1 At a glance.....	8
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## 02

### 02-THE COMPANY

2.1 Background .....	12
2.2 Objects.....	14
2.3 Vision and Prospects.....	15
2.4 Major investment projects under way ....	17
2.5 Major events in 2018 .....	18
2.6 Pricing policy.....	21
2.7 Research, Development & GIS.....	22

## 03

### 03-COMPANY STRUCTURE

3.1 Organisational Chart .....	26
3.2 The Board of Directors .....	28
3.3 The General Manager and Managers .....	30
3.4 Corporate Governance Statement.....	32
3.5 Legislative Framework .....	33

## 04

### 04-CORPORATE SOCIAL RESPONSIBILITY

4.1 Employee education - support.....	36
4.2 Customer service .....	37
4.3 Ecological practices.....	38
4.4 Relations with the local community .....	39
4.5 Human Resources.....	40



# 05

## 05-INFRASTRUCTURE

5.1 Water supply .....	44
5.2 Quality control .....	49
5.3 Sewerage .....	50
5.4 Waste water treatment.....	52
5.5 Caring for the environment.....	55
5.6 Permits .....	56
5.7 Technical Works.....	57
5.8 Health and Safety.....	59

# 06

## 06-CONSUMPTION

6.1 Customer service .....	62
6.2 Consumption data analysis.....	63

# 07

## 07-INVESTMENT PLAN

7.1 Operating activities .....	75
7.2 Investing activities .....	76
7.3 EYATH's 2018-2024 Investment Plan .....	79
7.4 EYATH's Fixed Assets' 2018 - 2024 Investment Plan.....	82
7.5 IT System & Infrastructure .....	83
Development Unit	

# 08

## 08-SHARES

8.1 Performance .....	86
8.2 Share Capital Structure .....	87
8.3 Dividend Policy.....	88
8.4 Shareholder's Rights .....	88
8.5 Share's stock Market performance .....	92
8.6 Shareholder line-up.....	93
8.7 Share technical data.....	95
8.8 Shareholder relations .....	97

# 09

## 09-ANNUAL FINANCIAL STATEMENTS FOR 2018

Annual Financial Report .....	100
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## MESSAGE FROM THE CHAIRMAN AND CEO OF EYATH S.A.

Dear Shareholders,

As the financial results show, 2018 was yet another year with high profits and high liquidity for EYATH S.A., as well as a year when major investments were made in human resources.

2018 also functioned to shed light on certain issues: It highlighted the chronic problems of disinvestments given older attempts to privatise the company but also vindicated the priorities the current management team set when it took up its duties.

Within the first half of 2018 the company had to face three successive crises:

In January hydrocarbons were found at the Thessaloniki Water Treatment Plant before the water entered the treatment process, and it was discovered these derived from Polyfytos reservoir on the Aliakmon River.

In March the central pipeline that supplies Thessaloniki with water from the Aravissos spring burst causing major problems with water supply for the entire urban area.

In May water in the tank at the Dendropotamos pumping station was more turbid than usual, once again creating problems with water supply to the centre of Thessaloniki.

These were company operating crises that involved public health issues. The company reacted in coordinated fashion to these difficult technical and operational problems which arose, doing what it could. Its approach to the Aravissos pipeline was confirmed by the technical report prepared by experts from the Technical Chamber of Greece - Central Macedonia Annexe: The method employed by EYATH's technical staff to repair it was the right one, the duration of works was reasonable and the water distributed to the city matched the capabilities of the existing water supply system.

However, that expert opinion does not negate the major hassle suffered by residents of the Thessaloniki urban area.

For that reason Management implemented a 3-prong plan relating to the Aravissos pipeline and repairs to it: It concluded a framework agreement to reinforce and repair the aqueduct (budgeted cost of € 5.4 million) and also devised a way to detect leaks using radar satellite and internal inspection of pipes for leaks using acoustics. The three interventions will take place with the pipeline in full operation so that consumers are not negatively impacted.

At the same time, a 5-year, € 170,000,000 investment plan is continuing, which includes studies and projects to maintain, replace, complete and extend the infrastructure for the city's water supply and sewerage system. If many of these projects had been designed and implemented years ago as they ought to have been, they would have been amortised by now or the incidents mentioned would entail a smaller overall cost.

Among other things, our investment plan includes projects of exceptional importance for the city:

- The extension of the Thessaloniki Water Treatment Plant (Phase A2, water refinery) with € 21.5 million financing from the NSRF. From the moment the current management team assumed its duties, it has systematically pointed out that this project is of fundamental importance for EYATH expanding into new areas and for coping with emergencies, like the one in March 2018. The tender documents for the project are currently being approved by the Central Macedonia Region's Managing Authority, so that the tender to build the project can be launched.

- Sewerage works to complete the connection with Thessaloniki's low-lying areas (namely works in the Dendropotamos and K16 interchange area) with a budget of € 7.5 million, which will see the end of a chronic problem - the threat to public health in Western Thessaloniki and for the protection of the Thermaikos Bay. Currently, we are waiting for the contract to be signed.

- extension of the SCADA system for the water supply network, with a budget of € 4.1 million, as well as an extension of network zoning, projects which will significantly contribute to meeting emergency water supply needs and to better managing available water.

So despite the serious, costly technical problems the company had to deal with this year (either due to disinvestment in past years or due to extraneous factors), the company presented residents of Thessaloniki with a new pricing policy which for the first time introduces reductions for almost all household consumers, paying the local community, households and businesses a "social dividend".

The management team proposed the new 2019-2023 pricing policy to the Special Secretariat for Water and the jointly competent ministries and obtained their approval. For households, which constitute the majority of EYATH's consumer base (68%), the logic of the pricing policy is to reduce the price of water on lower consumption levels to ensure it serves a social purpose and increase it at higher consumption levels, to discourage wastage. The price is also reduced for business tariffs for lower levels of consumption and increased for higher levels of consumption as an incentive to avoid wasting this precious natural resource (64% of businesses will benefit from this) and for 83% of industries the charges remain fixed (for consumption levels of up to 2,000 m<sup>3</sup>). At the same time, public access to this commodity by vulnerable population groups is also ensured and extended (as mandated by the new Joint Ministerial Decision in any event) by adopting the IDIKA criteria for inclusion in social tariffs.

Improvements to the urban area's water supply and sewerage system thanks to the EYATH investment plan and



Prof. Giannis N. Krestenitis  
Chairman & CEO of EYATH S.A.

**"2018: a year of high profits, high liquidity and investments in human resources"**

the "social dividend" for citizens via our new pricing policy, cannot be implemented in the absence of personnel. This year the company completed the recruitment process for 150 new employees via the Supreme Staff Selection Committee, 14 years after the last staff members were recruited, bringing staff levels to 360. This investment in HR was utterly essential to fill vacant posts, but it also had a major financial impact on profits. It is just a matter of time before new staff members start making a decisive contribution to an increase in the company's value and to the rationalisation of cost. They will also help implement our investment plan, which will prevent cases of drought like the ones we experienced last March.

Safeguarding access for all to water supply / sewerage services, proper and sustainable management of water resources for future generations, which are strategic objectives of EYATH as explained above, are top priorities on the international agenda too and not just our own local one, and in fact constitute goal 6 of the UN's Sustainable Development Goals. EYATH is working each and every day to achieve that objective not just on a technical level by ensuring a positive environmental footprint in the area, but also via corporate social responsibility: Its strategy includes showcasing the vital relationship the company has with the local community and its contribution to shaping ecological awareness and a green culture via an extensive CSR programme.

EYATH S.A.'s Management team and staff have designed and are implementing actions to further bolster the company's economic performance, to more rapidly implement its investment plan and to update the water supply and sewerage services provided to residents and businesses in the Thessaloniki urban area.

April 2019

## INFORMATION ON HOW THE ANNUAL REPORT WAS PREPARED

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This Annual Report contains all the financial and other information necessary to investors and their investment advisors for true evaluation of the assets, financial position, results and prospects of the company EYATH S.A. (hereinafter the "Company").

This report was prepared in accordance with the provisions of the applicable legislation and in particular the provisions of Article 8 of Decision No. 5/204/14-11-2000 of the Hellenic Capital Market Commission (HCMC), as amended by decision No. 7/372/15-2-2006 of the Board of Directors of the HCMC. The information it contains is true, accurate, complete, correct and clear.

All information required under Article 10 of Law 3401/2005 relating to the Company, its shares and the transferable securities market on which its shares are traded, which information the company published and made available to the public during the 2018 financial year in accordance with law, is available on the company's website: [www.eyath.gr](http://www.eyath.gr) in the 'Investor relations' section. Moreover, the annual financial statements, audit certificates from the certified public accountants and reports from the Board of Directors which are incorporated into the consolidated financial statements have also been posted there. Lastly, the Company declares that all transactions of persons obliged under Article 13(1) of Law 3340/2005 to disclose information, have been disclosed in accordance with the relevant law.

All Company Divisions provided the information needed within its own remit, to fully present the Company's key functions and operations.

The Board of Directors declares that all its members were apprised of this report and along with its authors declare that all information and data contained herein is complete and true.

There is no other data and no other events have occurred, concealment or omission of which could make all or part of the information or data contained herein misleading.

There is no litigation or arbitration pending against EYATH S.A. which could have major impacts on the company's financial status, other than those cited in the Annual Report as at 31/12/2018.

The person responsible for the preparation and accuracy of the data contained in this Report is: Dimitrios Alexandris, EYATH S.A.'s CFO

# 01 THE COMPANY IN 2018

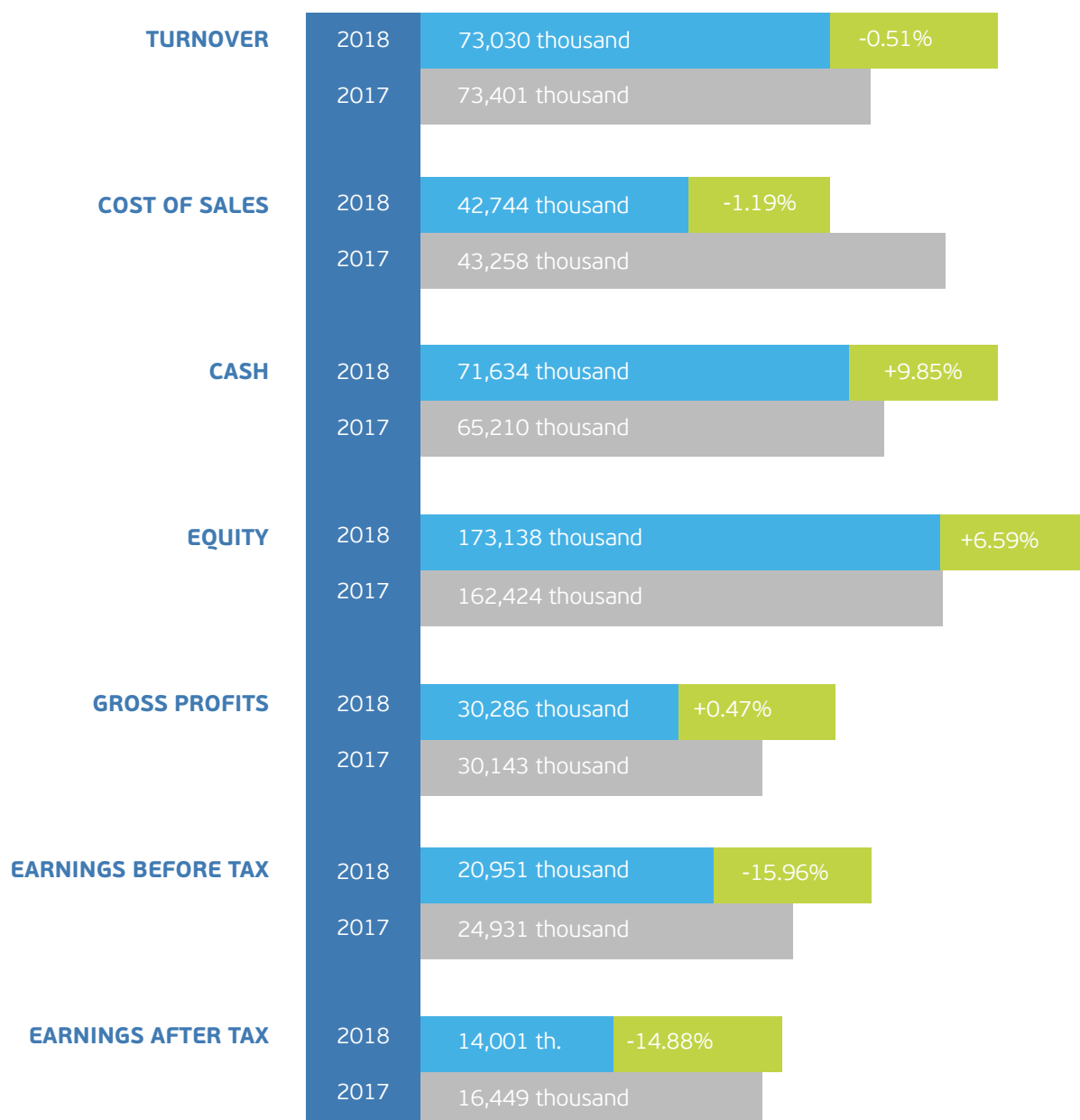
## 1.1 At a glance

# 01

# 1.1

## At a glance

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## Ratios

PERFORMANCE AND PROFITABILITY RATIOS			
	01/01/2018-31/12/2018	01/01/2017-31/12/2017	Deviation
Gross Profit Margin	41,47%	41,07%	0,40%
EBITDA Margin	34,89%	40,21%	-5,32%
EBIT	26,53%	31,73%	-5,20%
EBT Margin	28,69%	33,96%	-5,27%
EAT Margin	19,17%	22,41%	-3,24%
INVESTMENT RATIOS			
Earnings per share after tax	0,3857	0,4532	-14,89%
LIQUIDITY RATIOS			
	31/12/2018	31/12/2017	Deviation
General liquidity (Current assets / short-term liabilities)	9,84	10,20	-3,61%
CAPITAL STRUCTURE & VIABILITY RATIOS			
Equity / Debt	471,34%	428,27%	43,06%







## 02 THE COMPANY

- 2.1 Background
- 2.2 Objects
- 2.3 Vision and Prospects
- 2.4 Major investment projects under way
- 2.5 Major events in 2018
- 2.6 Pricing policy
- 2.7 Research, Development & GIS

# 02

## 2.1 Background

The company with the corporate name "THESSALONIKI WATER SUPPLY & SEWERAGE CO S.A." doing business as "EYATH S.A." (hereinafter the "COMPANY" or "EYATH S.A."), which was founded in 1998 (Law 2651/2.11.1998 (Government Gazette A 248/3.11.1998), created from the merger of Societes Anonyme "Thessaloniki Water Supply Organisation S.A." (OYTH S.A.) and "Thessaloniki Sewerage Organisation S.A." (OATH S.A.), which had been converted from bodies governed by public law into societies anonyme on 25.6.1997. It is listed on the Athens Exchange and is governed by the provisions of Codified Law 2190/1920 on societies anonyme, as that law applies as a complement to the provisions of Law 2937/2001, Chapter II (Government Gazette 169/A) and Law 3016/2002, as amended by Article 26 of Law 3091/2002. It is also subject to Chapter II of Law 3429/2009 on public corporations. The company's effective term is 99 years from 3.11.1998, and expires on 3.11.2097. The original Articles of Association were approved by decision No. ΕΓΑ/606/26-7-2001 (Government Gazette 989/30-7-2001) and the company is entered in the Companies Register (Reg. No. 41913/06/B/98/32) and the General Electronic Commercial Registry (GCR No. 58240404000). The Company's registered offices are in a privately owned building at 127 Egnatias St., Thessaloniki, GR-54635, Tel. 2310209231.

The Interministerial Privatisation Committee (IPC) issued decisions No. 563/17.10.2000 and 605/27.7.2001 and resolved to list EYATH S.A. on the Athens Exchange, and this was done by selling shares that came about from the share capital increase and selling existing shares owned by the Greek State, which until that point had been the sole shareholder.

On 27.7.2001 EYATH S.A.'s Extraordinary General Meeting of Shareholders unanimously decided to increase the share capital and list the shares on the Main Market of the Athens Stock Exchange. The following were decided in this regard:

- a) To increase the Company's share capital by 511,125,000 GRD (€ 1,500,000) by issuing 1,500,000 new ordinary registered shares (the new shares offered) with a nominal value of 340.75 GRD (€ 1) each which accounted for 10% of the company's share capital.
- b) the existing shareholder (the Greek State) would waive its right of pre-exemption in the share capital increase.
- c) The new shares would be able to draw a dividend from the profits for 2001.

The new shares offered were sold via a public offering to investors (individuals and institutional investors) in line with the provisions of Presidential Decree 350/1985, as in force.

At the same time, the Greek State which was the sole shareholder prior to the offer, decided for the purpose of achieving the necessary diversification, to sell 2,700,000 existing ordinary shares with a nominal value of 340.75 GRD (€ 1) each, which accounted for 16.36% of the company's share capital as it stood after the share capital increase.

Of those 2,700,000 shares owned by the Greek State, 2,500,000 were sold to investors (individuals and institutional investors) via a public offering and the other 200,000 shares were sold via private placement to staff with open-ended contracts and members of the Company's Board at a price 20% below the sale price of shares in the public offering, which was set using the book building method.

The new and existing shares sold via the public offering and via private placement (4,200,000 shares) accounted for 25.45% of the total number of shares in the Company after the share capital increase, in accordance with Article 3 of Presidential Decree 350/1985, as in force.

Pursuant to Article 22 of law 2937/26.7.2001, upon listing ownership of the main part of EYATH S.A.'s assets was transferred to the newly established body governed by public law, EYATH Fixed Assets, free of consideration. Under a 30-year contract signed on 27.7.2001 by the Greek State, EYATH Fixed Assets and EYATH S.A., EYATH S.A. was granted the exclusive right to provide water supply and sewerage services within its territorial remit. Under the same contract EYATH Fixed Assets was obliged to provide EYATH S.A. with the necessary quantities of water, at a predetermined price, to facilitate its customers (consumers), and at the same time EYATH S.A. was to take measure to rationally use the water sold and to make concerted efforts to reduce leaks and losses as much as possible, by implementing a programme to improve and repair the water supply distribution network.

Following the decision of the Extraordinary General Meeting of Shareholders of 30.12.2002, the share capital was increased by € 1,650,000 by issuing 1,650,000 new ordinary registered shares with a nominal value of € 1 (340.75 GRD) each by:

- a) capitalising € 1,580,015 from the premium on capital stock and
- b) capitalising € 69,985 from the goodwill from adjustment in the value of real estate as at 31.12.2000.

The Extraordinary General Meeting of Shareholders decided on 29.12.2006 to increase the share capital by € 2,178,000 taken from the retained earnings account and by also increasing the value of existing shares from € 1 to € 1.12 (or 381.64 GRD) each.

The Extraordinary General Meeting of Shareholders decided on 7.11.2007 to increase the share capital by € 20,328,000.00 by capitalising part of the retained earnings account, as shown in the approved financial statements as at 31.12.2006 prepared in line with the IFRS, by issuing 18,150,000 new ordinary registered shares with a nominal value of € 1.12 each, and gratis distribution to existing shareholders at ratio of 1 new share for each existing share.

The Company's Share Capital stands at € 40,656,000 divided into 36,300,000 shares with a nominal value of € 1.12 each.

On 26/4/2016 the Board of Directors of the Hellenic Republic Asset Development Fund (HRADF) approved the updated Asset Development Plan (ADP), which on 25/5/2016 was approved by the Government Economic Policy Council (Government Gazette 1472/B). According to the above plan, 23% of the Company's shares will be sold.

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision no. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.
2. Revoke Interministerial Committee for Restructuring and Privatisation decision no. 206/25.4.2012 (Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.2.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share

in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF.

The Greek State's total direct and indirect holding in those companies has not changed.

In light of those transfers and notices on the date this Board of Directors' Report was prepared, the Company's shareholder line-up since 1.1.2018 has been as follows:

SHAREHOLDER	Number of shares held	Holding on 01/01/2018
HCAP	18.150.001	50,00% +1
HRADF	8.717.999	24,02%
Other shareholders	9.432.000	25,98%
<b>Total</b>	<b>36.300.000</b>	<b>100,00%</b>

## 2.2 Objects

The Company's mission is to provide water supply and sewerage services.

More specifically, its mission is:

- the design, construction, installation, operation, running, management, maintenance, extension and renewal of water supply and sewerage services. Those activities and works include pumping, desalination, treatment, storage, transport, distribution and management of all types of water handed over to it for those purposes, and works and activities to collect, transport, treat, store and manage all manner of waste water (other than toxic waste water) and to treat, distribute, dispose of and manage the products of the sewerage network.
- utilisation of the products generated by treating waste water.
- providing all manner of telecommunications services, especially via water supply and sewerage networks.
- producing electricity especially by exploiting water from springs, dams, aqueducts and pipelines, and selling electricity it generates itself.
- making investments to expand or modify the water supply and sewerage system (networks and facilities) to improve the quantity and/or quality of the services provided to citizens/consumers.

Moreover, the Company seeks to rationally manage water resources and collect and process urban waste and industrial waste water, other than toxic waste water. Other key functions of the Company which are cited in its Articles of Association are:

- the provision of water supply services to consumers via the water supply network.
- the provision of sewerage services via the sewerage network.
- financial exploitation of those two services and networks.
- The provisions of water supply services includes providing drinking water of suitable quality for consumption to households, municipalities, and for public use (to water public spaces, for example), and providing water for industrial uses and also providing adequate quantities of water to fight fires.

This is done via a whole set of hydraulic and other works and operations which fall into three distinct sectors:

- outdoor aqueducts and E/M facilities for transporting untreated water.
- water treatment plants.
- drinking water distribution network facilities.

The provision of sewerage services includes collecting liquid urban waste and industrial waste from the wider Thessaloniki area via the network of drains, transporting, cleaning it at waste treatment plants and then disposing of it in the natural environment.

The Company collects all quantities of untreated water required from underground springs located to the W and N of the city. The most important underground springs are at Kalohori, Sindos, Narres, Halkidona, Axios and Aravissos, which along with the Aliakmon River provide the largest quantities of water. Using pumping stations at Dendropotamos, Diavata, Sindos and Ionia, water is then stored in around 50 tanks and directed on to consumers via a network of pipes measuring around 2,340 km long.

Company activities are listed under code number 410 in the statistical classification of sectors of economic activity prepared by the National Statistical Authority of Greece.

According to Article 26 of Law 2937/2001, the Company's territorial remit, within which it may provide its services and conduct its business, is the following:

**WITH REGARD TO WATER SUPPLY:** the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpia, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama, Pylea, Oreokastro, Pefka, as well as the industrial area of Thessaloniki.

**WITH REGARD TO SEWERAGE:** the territorial remit of EYATH S.A. is divided into five regions:

**"Region A"** includes the Municipalities of Thessaloniki, Ampelokipoi-Menemeni, Kalamaria, Neapoli-Sykies, Pavlos Melas, Delta, Evosmos-Kordelio, Pylea-Hortiatis, Oreokastro.

**"Region B"** includes the area surrounded by the rivers Gallikos and Axios, up to the sea, including the industrial zone of the major Thessaloniki area, the district of Sindos of the Municipality of Echedoros, the districts of Agios Athanasios, Anchialos, Gefyra of the Municipality of Ag. Athanasios and the districts of Halastra and Anatoliko of the Municipality of Halastra.

**"Region C"** includes the hill zone of the Thessaloniki urban area and includes the community of Pefka and the Districts of Asvestochori, Exochi, Filyro of the Municipality of Hortiatis.

"Region D" extends to the Municipalities of Kalamaria and Panorama, to the Sedes public baths and the airport of Mikra and includes the Industrial area and the Districts of Thermi, N. Redestos, N. Rysio and Tagarades of the Municipality of Thermi and the District of Agia Paraskevi of the Municipality of Vassilika.

"Region E" extends from the airport of Mikra and the districts of N. Rysio and Tagarades of Agia Paraskevi to the sea and includes the Districts of Agia Triada, Perea, N. Epivates of the Municipality of Thermaikos and the districts of Nea Michaniona, Emvolo, Angelohori of the Municipality of Michaniona.

The Company, under a contract signed with the corresponding Municipality and EYATH Fixed Assets can undertake the existing network of local government authorities in one of the above regions and the obligation to provide water supply or sewerage services to the corresponding Municipality.

## 2.3 Vision and Prospects

EYATH S.A. manages water, a public commodity. It supplies water to more than one million citizens, business and industries in the wider Thessaloniki area. It also manages the city's sewerage system using urban and industrial Waste Water Treatment Plants, leaving its own footprint on another public commodity which is under its protection: the environment.

In Management's view, EYATH S.A. is duty-bound to combine its business operations with social responsibility, providing a high level of water supply and sewerage services, at the lowest possible cost. At the same time, serving as the manager and provider of a public commodity, such as water, it must ensure that it is accessible to sensitive (vulnerable or special) groups of citizens, so that they can cover their basic needs.

The new management team at EYATH S.A., in a spirit of transparency and fairness, seeks to "return" its profits in projects for the Thessaloniki public, ensuring a balance between the Company's growth and the protection of the environment, which in the case of the Thessaloniki urban centre, is synonymous with the protection of the Thermaikos Bay.

The Company's strategy shall aim at fulfilling its obligations as a Utility Company, in combination with increasing the shareholders' assets. To this end, it seeks to improve the quality of the services it provides through an investment program, to improve its facilities, expand its technological infrastructures by using

advanced software packages and developing specialised IT applications.

The increase of the company's workforce, with 150 employees added under ASEP (Central Staff Recruitment Board) procedures, allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region:

- Through the overall development of its networks, namely with a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water
- Expand its operation to neighbouring areas facing water supply and sewerage problems, for example tourist areas with water supply problems due to over-abstraction, saline water, etc.
- Through building relationship of cooperation in the wider area, even outside the borders, where the high level of specialisation and know-how of the company and its workforce are appreciated.

Having developed business and investment plans, the company now seeks to grow and transform itself into a robust source of know-how and entrepreneurial skills for the wider area.

## 2.3 Vision and Prospects

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### VISION

Universal and equal access for all to clean water and an environmentally safe sewerage network.

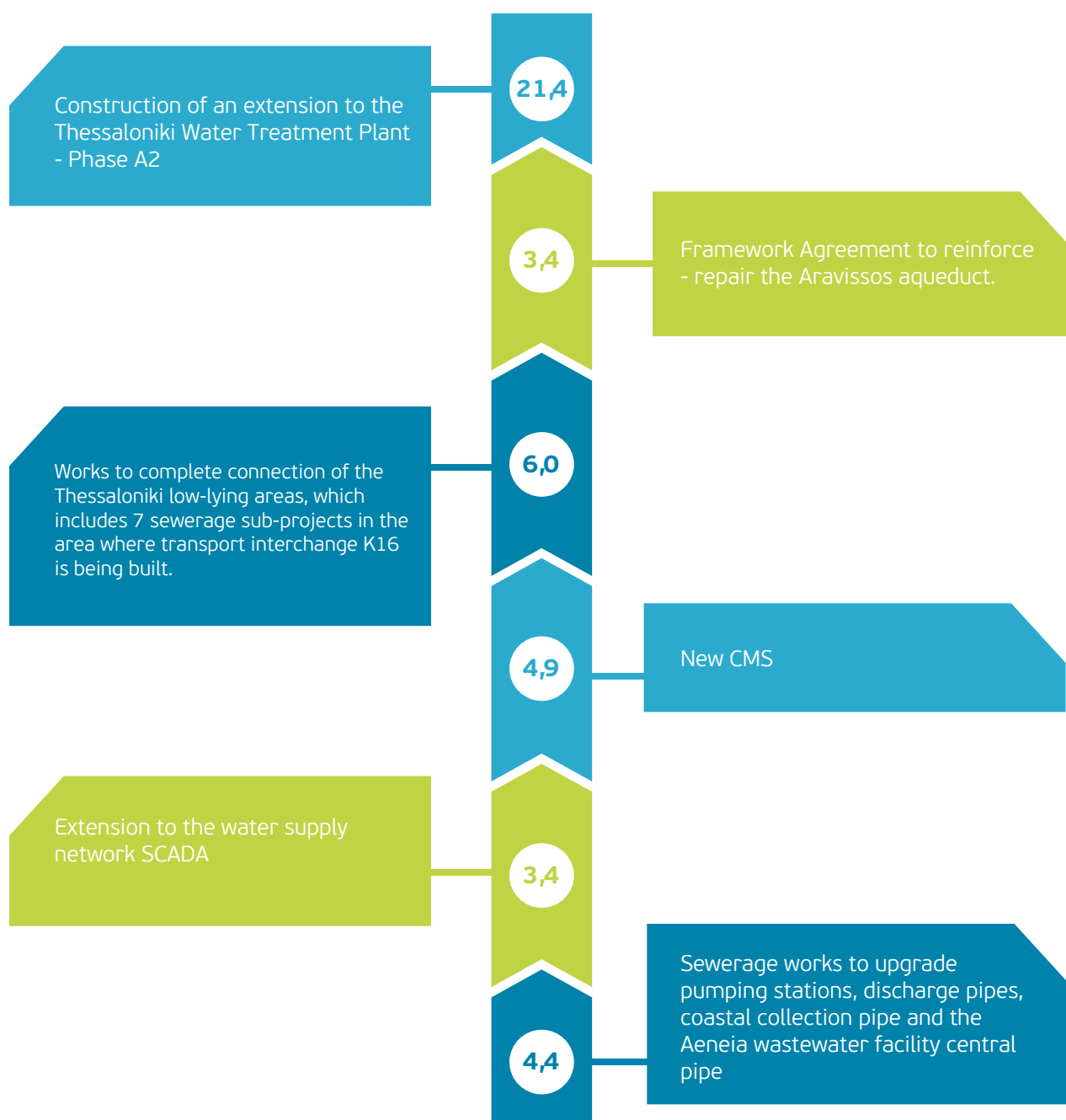
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### MISSION

The offer of quality, comprehensive water supply and sewerage services, by utilising, improving and extending infrastructure, through sustainable environmental management practices.

## 2.4

### Major investment projects under way



Amounts in € millions

## 2.5 Major events in 2018

### CHANGE IN THE SHAREHOLDER LINE-UP AND VOTING RIGHTS

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to revoke Interministerial Committee for Restructuring and Privatisation Decisions No. 195/27.10.2011 (Government Gazette 754/B) and No. 206/25.4.2012, Government Gazette 1363/B/26.4.2012), to the extent that they transferred 14,520,000 and 3,630,001 shares in EYATH S.A. from the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018. The decision was published in Government Gazette 614/B/22.2.2018.

Then on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital. The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF. The Greek State's total direct and indirect holding in those companies has not changed.

### INVESTMENT PROJECTS

During 2018 EYATH S.A. launched various open tender procedures to put the following water supply and sewerage designs and projects out to tender relating to extensions to networks, repair or replacement of pipelines or new projects.

- Technical Advisor services under the Framework Agreement for Technical Advice for EYATH S.A.'s Strategic and Business Plan designs and works. Budget: € 1.32 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Drafting of supporting designs / Framework Agreement for the preparation of support designs to meet EYATH S.A.'s needs. Budget: € 725 thous. (plus VAT). The Framework agreement has been signed and the first implementing agreement is about to be signed.
- Contract for first group of urgent water supply works 2019. Budget: € 2.5 million (plus VAT). Currently, the appointment of the contractor is still pending.
- Framework Agreement to improve - repair the Aravissos aqueduct. Budget: € 3.37 million (plus VAT). Currently, the appointment of the contractor is still pending.

- Works to complete connection of the Thessaloniki low-lying areas, which includes 7 sewerage sub-projects in the area where transport interchange K16 is being built. Budget: € 6 million (plus VAT). At present, signing of the contract with the contractor is still pending.

During 2018, Decision No. 4391/2.8.2018 of the Regional Governor of Central Macedonia approved inclusion of the operation entitled "Construction of an extension to the Thessaloniki Water Treatment Plant - Phase A2" in the Central Macedonia 2014-2020 operational programme (operation MIS code: 5028173) with a budget of € 21.4 million (plus VAT). The Company is currently updating the tender documents and drafting the tender notice, and it plans to put the project out to tender in 2019.

During 2018, cases of extending sewerage networks with third parties assuming part of the cost were examined. These related to pipelines around 3.5 km long in various areas. Other cases examined included repairs/replacements of sewerage pipelines of around 10 km long.

In 2018 the special sewerage regulations were approved (Joint Ministerial Decision No. 1793 B/21-5-2018) which relates to the terms and conditions imposed on all activities and operators who generate liquid waste other than residential homes, to enable the liquid waste to be disposed of via EYATH S.A.'s sewerage network. The regulations incorporate the environmental legislation and will reduce the impact on EYATH's sewerage network and also the environmental impact of the liquid waste itself.

### THE SUBSIDIARY EYATH SERVICES S.A.

On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected the injunction of the contract staff against the Company and the subsidiary EYATH SERVICES S.A. and since that date those persons have ceased offering their services to the company. EYATH SERVICES S.A. has not provided any water supply and sewerage services in the period from 1.3.2018 to the present day. On 2.4.2019 the main case filed by former contract workers against EYATH S.A. and EYATH SERVICES S.A. was heard and judgment is awaited.



On 12.4.2018 the Thessaloniki Regional Branch of the EFKA Fund sent the company's subsidiary EYATH Services S.A. decisions imposing social security contributions and decisions imposing additional social security contribution charges totalling € 2,376,029.24. Those decisions were the result of an audit of contracts which examined the social security contributions of employees on independent service contracts / contracts for work at the subsidiary over the period 1.7.2010 - 31.12.2016. Those fines were paid by the subsidiary and it has filed an objection with the local EFKA Fund committee which handles those matters.

Decision No. 270/2018 of EYATH S.A.'s Board of Directors approved a € 2,400,000 increase in the share capital of the wholly owned subsidiary EYATH SERVICES S.A. in May 2018, paid in cash, for the purpose of covering the said fine imposed by the Thessaloniki Regional Branch of the EFKA Fund. Following completion of that share capital increase, the subsidiary's share capital stood at € 2,460,000 divided into 4,920,000 registered shares with a nominal value of € 0.50 each. The Company then formed an impairment provision equal to the increase in the subsidiary's share capital based on the present value of future cash flows which are expected to flow from the subsidiary.

On 7.6.2018 another decision from the EFKA Fund was sent to the Company following settlement of social security cases for all employees on contracts up to 28.2.2018, for a total of € 242,952.94 including surcharges. EYATH SERVICES S.A. paid that amount and also filed an objection with relevant local committee concerning that fine.

#### ACQUISITION OF A HOLDING

EYATH S.A. participated in the share capital increase of the Metropolitan Development Agency of Thessaloniki, acquiring a 7.28% stake for around € 50 thous.

#### FAULT WITH THE ARAVISSOS PIPELINE

During the period ended, there was a major fault / break in the Aravissos pipeline, meaning that the supply of water from the Aravissos springs to the Thessaloniki urban area was suspended, and there were consequent extensive water supply problems throughout the entire city. Although technical works were completed on schedule, the considerable turbidity of the water in the Aravissos river, available at the Dendropotamos Pumping Station after completion of the works to replace the damaged section of the Aravissos pipeline was something unforeseen. Only after the water in the Aravissos

river was found to be safe to drink was it channelled to the city once again.

As a company which manages a public commodity, to assist with the effects of water shortages in the Thessaloniki urban area resulting from that fault to the extent it could, EYATH S.A.'s Board decided to:

- Exempt consumers of special tariffs (social tariff, disabled tariff, large family tariff, etc.) from the standing charges on the next bill.
- Provide technical and financial assistance to public hospitals to ensure they had sufficient supplies of drinking water in the case of water supply problems.
- Assist Municipalities with the financial costs they incurred during the water shortages to secure drinking water for municipal services (such as old people's homes, kindergartens, etc.).
- Reduce the charges for business tariffs in 2018 Q2 by taking 12% of the original tariff for those business consumers who had no past-due debts.
- Not apply charges for works to fix leaks on consumers' external branch lines, for the period from 28.3.2018 to 15.4.2018.
- Commission the Central Macedonia Annexe of the Technical Chamber of Greece to prepare an expert report on the damage to the pipe.

According to the Technical Chamber of Greece / Central Macedonia Annexe's technical report, delivered to EYATH S.A. in February 2019, the cracking in the cement Aravissos pipeline was due to corrosion of the steel reinforcements. In their expert report, engineers from the Technical Chamber of Greece / Central Macedonia Annexe took the view that the method followed by EYATH S.A. technical staff to repair the pipeline was the right one, that the duration of the works was reasonable, and the capacity of the existing water supply network appears to have been used to the full to distribute available quantities of water to the city.

After the damage occurred, a questionnaire was prepared and distributed to EYATH S.A. staff for the first time. It was sent in hard copy and electronic format in July 2018. The questions posed were also used in the public opinion poll conducted by an external associate (November – December 2018) and combining the results of the two helped the company develop a targeted communications policy.

Immediately after the Aravissos pipeline broke, Prof. Emeritus Giorgos Penelis was invited to update the Aravissos pipeline repair study which he had prepared in early 2000. The update was submitted to EYATH S.A. in August 2018. Then as part of EYATH S.A.'s activities

## 2.5

### Major events in 2018

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in relation to this matter, which have been included in the company's Strategic and Business Plan, tender documents were prepared for a framework agreement to improve - repair the Aravissos pipeline, with a budget of € 3.4 million and an option for € 1.0 million. The framework agreement relates to work to improve and repair the Aravissos aqueduct which the design considers to be necessary. The tender procedure was run in December 2018 and a contractor for the project is expected to be selected soon.

During the year, the following steps were also taken for preventative maintenance and to check the Aravissos aqueduct:

- a. 10 boreholes were sunk along the length of the pipeline's route to monitor ground water levels.
- b. Preparatory steps were taken for specialist checks using spectral analysis of satellite images of the pipeline's entire route (around 52 km) to reveal any underground, and hidden leaks.
- c. Preparatory steps were taken for an internal acoustic inspection of the pipeline to identify leaks and air bubbles.

#### RECRUITMENT OF NEW STAFF

During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). The process was completed in 2018, since by 31.12.2017 a total of 126 employees had taken up their posts. The upcoming increase of the company's workforce, with employees to be added under ASEP (Central Staff Recruitment Board) procedures, will allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region.

## 2.6 Pricing Policy

EYATH S.A. combines its business operations with social responsibility, providing a high level of water supply and sewerage services, at the lowest possible cost. At the same time, serving as the manager and provider of a public commodity, such as water, it makes sure that it is accessible to sensitive (vulnerable or special) groups of citizens, ensuring that they can cover their basic needs, having established a social water supply tariff.

Decision No. 416/2011 of the Board of Directors set the company's pricing policy for the 2012-2013 period, which was ratified with Joint Ministerial Decision No. 4799/19-12-2012 (Government Gazette 3450/B/27-12-2012) of the Ministers of Finance and Macedonia-Thrace.

In National Water Committee Decision No. 135275/22.5.2017 (Government Gazette 1751/B) "on general rules for costing and billing water services, methods and procedures for recovering costs of water services for various water uses", the Committee laid down the general costing and billing rules for water services. The purpose of the decision is to approve the general costing and billing rules as well as measures to improve water services for various uses of water, and to lay down procedures and methods for recovering the cost of such services, including environmental costs and water resource costs. The decision lays down the framework which EYATH is required to implement when billing its services from the start of 2019.

During 2018 the company prepared and approved a pricing policy for the period 1.1.2019 to 31.12.2023 in accordance with that decision, which was submitted to the Special Secretariat for Water for its approval. That pricing policy has now been approved (Government Gazette 1105/B/3.4.2019) and is effective from 1.5.2019.

New tariffs for 2019/20:	SCALE m <sup>3</sup>	PRICE (€/m <sup>3</sup> )	SEWERAGE IN REL. TO PRICE OF WATER
Residential Tariff	0 - 10	0,42	80%
	11 - 40	0,60	80%
	41 - 60	0,70	80%
	61 - 120	1,20	80%
	121 - 160	3,60	80%
	161 - over	4,40	80%
Social Residential Tariff (SRT A)	0 - 30	free	80%
	31 - 80	-70% of the residential tariff	80%
	81 - 120	-35% of the residential tariff	80%
	121 - over	No discount	80%
Social Residential Tariff (SRT B)	0 - 30	free	80%
	31 - 80	-50% of the residential tariff	80%
	81 - 120	-25% of the residential tariff	80%
	121 - over	No discount	80%
State - Municipality - Loc. Govt. Auth.	0 - over	0,65	80%
Aid for Loc. Govt. Auth.	0 - over	0,35	0%
Charities	0 - over	0,65	80%
Business tariff	0 - 200	0,70	80%
	201 - over	0,95	80%
Industrial tariff	0 - 2000	0,52	80% outside of the T. I. Area
	2001 - over	0,87	80% outside of the T. I. Area
Irrigation - Cleaning Private Green Areas	0 - 10	2,00	0%
	11 - 100	2,50	0%
	101 - over	3,60	0%
Boreholes	0 - over	0.30	80%
Fire hydrants	0 - over	5.00	0%
Tanker trucks	0 - over	1.00	0%
Ship provisioning	0 - over	2.00	0%

## 2.7 Research, Development & GIS

The Research, Development & GIS Department within the Planning & Works Division engages in R&D and all processes relevant to improving the availability of documentation about company networks in digital format, and on the GIS background map which the company has.

In 2018 as part of various research programmes, steps were taken to manage and coordinate current and new research plans as part of the long-standing collaboration between various company divisions.

In relation to Geographical Information Systems (GIS), efforts continued to be made to improve documentation of the company's networks in digital format and on the GIS background map and new pilot measures were also adopted.

### A. RESEARCH - DEVELOPMENT: RESEARCH PROGRAMMES SECTOR

Over the course of the year 2018 the company was involved in various working groups along with other players from the city and abroad, to ensure that EYATH plays a part in shaping proposals for research projects in the context of co-financed research, technology and innovation programmes run by the European Commission (Horizon 2020) or the Greek General Secretariat for Research and Technology (GSRT-NSRF). As a result, it took part in 4 European Horizon 2020 research proposals. Of those, the project entitled "Enhancing Standardisation strategies to integrate innovative technologies for Safety and Security in existing water networks" (Aqua3S) was approved in January 2019. It is expected to impact on the safety and protection of the water supply system in the wider Thessaloniki metropolitan area. Its objective is to highlight the best combination of modern, online instrumentation and optimal water supply network topography to identify a range of pollutants and to prevent accidental and/or deliberate pollution of drinking water. In addition, the outcomes of this project are expected to identify suitable amelioration measures and actions for monitoring water resources, communication procedures amongst competent rapid response inspectorates, information-gathering methods for use of social media, etc. This will showcase the general rules and procedures for incorporation into a fixed, standardised methodology for responding to emergencies in order to safeguard the quality of the end product. Project management will be done primarily by the Research Programmes Office and the technical and financial side of the project will commence in September 2019.

### RESEARCH PROGRAMME TO STUDY THE IMPACT OF DISPOSING OF SLUDGE ON EXPERIMENTAL CROPS.

The research project financed by EYATH S.A. in cooperation with the Aristotle University of Thessaloniki's Special Account for Research Grants for a scientific study on "The impact of adding sludge treated at a biological treatment plant on the physical, chemical and biochemical properties of soil, and on the performance, composition and quality of wheat and maize", continued. The project will run for 31 months in total, ending in December 2018.

Along the same lines, the company entered into an agreement in May 2018 with Aristotle University of Thessaloniki's Special Account for Research Grants and the AUTH Civil Engineering Department to fund and carry out a "Study of ecotoxicological parameters of various types of sludge at the EYATH S.A. Waste Water Treatment Plant", with a total duration of 18 months.

### THERMAIKOS BAY QUALITY MONITORING PROGRAMME.

To study the marine environment close to the two submerged waste disposal pipes from the two waste treatment plants, and along the coastline near the White Tower, the company entered into a self-financed agreement with the Aristotle University of Thessaloniki's Special Account for Research Grants and the School of Civil Engineering to implement the "Thermaikos Bay Quality Monitoring Programme". Boats sailed 3 times (in the Spring, Summer and Autumn of 2018) to collect samples.

The contract to identify pharmaceuticals and personal care products (PPCPs) at EYATH S.A.'s two wastewater treatment plants (in Thessaloniki and Aeneia) entered into with the Environmental Pollution Control Lab of the AUTH's School of Chemistry in the period from May 2018 to May 2019 is in the same vein.

### PARTICIPATION IN THE INTERNATIONAL CITY WATER RESILIENCE FRAMEWORK TEAM

Between June and December 2018 the company worked in close partnership with the Municipality of Thessaloniki to become a member of the international team of cities developing the City Water Resilience Framework (CWRF) following an invitation from ARUP and the 100 Resilient Cities foundation. The programme aims at developing an international standard framework to assess resilience in the water supply sector that every city will be able to apply to its own water basin. This approach is intended to give cities added impact with powers to influence partners from the entire drainage basin in order to make joint decisions towards achieving greater resilience.

#### PARTICIPATION IN OTHER RESEARCH ACTIONS AND PARTNERSHIPS

During 2018, the company engaged its scientific personnel (in situ research activity) to explore and implement the use of satellite images as a remote sensing tool to monitor the surface water it manages to produce drinking water. It also took part in the process of establishing an expert advisory group with organisations from all over Europe and submitting a thematic proposal as part of the European Space Agency's R&D strategy aimed at developing pioneering know-how on the use of biofilm in water and sewage treatment systems. That proposal was approved and the consultations, which will be launched in 2019, will run for 2 years.

As part of the effort to protect seas from pollution and promote pollution clean-up and recycling in the spirit of a circular economy, EYATH worked with Aegean Rebreath to clean the underwater and coastal area around Aretsou marina in June 2018. The action also aimed to foster a climate of environmental awareness and educate the local population.

#### B. GEOGRAPHICAL INFORMATION SYSTEMS (GIS)

In addition to performing its normal duties, during 2018 the GIS sector was also involved in the following pilot projects or unscheduled operations:

##### REPLACEMENT OF GIS SOFTWARE AND HARDWARE

Replacement/updating of all company GIS systems (software, servers, backup devices).

##### PILOT SCHEME TO DETECT HIDDEN LEAKS USING SATELLITE IMAGES

Participation in a pilot project to detect hidden leaks in the water supply network using satellite images.

##### GIS ADDRESS BOOK FOR US WITH THE COMPANY'S ERP SYSTEM / WATER SUPPLY CUSTOMER BASES AND NORMALISATION THEREOF

The background map of roads within the company's territorial remit was updated. All competent municipalities were contacted to provide the company with maps and lists with the names of streets. Those sources and use of Google Street View resulted in changes to the background map and new rules and exceptions to naming conventions were created.

##### STANDARDISED GIS ADDRESSING SCHEME FOR RE-CORDING ADDRESSES IN THE COMPANY'S ERP DATABASE

The GIS address database was integrated into the Company's ERP and customer addresses are now recorded by the Consumers Division using a predefined standard list of addresses, thereby reducing errors, homogenising the database thanks to standardisation and making it faster to input data.

#### APP TO RECORD WATER SAMPLING LOCATIONS ON A MAP

An interactive online map was developed by the Drinking Water Testing Lab to record the water sampling locations and the values recorded.

#### HYDRAULIC ZONING OF THE WATER SUPPLY NETWORK

The department was involved in the process of zoning the water supply network's tanks and specifically in creating digital files and an online interactive app to hydraulically and properly map the water supply network tank zones for the entire network.

#### UPDATING ROAD NUMBERS

The entire database of road numbers was updated using computerised or on-the-spot checks.

#### UPDATING LOCATION OF FIRE HYDRANTS

The entire location and status of fire hydrants database was updated using computerised or on-the-spot checks.

#### GIS & ERP PILOT INTERFACE

Customer data from the entire Evangelistria area was input to the GIS on a pilot basis and the GIS was interfaced with the Consumer Division's customer database allowing customer consumption data to be automatically input to the GIS thanks to the database interface.





## 03 COMPANY STRUCTURE

- 3.1 Organisational Chart
- 3.2 The Board of Directors
- 3.3 The General Manager and Managers
- 3.4 Corporate Governance Statement
- 3.5 Legislative Framework

# 03

## 3.1 Organisational Chart

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During 2016, the study to re-engineer the company's organisational structure was completed. The objective was to simplify the organisational chart. All company Divisions now report to a single General Division and the number of Company Divisions was reduced from 8 to 6.

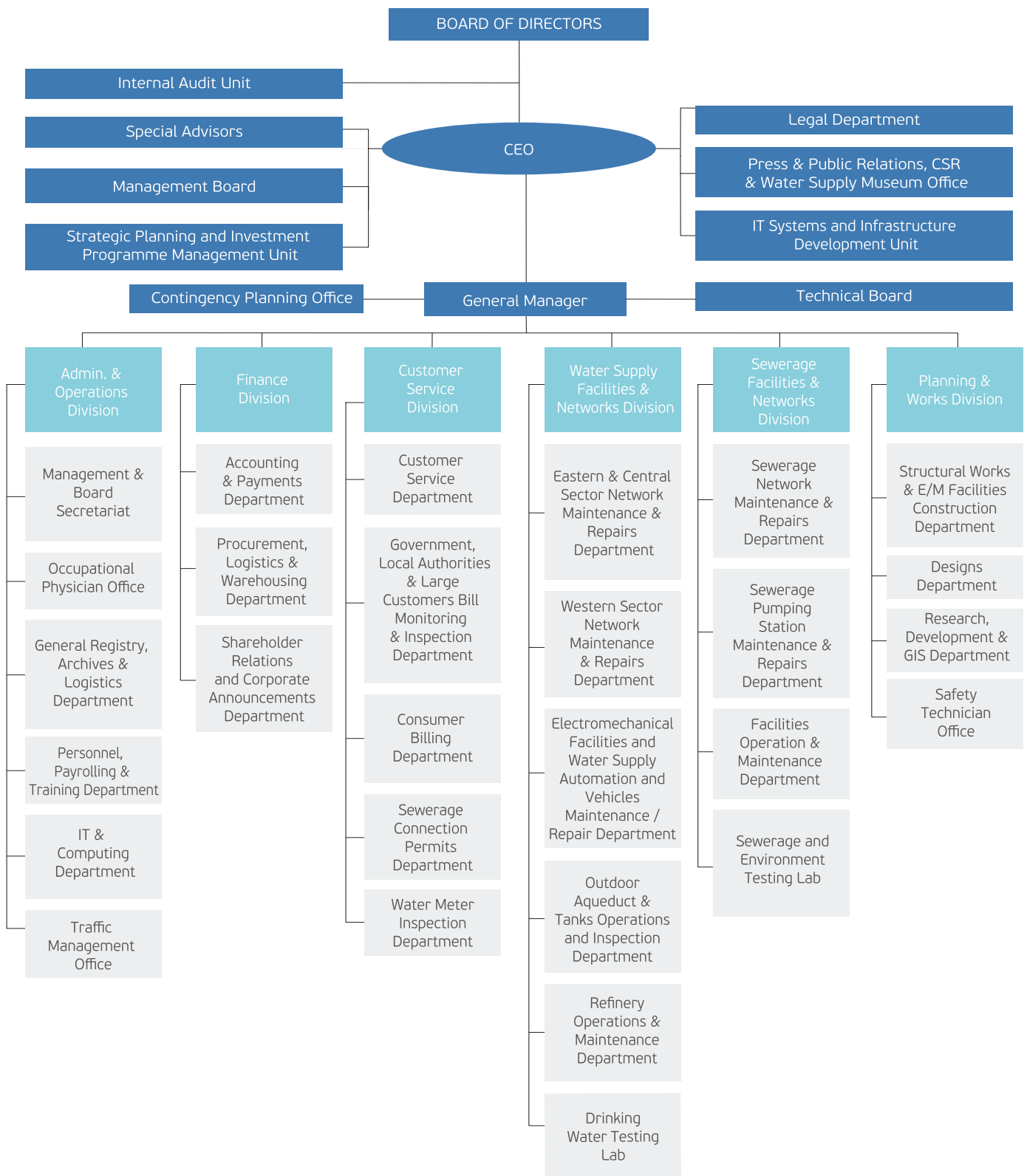
In 2017 and 2018 there were no further changes and consequently the divisions were:

- (a) Water Supply Facilities and Networks Division
- (b) Sewerage Facilities and Networks Division
- (c) Planning & Works Division
- (d) Customer Service Division
- (e) Admin & Operations Division
- (f) Finance Division

The organisational chart seeks to capitalise on economies of scale (with fewer Divisions and Departments) and bring similar activities under the same roof, thereby creating a more compact organisation that is ready to respond to the challenges in this new period of company growth.

The Management Board makes an important contribution to the Company's smooth functioning and growth and it has been in regular use again since last year, equipped with new, updated internal regulations.





## 3.2 Board of Directors

Article 13 of EYATH S.A.'s codified Articles of Association, approved by Decision No. K2-16550/19-11-2007 of the Minister of Development (Government Gazette 13309/20.11.2007), amended as regards Article 5(4) and Article 13 by decision No. K5-1143/1-4-2013 of the Minister of Development, Competitiveness, Infrastructure, Transport & Networks (Government Gazette 2044/5.4.2013), states that the Company is to be run by a Board of Directors comprised of between 7 and 11 directors, elected by the Company's General Meeting of Shareholders. Members of EYATH S.A.'s Board serve for a five-year term in office.

Members are either executive or non-executive, and at least 2 are independent. Two members are also employee representatives.

Article 17 of the Articles of Association (Establishment of the Board) states that immediately after it is formed under Article 13 of the Articles of Association, the Board must meet and officially establish itself and elect a Chairman and one or more Vice Chairmen. A CEO can also be elected from among the members. The position of Chairman may be held by the same person holding the position of CEO.

The Board selects Managers, and in the same decision sets out their competences.

### LINE-UP OF THE BOARD OF DIRECTORS IN 2018

During 2018 the Board of Directors' line-up was as follows:

#### BOARD OF DIRECTORS' LINE-UP FROM 01/01/2018 TO 31/12/2018

No.	NAME – SURNAME	POSITION ON BOARD	ROLE
1	Ioannis Krestenitis	Chairman & CEO	University Professor
2	Ioannis Papaioannou	1st Vice Chairman - Executive Member	Agronomist
3	Stella Valani	2nd Vice Chairman - Non-Executive Member	Attorney at law
4	Stefania Tanimidou	Independent non-executive member	Economist
5	Panagiotis Gogos	Independent non-executive member	Economist
6	Marina Kouri	Non-Executive Member	Head of the HRADF project
7	Evdoxos Petridis	Non-Executive Member	Civil Engineer
8	Olympia Latsiou Chryssafi	Non-Executive Member	Attorney at law
9	Petros Samaras	Non-Executive Member	Chemical Engineer
10	Georgios Archontopoulos	Non-Executive Member	Employee representative
11	Anastasios Sachinidis	Non-Executive Member	Employee representative

The Board decided at its meeting on 10.5.2018 (Decision No. 223A/2018) to accept the resignation of the non-executive director, Mr. Evdoxos Petridis.

The Board decided at its meeting on 30.8.2018 (Decision No. 391/2018) to accept the resignation of the head of the HRADF S.A. Project, Mrs. Marina Kouri.

The Board is the Company's supreme body and is primarily involved in devising strategy and growth policy for the company and also oversees and controls how its assets are managed. Its competences are set out in Law 2190/1920 and Law 3016/2002, as in force today.

The fees paid to members of the Board for Board meetings in 2018 are presented in the table below, for each relevant period.

#### FEES & REMUNERATION FOR BOARD MEMBERS FROM 1.1.2018 TO 31.12.2018

NAME – SURNAME	ROLE	BOARD OF DIRECTORS	ATTENDANCE EXPENSES	EMPLOYER CONTRIBUTIONS	ANNUAL REMUNERATION	TRAVEL EXPENSES	TOTAL COST
IOANNIS KRESTENITIS	CHAIRMAN & CEO - EXECUTIVE MEMBER	3,642.50	0.00	6,921.76	57,000.00	1,142.20	68,706.46
IOANNIS PAPAIOANNOU	BOARD MEMBER & VICE CHAIRMAN	3,642.50	0.00	3,671.80	13,531.44	191.70	21,037.44
STELLA VALANI	BOARD MEMBER & VICE CHAIRMAN	3,290.00	0.00	3,596.44	13,531.44	39.49	20,457.37
OLYMPIA LATSIΟΥ CHRYSSAFI	BOARD MEMBER	3,642.50	4,643.28	1,771.48	0.00	0.00	10,057.26
EVDOKOS PETRIDIS	BOARD MEMBER	1,175.00	1,676.74	609.70	0.00	0.00	3,461.44
STEFANIA TANIMIDOU	BOARD MEMBER	2,115.00	4,643.28	1,444.92	0.00	0.00	8,203.20
PANAGIOTIS GOGOS	BOARD MEMBER	3,642.50	4,643.28	1,771.48	0.00	0.00	10,057.26
MARINA KOURI	BOARD MEMBER	1,880.00	3,095.52	1,063.76	0.00	0.00	6,039.28
PETROS SAMARAS	BOARD MEMBER	1,880.00	2,708.58	981.03	0.00	36.81	5,606.42
ANASTATIOS SACHINIDIS	BOARD MEMBER EMPLOYEE REPRESENTATIVE	3,525.00	0.00	1,746.36	4,623.28	0.00	9,894.64
GEORGIOS ARCHONTOPOULOS	BOARD MEMBER EMPLOYEE REPRESENTATIVE	3,642.50	0.00	1,771.48	4,623.28	0.00	10,037.26
TOTAL		32,077.50	21,410.68	25,350.21	93,309.44	1,410.20	173,558.03

The amounts paid to the CEO were for fees, while other members received attendance expenses. Those figures were set in the decision of the Ordinary General Meeting of 31.5.2018.

**€ 3,642.50.** was paid in remuneration for meetings of the Board secretaries in 2018. According to Article 23 of the Articles of Association, the Board's pay and remuneration are set by decision of the Ordinary General Meeting of Shareholders.

The pay, excluding employer contributions, for the General Manager in the period **1.1.2018 – 31.12.2018** stood at **€ 56,598.36** and for Managers stood at **€ 304,548.02.**

The current line-up of the Board of Directors is set out in section 9, paragraph 33 “Events occurring after the balance sheet date”.

### 3.3

## The General Manager and Managers

#### GENERAL MANAGER'S PAY

No.	NAME – SURNAME	FROM	TO	GROSS PAY	EMPLOYER CONTRIBUTIONS	TOTAL
1	PETROS NASTOS	01/01/2018	31/12/2018	51,625.80	4,972.56	56,598.36

#### PAY FOR MANAGERS FROM 1.1.2018 TO 31.12.2018

No.	NAME – SURNAME	FROM	TO	GROSS PAY	EMPLOYER CONTRIBUTIONS	TOTAL
1	ALEXANDROS ADAMOPOULOS	01/01/2018	11/05/2018	17,815.62	4,506.07	22,321.70
2	DIMITRIOS ALEXANDRIS	01/01/2018	31/12/2018	32,498.01	7,760.85	40,258.86
3	NIKOLAOS ARAMBATZIS	01/01/2018	31/12/2018	31,836.41	8,381.26	40,217.67
4	PARTHENA THEODORIDOU	01/01/2018	31/12/2018	33,361.74	8,367.12	41,728.86
5	LAZAROS KAMBOURIDIS	01/01/2018	31/08/2018	32,041.74	6,560.05	38,601.79
6	IOANNIS KASIOULAS	01/01/2018	31/12/2018	30,550.00	7,675.80	38,225.80
7	KONSTANTINOS PAPADOPOULOS	01/09/2018	31/12/2018	10,461.83	2,732.99	13,194.82
8	MARIA SAMARA	12/05/2018	31/12/2018	16,528.97	4,521.49	21,050.46
9	CHRISTOS TRAGANOS	01/01/2018	31/12/2018	44,937.30	4,010.76	48,948.06
TOTAL				250,031.63	54,516.39	304,548.02

After completion of staff evaluation procedures and adoption of the new organisational chart, the Company selected the General Manager and Managers of its new Divisions, serving for a 3-year term commencing from 1.1.2017.

The Company's General Manager from 1.1.2018 to 31.12.2018 was Mr. Petros Nastos and the company's managers were:

- Lazaros Kambouridis, Mechanical – Electrical Engineer, heading the Water Supply Facilities & Networks Division, in the period from 1.1.2018 to 31.8.2018 and after his sudden death, Mr. Konstantinos Papadopoulos, TEI-qualified Mechanical Engineer was temporarily appointed to perform his duties up to 31.12.2018.
- Christos Traganos, Civil Engineer, heading the Sewerage Facilities & Networks Division.
- Dimitrios Alexandris, university graduate in Economics and TEI graduate in business and finance, heading the Finance Division.
- Parthena Theodoridou, Civil Engineer, heading the Planning & Works Division.
- Alexandros Adamopoulos, Mechanical - Electrical Engineer, heading the Customer Service Division in the period from 1.1.2018 to 11.5.2018, and after his resignation Maria Samara, with a university education in economic science took up his duties.
- Nikolaos Arambatzis, TEI graduate in admin and accounting, heading the Admin. and Operations Division.

Note that none of the Company's Board Members or senior executives are related to each other. Moreover, none of

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the Board members or senior executives of EYATH S.A. have been convicted for dishonourable offences or financial crimes or are involved in pending litigation pertaining to bankruptcy, criminal acts, nor have they been banned from engaging in business activities, stock exchange transactions, acting as investment advisors, bank and insurance fund executives, issuing underwriters, or executives with securities firms, among other things.

Note that in addition to the transactions listed above in this report, no other business relationship or transaction existed over the last three years up until the current accounting period between the administration and management and supervision bodies of the company or the main shareholder and the company itself.

All members of the Board of Directors and Company senior executives are Greek citizens. The postal address for Board members is the Company's head offices at 127 Egnatias St., Thessaloniki GR-54635.

The Board's independent non-executive members meet the requirements laid down in Article 4 of Law 3016/2002, as in force.

## 3.4 Corporate Governance Statement

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### 1. Principles of Corporate Governance

In line with the requirements of Article 43a(3)(d) of Codified Law 2190/1920, the Company hereby gives notice that it implements the Corporate Governance Code for listed companies prepared by the Federation of Greek Industries (SEV) published in January 2011 which can be found on the Federation's website: [www.sev.org.gr](http://www.sev.org.gr).

The Corporate Governance principles it follows have been incorporated into the Company's internal regulations which are available to the public in hard copy at the Company's head offices.

During the previous year the Company updated its Internal Audit Unit procedures to bring them into line with modern auditing standards.

### 2. Main characteristics of the Internal Audit and Risk Management Systems in relation to the preparation of the Financial Statements

The Internal Audit Unit's mission is:

- to examine and evaluate the adequacy and effectiveness of the Company and Group's system of internal controls and to ascertain to what extent the system provides a reasonable assurance about:
  - compliance with policies, procedures, guidelines and decisions of Company Management and the legislation governing its operations.
  - adequate evaluation of the data processing systems, in order to ascertain to what extent such systems achieve their purposes and objectives, and adequate auditing procedures have been incorporated into them;
  - efficient and effective utilisation of the Company's available resources, and an overview of the means of safeguarding assets and an assurance per se of the existence of such assets (via inventories, counts, etc.);
  - reliability of the financial statements.
- The reliability and completeness of data, information and means used for decision-making.
- Management is briefed by the Audit Committee about the results of scheduled and unscheduled audits.
- steps taken to correct auditing issues which have been identified and notified in the past are evaluated.

Internal auditing, as a function, is performed in an independent, objective manner and consequently has no power or other form of responsibility for the activities it oversees. The key principles guiding how internal audits are carried out are set out below:

- Each year an Audit Plan is drawn up, which includes areas to be audited during the year, the subject matter and timeframe for carrying out all auditing work. The annual Audit Plan is prepared based on risk assessment and is approved by the Audit Committee.
- Auditing work is carried out by 1st and 2nd class auditors with the required degree of professional diligence, conduct, confidentiality, objectivity and integrity, in compliance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Conduct of the International Institute of Internal Auditors (IIA).
- When carrying out audits, Company auditors collaborate as necessary with staff and executives who are directly or indirectly involved in the activity being audited.
- The practices and detailed procedures implemented by Internal Auditing, and the operating framework for internal audits are outlined in detail in the Internal Audit Manual.
- The scope of audits and the findings which emerge from each auditing task are recorded in detail in internal Audit Reports. These are prepared by the 1st and 2nd class auditors who were involved in the auditing task and are reviewed by the head of the Internal Audit Unit.
- Follow-up of corrective measures is done by the Internal Audit Unit at regular intervals depending on their seriousness.
- The Audit Committee periodically briefs Company Management about issues which come to the attention of auditors while carrying out audits, or from other sources which require further investigation by expert investigators.

## 3.5 Legislative Framework

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EYATH S.A. implements the legislation on companies (Codified law 2190/1920) as in force today, and Law 3016/2002, as a listed company. Following the enactment of 3429/2007 the Company brought its Articles of Association into line with the law following the decision of its Extraordinary General Meeting of Shareholders of 7.11.2007. The Extraordinary General Meeting of Shareholders decided on 21.2.2013 to delete Article 5(4) of the Articles of Association and bring it into line with the provisions of Article 2 of Law 4092/2012. That same decision also amended Article 13.







## 04

# CORPORATE SOCIAL RESPONSIBILITY

- 4.1 Employee education - support
- 4.2 Customer service
- 4.3 Ecological practices
- 4.4 Relations with the local community
- 4.5 Human Resources

# 04

## CORPORATE SOCIAL RESPONSIBILITY

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As part of its Corporate Governance strategy to ensure the long-term, balanced development of the company for the benefit of employees, consumers and shareholders, EYATH S.A. is implementing Corporate Social Responsibility (CSR) activities, considering CSR as a key Corporate Governance tool.

CSR is now intimately bound up as a company activity with the reputation and brand equity of every business, can improve its economic, environmental and social performance, and has assumed greater importance in recent years thanks to the rise in social needs. The company's CSR programme primarily relates to employees, who benefit from a creative, rewarding work environment; consumers, who have shown increasing interest in the social and environmental credentials of the companies they do business with; and local

communities that want to share the principles and values of local companies. However, the CSR programme also relates to shareholders, who reward responsible corporate behaviour and attitudes, just as they do with similar businesses in Europe which seek to operate and run under a common European and international framework of principles. Above all, it relates to future generations who seek to take possession of a world which respects man and the environment.

In line with European practice in this sector, which in effect is voluntary for businesses, but contributes to the sustainable development goals, EYATH has taken steps in the following sectors:

### 4.1 Education - Health programmes- Financial support for employees

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EYATH:

- Encourages and provides financial support for employee involvement in educational programmes (seminars, conferences, workshops, postgraduate degrees), to bolster their skills, personal development and job satisfaction, and to improve their day-to-day dealings with consumers.
- Encourages staff to get involved in volunteering (by collecting food or other items for the poor, running events with a social side, etc.).
- Organises events and distributes gifts to employees' children and provides cash rewards to school pupils with the highest scores in the university entrance exams every year.
- Runs camping schemes for employees' children.
- Provides a private outpatient and inpatient insurance plan to employees.

In 2018, 300 employees attended 70 seminars, conferences and workshops relating to their area of expertise, and the unit they work in. These were held either

in-house in the seminar room at the Company's head office or at the venues of the training providers.

## 4.2

# Customer service - Special arrangements for debtors

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### THE COMPANY:

• EYATH has been offering a social tariff since early 2014 to assist vulnerable groups of citizens and in particular those with large families, the elderly, those on low incomes or the long-term unemployed, and also offers a broad spectrum of repayment plans for overdue debts for all debtors and the financially disadvantaged. For 2019 and 2020 on a proposal from the Company, the Special Secretariat for Water and the jointly competent ministries approved a social dividend for households and businesses, with major reductions in bills for almost all categories of consumers, for the first time in the company's history: for households, which constitute the majority of EYATH's consumer base (68%), the logic of the pricing policy proposed is to reduce the price of water on lower consumption levels to ensure it serves a social purpose and increase it at higher consumption levels, to discourage wastage (just 0.6% of household consumers fall into this category). Prices were also reduced for business tariffs for lower levels of consumption and increased for higher levels of consumption as an incentive to avoid wasting this precious natural resource and for 83% of industries the charges remain fixed.

EYATH also decided to introduce special household tariffs and exempt the social tariffs from standing charges, and provide special treatment for businesses and to record and provide financial support for hospitals and municipalities for their water security plans, following the major damage to the Aravissos pipeline at the end of March 2018. The reduction in business tariffs was up to 12% and related to 2,700 tariffs, and was the least the company could do for the businesses who had to face prolonged disruptions to supply due to the fault which occurred just before Easter.

• there is a new cutting-edge customer service store in the west of the city, directly opposite the Thessaloniki courts, to facilitate the public and enable transactions to be more easily processed. The company is also preparing new ergonomic customer service offices at 6 Angelaki St., next to the Citizen Service Centre.

• it has easy-to-understand printed bills showing an overview of the user's last three bills to help consumers save this precious natural resource. Moreover, bills also feature a summary and itemised presentation of charges, as well as information about how users can take care of private facilities, how they can make payments and the special treatment offered to special groups of consumers. For the first time the envelope and bill have a QR Code which can be read allowing con-

sumers to directly view the company's website.

• it operates a special platform at [www.eyath.gr](http://www.eyath.gr) to inform consumers about interruptions to water supply in their area, and the scheduled restoration time, and to allow them to report water supply / sewerage problems online.

• it systematically runs info-campaigns for the public about the quality of water, options available to socially and financially vulnerable population groups, about updating their water cards and the advantage of the card, and about measures that can be taken to safeguard facilities against the frost.

• it facilitates customers by offering improved e-services (on the EYATH website and web banking) and a wide network of partners and associated businesses (150 super markets in the prefecture of Thessaloniki and neighbouring prefectures of Halkidiki, Pieria, Imathia, Pella and Kilkis at no extra charge, and at associated OPAP agencies and Hellenic Post Office branches).

## 4.3

### Reducing the Environmental Footprint - Innovation and Research - Ecological Practices

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EYATH is ensuring that it is in line with the applicable environmental legislation, by constantly monitoring, consolidating and complying with the terms of environmental guidelines and directives at national and European level. In May 2018 it organised a 2-day conference - meeting for EurEau I at its HQ in Thessaloniki to discuss key water supply issues in Europe.

Moreover

- it invests in improving its facilities to ensure better performance and reduce energy consumption.
- it contributes actively to surface cleaning of the Thessaloniki seafront, removing floating objects and spills or cleaning up pollution incidents.
- it removes urban and industrial wastewater from the urban area via an extensive sewerage network, controlled by remotely controlled and operated systems.
- it is planning systematic modernisation of the water supply network to reduce leaks.
- it operates a state-of-the-art GIS system for preventative maintenance and rapid response to emergencies.
- it implements a programme to re-use water treated at the Thessaloniki Waste Water Treatment Plant to irrigate areas of land in the Halastra - Kalohori plains during droughts.
- it ensures that sludge is managed in an environmentally and socially beneficial manner: one of the most appropriate solutions is to use it as a fertiliser. It also aims to improve the biogas production unit running on sewage sludge which is already in operation at the Sindos Biological Treatment Plant, and to utilise its heat generating capacity.
- it systematically recycles at the workplace and uses environmentally-friendly materials.



## 4.4

# Relations with the local community

### EYATH:

- collaborates with the academic community at specialist and general events on environmental issues, attracting audiences comprised of students, experts and ordinary citizens
- has signed a MoU with the Aristotle University of Thessaloniki, Greece's largest university, to provide scholarships to postgraduates (2 a year) and doctorates (1 every 4 years) on the issues of water supply and sewerage, offering the option for real time research in the EYATH working environment
- participates in World Water Day celebrations on 22 March and World Environment Day events on 5 June, hosting info-events for the general public. In June 2018 it collaborated with groups of volunteer divers and the Municipality of Kalamaria to clean the harbour of Aretsou below sea level and to tidy up the beach. 500 kg of waste were collected from the seabed and around 50 bags of rubbish from the beach, in a highly symbolic move signalling its commitment to the protection of the marine environment, recycling and reusing waste
- supports sporting and artistic events in the city, promoting the idea of well-being and culture, and also supports the activities of bodies with a strong reputation for social action either by purchasing equipment for them or carrying out works within its remit
- is implementing with the approval of the Ministry of Education a 1-hour programme entitled 'The sewerage cycle in Thessaloniki', to brief primary and secondary school pupils about daily influxes to the sewerage network and raise their awareness
- prepares educational programmes for children as part of the Thessaloniki International Fair
- offers students at universities, technological education institutes and OAED academies the chance to do an internship and acquire valuable work experience in a decent working environment
- helps improve the life of refugees in refugee camps in the wider area of Thessaloniki, providing radiators and carrying out infrastructure works (water supply and sewerage facilities at those camps, and repairs to damaged facilities)
- has a long-standing partnership with a magazine sold in the streets to support the unemployed, since its head offices are a 'safe haven' for sellers. It also supports un-

employed people in Thessaloniki via the Labour Centre

- has welcomed thousands of primary and secondary school pupils, as well as associations and other stakeholder groups, at the Water Supply Museum in operation since 2001 and open for the duration of the school year. Visitors are taken on a tour of the old Thessaloniki Main Pumping Station in the Sfagia area by experienced staff trained in providing museum-based education, and experience the history of water supply in the city up close. The museum was also involved in the annual Open House event to promote and showcase architecture, welcoming visitors to its premises and offering guided tours over 2 days. The Water Supply Museum also hosts major company events (New Year Pie cutting ceremonies, Christmas parties for employees' children, celebrations for World Water Day and World Environment Day) and also hosts periodic exhibitions in partnership with prestigious local organisations
- it keeps an archive of maps, letters and other documents at the Water Supply Museum which cover the history of water supply in Thessaloniki and are available to any interested parties

Through such activities, EYATH S.A. is fostering and showcasing its long, vibrant relationship with the local community.

## 4.5

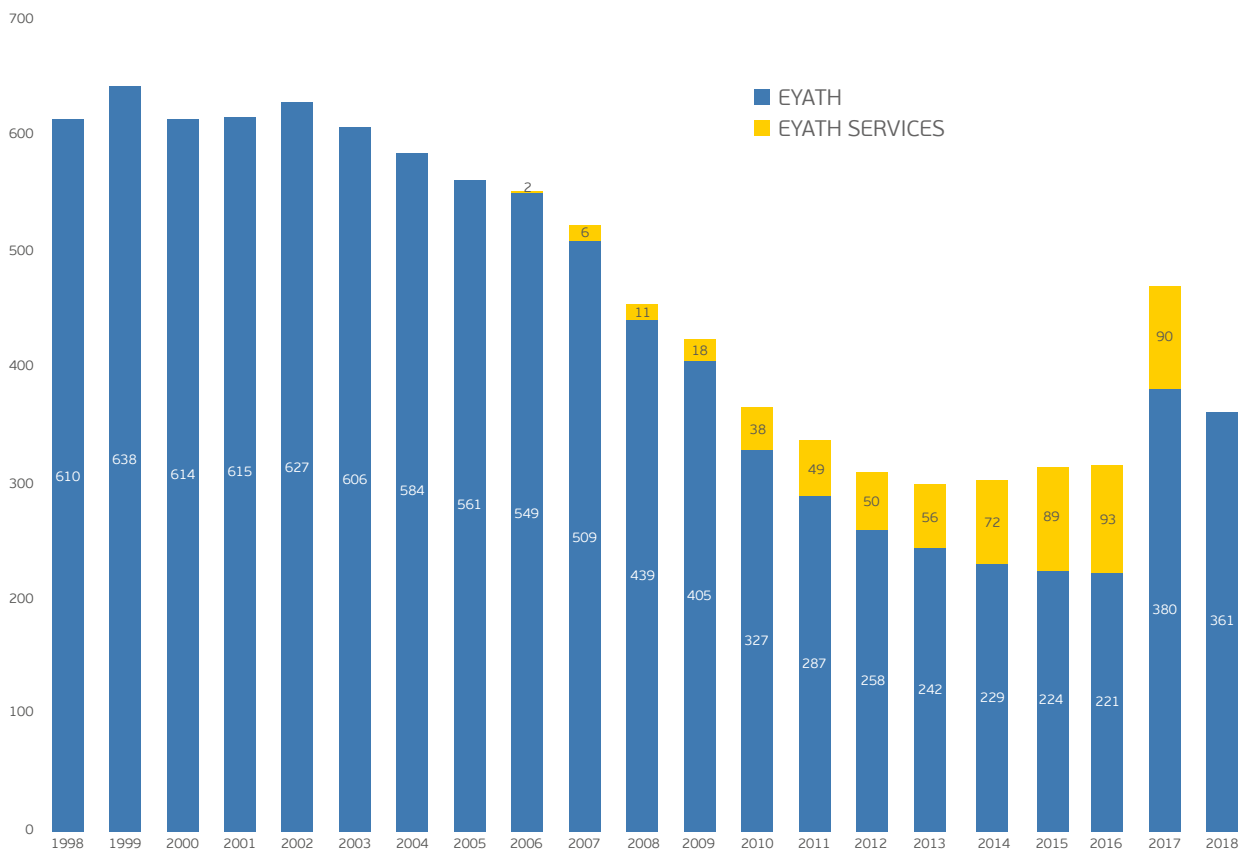
### Human resources

On 31.12.2018 the Company employed 352 people.  
The table below shows the change in employee figures over the last 5 years.

#### SPECIALISATIONS

Staff category	2014	2015	2016	2017	2018
Expert staff	3	3	3	3	3
University-educated Admin-Finance staff	8	8	9	17	16
University-educated Lawyers	1	1	1	1	1
University-educated Engineers	20	20	19	51	54
University-educated Chemists	4	4	4	6	7
University-educated Environmental Scientists	2	2	2	3	4
University-educated Computer Scientists	-	-	-	4	4
University-educated Doctors	1	1	1	-	-
University-educated Communications & Media experts	1	1	1	1	1
TEI-educated Admin-Accounting staff	13	13	12	11	10
TEI-educated Tech. apps staff	23	22	24	38	38
TEI-educated Computer engineers	-	-	-	6	7
TEI-educated Public health inspectors / food technicians	2	2	2	5	5
Secondary-educ. Collectors - note-takers	-	-	-	-	-
Secondary-educ. Management secretaries	44	43	43	49	50
Secondary-educ. Typists	1	1	1	1	1
Secondary-educ. Technicians	62	62	61	106	112
Secondary-educ. Receptionists	1	1	1	1	1
Secondary-educ. Nurses	1	1	1	1	1
Secondary-educ. IT staff	-	-	-	2	2
Secondary-educ. Foremen (temporary)	12	11	10	10	10
General-educ. Cleaners	2	1	1	1	1
General-educ. Guards	3	3	3	3	3
General-educ. Process agents	1	1	1	1	1
General-educ. Labourers	23	22	20	18	18
General-educ. Collectors	1	1	1	-	-
<b>Total</b>	<b>229</b>	<b>224</b>	<b>221</b>	<b>339</b>	<b>350</b>

## GROWTH IN STAFF FIGURES



- In 2017 the company ran two competitions via ASEP to recruit 150 full-time employees. The process was completed in 2018, since by 31.12.2017 126 staff had taken up their posts.
- In 2018 staff included 11 employees with an 8-month fixed term private-law contract, who were engaged via ASEP, whereas in 2017 the corresponding figure was 41.
- Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected the claims of the contract staff of the subsidiary EYATH SERVICES S.A. against EYATH and since that date they have ceased offering their services to the company.





## 05 INFRASTRUCTURE

- 5.1 Water supply
- 5.2 Quality control
- 5.3 Sewerage
- 5.4 Waste water treatment
- 5.5 Caring for the environment
- 5.6 Permits
- 5.7 Technical Works
- 5.8 Health and Safety

# 05

## 5.1

# Water supply

### WATER SUPPLY SECTOR

The facilities EYATH S.A. has or manages under the contract of 27.7.2001 with the Greek State are (a) water abstraction works, (b) external aqueducts, boreholes and related pipework, (c) pumping stations and tanks and (d) distribution networks with related pipelines and water meters.

### AQUIFERS SUPPLYING WATER TO THE WIDER THESSALONIKI AREA

#### Paiko Aquifer

EYATH S.A. uses the karst system of springs on Mt. Paiko to supply water to Thessaloniki, and in particular collects water from the discharge point in the area known as Aravissos. Water abstraction from the Aravissos springs includes 2 natural supply shafts, a well with pump and 11 boreholes which funnel water to the Aravissos aqueduct via connecting pipelines. One of the boreholes is used to supply water to the local communities of Aravissos and Plagiari. The flow of water abstracted from the Aravissos springs ranges from 70,000 - 130,000 m<sup>3</sup>/day and is directly dependent on the level of snowfall and rainfall each year.

#### Aliakmon River

Water abstraction from the river commences at Agia Varvara, around 40 km from the river delta. Using the connecting channel the water flows freely over 50 km to the Axios River. Then using the Axios siphon, around 1.5 km long, and a sealed pipe 8.5 km long, it is transported to the Sindos pumping station.

From there, it is pumped via a 4.7 km long pipeline to the Thessaloniki Water Treatment Plant (Thessaloniki Water Treatment Plant-Refinery). A cutting edge treatment procedure is followed at the Thessaloniki Water Treatment Plant involving sedimentation beds, sand, carbon filters, ozonisation, chlorination, etc. to ensure its high quality.

The clean drinking water then enters a 75,000 m<sup>3</sup> tank and is distributed via 36 km of pipelines to existing water supply tanks at Diavata, Evosmos, Polichni, Neapoli, Vlatades, Toumba and Kalamaria and the Thessaloniki Industrial Area.

### AQUIFERS WEST OF THESSALONIKI

#### Kalohori Aquifer

The Kalohori Aquifer was a major source of water for the city in the past. Today the Kalohori Aquifer springs and boreholes are no longer used due to inadequate

supply, apart from two boreholes which have been made available to supply water to the local community of Kalohori in the Municipality of Echedoros. Around 5,500 m<sup>3</sup> of water is abstracted every day.

#### Sindos Aquifer

The Sindos Aquifer consists of a series of pressurised water-rich layers of rock with a high water potential. The quantity of water which can be abstracted from the aquifer via 10 boreholes is around 19,000 m<sup>3</sup>/day. Water reaches the Kalohori pumping station along the Sindos aqueduct having first passed through a sedimentation tank. Due to the Refinery being in operation, the boreholes are not in use all year round and are systematically maintained and ready to cope with emergencies.

It is worth pointing out at this juncture that the way in which the Kalohori and Sindos Aquifers are managed, coupled with high levels of rainfall in recent years has meant that the aquifer has risen considerably and artesian phenomena have been observed again in both areas.

#### Axios Aquifer

In the wider Axios River area (Gefyra, Nea Halkidona, Eleousa, and Agios Athanasios) there are important aquifers with a total of 21 boreholes currently in use producing around 41,000 m<sup>3</sup> of water a day. Of those, 4 supply water to the local communities in the Municipality of Halkidona (Mikro Monastiri, Adendro, Valtohori and Eleousa).

#### Narres Aquifer on the Gallikos River

The Narres Aquifer is within the bed of the Gallikos River and was exploited via 3 water collection shafts and radial pipes, as well as 6 vertical, shallow boreholes. The quantity that can be collected at Narres varies from 5,000 m<sup>3</sup> to 25,000 m<sup>3</sup> a day depending on rainfall and snowfall recorded each year. The aqueduct is currently out of use.

### AQUIFERS EAST OF THESSALONIKI

#### Agia Paraskevi Springs at Hortiatis

The Agia Paraskevi springs at Hortiatis are used to provide additional water to the Hortiatis Municipal District and as a back up to supply water to the G. Papanikolaou Hospital. The springs have been conceded to the Municipality of Pylea-Hortiatis. One borehole is used to supply water to the local community of Exochi.

#### Plains east of Thessaloniki

In the plains to the east of Thessaloniki (in the areas of Mikra Kalamaria) there are 6 boreholes producing 4,500

m<sup>3</sup> a day overall. This quantity is used to top up the Kalamaria tank. These boreholes are currently not in use.

### EXTERNAL AQUEDUCTS - BOREHOLES

The Wider Thessaloniki Area is today supplied with water from the Aravissos – Axios aqueducts and the Refinery. The Sindos and Kalohori aqueducts are used during the summer.

#### Aravissos - Axios aqueduct

The Aravissos aqueduct is around 56 km long and uses gravity to transport water from the Paiko Aquifer to Thessaloniki. As mentioned above, water is collected naturally from two supply shafts and by pumping from 11 boreholes. During periods of increased flow from the aquifer (as in recent years from 2011 onwards) pumping operations are suspended and water is collected naturally from the main water collection shaft. This way only the springs' regulatory reserves are collected. Construction work on the Aravissos aqueduct was completed in 1978 and it has since been supplying water to Thessaloniki and the Thessaloniki Industrial Area. The aqueduct's transmission pipeline is made of prestressed concrete and steel rods. Water from the Aravissos aqueduct ends up at the main Dendropotamos pumping station. Water from boreholes in the Nea Halkidona area also ends up in the Aravissos aqueduct via connecting pipelines. During the year, the following steps were also taken for preventative maintenance and to check the aqueduct:

- a. The process of primary preventative maintenance was launched with partial excavation and uncovering of sections of the Aravissos pipeline, over a total length of 800 m, in order to check its conditions and make any reinforcements needed. This project will focus on the section of the pipe with the most problems in the past.
- b. 10 inspection boreholes were sunk along the length of the Aravissos pipeline's route to monitor the level of ground waters and that data is obtained and checked each month.

Moreover, preparatory steps were taken to ensure that the following checks can be performed:

- a. specialist checks using spectral analysis of satellite images of the pipeline's entire route (around 52 km) to reveal any underground, and hidden leaks;
- b. internal acoustic inspection of the pipeline to identify leaks and air bubbles.

During 2018, Prof. Emeritus C. Penelis was invited to update the Aravissos pipeline repair study which he had prepared in early 2000. The update was submitted to EYATH S.A. in August 2018. Then as part of EYATH S.A.'s activities in relation to this matter, which have

been included in the company's Strategic and Business Plan, tender documents were prepared for a framework agreement to improve - repair the Aravissos pipeline, with a budget of € 3,367,997.89 and an option for €1,000,000. The framework agreement relates to work to improve and repair the Aravissos aqueduct which has become necessary according to the aforementioned design. The tender procedure was run in December 2018 and a contractor for the project is expected to be selected soon.

The Axios aqueduct, which became operational in 1976 connects to the Aravissos aqueduct via a series of valves. The Axios aqueduct transmission pipelines is made of asbestos cement pipes with a 800 mm diameter and is 14.7 km long. The Axios aqueduct pipe collects water pumped from the Axios, Eleousa, Gefyra and Agios Athanasios boreholes near Thessaloniki and operates over a length of 13,840 m parallel to the Aravissos aqueduct, thereby bolstering the ability of that aqueduct to channel water.

#### Narres aqueduct

The external Narres aqueduct became operational in 1968 and its water abstraction facilities have been built in the bed of the Gallikos River. The aqueduct is 11 km long approximately and consists of steel pipes. Water is collected into the aqueduct from 3 radial shafts and 6 boreholes.

#### Sindos - Kalohori aqueduct

The Sindos - Kalohori aqueduct collects water from boreholes in the aquifers of the same name, consists of steel pipes, and operates using gravity. Water from the Sindos - Kalohori aqueduct via a bypass that has been built, first passes through a sedimentation tank and ends up at the Kalohori pumping station, where it is then forwarded under pressure to the Diavata tank or the Dendropotamos pumping station. It is used primarily during the summer to top up the water supply system.

### PUMPING STATIONS AND TANKS

To transfer, store and distribute drinking water within the Thessaloniki conurbation, EYATH S.A. runs and maintains around 41 pumping stations and 40 tanks (including those in areas which recently came within its remit).

During the year a tender procedure was launched to procure and install a SCADA system for the water supply facilities, and it is nearing completion.



## 5.1

# Water supply

Moreover, certification of the remaining hoisting devices at the water supply pumping stations was completed.

### A. Dendropotamos Pumping Station

Water from the Dendropotamos Pumping Station supplies the centre of the city of Thessaloniki via high pressure steel pipes. Using the Evangelistria pumping station, water is sent to the Agios Pavlos Tank to supply water to the city centre and the Saranda Ekklesies tank to supply water to the Saranda Ekklesies and Triandria areas.

The Dendropotamos pumping station also supplies water to all of Eastern Thessaloniki and part of the western suburbs via a low pressure steel pipe as follows:

#### Areas in Eastern Thessaloniki

Water is pumped via a low pressure pipe to the Kasandrou pumping station where it is then sent on to the Toumba tank using 2 steel pressure pipes. From the Toumba tank a pumping station and pressure pipe direct the water to the Pylea tank from whence it supplies water directly to the upper Kalamaria area, and water is also pumped on to the wider area of Panorama. The lower Kalamaria zone is supplied with water from the Kalamaria tank which is gravity-fed from the Toumba tank via a steel pipe.

#### Areas in Western Thessaloniki

Using a low pressure pipe the Dendropotamos pumping station also supplies the Kallithea tank which uses a pumping station to supply the Kafkasos, Neapoli and Sykies tanks. Using a pressure pumping station the Sykies tank supplies the Eptapyrgio tank which supplies water to the Agios Pavlos area. Today additional water is also sent to the Meteora area from the Sykies tank using the pressure pumping station.

### B. Sindos Pumping Station - Ionia Pumping Station

The Sindos Pumping Stations forwards water from the Aliakmon River to the Thessaloniki Water Treatment Plant for treatment. The treated water is then sent using gravity to the Thessaloniki Industrial Area and the Diavata and Ionia pumping stations. The majority of water is sent via the Ionia pumping station to the Paleokastro, Evosmos, Polichni, Neapoli, Vlatades, Toumba and Kalamaria tanks. Oreokastro is also supplied with water from the Paleokastro tank (D4) using a pressure pumping station.

### EXPANSION OF OPERATIONS INTO NEW AREAS

EYATH S.A.'s expansion, involving the supply of water to new areas, is part of a wide-ranging development policy the Company has adopted, while plans are being made for it to cover other areas such as Nikopoli (in Stavroupoli), Anthokipi (in Polichni) and Echedoros. During 2014 water to the new workers housing complexes in the Delta District of Diavata was topped up from the Diavata tank.

During 2018 cases of water supply pipelines covering a total length of around 7 km that need to be relocated or built were examined.

### WATER CHLORINATION

With the exception of water collected from the Sindos area boreholes, treatment is limited to chlorination before water is introduced to the distribution system. There are chlorination plants at the Dendropotamos and Diavata pumping stations. There are also chlorination plants at the treatment facilities for water from the Aliakmon River at Nea Ionia. Pre-chlorination is also carried out at the Sindos sedimentation tank, post-chlorination takes place at the Androutsos tank (Pefka), on the transmission pipeline at the Agia Kyriaki pumping station, and chlorination takes place at the Kalirachi borehole (in Panorama).

### WATER SUPPLY - TREATMENT OF WATER

#### Thessaloniki Water Treatment Plant on the Aliakmon River (the Refinery)

The Thessaloniki Water Treatment Plant treats surface water using cutting edge methods that render the water hygienic and fit for drinking. The facility can at present treat 150,000 m<sup>3</sup> a day. The Public Works Special Service of the Ministry of the Environment, Planning & Public Works is currently examining a study to expand water treatment by an additional 150,000 m<sup>3</sup> a day (Phase A2).

When the Thessaloniki Water Treatment Plant is fully rolled out it will be able to handle 600,000 m<sup>3</sup> a day.

Water is transported from the Aliakmon Dam (at Agia Varvara near Veria) to the Thessaloniki Water Treatment Plant in an open canal, twin siphon and sealed pipes.

The facilities occupy around 25 hectares which were expropriated specifically for this purpose by the company OYTH in a section of the Municipality of Nea Ionia. They lie around 2 km north of the Thessaloniki Industrial Area and around 23 km from the city of Thessaloniki

itself.

The average annual quantity abstracted to supply water for Phase I projects will be 109.5 million m<sup>3</sup> (or 3.5 m<sup>3</sup>/s), which accounts for 3.4% of the average annual flow of the Aliakmon River. In addition, the existing EYATH S.A. water supply springs offer the system the flexibility needed, so that abstraction at the Thessaloniki Water Treatment Plant can be adjusted to suit other water regulation/management needs (power generation, irrigation, ecosystem requirements).

The main stages in treating drinking water are as follows:

- pre-ozonisation,
- initial pH adjustment by adding sulphuric acid,
- rapid stirring by adding flocculants,
- flocculation - sedimentation in special round tanks,
- filtering through sand beds using gravity,
- ozonisation and simultaneous addition of Hydrogen peroxide
- absorption and biodegrading of organic materials in carbon beds,
- final pH adjustment by adding slaked lime
- final decontamination of water using chlorine gas upstream from the water storage tank.

The production process is automated to a very high degree and includes a large number of on-line instruments which constantly record operational parameters and water characteristics in various stages (supply meters, pH meters, conductivity meters, turbidity meters, residual chlorine meters, etc.).

Signals from these instruments are sent to the facility's control centre where a mimic diagram of all functions is installed. The same facilities also house the SCADA for the Sindos pumping station.

Remote control of machinery, remote operation of engines and automatic operation of the Thessaloniki Water Treatment Plant units is achieved via 22 PLCs

Using the SCADA employees:

- record and constantly check water characteristics in various stages of treatment.
- check that individual units and pieces of equipment are operating properly.
- make changes to operational parameters to optimise the procedure.
- ensure that the water leaving the Thessaloniki Water Treatment Plant is of excellent quality.

The Thessaloniki Water Treatment Plant also has facilities for storing chemicals, preparing them and applying doses (sulphuric acid, polyelectrolytes, aluminium sulphate, chlorine and lime). There is also a line for treating sludge produced by the flocculation - sedimentation tanks (thickening and mechanical dehydration), a line for treating rinsing water which includes a special unit for removing solids, rainwater, water supply and sewerage, fire-fighting networks, and other ancillary facilities.

The installed capacity is around 1,400 KW and power comes from the PPC network via two independent lines, and there is also a 450 KW backup generator installed.

The project budget of € 20 million was financed entirely by the Public Investments Programme via the EU Cohesion Fund, under the aegis of the Greek Ministry of the Environment, Planning & Public Works and was completed at the end of 2002.

The trial period and 18-month pilot operation period for the facility were managed by the designer-builder under the supervision of the Project Construction Inspection Directorate and came to an end on 25.2.2005 (when final acceptance of the whole project took place). EYATH S.A. formally acquired the Thessaloniki Water Treatment Plant upon administrative acceptance of the project for use from the Project Construction Inspection Directorate / Ministry of the Environment, Planning & Public Works on 7.3.2005.

Ministerial Decision No. 41253/EKO 632/12.9.2008 approved the delivery - acceptance report transferring ownership to the body governed by public law by the name of EYATH Fixed Assets of the properties in the project entitled "Thessaloniki water supply from the Aliakmon River. Design, Build and Operation of Phase 1 of the Refinery".

Running and maintenance of the Thessaloniki Water Treatment Plant was assigned by decision of the Board of Directors of EYATH S.A. to the technical firm C. D. Constantinidis S.A., for the period 8.11.2005 - 29.6.2007 for a monthly fee of € 180,000 and € 16/1000 m<sup>3</sup> of treated water. Between 30.6.2007 and 31.3.2010 the Thessaloniki Water Treatment Plant was run by I. Papailioupoulos S.A. for a monthly fee of € 158,000 and € 8.65/1000 m<sup>3</sup> of treated water for quantities outside the agreed figures. On 1.4.2010 the Board signed 2 1/2 month-long service agreements to run the Thessaloniki Water Treatment Plant choosing AKTOR S.A. as the service provider while from 14.3.2012 to 1.8.2013 the service provider was C. D.

## 5.1

### Water supply

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Constantinidis S.A.

Decision No. 151/2013 of the Court of Audit approved the contract for the running of the Thessaloniki Water Treatment Plant from 2.8.2013 for a period of 36 calendar months by the service provider "Aktor S.A. - Construction Company Christopher D. Constantinidis S.A." Joint Venture, which was chosen after an open international tender procedure to choose service providers, with a budget of €7,638,882 (plus VAT) with an option for a total of 18 months (ending on 1/2/2018) of up to € 11,458,323.

Decision No. 6/2018 of the Court of Audit approved the contract for the running of the Thessaloniki Water Treatment Plant from 2.2.2018 for a period of 8 calendar months by the service provider "Aktor S.A. - Construction Company Christopher D. Constantinidis S.A." Joint Venture, which was chosen after an open international tender procedure to choose service providers, with a budget of € 1,568,130 (plus VAT), with an option for 8 more months (to 01/06/2019) with a budget of € 1,568,130.

From 02/02/2018 onwards the Thessaloniki Water Treatment Plant's laboratory has not been included in the contract since it is wholly operated by EYATH. Lab tests on the water produced and the functioning of all interim production stages are carried out at the Thessaloniki Water Treatment Plant's lab, where a large number of samples are examined daily in line with the applicable legislation (Joint Ministerial Decision No. Y2/οικ.2600/2001 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/2017, Government Gazette 3282/19.9.2017).

During 2018 the Thessaloniki Water Treatment Plant treated 47,363,112 m<sup>3</sup> of surface water from the Aliakmon River overall and 44,521,973 m<sup>3</sup> of drinking water were released from the facility at an average daily rate of 121,615 m<sup>3</sup>. That water met all the requirements in the applicable legislation (Joint Ministerial Decision No. Y2/οικ.2600/67322 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/2017, Government Gazette 3282/19.9.2017) on drinking water with an average

turbidity level at the point of exit of just 0.055 NTU. During 2018, Decision No. 4391/2.8.2018 of the Regional Governor of Central Macedonia approved inclusion of the operation entitled "Construction of an extension to the Thessaloniki Water Treatment Plant - Phase A2" in the Central Macedonia 2014-2020 operational programme (operation MIS code: 5028173) with a budget of € 21.413,661.75 (plus VAT). The Design and Projects Division is currently updating the tender documents and drafting the tender notice, and it plans to put the project out to tender in 2019.



## 5.2 Quality control

### Drinking Water Testing Lab

EYATH S.A.'s Drinking Water Testing Lab carries out daily checks, takes samples and performs analyses on drinking water from the EYATH S.A. distribution network and water from abstraction springs, complying with the company's legislative obligations at the very least.

It monitors national and European legislation on issues relating to the quality of drinking water and briefs other Divisions which have a remit in this area.

It holds the necessary records and reports to the competent public authorities about drinking water quality issues.

In this context it:

#### 1. Carries out checks on the quality of drinking water

Drinking water quality is monitored in accordance with the applicable Joint Ministerial Decision No. Y2/οικ.2600/2001 and Joint Ministerial Decision No. Γ1(δ)/ΓΠ οικ. 67322/19.9.2017 (Government Gazette 3282/19.9.2017) on the quality of water for human consumption, in compliance with the provisions of Council Directive 98/83/EC of 3 November 1998 as amended by Directive (EU) No 2015/1787 (OJ L 260/7.10.2015).

In accordance with the applicable sanitary provisions to effectively protect public health the parameters in group A were monitored daily (former trial group - minimum daily checks) on samples from the distribution network (more than 1,600 samples during 2018) and central pumping stations (434 samples from the Dendropotamos Pumping stations and pipes transferring water to it, 365 samples from the outlet of the Thessaloniki Water Treatment Plant - D and 365 samples from the Diavata pumping station).

Moreover, checks were carried out 17 times throughout the year to monitor the parameters in group B (former control group) including parameters relating to toxic substances, heavy metals and organic compound analyses (agrochemicals, polycyclic aromatic hydrocarbons, VOCs). In 2018 41 samples overall, representative of the water supply system, underwent checks at regular intervals.

All springs and EYATH S.A. boreholes which are in operation were monitored individually (31 samples from the Aravissos springs, 52 samples from the outlet of the sedimentation tank, 13 samples from the Kalirachi tank, 37 samples from the boreholes).

#### 2. Hygiene - microbiological checks

To ensure that drinking water is suitable, systematic checks are carried out at water abstraction springs and the distribution network.

Each day the lab performs microbiological tests for Total Coliforms, Escherichia Coli, Enterococci, Clostridium perfringens and total bacteria at 37°C and 22°C, on samples taken from the distribution network and locations where water is made available for consumption.

#### 3. Decontamination of drinking water

To more effectively safeguard the quality of drinking water from a microbiological viewpoint:

- It is automatically decontaminated with anhydrous liquid chlorine at the central pumping stations round the clock across the whole year in line with Sanitary Decree YM 5673 (Government Gazette 5/B/9.1.1958) on decontamination of water used for water supply purposes.
- NaOCl solution is used for decontamination purposes at the smallest pumping stations.
- Free residual chlorine is constantly present and is detected up to the furthest reaches of the distribution network, and the minimum concentration is 0.2 mg/l of free residual chlorine (using the DPD method).

The Drinking Water Testing Lab carries out residual decontaminating action tests on the distribution network.

#### 4. Certification - accreditation

In 2018 the Drinking Water Testing Lab received accreditation for 11 basic physico-chemical and microbiological parameters (Hellenic National Accreditation System certificate No. 1139) under the ISO 17025:2005 standard. The specific scope of accreditation will be extended during 2019.

## 5.3 Sewerage

The network includes:

- The Main Sewerage Pipeline 16 km long and the extension to the Municipality of Thermi with a main collection pipeline 11 km long.
- Central sewerage and rainwater collectors.
- Primary and secondary sewerage pipelines.
- Overflows and sluice gates to ensure the problem-free operation of the network during rainfall and reverse valves to prevent seawater entering the network and being carried to the Thessaloniki Waste Water Treatment facilities.

The total length of pure sewage and combined sewage/ rain water pipes is around 1,800 km, of which around 35% is of the combined type.

Total length of rainwater pipes: around 315 km.

Pipeline overflows: 140 items

No. of water collection shafts: 25,000 items

No. of access shafts: 42,000 items

No. of private junctions: 60,000 items

The cross section of the main sewerage pipeline ranges from 2,000 mm to 2,400 mm and from 600 mm to 1,600 mm for the extension to it.

Main collectors: 600 - 1,200 mm

Primary pipelines: 400 - 600mm

Secondary pipelines: 250 - 355mm

No. of people covered: 1,100,000 people

Sewerage collected from an area of: 9,000 ha.

The quantity of waste transported to the Thessaloniki Waste Water Treatment Plant located on the Echedoros (Gallikos) River is on average 155-160,000 m<sup>3</sup>/day approximately.

The quantity of sewage taken to the Waste Water Treatment Plant at Aeneia is approximately 8,000 m<sup>3</sup> a day, but up to 15,000 m<sup>3</sup> a day can be handled. There is no overflow though.

60 sewerage pumping stations are in operation round the clock in the Thessaloniki conurbation in areas of the Municipality of Thermaikos (Municipal district of Nea Michaniona).

- City centre - Kalamaria: 11 pumping stations.
- Finikas - Thermi: 2 pumping stations.
- Western areas - Kalohori: 11 pumping stations.
- Pefka: 3 pumping stations.
- Triandria: 1 pumping station.
- Pylea: 1 pumping station.
- Sykies: 1 pumping station.
- Panorama: 6 pumping stations.

- Filyro: 1 pumping station.
- Oreokastro- Paleokastro: 4 pumping stations.
- Thessaloniki Industrial Area at Sindos: 2 pumping stations.
- Sindos: 2 pumping stations.
- Plagiari: 3 pumping stations.
- Polichni: 1 pumping station.
- Tourist areas in the Municipality of Thermaikos: 11 pumping stations.

165 pump arrays are installed at those pumping stations.

They carry rain water and waste water to the main sewerage pipeline via single and double pressure pipes to ensure the uninterrupted flow of sewage water from areas that cannot use a gravity-operated sewage system, in the event that a pipeline is damaged.

The total quantity of waste water carried by the pumping stations to the main sewerage pipeline is 90,000 m<sup>3</sup> a day max. outside of rainy periods.

Those pumping stations operate to provide sewerage services to the above areas either in groups or in a chain, or individually. In the first case, the waste water from several local pumping stations is sent to a main pumping station and from there is sent on to the main sewerage pipeline. In the second case the waste water is pumped in succession from one pumping station to the next using twin force pipes until it reaches the main sewerage pipeline. In the third case, the waste water from the area is sent to the pumping station and then pumped on to the main sewerage pipeline via force pipes.

Pumping stations operate using automatic electronic pumps, meaning they come on and go off based on electronic sensors that detect sewerage levels, based on the specified thresholds.

Operations are controlled by four remote control - remote operation systems. Those systems operate using PLCs at the local pumping stations, which control the overall process. PLCs from TOSHIBA support the operation of 24 pumping stations. PLCs from TELEMECANIQUE support the operation of 6 pumping stations. PLCs from MOTOROLA support the operation of 15 pumping stations. PLCs from SIEMENS support the operation of 4 pumping stations and PLCs from MITSUBISHI support the operation of 11 pumping stations in the tourist areas. All automated systems at the pumping stations are wirelessly connected to two control centres, the first of which controls the operation of 46

pumping stations in the wider urban area which ends up via the main sewerage pipeline at the Thessaloniki Waste Water Treatment Plant, and the second controls the operation of 14 pumping stations in the area of the Plagiari Municipal Unit, in the Municipality of Thermi and the tourist area of the Municipality of Thermaikos and reaches the Aeneia Waste Water Treatment Plant in Angelohori, and which also receive all necessary information for their supervision. The control centres has computers with suitable hardware (transceivers, modems, antennas, etc.) and software to control operations and breakdowns and to remotely ensure uninterrupted operation of the pumping stations round the clock.

Full technical specifications and a technical description have been prepared to procure and install a new, cutting-edge remote control system for the control centre that controls 46 pumping stations, offering more functionality than the current one and upgrading the existing ones, such as:

- Installation of a comprehensive SCADA system with higher availability and redundant capacity.
- Replacement of old automation panels at local pumping stations control stations.
- Extension of the communication system of the local pumping station control stations and the control centre.
- Installation of a local server to keep a log for statistical, financial and other purposes.

Just some of the advantages this offers are listed below:

- Operations are consolidated, resulting in a drop in operating costs (fewer computers and less hardware in general, etc.).
- Two alternative means of communication (GPRS and RF) can be used and there is an automatic switch over system to ensure accurate, uninterrupted communication.
- Data can be safely stored on the Control Centre server that is being built.
- Information can be better managed, processed and presented, meaning it is easier to schedule preventative maintenance, fix problems and generate financial data.
- Open source software is used so that in the future modifications and upgrades can be made by EYATH S.A.'s own staff depending on operational needs.
- Generic types of spare parts are used which EYATH can procure from numerous suppliers at low cost.
- EYATH staff are trained in how to use, programme and configure the systems to acquire know-how and free the company from the need to have the supplier / manufacturer intervene.

The tender process will be launched in 2019.

During 2018, on top of the regular contracts EYATH S.A. enters into for sewerage works to extend, repair or replace pipelines, an international tender procedure was launched which includes sewerage works in the area where the K16 interchange is being built entitled "works to complete the connection to Thessaloniki's low-lying areas". A tenderer has already been chosen and the project has begun to be implemented.

At present a new tender procedure is under way which includes sewerage works to improve - upgrade the A5 wastewater pumping station (at the Port) and the A2B pumping station (at the Thessaloniki Industrial Area) to replace the twin force discharge pipes for sewerage at the A5 wastewater pumping station (at the Port), construction of a coastal collecting pipe at the AA9 (B3) pumping station and rainwater drain pipe and improvements to the A17 pumping station at Finikas.

In addition, during 2018, cases of extending sewerage networks with third parties assuming part of the cost were examined. These related to pipelines around 3.5 km long in various areas. Other cases examined included repairs/replacements of sewerage pipelines of around 10 km long.

## 5.4

# Waste Water Treatment

According to the General Plan prepared in the late 1970s and then implemented, the Thessaloniki wider area was divided into the following waste collection zones:

- a. waste water from central and western areas where most of the urban and industrial activities is concentrated and collected and transported to the Thessaloniki Waste Water Treatment Plant in the Sindos Area.
- b. waste water from eastern (tourist) areas is collected and transported to the Waste Water Treatment Plant at Aeneia in the Municipality of Thermaikos.
- c. Waste water from the Thessaloniki Industrial Area is collected and transported to the Waste Treatment Plant there which came under EYATH S.A.'s control in January 2003.

### a. Thessaloniki Waste Water Treatment Plant

Stage I of works on the Waste Water Treatment Plant with a total budget of € 11 million approximately commenced in 1983 and was completed in February 1992 when the facility was commissioned by the builder. In the meantime (1989-1992) necessary modifications needed to be carried out to individual units, to achieve a higher processing rate for some of the waste water from the city than had been originally planned, and the discharge point for treated waste water changed (in order to protect the Axios Delta) and the Thermaikos Bay was chosen as the discharge body. In 1992 the Waste Water Treatment Plant began treating around 40,000 m<sup>3</sup>/day and gradually that rose to 70,000 m<sup>3</sup>/day when Stage II became operational in 2000, with the treatment rate at over 90%.

Stage II works commenced at the end of 1996 with a budget of € 34 million and were completed in early 2000, achieving a treatment rate of over 95% of urban waste water from the city of Thessaloniki using a conventional biological treatment system and simultaneous nitrogen removal. Each day the Waste Water Treatment Plant receives around 160,000 m<sup>3</sup> of waste water but the specifications for the facility mean it can accept average waste water flows of up to 296,000 m<sup>3</sup>/day and pollutant loads of BOD<sub>5</sub>, SS and Total N, of 80, 76 and 16 tn/day respectively.

At the same time, following completion of the project to receive and pre-treat septic tank waste in mid-2002 (with a budget of € 4.7 million) the Waste Water Treatment Plant can now receive around 1,500 m<sup>3</sup> of waste water a day from trucks from areas which are not connected to the sewerage network.

The Waste Water Treatment Plant outflow is directed via the twin treated waste water disposal pipeline out into Thermaikos Bay. The project, with a budget of € 19 million, was completed in mid-2001 and runs for 10.5 km on land and 2.5 km out to sea to a depth of 23 m.

Waste water undergoes secondary treatment at the Waste Water Treatment Plant with simultaneous nitrogen removal and the biologically treated waste water is disposed of in Thessaloniki Bay.

However, given the excellent quality of that water, and given the expected decline in water quantities at national and global level, EYATH S.A. is working in partnership with the National Agricultural Research Foundation and other bodies (using the old twin pipeline to the Axios River) to explore whether treated waste water mixed with water from the Axios River could be used to irrigate farmland close to the Waste Water Treatment Plant. This programme has been running over the last few summers.

### Dehydrated Sludge Thermal Drying Plant:

On 16.1.2012 the Dehydrated Sludge Thermal Drying Plant commenced a 15-month trial period. The Public Works Special Service of the Ministry of Competitiveness, Infrastructure, Transport and Networks is responsible for the construction and trial operation of the plant. In line with agreed plans, when the trial period ended on 16.4.2013 EYATH S.A. took over running and maintenance of the plant (as operator) which was then awarded to a contractor following a tender procedure.

The Dehydrated Sludge Thermal Drying Plant at the Waste Water Treatment Plant receives quantities of dehydrated sludge produced daily by the Waste Water Treatment Plant in order to thermally treat it, evaporate any water in the sludge and produce a dry end product which is more than 92% solid.

The quantity produced daily (up to 23 t/day of dry product with 5-8% humidity compared to 150 t/day of dehydrated sludge with 80% humidity) can by its very nature be used in a wider variety of ways than dehydrated or limed sludge. The dry product is suitable for the following applications:

As a fuel in cement industries, in thermoelectric power plants, in construction material industries, in composting facilities, for soil improvement for non-edible crops, as a fertiliser additive for crops, etc.

In light of that, during all of 2018 the total quantity of dry product was taken away by contractors chosen following a tender procedure (total quantity of dried sludge in 2018 is 8,496 tons):

#### Waste Water Treatment Plant - summary data for 2018

Waste water treatment capacity (in population equivalent / PE units)

Organic load capacity (planned): 296,000m<sup>3</sup>/d  
(based on design, Directive 91/271/EEC)

Population covered (planned population) 1,333,000

#### Flow data for 2018

Average daily flow (m<sup>3</sup>): 155,135

Type of waste water - quantities (m<sup>3</sup>/d):

- a. Urban waste water: 154,470
- b. Industrial waste water: -
- c. Waste from septic tanks: 665

Annual dried sludge production: 8,496 tons

Volume of waste water treated in 2018 (m<sup>3</sup>): 51,411,150

Annual average outlet quality for 2018 (mg/L)	BOD5	COD	SS	N-NH4	Total N	Total P
	10.4	53.3	15.7	0.58	6.38	3.35

## 5.4 Waste Water Treatment

### b. Aeneia Waste Water Treatment Plant for Thessaloniki's tourist areas

The Aeneia Waste Water Treatment Plant which covers Thessaloniki's tourist areas was opened in 1997 and in stage one of Phase I can treat 27,000 m<sup>3</sup>/d. Initially small quantities of waste water from Michaniona and Angelohori were treated via the network and 3 pumping stations, and larger quantities of septic tank waste from other areas in the Municipality of Thermaikos, taken to the plant by tanker trucks.

Since 2001 the main sewerage pipeline for the tourist areas has been in operation with 8 pumping stations and the sewerage network of areas in the Municipality of Thermaikos, whose waste water is directed to the Aeneia Waste Water Treatment Plant to be treated. Waste water from the Plagiari area is also covered.

Since 1.5.2016 the Aeneia Waste Water Treatment Plant has been run by AKTOR S.A. based on the contract of 28.4.2016 and decision 4/2016 of the Board of Directors of EYATH S.A. The contract is for 60 months and expires on 30.4.2021.

Since the spring of 2017 the new ozonisation plant to decontaminate treated waste water and remove pathogenic microorganisms before it is disposed of in Thermaikos Bay has been in full operation.

The sludge produced daily is disposed of as a raw material for the production of soil improvers for crops using aerobic composting to promote sustainable development and ensure a cyclical economy,

During 2018 tender documents were drawn up for a tender procedure for a project which includes, among other things, reconstruction of the central sewerage pipeline for the AENEIA Waste Water Treatment Plant.

#### AENEIA Waste Water Treatment Plant - summary data for 2018

Waste water treatment capacity (in population equivalent / PE units)

Organic load capacity (planned): 87,000m<sup>3</sup>  
(based on design, Directive 91/271/EEC)

No. of people covered:  
(associated population): 48,000

(based on average flow and organic load)

#### Flow data for 2018

Average daily flow (m<sup>3</sup>): 8,394

Type of waste water - quantities (m<sup>3</sup>/d):

a. Urban waste water: 7,716

b. Industrial waste water: -

c. Waste from septic tanks: 678

Annual dehydrated sludge production (tons, approximately):

3,023

Volume of waste water treated in 2018 (m<sup>3</sup>):

3,031,987

#### c. Thessaloniki Industrial Area Waste Treatment Plant (WTP)

EYATH S.A. took over the plant in 2003 and it handles around 10,000 - 15,000 m<sup>3</sup> of industrial waste a day from the Thessaloniki Industrial Area.

ETVA VIPE S.A. submitted an environmental impact study to the Ministry of the Environment, Energy & Climate Change and a new decision approving environmental terms and conditions was issued, which includes the upgrade works and the WTP terms and conditions of operation. A request was also submitted to the Central Macedonia Region and a technical reconstruction permit was issued to enable the upgrade works to be carried out.

In 2012 preliminary works financed by ETVA VIPE S.A. were carried out which were incorporated into the overall project to upgrade and improve WTP operations. When the preliminary works were completed, around 70% of the organic load in the waste was removed and when technical upgrades are completed the performance rate will be over 90%. Additional works are also needed to optimise the plant's operations and to bring it fully into line with requirements. During 2018 trial operations of the technical upgrades were completed. These are being implemented by the ETVA Industrial Area.

#### Flow data for 2018

Average daily flow (m<sup>3</sup>): 12,597

Annual dehydrated sludge production (m<sup>3</sup>): 12,323

Annual average outlet quality for 2018 (mg/L)	BOD5	COD	SS	N-NH4	Total N	Total P
	3.2	26.7	5.5	0.49	5.86	5.3

## 5.5

# Caring for the environment

### Sewerage and Environment Testing Lab

During 2018 the Sewerage and Environment Testing Lab was engaged in the following activities:

It carried out systematic checks on around 1500 field and sample collection visits and 10,500 analyses were performed over the course of the year at:

- production facilities located within EYATH's territorial remit (at least once a year)
- food businesses and professional facilities, connected to the EYATH network or networks managed by EYATH;
- water leaks;
- emergencies;
- Waste water treatment facilities (Thessaloniki Waste Water Treatment Plant and AENEIA Waste Water Treatment Plant) on the EYATH network of sewerage pipelines and at the waste treatment plant located in the Thessaloniki Industrial Area.

The ISO 17025/2005 accreditation process was completed by the Hellenic National Accreditation System together with the water supply lab (8 parameters for the sewerage lab) (Certificate No. 1139).

It also participated in inter-laboratory tests which checked for 23 parameters. According to the results the success rate for the evaluation was 97%.

It also supported the work of the Waste Water and Liquid Industrial Waste Treatment and Disposal Designs Inspection Committee (established by EYATH Board decisions No. 10/2005 & 173/2007 and amended by decisions No. 251/2007, 498/2010 & 063/2013, 22/2018, 76/2018 & 458/2018), carrying out field visits, taking samples, and analysing samples, and receiving and forwarding documentation needed to issue disposal permits and handling documents for licensing after the Committee issues its opinion (around 300 cases were examined in 2018).

It contributed to approval of the special sewerage regulations (Joint Ministerial Decision, Government Gazette 1793/B/21.5.2018, <http://www.eyath.gr/swift.jsp?CMCCode=060404&extLang=>, and actively took part in the process of reformulating them (a process still under way) following comments from bodies such as the Central Macedonia Region, the Federation of Industries of Northern Greece, the Chamber of Handicrafts, the Thessaloniki Chamber of Tradesmen, the Chamber of Commerce and Industry, and the Greek Exporters Association).

In partnership with other departments of EYATH S.A. it also participated in completing and filing the dossier to amend the environmental terms and conditions for the Thessaloniki Waste Water Treatment Plant.

It also developed an integrated IT system for filing documents relevant to the department's activities, and that system is currently being implemented.

Oversees students doing their internship.



## 5.6 Permits

EYATH S.A. has the following licences/permits.

### a. Thessaloniki Water Treatment Plant on the Aliakmon River

A single open-ended installation and operating permit was issued for this facility on 10.5.2004 by DG Development - Industry & Mineral Wealth of the Thessaloniki Prefectural Authority in the name of EYATH S.A.

- Decision No. 197256/17.3.2011 approving the environmental terms and conditions was issued, and that decision was renewed and amended by decision No. 13587/15.3.2016 of the Environmental Permitting Directorate of the Ministry of the Environment and Energy.
- A fire protection certificate was issued following an on-site inspection by the Fire Department, valid from May 2008 to 2016 and letter No. 3157/Φ.701.4/25.2.2016 was obtained exempting it from the need to procure a further fire protection certificate.
- Permit No. 83494/30.11.2016 for EYATH S.A. to use water from the Aliakmon River was issued by the Water Directorate.
- The Regulatory Authority for Energy has granted exemption from the need to obtain a power generation permit for the backup generator (Decision No. 33/2008 in accordance with Article 10 of Law 2773/1999).

### b. Thessaloniki Waste Water Treatment Plant

- The plant has a permit (No. 30/οικ 6604/18-11-2003) to dispose of waste water into the Thermaikos Bay in line with Decision No. ΔΥ/22374/91/11-1-94 of the Prefect of Thessaloniki which was amended by his decision No. 30/οικ4439/13-6-2006.
- It also has approval for its environmental terms and conditions from the Special Environmental Service of the Ministry of the Environment, Planning & Public Works (Joint Ministerial Decision No. 106129/25-10-2006) valid for 9 years, which was amended by Joint Ministerial Decision No. 198531/20-04-2011, valid until 31.12.2015) and then by Joint Ministerial Decision No. 171602/20-03-14, which is valid for 10 years.
- A fire safety certificate (No. 1495/Φ.701.4/6986/27-02-13) was issued by the Thessaloniki Fire Department.
- There is a single installation and operating permit for the Waste Water Treatment Plant (No.15/Φ.14.2.22243/2/10664/28-11-2003) from the Prefect of Thessaloniki which is of unlimited duration.
- There is also approval for the environmental terms and conditions from the Special Environmental Service of the Ministry of the Environment, Planning & Public Works for the disposal of treated waste water for irrigation purposes (Joint Ministerial Decision No. 141937/7-3-2005, which was extended by Joint Ministerial Decision

No. 198531/20-04-2011 to 31.12.2015).

- 2.5 MWee biogas power generation plant at the Waste Water Treatment Plant. The operating permit for that plant was granted by decision of the General Secretary of the Central Macedonia Region (No. 8253/12-12-2003), valid for 10 years.

### c. Aeneia Waste Water Treatment Plant

The Aeneia Waste Water Treatment Plant has:

- Approval under decision No. 23665/15-05-2017 amending Joint Ministerial Decision No. 85222/15.7.2002, as renewed and amended by Joint Ministerial Decision No. 133119/6.12.2010 and Decision No. 100622/29.1.2016 of the Director General for Environmental Policy, relating to the waste water treatment plant in the tourist areas of Thessaloniki, located in the Aeneia area in the Michaniona Municipal Unit of the Prefecture of Thessaloniki, and the sewerage works for the Thermaikos, Michaniona and Epanomi Municipal Units of the Municipality of Thermaikos and the Mikra Municipal Unit of the Municipality of Thermi (Web Ref. No. 71ΕΔ4653Π8-0AZ).
- Approval for its environmental terms and conditions from the Special Environmental Service of DG Environment / Ministry of the Environment, Energy & Climate Change (Joint Ministerial Decision No. 133119/06-12-2010) valid for 10 years, renewing and amending the environmental terms and conditions for the waste water treatment and cleaning plant in the tourist areas of Thessaloniki, which is located in the Aeneia area of the Municipality of Nea Michaniona / Pref. of Thessaloniki, and for construction and operation of main sewerage pipelines, pumping stations and networks in the Municipalities of Thermaikos, Nea Michaniona, Epanomi and Mikra, which amended the initial Joint Ministerial Decision No. 85222/15-7-2002.

**Note: New environmental terms and conditions were issued in 2017 (Decision No. 23665/15-05-17).**

- It holds a final permit to dispose of waste water - industrial waste from the Aeneia Plant (Prefect of Thessaloniki Decision No. 30/3748/29-7-2002 which was amended by his Decision No. 30/οικ.1096/8-2-2007).
- It also has a fire protection certificate (No. 14937 Φ.701.4/7642/07.10.2010) from the Regional Fire Services Directorate of the Central Macedonia Region. EYATH S.A. also holds a single installation and operating permit for the Waste Water Treatment Plant (Prefect of Thessaloniki Decision No. 15/Φ.14.2.24558/2/5978/15-5-2007).
- Ministerial Decision No. ΔΥΓ2/Γ.Π. 102784/19-9-2008 approved the method for decontaminating treated waste water from the Aeneia Plant.

## 5.7

### Technical works

#### WORKS COMPLETED DURING 2018

NO.	Project	Completion date	Contractual amount in € (excl. VAT)
1.	Group I of urgent sewerage works 2016	26/10/2018	1,449,103.04
2.	Group I of urgent water supply works 2016	07/06/2018	1,148,999.99
3.	Repair of damage to water supply network in central and eastern Thessaloniki in 2017	24/08/2018	217,181.17
4.	Repair of damage to the water supply network in Western Thessaloniki in 2017	07/06/2018	236,115.00
5.	Repair of damage to the sewerage network in 2016	29/06/2018	1,512,195.13
TOTAL			€4,563,594.33

#### WORKS UNDER WAY DURING 2018

NO.	Project	Budget (VAT excl.) €	Contractual amount (VAT excl.) €
1.	Maintenance of EYATH S.A. facilities in 2017	60,000.00	36,000.00
2.	Group I of urgent water supply works 2018	2,000,000.00	1,659,399.99
3.	Group I of urgent sewerage works 2018	2,500,000.00	1,939,669.38
4.	Works to improve operation of the water supply and sewerage networks and facilities within EYATH S.A.'s territorial remit	2,682,000.00	1,636,019.98
5.	Repair of damage to water supply network in central and eastern Thessaloniki in 2018	1,500,000.00	915,000.00
6.	Repair of damage to the water supply network in Western Thessaloniki in 2018	2,000,000.00	738,683.77
7.	Repair of damage to the sewerage network in 2018	1,200,000.00	732,000.00
TOTAL			€7,656,773.12

## 5.7

### Technical works

#### ABSORPTION IN 2018

NO.	Project	1st half of 2018 €	2nd half of 2018 €	Total (VAT excl.) €
1.	Works to improve operation of the water supply and sewerage networks and facilities within EYATH S.A.'s territorial remit	142,960.39	199,442.60	342,402.99
2.	Group I of urgent WATER SUPPLY works 2016	63,597.78	0.00	63,597.78
3.	Group I of urgent WATER SUPPLY works 2018	0.00	120,602.98	120,602.98
4.	Group I of urgent SEWERAGE works 2016	259,377.37	128,547.57	387,924.94
5.	Group I of urgent SEWERAGE works 2018	0.00	149,532.18	149,532.18
TOTAL				€1,064,060.87

#### TECHNICAL WORKS

#### TENDER PROCEDURES TO AWARD PUBLIC CONTRACTS (WORKS/DESIGNS OR TECHNICAL SERVICES) IN 2018

No.	Subject	Budget (VAT excl.)	Discount	Contractor	Remarks
DESIGNS/ TECHNICAL SERVICES					
1	Framework Agreement for preparation of supporting designs to meet EYATH S.A.'s needs	€ 725,806.45	67%	Design consultants grouping: N. MARANGOS - A. NAGOULIS - N.P. HATZIGOGOS - A. MARANGOS - D. KAPOLLAS	
2	Framework agreement to provide technical advisor services and support for EYATH S.A. strategic and business plan designs and projects.	€ 1,322,500.00	-	-	The appointment of the contractor is still pending
TOTAL		€ 2,048,306.45			
PROJECTS					
1	Project to complete the connection of Thessaloniki's low-lying areas	€ 6,015,000.00	-	-	Pre-contractual audit stage
2	Maintenance of EYATH S.A. facilities in 2018	€ 700,000.00	-	-	The appointment of the contractor is still pending
3	Group I of urgent water supply works 2019	€ 2,500,000.00	-	-	The appointment of the contractor is still pending
4	Framework Agreement to reinforce - repair the Aravissos aqueduct.	€ 4,367,997.89	-	-	The appointment of the contractor is still pending
TOTAL		€ 13,582,997.89			

## 5.8

### Health & Safety

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Health and Safety is a primary concern for EYATH S.A. reflected in how it is recording and rationalising the relevant control procedures and in the fact that the Safety Technician's Office has been showcased and upgraded. With that in mind, the office held frequent meetings with the Company's Audit Committee to provide information and discuss new targets.

Since 2017 when the Safety Technician's Office was set up within the Company, with a full-time employee from EYATH S.A. the company has been actively involved in handling all health and safety-related issues in cooperation with its external associate on these matters.

In its efforts to minimise the likelihood of occupational accidents, EYATH S.A. is constantly striving to modernise its control systems and has set targets for training, briefings and the procurement of suitable PPE for its employees.

During 2018 further steps were taken to organise the company on health and safety issues and improve things. The constant collaboration between the Safety Technician's Office and company Divisions seeks to ensure that proper procedures are implemented to protect both company employees and facilities. Particular attention is paid to disseminating knowledge via discussions with and briefings of competent officers for facilities within their remit.



## 06 CONSUMPTION

- 6.1 Customer service
- 6.2 Consumption data analysis

# 06

## 6.1

### Customer service

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The Customer Service Division's main task is customer service. The Division's staff serve company customers on a daily basis, covering issues relating to new water supply contracts, transfers and terminations of old supplies, repayment plans and debt settlements, bill payments, water meter checks and in general anything customers may ask about. EYATH S.A. issues bills every 4 months based on the quantities of water consumed and offers refunds/discounts only in cases where there was a proven leak due to damage to the customer's plumbing facilities.

To achieve its target of better customer service, EYATH is open to the public from 07:30 to 14:00 hours at its head offices at 127 Egnatias St., at the offices at 98 Tsimiski St. (only for sewerage issues) and its branch at 26 26th Oktovriou St., where it offers improved services to consumers.

Bills can be paid:

- at the company's head offices at 127 Egnatias St. and its branch at 26 26th Oktovriou St. opposite the courts.
- at branches of the Diamantis Masoutis S.A. Chain nationwide at no additional cost.
- at the Hellenic Post office branches and agencies in the wider area and at all Hellenic Post branches nationwide.
- at OPAP agencies nationwide.
- by standing order from any bank account or at bank cashiers' desks by debiting any account.
- online via the EYATH website ([www.eyath.gr](http://www.eyath.gr)) by credit

card and

- via any bank using web-banking.

An integrated customer service and management tool has been in development since 2017 and is nearing completion. It will focus on modernising billing, and customer service and management.

EYATH S.A.'s goal is:

- to meet rising customer demand for minimal bureaucracy and faster service.
- to safeguard its revenues by monitoring the process of meter readings - billing and debt management.
- to examine alternative methods for settling payments and granting discounts, to see how these impact on revenues, taking account of the economic crisis and EYATH's sensitivity about the need to supply this public commodity, water.
- to improve the company's image by adopting a multi-channel service model by utilising cutting edge e-services.
- to effectively utilise its available resources.



## 6.2

### Consumption data analysis

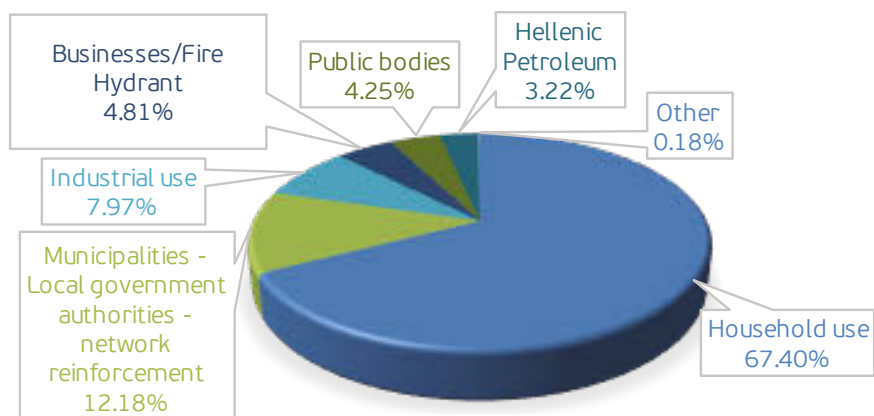
Consumption category (in m3)	Consumption in 2018	Consumption in 2017	Consumption in 2016
Household use	36,818,183	38,280,206	37,997,184
Municipalities - Local government authorities - network reinforcement	6,653,840	6,749,384	6,502,364
Industrial use	4,352,291	4,120,922	4,090,518
Businesses/Fire Hydrants	2,625,425	3,078,072	2,989,555
Public bodies	2,322,171	2,090,413	2,049,180
Hellenic Petroleum	1,756,248	2,238,550	2,103,161
Other	98,410	153,445	47,057
<b>TOTAL</b>	<b>54,626,568</b>	<b>56,710,992</b>	<b>55,779,019</b>

Distribution of consumption per consumer category 2018-2016			
Consumer category	% 2018	% 2017	% 2016
Households - Communal facilities	67.40%	67.50%	68.12%
Municipalities - Local government authorities - network reinforcement	12.18%	11.90%	11.66%
Industries	7.97%	7.27%	7.33%
Businesses, ThPA, Fire Hydrants, etc.	4.81%	5.43%	5.36%
State	4.25%	3.69%	3.67%
Hellenic Petroleum	3.22%	3.95%	3.77%
Other	0.18%	0.27%	0.08%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

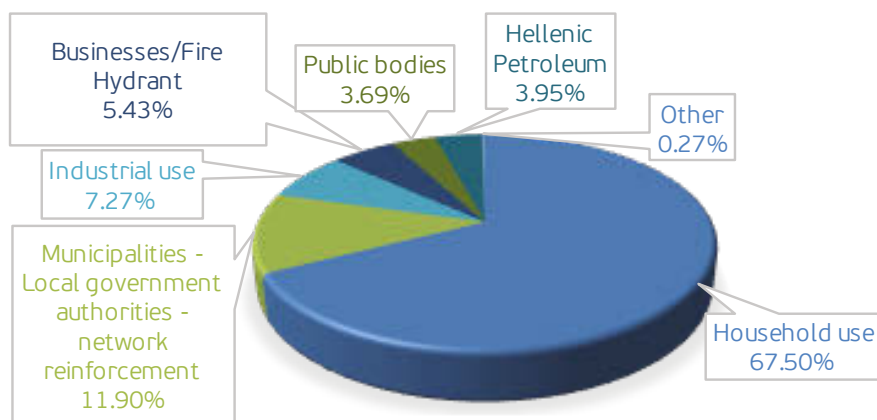
According to the table, households continue to consume over 2/3 of all the water supplied.

## 6.2 Consumption data analysis

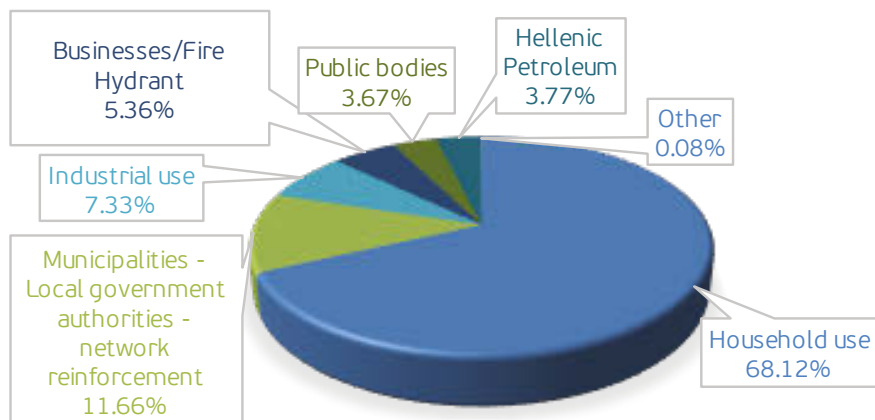
ALLOCATION OF WATER CONSUMPTION IN 2018



ALLOCATION OF WATER CONSUMPTION IN 2017

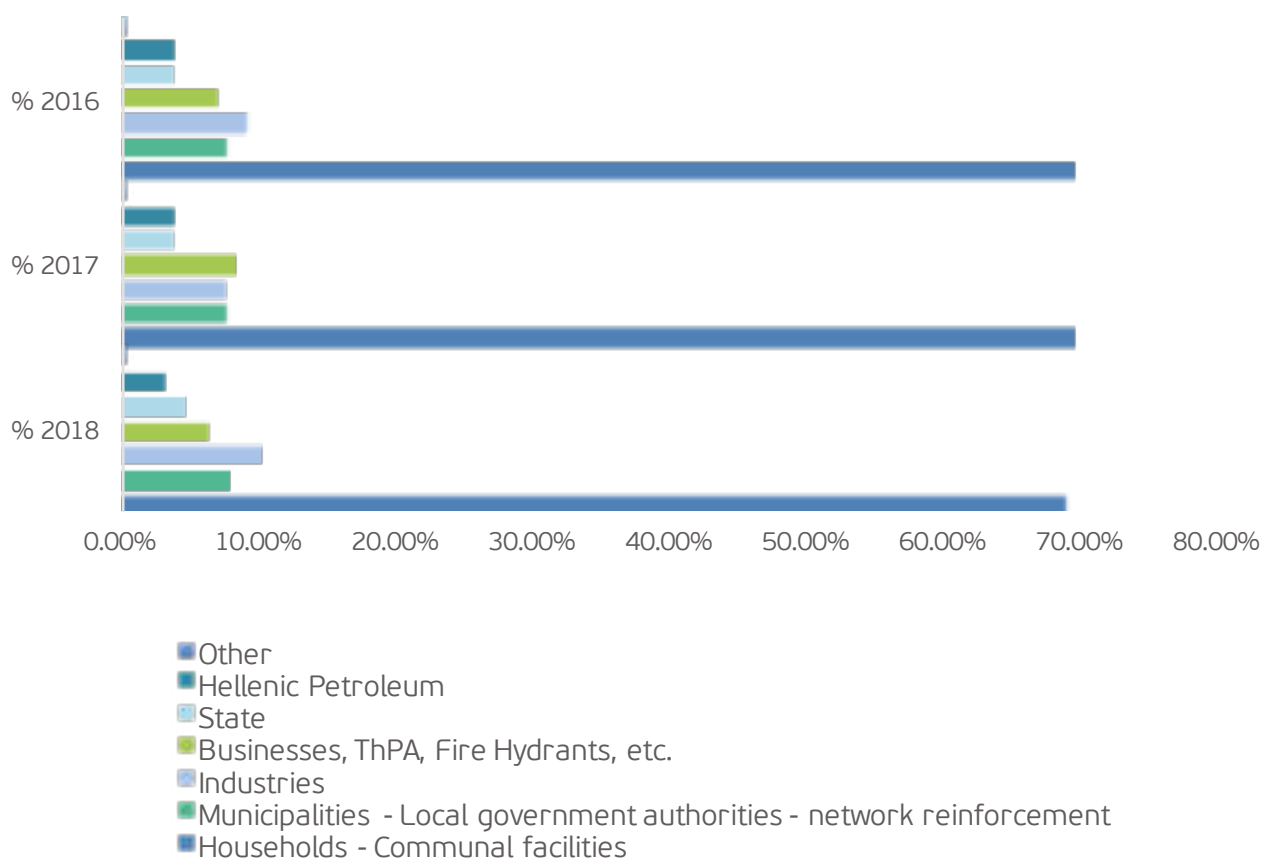


ALLOCATION OF WATER CONSUMPTION IN 2016



Revenues from sale of water per consumer category 2018-2016				
Consumer category	Income	% 2018	% 2017	% 2016
Households - Communal facilities	€ 23,655,223	68.76%	69.46%	69.48%
Municipalities - Local government authorities - network reinforcement	€ 2,629,980	7.64%	7.45%	7.47%
Industries	€ 3,420,280	9.94%	7.53%	8.89%
Businesses, ThPA, Fire Hydrants, etc.	€ 2,104,593	6.12%	8.13%	6.86%
State	€ 1,509,411	4.39%	3.69%	3.73%
Hellenic Petroleum	€ 1,053,750	3.06%	3.66%	3.53%
Other	€ 30,009	0.09%	0.09%	0.04%
<b>TOTAL</b>	<b>€ 34,403,246</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Structure to water supply revenues per consumer category

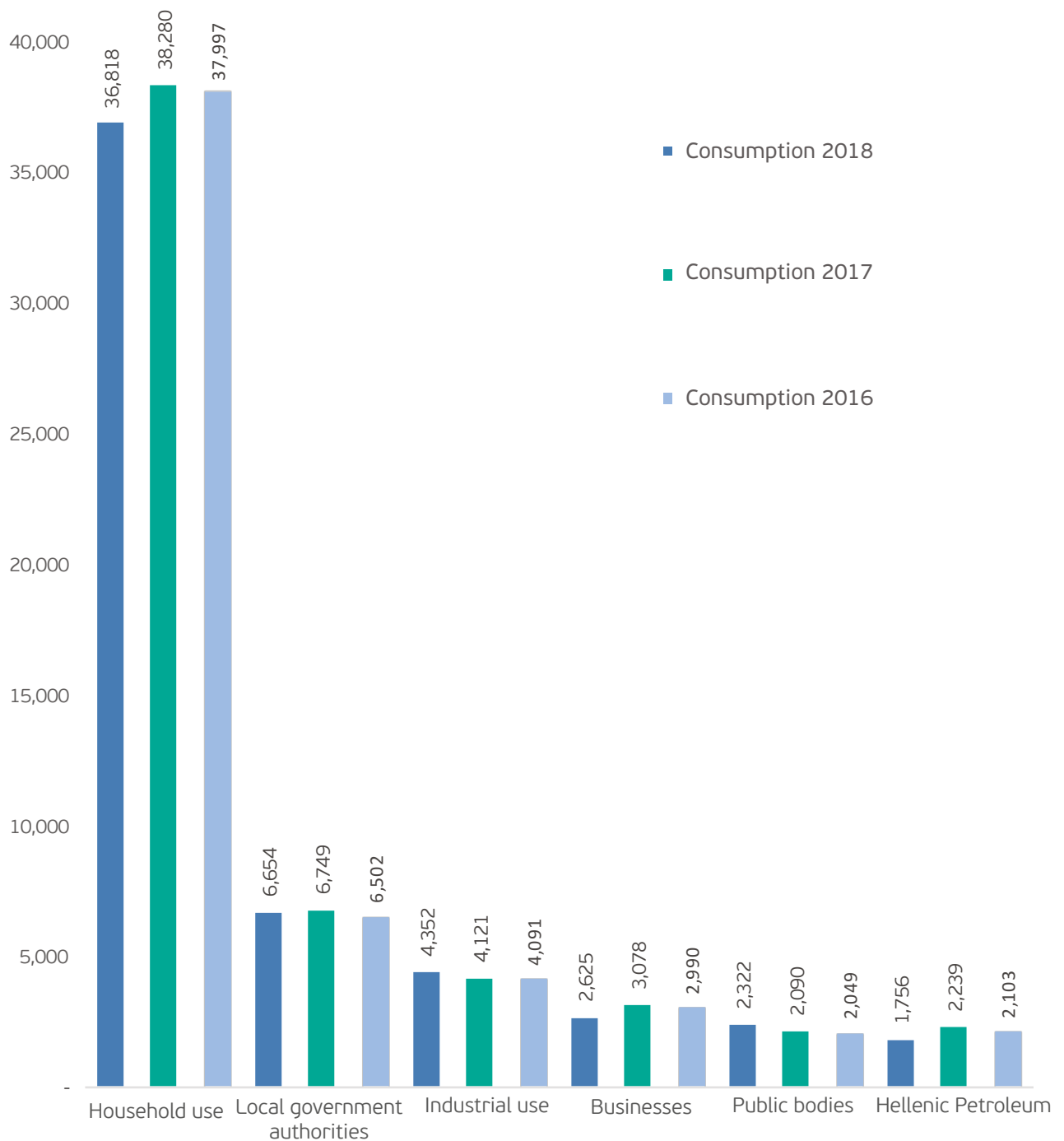


## 6.2

### Consumption data analysis

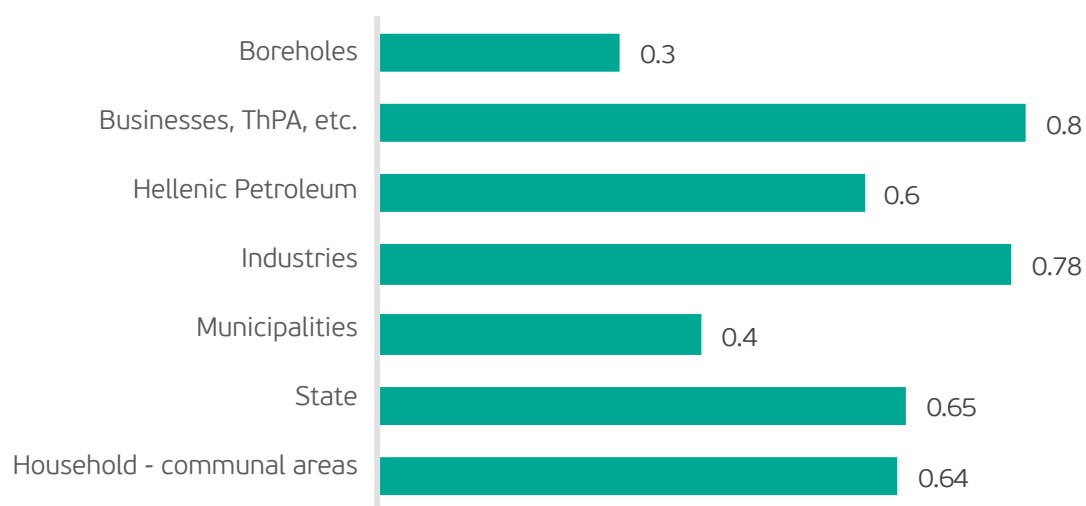
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CONSUMPTION PER CONSUMER CATEGORY 2018-2016



## AVERAGE PRICE OF WATER SALES PER CATEGORY OF CUSTOMER IN 2018

Consumer category	Revenues from sales of water (in €)	Quantities billed m <sup>3</sup>	Average price per m <sup>3</sup>
	(a)	(b)	(a/b)
Household - communal areas	€ 23,655,223	36,818,183 m <sup>3</sup>	0.64
State	€ 1,509,411	2,322,171 m <sup>3</sup>	0.65
Municipalities	€ 2,629,980	6,653,840 m <sup>3</sup>	0.40
Industries	€ 3,420,280	4,352,291 m <sup>3</sup>	0.78
Hellenic Petroleum	€ 1,053,750	1,756,248 m <sup>3</sup>	0.60
Businesses, ThPA, etc.	€ 2,104,593	2,625,425 m <sup>3</sup>	0.80
Boreholes	€ 30,009	98,410 m <sup>3</sup>	0.30
Total	€ 34,403,246	54,626,568 m <sup>3</sup>	0.63



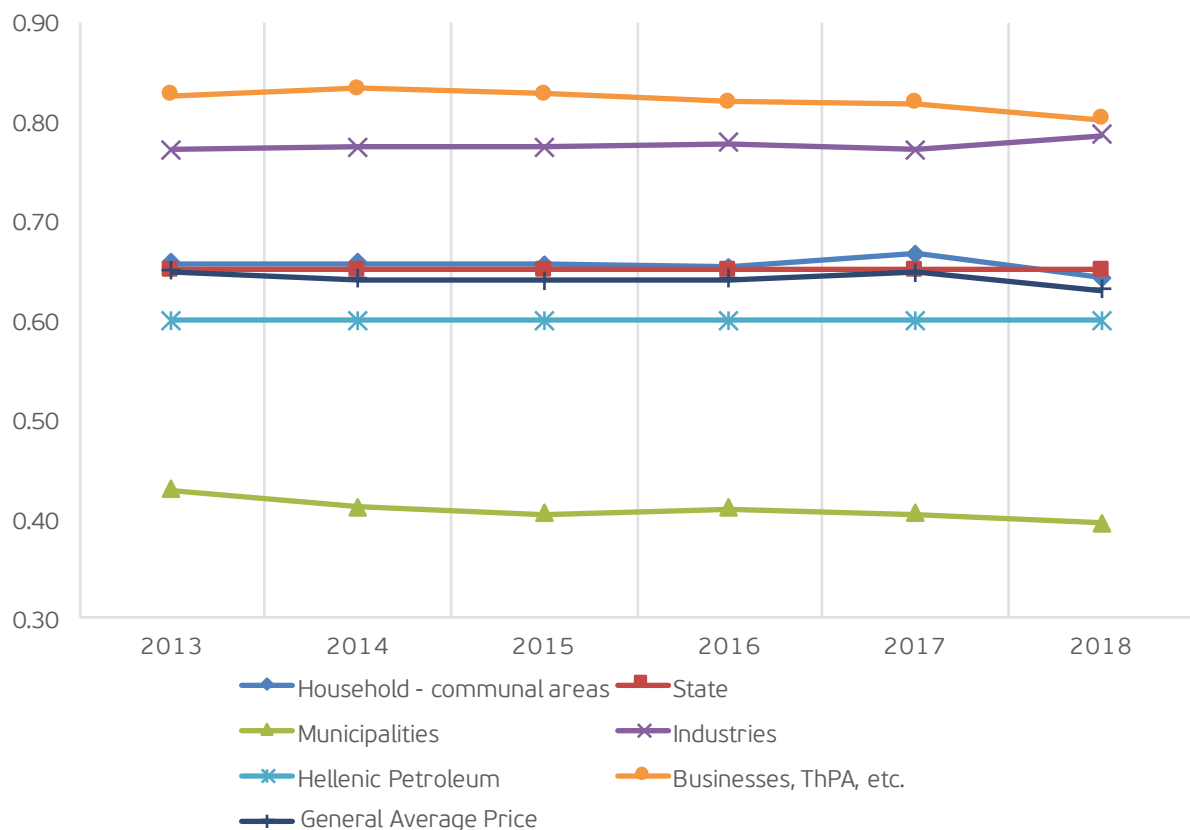
## 6.2 Consumption data analysis

Change in the average price per m<sup>3</sup> of water for each category of customer for the years 2013-2018 €/m<sup>3</sup>

Consumer category	2013	2014	2015	2016	2017	2018
Household - communal areas	0.6577	0.6565	0.6558	0.6535	0.6670	0.6424
State	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500
Municipalities	0.4298	0.4115	0.4045	0.4105	0.4053	0.3952
Industries	0.7708	0.7732	0.7736	0.7772	0.7713	0.7858
Hellenic Petroleum	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Businesses, ThPA, etc.	0.8266	0.8328	0.8267	0.8199	0.8184	0.8016
General Average Price	0.6488	0.6408	0.6402	0.6407	0.6482	0.6298
Deviation	1.85%	-1.23%	-0.09%	0.08%	1.17%	-2.83%

The average sale price of water to household consumers almost represents the general average price which applies for all of EYATH S.A.'s consumers.

Change in price per m<sup>3</sup> of water over time



For households on the sliding household tariff, total consumption in 2018 was 35,921,678 m<sup>3</sup>. This can be broken down for the 6 steps in the sliding scale as follows:

Consumption scales	Quantities per year (m <sup>3</sup> )	as a % of total quantity	2018 sub-total	2017 sub-total	2016 sub-total
0-10 m <sup>3</sup> /4-month period (€ 0.46 /m <sup>3</sup> )	1,439,110	4.00	4.00	3.84	3.66%
11-30 m <sup>3</sup> /4-month period(€ 0.63 /m <sup>3</sup> )	9,851,135	27.42	31.42	29.95	29.61%
31-60 m <sup>3</sup> /4-month period(€ 0.72/m <sup>3</sup> )	17,061,264	47.50	78.92	77.27	77.74%
61-120 m <sup>3</sup> /4-month period(€ 1.16/m <sup>3</sup> )	6,338,855	17.64	96.56	96.05	96.66%
121-180 m <sup>3</sup> /4-month period(€ 2.39/m <sup>3</sup> )	597,320	1.67	98.23	97.77	98.36%
181 m <sup>3</sup> and over/4-month period(€ 4.03/m <sup>3</sup> )	633,994	1.77	100.00	100.00	100%
<b>Total</b>	<b>35,921,678</b>	<b>100.00</b>			

As is clear from the table, over the last years the trend for prudent use of water by households has become well-established, given the continuing negative economic situation coupled with the fact that EYATH applies a sliding scale with prices, meaning that the price increases as consumption increases.



## 6.2

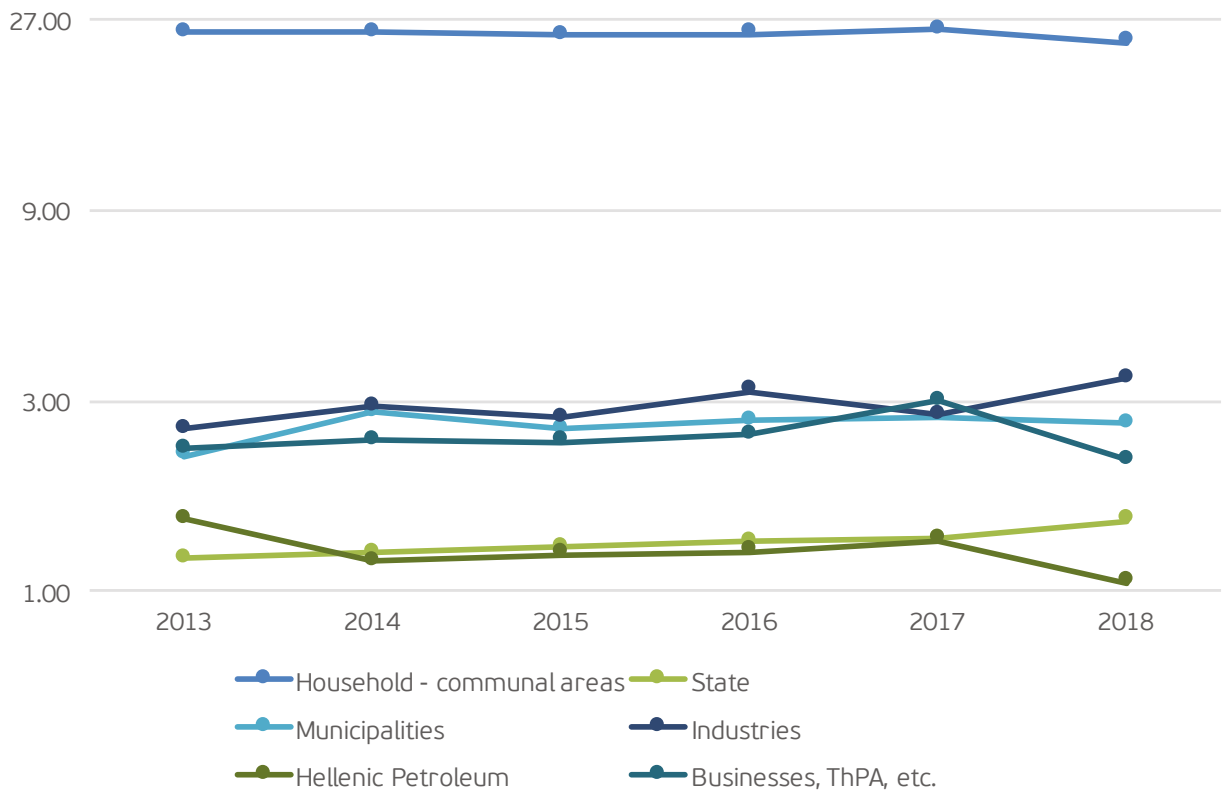
### Consumption data analysis

CHANGE IN REVENUES FROM SALES OF WATER PER CUSTOMER CATEGORY OVER TIME

Consumer category	2013	2014	2015	2016	2017	2018
Household - communal areas	24.95	25.07	24.65	24.83	25.53	23.65
State	1.21	1.25	1.29	1.33	1.35	1.51
Municipalities	2.18	2.81	2.54	2.67	2.73	2.63
Industries	2.54	2.89	2.72	3.18	2.76	3.42
Hellenic Petroleum	1.52	1.19	1.24	1.26	1.34	1.05
Businesses, ThPA, etc.	2.27	2.39	2.36	2.47	2.99	2.14
Deviation	34.67	35.60	34.79	35.74	36.76	34.40



CHANGE IN REVENUES FROM SALES OF WATER OVER TIME



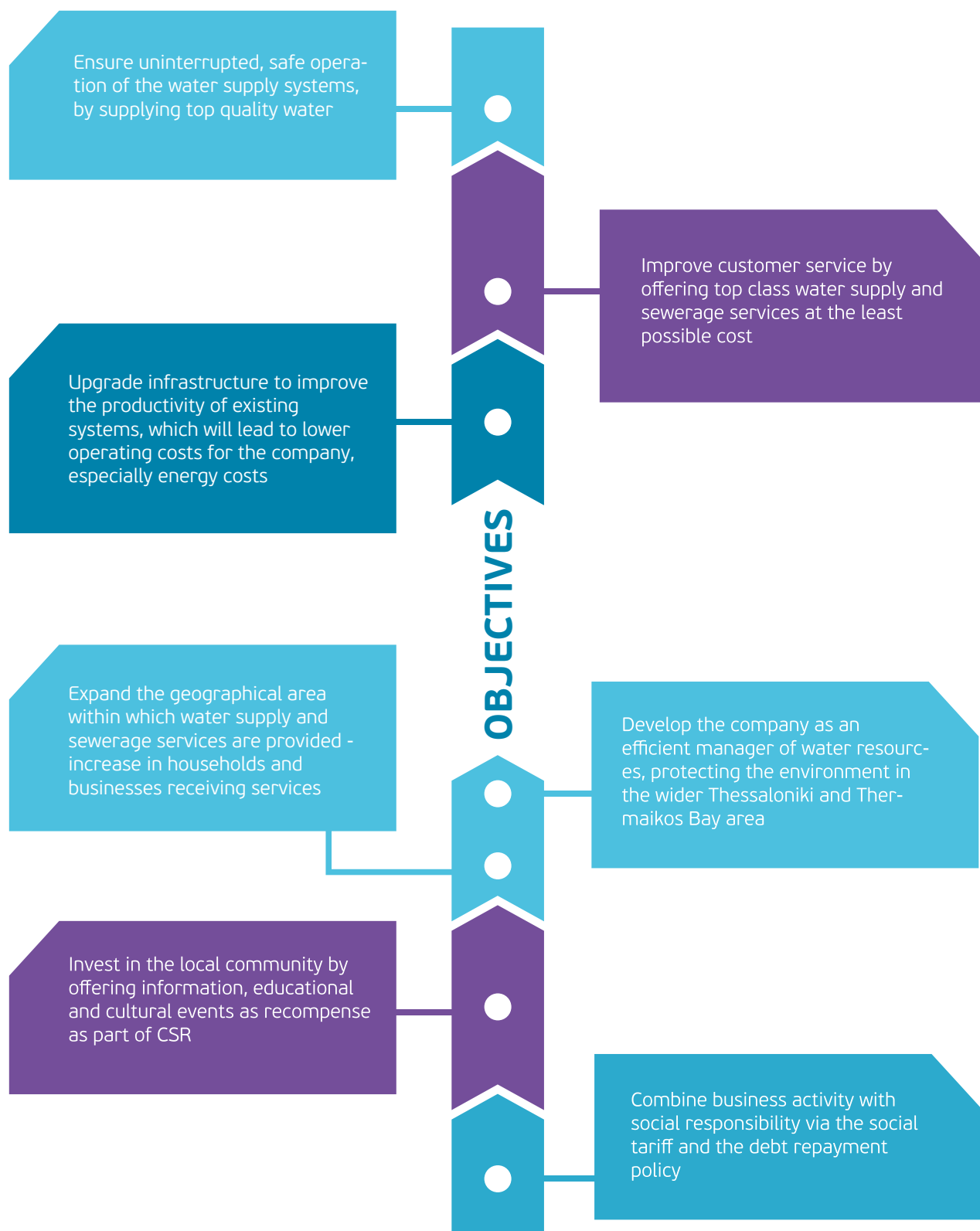


## 07 INVESTMENT PLAN

- 7.1 Operating activities
- 7.2 Investing activities
- 7.3 EYATH's 2018-2024 Investment Plan
- 7.4 EYATH Fixed Assets' 2018-2024 Investment Plan
- 7.5 IT System & Infrastructure Development Unit

07

## STRATEGIC GOALS



# INVESTMENT PLAN

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Measures taken to achieve the objectives which were previously presented constitute company strategy for the 2018-2024 period and can be divided into operating and investing activities. The first category pertains to the company's operations and involve changes to internal arrangements in terms of staff and company structures. The second category relates to implementation of projects that improve both infrastructure and equipment in terms of machinery and IT systems. In 2018 the Company updated its Strategic and Business Plan.

## 7.1 Operating activities

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### 7.1.1. Human capital development

- Training courses and life-long learning for employees
- Programmes to modernise HRM systems

### 7.1.2. Adapting the company's organisation to reflect new conditions

- Re-engineering the company's organisational structure
- Re-engineering procedures, improving and developing IT systems
- Development of a quality management system
- Development of a management decision-making tool

### 7.1.3 CSR - Information - Awareness raising for citizens

- Social policy
- Customer Service
- Environmental awareness
- Information for the local community

### 7.1.4 Outward-looking approach and development - transfer of know-how

### 7.1.5 Company commercial policy

- Pricing Policy
- Customer credit policy



## 7.2 Strategic Planning and Investment Programme Management Unit

### 7.2.1 Improvement / upgrade of the water supply system and extension to areas outside the company's territorial remit.

One of the key objectives is to upgrade and improve water supply infrastructure and to extend it to areas outside the company's territorial remit, in cooperation with neighbouring municipalities, or local water supply and sewerage companies which operate in the wider Thessaloniki regional unit.

The investment project required to implement this objective was developed after a study the company prepared. The study entitled "Business plan for management - distribution of water supply within EYATH S.A.'s territorial remit" was approved by decision No. 331/2016 of the Board of Directors and is an integral part of this report. Key elements of the plan are set out below.

According to the technical report the study's objective was, inter alia:

- to plan all hydraulic works needed to ensure the problem-free transport of an additional 150,000.00m<sup>3</sup> of water a day by expanding the Thessaloniki Water Treatment Plant to new water supply areas, meaning citizens in need of water will be able to get it.
- in parallel with the expansion into new areas, to ensure that existing works are repaired and modernised, meaning better management of the network and a reduction in non revenue water in the system, a reduction in energy currently used to operate the water supply system (it is estimated that after implementing the plan savings of around € 900,000 a year will be made) and a reduction in operating costs and the cost of maintaining the water supply system.

The estimated cost required to implement the plan is € 68.8 million. Referring to expansion into new areas, taking into account the new projects which will be built to transport water to central aqueducts in those areas (water will be distributed to new consumers and the distribution network will be run and maintained by local water supply and sewerage companies) it is estimated that the total annual revenues from sales of water to new consumers will be around € 4,830,000 after completion of the construction works (in 2024) while in the future (2055) if the charges remain fixed (€0.35/m<sup>3</sup>) the figure will be € 9,740,000. If there is an annual increase in the charge by 0.5% or 1% then the revenues in 2055 will be around € 10,920,000 or € 12,850,000 respectively.

During 2018:

- An open tender procedure was launched to sign a framework agreement. Its aim is to prepare support studies to meet the company's investment needs. This contract has already been awarded.
- Contract documents were drafted and an open tender procedure was launched to sign a framework agreement for technical advisor services to cover the company's investment activities needs. The tender procedure is currently under way.
- Financing was approved by the Central Macedonia Region for the business plan to build and extend the Thessaloniki Water Treatment Plant (phase A2) and preparation of the contract documents has begun. The project is expected to be put out to tender in 2019.
- Contacts were kept up to ensure extensions to new reservoir facilities which are included in the Investment Plan.
- Work to prepare the designs for key water supply projects included in the company's business plan continued. A plan of action and integrated maintenance and renovation works on the Aravissos aqueduct was prepared. A proposal for financing to prepare - mature projects in the EYATH S.A. and EYATH Fixed Assets investment plans was submitted.

### 7.2.2. Gradual replacement of networks and curtailment of water losses

The company's policy is to gradually replace old water supply networks which have been fully depreciated and also have major problems of corrosion or blockages along their length. This will result in a drop in the actual losses that arise due to the network's age. As part of the investment plan, up to 2024 efforts will continue in this vein.

Reducing the amount of non-reimbursable water in the water supply network has positive environmental and economic impacts. The environmental impacts include protecting water as a natural resource, since smaller quantities will be abstracted, and reducing energy consumption since the reduction in non-reimbursable water will entail less energy used. CO<sub>2</sub> and GHG emissions will also drop.

### 7.2.3. Improving the Waste Water Treatment Plant facilities and water supply and sewerage pumping stations

As far as improving the Waste Water Treatment Plant facilities and water supply and sewerage pumping stations is concerned, EYATH S.A.'s main concern is to renew existing E/M and electrical equipment when and where necessary in order to improve efficiency



and reduce maintenance costs. Moreover, it plans to construct new civil engineering works, when and where feasible, at the sewerage pumping stations to minimise possible leakages of waste water into bodies of water. In addition to this, the Company is planning to do away with water supply and sewerage pumping stations to simplify system operations and reduce operating costs.

Furthermore, in terms of improving Waste Water Treatment Plant facilities, EYATH is exploring how it could re-use water that results from the treatment of urban waste water. Treated waste water may be suitable for irrigating crops or urban green spaces provided that satisfactory levels of quality for the re-used water can be achieved (Joint Ministerial Decision No. 145116/2011).

#### 7.2.4 Power generation using biogas produced by the Thessaloniki and Aeneia Waste Water Treatment Plants

A power generation plant was built under the supervision of the Public Works Special Service of the Ministry of the Environment, Planning & Public Works, as part of Stage II of the project entitled "Extension and completion of biological treatment works for waste water from Thessaloniki" in 2002. The 2.6 MW power generation plant consists of two internal combustion engines fuelled by biogas/natural gas and two 3-phase 1,250 kVA electrical generators. They can also be supplied with a mix of natural gas/biogas or just pure natural gas.

The power generated can be used in various treatment stages at the Thessaloniki Waste Water Treatment Plant.

Under a new contract which is currently being implemented, suitable infrastructure is to be installed and operated to heat the management building using biogas, work will be done to upgrade, modify and commission an additional digester and a desulphurisation unit will be installed to make operation of the power generation plant and electricity - thermal energy co-generation plant safer and more efficient.

#### 7.2.5 Management of sludge produced by the Waste Water Treatment Plants

One key issue that has been debated in recent years has been how to manage the sludge produced; it is a problem primarily because of the high cost involved in disposing of and transporting the sludge produced by the Waste Water Treatment Plants. EYATH faces another problem in that it spends large amounts on

removing and disposing of the sludge.

Consequently, it is considered important that EYATH identify ways to use new technically and financially efficient technologies to manage the dehydrated sludge produced by its Waste Water Treatment Plants.

#### 7.2.6 Replacement of conventional water meters with new AMI-MDM meters to electronically record and remotely transmit meter readings to the company's billing and metering data management system.

As part of the drive to modernise the system that reads and checks water meter readings, replacing existing water meters with new high tech ones will improve both the readings taken and checks and moves to prevent theft of water.

Given that the company currently has a round 505,000 active water meters, plans need to cover a 10-year horizon at least and will include gradual replacement of old meters with new high tech ones, which will have an automated data collection and transmission system. Replacing conventional water meters with new automated ones could be completed by sector or area, so that specific areas within EYATH's territorial remit have their meters replaced and ready for use.

#### 7.2.7 Use of RES to generate energy

One of the major issues that water supply and sewerage companies in Greece constantly face is the high energy costs they have to bear, which are then passed on to end users. To make energy savings and reduce operating costs, the company is examining the idea of generating power using a net metering or virtual net metering method.

In this model (which has been possible in Greece since 2014) photovoltaic panels installed at sites close to pumping stations at the Waste Water Treatment Plants could supply the power they generate to meet their the energy needs of those stations. A new piece of legislation (Law 4414/2016) also gives water supply companies the ability to use virtual net metering, and to set off the power generated by P/V systems or small wind turbines against the power used at pumping stations, boreholes, Waste Water Treatment Plants, refineries and their overall consumption irrespective of the site where the power is generated.

## 7.2

# Investing activities

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### 7.2.8 Upgrade and installation of new IT systems

- Gradual replacement of commercial / accounting systems used by the company with cutting edge ones coupled with parallel re-engineering of all operations.
- Continuous improvements to the pipeline documentation system (mapping and digitisation).
- Automation of facilities and networks by installing advanced automation - control systems and a single operations - management centre for networks and facilities.
- Upgrades to the call centre.
- Further development of web services thereby improving the company's public image and improving the level of services provided and information offered to customers.
- e-water bills
- Development of a consumer portal

## 7.3

### Investment plan EYATH 2018-2024

The 2018-2024 Investment Plant which was approved, is summarised in the tables below to show actions implemented in each sector of investment, targets to be met, and the timeframe developed.

Updated 2018-2024 investment plan, per target and investment sector.

Objective	Automation - Computerisation	Sewerage network	Water supply network	Waste Water Treatment Plant	Water treatment plant	Buildings	Grand total
Increase revenues			€ 17,000,000				€ 17,000,000
Improvement of basic water flow rate and energy savings			€ 10,900,000				€ 10,900,000
Improve operations	€ 2,000,000					€ 14,916,300	€ 16,916,300
Check for water leaks and save energy			€ 300,000				€ 300,000
Check quality of water supplied					€ 150,000		€ 150,000
Meet sewerage needs in areas where it is lacking and increase revenues		€ 6,050,000					€ 6,050,000
Environmental protection	€ 1,100,000	€ 20,390,000		€ 300,000	€ 200,000		€ 21,990,000
Environmental protection via better management of sludge				€ 4,800,000			€ 4,800,000
Meet water needs in areas with shortages - increase revenues and improve water supply infrastructure			€ 98,837,600				€ 98,837,600
Grand total	€ 3,100,000	€ 26,440,000	€ 127,037,600	€ 5,100,000	€ 350,000	14,916,300	€ 176,943,900

Updated 2018-2024 investment plan, per action and investment sector.

Action	Automation - Computerisation	Sewerage network	Water supply network	Waste Water Treatment Plant	Water treatment plant	Buildings	Grand total
Upgrades to all company management IT systems	€ 2,000,000						€ 2,000,000
Replacement of old tachymetric type water meters with modern volumetric ones			€ 17,000,000				€ 17,000,000
Improvement of water supply network infrastructure to ensure better operation			€ 11,200,000				€ 11,200,000
Improvement of Waste Water Treatment Plant infrastructure to ensure better management of sludge				€ 4,800,000			€ 4,800,000
Modernisation of sewerage network infrastructure to ensure better operation	€ 500,000	€ 20,390,000		€ 230,000			€ 21,120,000
Modernisation of equipment				€ 70,000	€ 350,000		€ 420,000
Modernisation of the sewerage network control equipment	€ 600,000						€ 600,000
Modernisation of building infrastructure						€ 14,916,300	€ 14,916,300
Extension of the sewerage network into new areas		€ 6,050,000					€ 6,050,000
Extension of the water supply network into new areas and improvements to water supply network infrastructure			€ 98,837,600				€ 98,837,600
Grand total	€ 3,100,000	€ 26,440,000	€ 127,037,600	€ 5,100,000	€ 350,000	€ 14,916,300	€ 176,943,900

## 7.3

### Investment plan EYATH 2018-2024

Updated 2018-2024 investment plan, per implementation year.

Action / Investment sector	Sum of 2018	Sum of 2019	Sum of 2020	Sum of 2021	Sum of 2022	Sum of 2023	Sum of 2024	Grand total
Upgrades to all company management IT systems	€ 300,000	€ 700,000	€ 500,000	€ 500,000				€ 2,000,000
Replacement of old tachymetric type water meters with modern volumetric ones			€ 3,400,000	€ 3,400,000	€ 3,400,000	€ 3,400,000	€ 3,400,000	€ 17,000,000
Improvement of water supply network infrastructure to ensure better operation	€ 680,000	€ 1,650,000	€ 1,670,000	€ 2,150,000	€ 2,350,000	€ 1,350,000	€ 1,350,000	€ 11,200,000
Improvement of waste water treatment plant infrastructure to ensure better management of sludge		€ 625,000	€ 725,000	€ 875,000	€ 2,025,000	€ 525,000	€ 25,000	€ 4,800,000
Modernisation of sewerage network infrastructure to ensure better operation	€ 540,000	€ 4,830,000	€ 5,310,000	€ 3,440,000	€ 2,400,000	€ 2,200,000	€ 2,400,000	€ 21,120,000
Modernisation of equipment	€ 10,000	€ 60,000	€ 60,000	€ 90,000	€ 100,000	€ 50,000	€ 50,000	€ 420,000
Modernisation of the sewerage network control equipment		€ 100,000	€ 100,000	€ 100,000	€ 100,000	€ 100,000	€ 100,000	€ 600,000
Modernisation of building infrastructure	€ 131,300	€ 685,000	€ 1,450,000	€ 4,350,000	€ 5,100,000	€ 2,300,000	€ 900,000	€ 14,916,300
Extension of the sewerage network into new areas	€ 450,000	€ 850,000	€ 950,000	€ 950,000	€ 950,000	€ 950,000	€ 950,000	€ 6,050,000
Extension of the water supply network into new areas and improvements to water supply network infrastructure	€ 1,263,093	€ 16,318,221	€ 33,101,690	€ 22,200,031	€ 14,286,396	€ 9,103,108	€ 2,565,061	€ 98,837,600
Grand total	€ 3,374,393	€ 25,812,221	€ 47,266,690	€ 38,055,031	€ 30,711,396	€ 19,978,108	€ 11,740,061	€ 176,943,900

These investments include an estimated figure of € 68.8 million approximately for the Business Plan for the Management - Distribution of water for water supply purposes within EYATH's remit. A condition for implementing this plan is the construction of phase A2 of the water treatment plant which will add 150,000 m<sup>3</sup> of water a day to the water supply system. The budget for that project, based on current data, is € 27,900,000.00(VAT excl.). That amount is included in the tables below. Note that today the project has obtained financing from the Central Macedonia Region Operational Programme.

The key aspects of the Business Plan for the Management - Distribution of water for water supply purposes within EYATH's remit will result in (1) an improvement of the existing water supply system in the city, (2) adaptation to changing circumstances (social, technological climate conditions, etc.) thereby ensuring that society's water needs can be met and (3) an amelioration of the risk of water shortages due to extreme weather conditions. These aspects are as follows:

1. An increase in the capacity of the city's main water supply tanks.
2. Construction of 27,000 m of new large diameter pipelines to transfer water for water supply purposes.
3. Replacement of old and construction of new internal water distribution networks for consumers in all city water supply zones.
4. Improvement of existing and removal of old pumping station facilities.
5. An increase in the ability to interconnect aqueducts (for ground and surface water) increasing the quantities of water from one aqueduct to another, to create additional backup methods / alternative supplies of water to various areas of the city.
6. Analysis of the approved River Catchment Basin water resource management plans, promotion of the plans and implementation of key and additional measures included in them (water safety plans, etc.).
7. Bolstering the supply of drinking water in new areas outside the company's traditional geographical remit.

This plan fosters the company's vision and mission of ensuring the long-term resilience of the water supply system, helping safeguard the environment for the benefit of society and the economy.

The table below shows the key projects which are included in the Business Plan for the Management - Distribution of water for water supply purposes within EYATH S.A.'s remit and their estimated cost.

Key projects in the Business Plan for the Management - Distribution of water for water supply purposes within EYATH's remit.

Area	Project	Cost (VAT excl.)	Remarks
Thermaikos, Mikra	Thermaikos, Mikra Phase A	€ 5,720,000	Φ800 transfer pipe
	Thermaikos, Mikra Phase B	€ 2,770,000	New pipe to Kalamaria to ensure future supply needs
Oreokastro	Oreokastro	€ 4,500,000	Oreokastro external water supply network
Low-lying zone	Low-lying water supply zone	€ 9,120,000	Kafkasos & Evangelistria zones, Strempenioti & Forest Theatre (Theatro Dassous) tanks, transmission pipelines and upgrade of Dendropotamos
	Construction of new central water transfer pipeline	€ 4,000,000	New Φ1300 transfer pipeline to replace existing one at 26th Oktovriou St.
Middle zone	Middle zone	€ 3,910,000	Neapoli, Vlatades, Saranda Ekklesies and Toumba zones, Neapoli and Vlatades tanks
Upper zone	Polichni	€ 2,460,000	Polichni and Meteora zones, Polichni tank
	Sykies	€ 2,120,000	Sykies and Eptapyrgio zones, Kastrá tank and pumping station
	Toumba, Pylea	€ 3,130,000	Toumba hill and Pylea zones, Nea Toumba tank, upgrade and extension to Toumba pumping station
Evosmos	Evosmos internal pipeline	€ 653,000	Improvement and addition to central internal pipeline
	Efkarpia tank	€ 800,000	
	Internal pipeline for the Nikopoli area etc. in the Municipality of Pavlos Melas	€ 1,000,000	Improvement and addition to central internal pipeline
Pefka, Hortiatís	Pefka, Asvestohori, Filyro, Exochi, Hortiatís	€ 4,300,000	Upgrade - construction of Vosnaki pumping station, construction of transfer pipelines to the Pefka and Filyro tanks
	Pefka internal pipeline	€ 250,000	Improvement of the Pefka internal pipeline
Kalamaria		€ 8,750,000	Improvement of the internal network - construction of tanks and pumping station
Panorama		€ 300,000	Improvement and additions to internal network
Maintenance of external aqueducts (Aravissos, etc.)		€ 8,000,000	This includes an estimate for repair of a small part of the major damage.
Preparation of designs		€ 2,361,320	
Supporting designs		€ 725,800	
Technical advisor for the development and implementation of the Plan		€ 1,000,000	
New tanks at the Thessaloniki water treatment plant		€ 3,000,000	Tanks 2 and 3
Total		€ 68,870,120	

## 7.4

### **EYATH Fixed Assets' 2018-2024 Investment Plan**

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Under the contract specified in Article 20(3) of Law 2937/2001, EYATH S.A. is obliged to prepare investment plans to be submitted in time to the State and EYATH FIXED ASSETS for approval. Having taken into account the investment plans proposed by EYATH S.A., the State and EYATH FIXED ASSETS then finalise the plans and ensure that they secure and provide the resources needed in each case to implement those projects. EYATH S.A.'s investment plan was analysed in the previous sections. EYATH FIXED ASSETS approved its investment plan for 2018-2022 in decision No. 24/2017. That investment plan includes works to build internal water supply networks in the Oreokastro area, to build a second branch of the twin force discharge pipe for the AY1 water supply pumping station at Sindos, and water supply & sewerage works in new areas.

The total estimated cost of these investments is € 19.3 million.

## 7.5

# IT System & Infrastructure Development Unit

### 1. Introduction

To be able to comprehensively coordinate operational and technological modernisation of the company using ICT systems, in partnership with the Divisions involved in each case, an IT System & Infrastructure Development Unit was set up in 2017.

During 2018 the Unit was involved in the following activities either directly or in working groups:

1. Coordinating the project to implement an integrated customer service and billing system: Consultation on technical requirements, evaluation of results, completion of special terms.
2. Design and implementation of the project to improve the website.
3. Design and implementation of the project for a pilot call centre.
4. Oversight and internal management of the consultancy services project to meet the needs for the new EU GDPR.
5. Commencement of moves to replace / upgrade laptops and meter reading software.
6. Design and commencement of the project for pilot digitisation of the company's customer records.
7. Management of the upgrade of the company's SCADA systems - water supply SCADA
8. Recording of risks, actions to treat them, and operating procedures of the IT System & Infrastructure Development Unit

### 2. Steps taken per business segment

#### A. IT

1. Coordinating the project to implement an integrated customer service and billing system: consultation, evaluation of results, completion of special terms.

To properly prepare the project entitled "implementation of a New integrated customer service and billing system" EYATH S.A. launched an open public consultation on the tender procedure's special terms.

The consultation document was posted to the Company's website on 17.5.2018 requesting a description of the proposed solutions based on the requirements in the special terms document, that the compliance table, indicative timeframe and details of the project team be filled out, and a budget provided, and that comments/ observations about the scope and specifications of the system to be developed be provided.

After the end of the period for submission of answers and their processing, a set of special terms for the

procedure to procure a new IT system for customer management, service and billing was prepared.

2. Replacement / upgrade of laptops and meter reading software.

In technical and financial terms it was considered vital to purchase new meter reading devices, taking account of the company's new IT system which was being developed. To meet that need, new devices were used on a pilot basis and the relevant requirements for replacing existing devices and improving the software used were identified.

#### B. Webpage

During 2018 the planning of the structure, content and specifications for the new website was finalized. The new design will be tailored to the current needs of users, who require a customer-focused approach and look, with easy, personalised access to services, and will have a better look and feel with more images, modern techniques for ensuring rapid access to content, links to social media, as well as being disabled-friendly, etc.

To ensure those specifications could be implemented, the company considered it necessary to explore the skills of various website developers, and that process resulted in the selection of a contractor for the project. The new website development project commenced at the end of 2018 and is being coordinated by the Unit. It is expected to be completed in early 2019.

#### C. Call Centre

Given that an examination of the issue had revealed various problems/gaps in this specific operating segment, in order to improve phone service for the company's customers a 6-month pilot project was designed and implemented with Unit involvement and coordination. The project's aim is to draw conclusions that will allow the company's phone and online customer service channels to be re-engineered and further improved.

#### D. Identifying measures needed to meet GDPR requirements

During 2018 the company began receiving advice about the EU's new General Data Protection Regulation (GDPR). In partnership with the project team, the Unit managed the project in-house (communicating with company executives for measures to be taken, collecting and checking the information needed from the company's units, providing clarifications/guidelines on completing project deliverables, ensuring a document was submitted in time to the company's units about deliverables, etc.).



## 7.5

# IT System & Infrastructure Development Unit

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E. Design/participation in the customer document digitisation pilot project

During 2018 the current state of customer file digitisation was evaluated and it was deemed necessary to implement a pilot digitisation project to develop a new comprehensive digitisation system for all customer files. The Unit was involved in both designing and implementing that pilot project. It is expected to be completed in early 2019.

F. SCADA systems

During 2018 the design and specifications of the project to upgrade the EYATH S.A. sewerage pumping station SCADA system were finalised by the EYATH Sewerage Facilities and Networks Directorate in partnership with the Unit.

The financed project entitled "Remote control and automation of water supply systems within EYATH's remit" with a total budget of € 3,347,049.00 is currently under way and to be more specific the contractor is being selected via a public tender procedure. At the same time, parallel works - actions and other steps EYATH S.A. is required to take to implement the project are being designed and implemented.

G. Recording of risks, actions to treat them, and operating procedures of the IT System & Infrastructure Development Unit.

Risks within the Unit's remit have been recorded and coded, and a plan of action to check and treat them has been developed. In addition, a proposal to redistribute competences for the company's IT operations in general has been prepared.

### 3. Conclusions

Steps and actions were taken concerning the company's IT systems and improvement of its operational procedures relating to:

1. Restructuring the operation of company business areas.
2. The adoption and development of IT systems and applications.
3. Ensuring compliance with the EU's new GDPR.
4. Designing - developing a new website which the Unit either coordinated or was involved in implementing.

## 08 SHARES

- 8.1 Performance
- 8.2 Share Capital Structure
- 8.3 Dividend Policy
- 8.4 Shareholder's Rights
- 8.5 Share's stock market performance
- 8.6 Shareholder line-up
- 8.7 Share technical data
- 8.8 Shareholder relations

# 08

## 8.1

# Development of share capital

As mentioned above, EYATH S.A. came about from the merger of the former companies OYTH S.A. and OATH S.A. The share capital of those two former companies, following a valuation of their assets done for the first time in 1997 (Presidential Decrees 156 and 157/25.6.1997) was as follows:

A) OYTH S.A.	€ 186,940,572.27
B) OATH S.A.	€ 220,983,125.46
After they merged into EYATH S.A. under Law 2651/1998, the share capital stood at	€ 407,923,697.73

The founding law (Law 2651/1998) required that the Institute of Certified Public Accountants undertake the task of valuing EYATH S.A.'s assets in order to determine its share capital. During that valuation, the view was taken that the Company was over-valued and using a conservative approach the value of its assets was reduced by around 30%. The new opening balance sheet dated 1.1.1999 showed EYATH S.A.'s share capital at € 278,796,771.83, divided into 95,000,000 shares of € 2.93 each, all of which were owned by the Greek State (Government Gazette 8174/A/5.9.2000). E) Following the transfer of assets to the body governed by public law, EYATH FIXED ASSETS, under Article 18 of Law 2937/26.7.2001, EYATH S.A.'s share capital stood at € 15,000,000 divided into 15,000,000 shares of € 1.00 each. A special reserve of € 263,796,771.83 (278,796,771.83 - 15,000,000) was created which was then reduced by the value of the assets transferred to EYATH FIXED ASSETS.

On 27.7.2001 the Interministerial Privatisation Committee comprised of the Ministers of Macedonia - Thrace, Economy and Development, issued Decision No. 605/27.7.2001 increasing EYATH S.A.'s share capital by € 1,500,000 (1,500,000 shares of € 1.00 each).

It was also decided to sell 2,700,000 existing shares in the company owned by the Greek State to investors. Of those shares, 200,000 were privately placed with members of the Board and staff.

Thus on 31.12.2001 the Greek state held 74.55% of EYATH S.A.'s 16,500,000 shares (namely 12,300,000 shares) and other private and institutional investors held 25.45% (or 4,200,000 shares).

Then 6 months after EYATH S.A. was listed on the exchange, on 21.3.2002 the retention incentive specified in the listing prospectus took effect. 2 gratis shares for every 10 existing shares were provided to shareholders (other than institutional investors) who retained the shares from the public offering for 6 months and so the

Greek State had a 74.016% stake in the share capital and other institutional and private investors had a 25.84% stake.

The share's listing price on 21.9.2001 was € 3.94 but for comparative reasons regard has been had to the adjusted price which emerged following:

A) The share capital increase resulting from capitalising results by creating 1,500,000 new shares, done at the Extraordinary General Meeting of Shareholders on 30.12.2002, when it was decided to issue 1 gratis share for every 10 existing shares. On 29.12.2006 the Extraordinary General Meeting of Shareholders decided to increase the company's share capital by € 2,178,000 by capitalising the premium.

The share capital increase also entailed an increase in the nominal value of each share from € 1.00 to € 1.12 each.

Following this increase, Company share capital stood at € 20,328,000 divided into 18,150,000 ordinary registered shares with a nominal value of € 1.12 each.

B) The share capital increase decided on by the Extraordinary General Meeting of Shareholders on 7.11.2007 done by capitalising taxed and undistributed profits, at a ratio of one new share for every existing share, by issuing 18,150,000 new shares with a nominal value of € 1.12 each, and gratis distribution of those shares to shareholders.

So the listing price taken into account hereinafter is € 1.79 calculated using this formula:  

$$P2 = P1 \times M1 / M2 = 3.94 \times 16,500,000 / 36,300,000 = € 1.79$$
 where P1: Listing price  
 M1: No. of shares when listed on ATHEX  
 M2: Number of shares today.

So the Company's total share capital following the decision of the Extraordinary General Meeting of Shareholders of 7.11.2007 was € 40,656,000 divided into 36,300,000 ordinary registered shares of € 1.12 each.

## 8.2

# Structure of the company's share capital

The Company's Share Capital amounts to forty million six hundred and fifty six thousand euro (€ 40,656,000) divided into thirty six million three hundred thousand (36,300,000) ordinary registered shares with voting rights, of a nominal value of one euro and twelve cents (€ 1.12) each.

Company shares are listed for trading on the Equities Market of the Athens Exchange on the main market. The Company's shareholders rights arising from shares depend on the percentage of capital held which corresponds to the share's paid value.

Each share grants all the rights specified by law and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits;

35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend, unless the General Meeting stipulates otherwise. The General Meeting also decides on whether to distribute any additional dividend. As regards the dividend of 2018, the distribution of a dividend of € 0.126/share was proposed, in order to avoid potential liquidity problems due to the major investment programme which the Company has under way. All persons who are shareholders before

the dividend cut-off date are entitled to a dividend. The dividend to which each share is entitled shall be paid to the shareholder within two (2) months of the date of approval by the Ordinary General Meeting of the annual financial statements. The place and manner of payment is announced in the press. Dividends not collected within 5 years from the end of the year in which the General Meeting approved distribution, devolve to the State.

- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
- The pre-emptive right in each increase of the Company's share capital with cash and new shares.
- The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
- The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
- The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation.

Shareholders' liability is limited to the nominal value of the shares held.

## 8.3 Dividend Policy

Given that the Company is profitable, Management proposes that dividends equal to € 0.126 per share be distributed. More specifically, it is proposed that the dividend should amount to € 4.587 for 2018, which is 35% of net profits having deducted the statutory reserve only in accordance with the applicable law.

## 8.4 Shareholder's Rights

### A. General

The shares of this company are registered and blocked.

Possession of the share certificate automatically implies acceptance by the owner thereof of the Company's Articles of Association and the lawful decisions of the General Meeting of its shareholders even if shareholders did not take part in those meetings.

Each share incorporates all the rights and obligations established by law and by the Company's Articles of Association, which however do not contain provisions more restrictive than those appointed by the law.

The Company's shares are freely negotiable.

The company's shares are transferred as stipulated by Law 2190/1920, Article 8b, and there are no limitations on transfer set out in its Articles of Association. Company shares are dematerialised and listed on the Athens Exchange. Article 18(8) of Law 2937/2001 (Government Gazette 169/26-7-2001) provided that the "*State can sell to investors shares representing up to 49% of the Company's share capital in each case*".

This paragraph was repealed with Article 2 of Law 4092/2012 which ratified the Legislative Act of 07/09/2012. Then, the extraordinary General Meeting of shareholders of 21/02/2013 also repealed the relevant provision of Article 5 of the Company's Articles of Association.

The shares of this company are dematerialised.

The trading unit is a dematerialised certificate representing ten shares. Each share entitles its holder to one voting right. Company shareholders' liability to creditors is limited to the nominal value of the shares held. Shareholders participate in the management and profits of the Company in accordance with law and the provisions of the Company's Articles of Association. The

rights and obligations attached to each share are indivisible and follow it to every general or specific assign.

#### Other rights

Shareholders exercise their rights in relation to the management of the Company exclusively via their participation in the General Meetings of Shareholders of the Company. Shareholders have an option over any future increase in the Company's share capital, proportional to their holding in the existing share capital, as specified in Article 19(7) of Law 3604/2007.

Neither the shareholder's creditors nor their successors have any right to bring about the seizure or sealing of any Company assets or records, nor to ask for its distribution or liquidation, nor to become involved in any manner in its management or administration.

All shareholders, regardless of where they live, shall be taken for the purposes of their relations with the Company as residents of its registered offices and shall be subject to Greek law. Any disputes between the Company on the one hand and its shareholders or any third party on the other shall be subject to the exclusive jurisdiction of the ordinary courts and actions against the Company may only be brought in the courts of its seat.

Each share confers the right to a single vote. Joint holders of a share must, in order to be entitled to vote, designate a common representative who shall represent them at all General Meetings and must so inform the Company. Until such appointment has been made the exercise of their rights shall be suspended.

Every shareholder is entitled to attend and take part in the General Meeting of Shareholders.

In order to exercise these rights it is not necessary for shareholders to block their shares or comply with any other similar procedural requirements which limit the ability to sell or transfer those shares in the time period

intervening between the Registration Date and the General Meeting.

#### Shareholder representatives

Shareholders may participate in the General Meeting and vote in person or via representatives. There are no provisions of the Articles of Association which limit exercise of the shareholders' rights via a representative or the eligibility of persons who can be appointed as representatives.

A representative who acts for more than one shareholder may vote differently on behalf of each shareholder. Legal entities shall participate in General Meetings by appointing up to three natural persons as their representatives.

Shareholders may appoint a representative for a single General Meeting or for any meetings which take place within a specific time period. The representative shall vote in accordance with the shareholder's instructions, if available, and shall be obliged to hold the voting instructions on file for at least 1 year from the date of submission of the minutes of the General Meeting to the competent authority or if the decision is published, from the date of entry in the Companies Register and the General Commercial Register. Failure by the representative to comply with the voting instructions provided does not affect the validity of the decisions of the General Meeting even if the vote of the representative was decisive for the decision taken.

Prior to the beginning of the General Meeting, the shareholder's representative shall be obliged to notify to the Company of every specific incident that may be useful for the shareholders to evaluate the risk of having the representative serve other interests than those of the represented shareholder.

Within the meaning of this paragraph, a conflict of interests may arise, especially when the representative:

- a) is a shareholder exercising control over the Company or is another legal person or entity controlled by such shareholder;
- b) is a member of the Board of Directors or the overall management body of the Company or shareholder exercising control over the Company or other legal person or entity controlled by a shareholder exercising control over the Company;
- c) is an employee or certified public accountant of the Company or a shareholder who controls the Company, or another legal person or entity controlled by the

shareholder who controls the Company;  
δ) d) is spouse or first-degree kin to any of the natural persons set out in cases (a) to (c) above.

Shareholder representatives shall be appointed and removed in writing or by electronic media, such notice being sent to the Company in the same way, at least 3 days before the date set for the General Meeting. A shareholder may appoint up to 3 representatives.

However, if a shareholder holds shares in a company which appear in more than one securities account, this limitation does not prevent the shareholder from appointing different representatives for the shares which appear in each securities account in relation to the General Meeting.

#### General Meeting and shareholder capacity

Any person who appears as a shareholder in the files of the body which holds the Company's shares (transferable securities) shall be entitled to participate in the General Meeting. The capacity of shareholder shall be proven by furnishing the relevant written attestation of the above agency or alternatively through direct electronic connection of the Company with the records of the said agency. The capacity of shareholder must exist on the record date, i.e. at the beginning of the fifth day prior to the date of the General Meeting, and the relevant attestation or electronic certification regarding the shareholder's capacity should be received by the Company no later than the third day before the General Meeting. Shareholders may participate in repeat General Meetings under the same formal conditions outlined above. The capacity of shareholder must exist at the beginning of the fourth day prior to the date of the Repeat General Meeting (the repeat General Meeting registration date) and the relevant attestation or electronic certification regarding the shareholder's capacity should be received by the Company no later than the third day before the General Meeting.

In accordance with Article 27(2), the Board is obliged to enter in the list of persons entitled to vote at the General Meeting all shareholders who have complied with the provisions of that Article.

Only persons who are shareholders on the relevant Registration Date shall be deemed by the Company to be entitled to participate in and vote at the General Meeting. Where shareholders do not comply with the provisions of this Article, they may only participate in the General Meeting with its permission.

## 8.4 Shareholder's Rights

Any shareholder may ask for a copy of the Company's annual financial statements and the Directors' and Auditor's Reports 10 days before the Ordinary General Meeting.

### B. Special shareholder or third party rights

There are no special shareholder or third party rights other than in Article 13(4) of EYATH S.A.'s codified Articles of Association which state that company employees are entitled to appoint 2 members of the company's Board of Directors.

#### Minority shareholder rights

Codified Law 2190/1920, the amendments to Articles 47 and 49 of Law 3604/2017 and the new companies law (Law 4548/2018 on reform of the law of societies anonyme) grant a shareholder or shareholders acting in common certain rights provided they constitute a minimum minority holding in the company's share capital. The rights of minority shareholders are as follows:

1. If shareholders representing 1/20 of the paid-up share capital so request, the Board of Directors shall be required to call an Extraordinary General Meeting of shareholders, appointing a day for the same that shall not be more than 45 days after the date upon which the Chairman of the Board received such request. The items on the agenda must be cited in the request. Where the General Meeting is not convened by the Board of Directors within 20 days from service of the request, it shall be convened by the applicant shareholders at the Company's expense by decision of a court whose judgment is handed down in line with the injunctive relief procedure. Such decision shall specify the place and time of the meeting and the items on the agenda. That decision may not be contested using judicial remedies. The Board of Directors shall convene the General Meeting in accordance with the general provisions.

2. On a request from shareholders representing 1/20 of the paid-up share capital the Board of Directors shall enter in the agenda of the General Meeting which has already been called additional items if that request arrives with the Board of Directors at least 15 days before the General Meeting. The additional items shall be published or notified by the Board of Directors in line with Article 122 of Law 4548/2018 at least 7 days before the General Meeting. That application to have additional items included in the agenda shall be accompanied by the reasons for such inclusion or a draft decision for approval by the General Meeting and the

revised agenda shall be published in the same manner as the previous agenda 13 days before the date of the General Meeting, and shall also be made available to shareholders on the Company's website, along with the reasoning or draft decision submitted by the shareholders, in accordance with the provisions of Article 123(4) of Law 4548/2018. If these items are not published, the requesting shareholders may request postponement of the General Meeting in accordance with paragraph (5) and may proceed to publication themselves at company's cost, in line with the provisions of the second section of this paragraph.

3. Shareholders representing 1/20 of the paid-up share capital are entitled to submit draft decisions on items included in the original or any revised version of the agenda for the General Meeting. The request must arrive with the Board of Directors at least 7 days before the date of the General Meeting and the drafts of decisions must be made available to shareholders at least 6 days before the date of the General Meeting.

4. The Board of Directors is not obliged to include items in the agenda or publish or disclose them along with the reasoning and drafts of decisions submitted to shareholders in accordance with the paragraphs above if the content thereof is clearly in conflict with the law and morals.

5. At the request of any shareholder(s) representing 1/20 of the paid-up share capital, the Chairman of the General Meeting shall postpone only once the adoption of decisions by the Ordinary or Extraordinary General Meeting for all or part of the agenda, setting as the date the meeting shall be resumed the one set out in the shareholders' request, which may not be more than 30 days from the date of the postponement. A postponed General Meeting which reconvenes shall be a continuation of the previous one and for this reason no repetition of the publication requirements is required and new shareholders may participate on condition that they comply with the participation formalities. In all other respects the provisions of Article 30(4) hereof shall apply.

6. On a request from any shareholder submitted to the company at least 5 whole days before the General Meeting the Board of Directors shall be obliged to provide the specific information requested to the General Meeting about company affairs to the extent that it is useful for a real assessment of the items on the agenda. The Board of Directors may provide a single reply to any shareholder requests having the same content. The obligation to provide information does not exist when



the information requested is already available on the Company's website, especially in the form of questions and answers.

7. Moreover, on the request of shareholders representing 1/20 of the paid-up share capital the Board of Directors shall be obliged to inform the Ordinary General Meeting only of the amounts paid over the last two years to each member of the Board of Directors or managers of the company and all benefits given to those persons on any ground or under any contract between them and the company. The Board of Directors may provide a single reply to any shareholder requests having the same content. In all the above cases the Board of Directors is entitled to refuse to provide such information on a serious, substantive ground which is cited in the minutes. Such ground may, under the circumstances, be representation of the applicant shareholders on the Board of Directors in line with Articles 79 or 80 of Law 4548/2018.

8. On a request from shareholders representing 1/10 of the paid-up share capital submitted to the company within the deadline specified in paragraph 6 hereof, the Board of Directors shall be obliged to provide the General Meeting with information about the progress of company affairs and its asset status. The Board of Directors may refuse to provide such information on a serious, substantive ground which shall be cited in the minutes. Such ground may, under the circumstances, be representation of the applicant shareholders on the Board of Directors in line with Articles 79 or 80 of Law 4548/2018, where the relevant members of the Board of Directors have taken adequate cognisance of these matters.

9. In the cases set out in paragraph 6, 7, and 8 of this Article, any dispute as to the validity of the Board's explanation of their refusal to provide the information requested shall be referred to the Single-Member Court of First Instance at the Company's seat and tried in line with the injunctive relief procedure. In the same judgement the court shall oblige the company to provide the information it refused to provide. That decision may not be contested using judicial remedies.

10. At the request of shareholders representing one twentieth (1/20) of paid up share capital, a vote on any matter(s) on the agenda of the General Meeting shall be carried out by roll call.

11. In all the above cases in this Article the applicant shareholders shall prove that they are shareholders and, apart from the cases in the first subparagraph

of paragraph 6, the number of shares they hold when exercising their right. Shareholder status may be proven using all lawful means and in all events based on a notice the company receives from the central securities depository, where it provides registry services, or via participating and registered brokers at the central securities depository in all other cases.

#### Payment of Dividends

Provided a decision has been taken to distribute a dividend, it is to be paid to shareholders within two months from the date of the Ordinary General Meeting that approved the annual financial statements and the profit distribution, in compliance with articles 5.2 & 5.5 of the new revised ATHEX Rules. The method and date of payment must be notified to shareholders by notices or publications in the daily press. Dividends may be claimed within a period of 5 years from the end of the year in which the dividends became payable.

#### Taxation of dividends

Under Article 65 of Law 4603/2019 (Government Gazette 48/A/19.3.2019) which amended the provisions of Law 4172/2013 on the rate of tax for dividends from profit distributions approved by General Meetings, tax must be withheld at a rate of 10% of the dividend distributed in tax years commencing from 1.1.2019 onwards, and for tax years up to 2018 the provisions of Article 112(7), (8) and (11) of Law 4387/2016 (Government Gazette 85/A/12.5.2016) apply, which imposed a 15% withholding on dividends distributed.

## 8.5

# Share's stock market performance

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The Company's share has performed as follows since it was listed on the Athens Exchange:

On 10.4.2007 it was upgraded to the High Cap category. (for companies whose valuation is over € 100 million).  
Since 2.6.2008 it has been listed on the ATHEX General Index.

On 26.9.2008 it was included in the Mid40 Index.

On 29.5.2009 it was included in the MSCISmallCap Index.

On 31.12.2018 the company's share formed part of the following indexes:

- i. GI Athens Exchange General Index
- ii. DKO FTSE ATHEX UTILITIES
- iii. DOM: Index featuring all shares on ATHEX
- iv. HELMSI: Hellenic MID & SMALL CAP Index
- v. GIOP: General Index Overall Performance

## 8.6

### Shareholder line-up

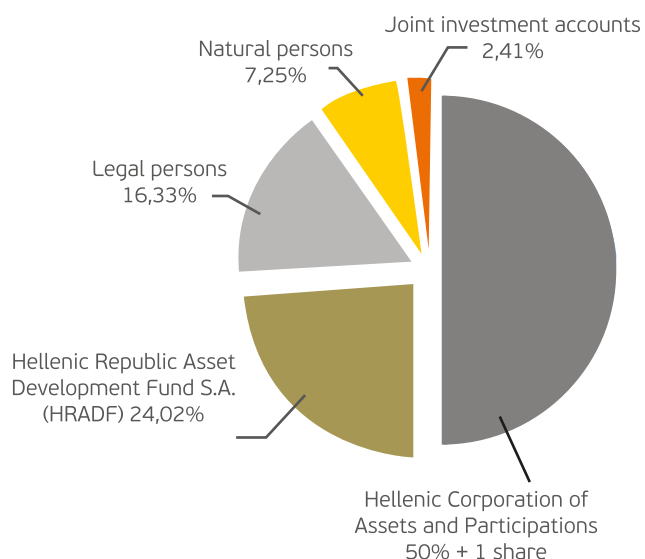
#### SHAREHOLDINGS AT 31.12.2018

SHAREHOLDING BRACKETS	NO. OF SHAREHOLDERS	"NO. OF SHARES"	%
0<Shares<=100	475	22,886	0.06%
100<Shares<=1,000	1,136	549,171	1.51%
1,000<Shares<=10,000	591	1,719,736	4.74%
10,000<Shares<=100,000	90	2,120,791	5.84%
100,000<Shares<=1,000,000	13	3,036,546	8.37%
1,000,000<Shares	3	28,850,870	79.48%
<b>TOTAL:</b>	<b>2,308</b>	<b>36,300,000</b>	<b>100.00%</b>

#### Shareholder line-up at 31-12-2018

Shareholders	as a % of shareholders	No. of shareholders	No. of shares
HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS (HCAP)	50% + 1 Share	1	18,150,001
HELLENIC REPUBLIC ASSETS DEVELOPMENT FUND S.A. (HRADF)	24.02%	1	8,717,999
Legal persons	16.33%	84	5,927,182
Natural persons	7.25%	1918	2,630,504
Joint investment accounts	2.41%	304	874,314
<b>Total:</b>	<b>100%</b>	<b>2,308</b>	<b>36,300,000</b>

## 8.6 Shareholder line-up



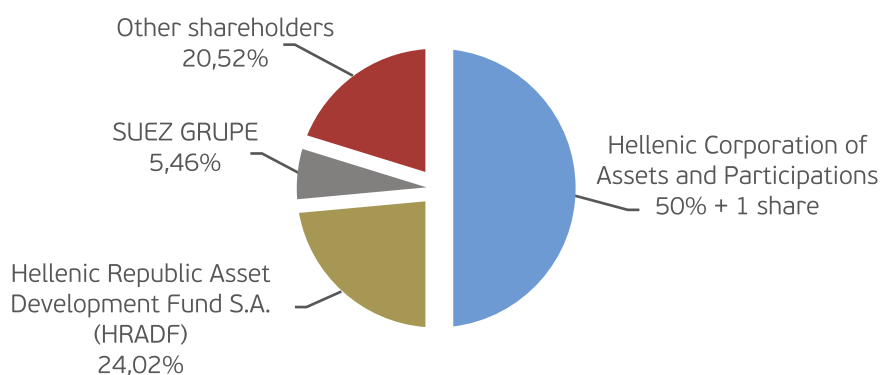
### Shareholder distribution

If one compares EYATH S.A.'s shareholder line-up on 31.12.2018 with that on 31.12.2017 the following points can be made:

- HCAP is the main shareholder with 50% + 1 share.
- Hellenic Republic Asset Development Fund S.A. now holds 24.02%.
- Changes have occurred with the other legal persons category, whose number has dropped to 84, though their stake has risen to 16.33%.
- The holdings of individuals have fallen from 7.62% to 7.25% (0.37%) and their number has dropped by 79 from 1,997 shareholders on 31.12.2017 to 1,918 shareholders on 31.12.2018.
- On 31.12.2017 there were 306 joint investment accounts accounting for 2.23% of the capital and 810,188 shares, while on 31.12.2018 there were 304 of them accounting for 2.41% of the capital and 874,134 shares.

### Shareholders with more than 5% of the capital

Other than the Greek State which has a 74.02% stake, the French firm "SUEZ ENVIRONNEMENT" ([www.suez-environnement.com](http://www.suez-environnement.com)) has a strategic holding of 1,982,870 shares or a 5.46% stake.



## 8.7

### Share technical data

TECHNICAL DATA FORM

	2018	2017
Number of shares	36,300,000	36,300,000
Free float	9,432,000	9,432,000
Share nominal value	€ 1.12	€ 1.12
Listing price	€ 1.79	€ 1.79
Highest price for year	€ 5.22	€ 4.78
Lowest price for year	€ 4.00	€ 3.42
Closing price on 31/12	€ 4.44	€ 4.50
EYATH S.A.'s stock exchange value on 31/12	€ 161,172,000	€ 163,350,000
Dividends	0.126*	€ 0.22

The figure of 0.126 is the Board's recommendation to the General Meeting.  
The General Meeting of Shareholders is entitled to take a different decision.

The change in share prices at stock exchange sessions in 2018 is presented in the table below which shows the highs and lows:

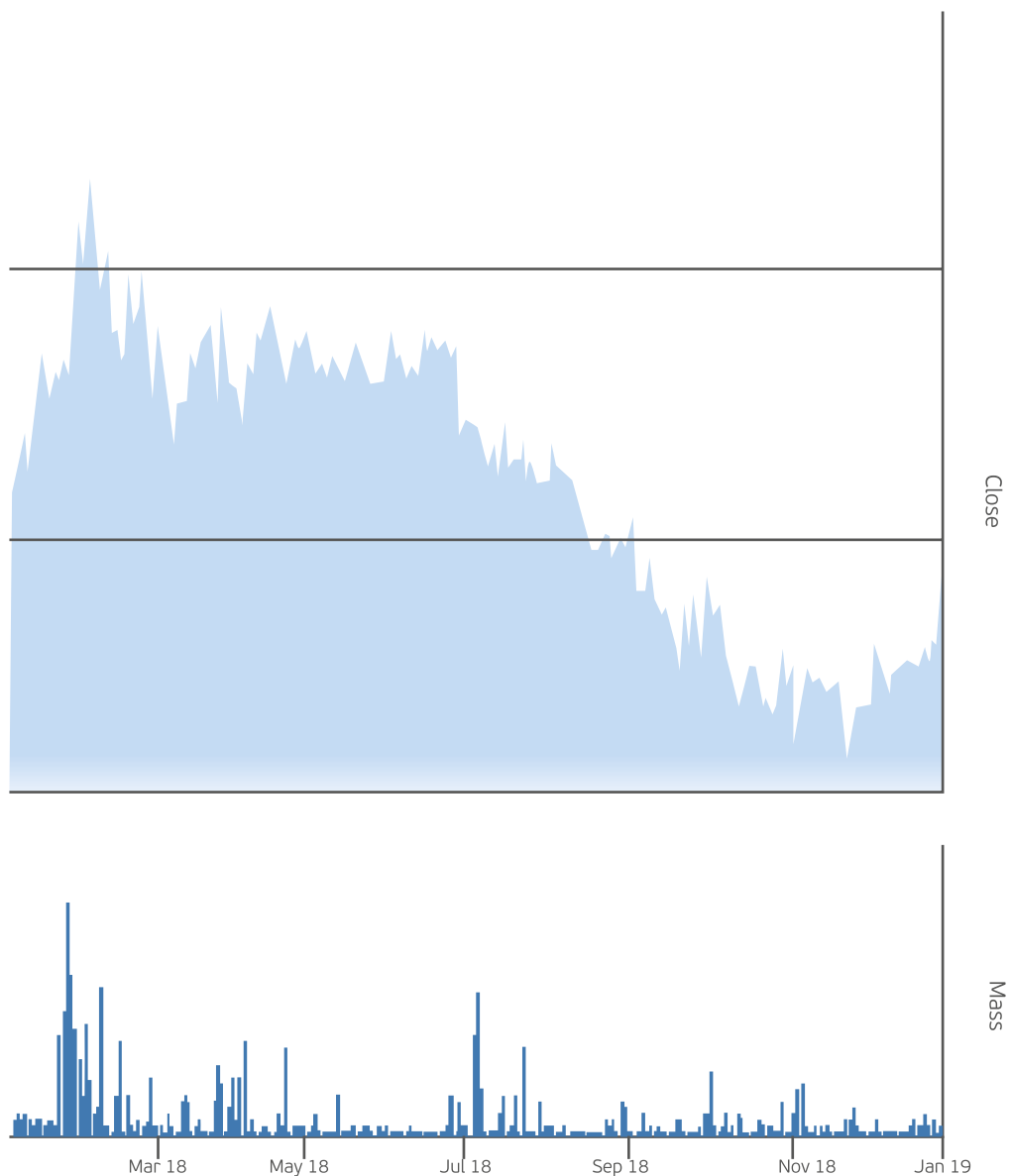
months	"Value of Volume of Transactions"	"Max. price"	"Min. price"	"Closing price"
January	1,605,179.00	5.20	4.46	5.08
February	801,649.00	5.22	4.70	4.90
March	594,517.00	4.97	4.68	4.80
April	482,237.00	4.98	4.52	4.88
May	196,378.00	4.90	4.70	4.80
June	185,654.00	4.90	4.61	4.72
July	748,842.00	4.83	4.53	4.61
August	203,653.00	4.70	4.44	4.47
September	161,188.00	4.77	4.25	4.32
October	320,252.00	4.47	4.10	4.26
November	286,484.00	4.28	4.00	4.17
December	156,506.00	4.46	4.15	4.44
Total for year	5,742,539.00			

## 8.7

### Share technical data

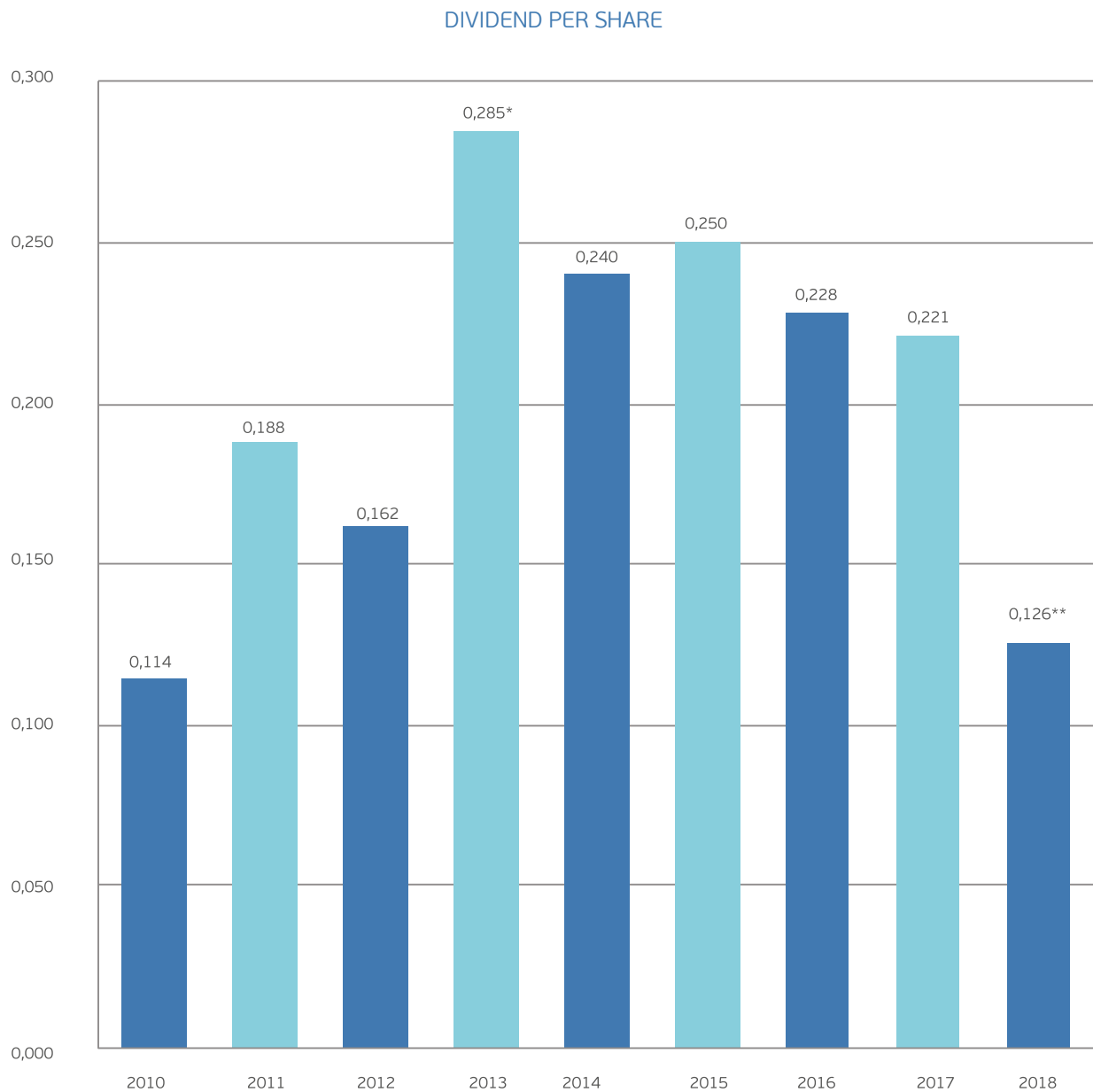
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The chart showing the share's performance during 2018 is presented below:



Shareholders and investors interested in more information can contact the Shareholders Relations and Corporate Announcements Dept. (98 Tsimiski St., Thessaloniki GR-54622) (contact Mr. Georgios Kafetzis, Tel. +30 2310 966925 & Fax +30 2310 250642), during normal business hours.

## 8.8 Shareholder relations



\* The dividend includes:

- a dividend of € 0.120/share for 2013,
- distribution of the untaxed reserve of € 0.065/share,
- handing back of the unused part of funds raised (€ 0.10/share)

\*\* Proposed dividend, subject to approval by the General Meeting on 06.06.2019





# 09 ANNUAL FINANCIAL REPORT 2018

ANNUAL FINANCIAL REPORT  
for the period 1 January 2018 - 31 December 2018

(in accordance with Article 4 of Law 3556/2007)

Companies Register No : 41913/06/B//98/32  
General Commercial Reg. No. 58240404000  
127 Egnatias St - 54635 Thessaloniki

# 09

**ANNUAL FINANCIAL REPORT  
FOR THE PERIOD 1 JANUARY 2018 - 31 DECEMBER 2018  
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

It is confirmed that the attached Annual Financial Statements are those approved by the Board of Directors of “THESSALONIKI WATER SUPPLY AND SEWERAGE CO. S.A.” on 18 April 2019 and have been published on the internet at [www.eyath.gr](http://www.eyath.gr). Note that the summary financial data published in the press seeks to provide the reader with certain general financial information but does not provide a complete picture of the financial position and results of the Company and Group in accordance with the International Financial Reporting Standards. Moreover, it should be noted that the condensed financial data published in the press contains certain abridgements of accounts for the purpose of simplification.

**Statements by Board of Directors members**  
(in accordance with Article 4(2) of Law 3556/2007)

The members of the Board of Directors of the company with the corporate name “**THESSALONIKI WATER SUPPLY AND SEWERAGE CO S.A.**”, trading as EYATH S.A., whose registered offices are at 127 Egnatias St., Thessaloniki, GR-54635:

1. Ioannis Krestenitis, Chairman of the BoD & CEO
2. Ioannis Papaioannou, Vice Chairman of the BoD
3. Nikos Klitou, Board Member, Chairman of the Audit Committee

in implementation of the provisions of Article 4(2) of Law 3556/2007, hereby state and confirm, that to the best of our knowledge:

(a) the attached annual company and consolidated financial statements for the company EYATH S.A. for the period from 1/1/2018 to 31/12/2018 which were prepared in accordance with the applicable IFRS accurately reflect the assets and liabilities, equity and results of EYATH S.A. and the enterprises included in the consolidation, taken as a whole, and

(b) the attached annual report of the Board of Directors of EYATH S.A. accurately reflects the developments, performance and position of EYATH S.A. and the enterprises included in the consolidation, taken as a whole, including a description of the main risks and uncertainties they face.

Thessaloniki, 18 April 2019

Confirmed by

Ioannis Krestenitis

Ioannis Papaioannou

Nikos Klitou

Chairman of the Board of Directors & CEO

Vice Chairman

Board member & Chairman of the Audit Committee

ID Card No. AB 680550

ID Card No. AE 183479

ID Card No. AM 674658

## ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

(prepared in accordance with the provisions of Article 4 of Law 3556/2007 and the relevant decisions of the BoD of the Hellenic Capital Market Commission for the period 1 January 2018 - 31 December 2018)

Dear Shareholders,

In accordance with the provisions of Law 3556/2007 and the relevant decisions of the Hellenic Capital Market Commission, we are submitting to you this Annual Report of the Board of Directors for the current period (1/1/2018-31/12/2018).

This report contains summary financial data about the financial position and results of the company EYATH S.A. and the EYATH Group of companies, a description of the significant events that took place during this fiscal year, a description of the significant events that took place after the balance sheet date, a description of the projected course of business for the Group and the Company, information about the management of significant financial risks for the Group and the Company, a presentation of the significant transactions concluded between the Company and the Group and related parties, as well as other information with regard to the shares, share capital and significant agreements in force at the end of this fiscal year.

In addition, the Board of Directors' report includes the explanatory report required by Article 4(7) of Law 3556/2007 and the Corporate Governance Statement.

The amounts in the Board of Directors Annual Report are in euro.

### CONDENSED FINANCIAL INFORMATION ABOUT THE GROUP AND THE COMPANY

The Group consists of a) the company under the name "THESSALONIKI WATER SUPPLY & SEWERAGE CO S.A." trading as "EYATH S.A." (hereinafter the "Company" or "EYATH S.A."), that was founded in 1998 (Law 2651/3-11-1998 (Government Gazette A 248/3-11-1998), created from the merger of Societes Anonyme "Thessaloniki Water Supply Organisation S.A." (OYTH S.A.) and "Thessaloniki Sewerage Organisation S.A." (OATH S.A.), which had been converted into societes anonyme within 1997 and b) subsidiary company EYATH SERVICES S.A., which engages in the provision of all types of water supply and sewerage services, telecommunications services and the generation and sale of electricity. It is listed on the Athens Exchange and is governed by the provisions of Codified Law 2190/1920 on societes anonyme, as that law applies pursuant to Law 4548/2018, as a complement to the provisions of Law 2937/2001, Chapter II (Government Gazette 169/A), and Law 3016/2002, as amended by Article 26 of Law 3091/2002. The company's effective term is 99 years from 3.11.1998, and expires on 3.11.2097. The original Articles of Association were approved by decision No. ΕΓΑ/606/26-7-2001 (Government Gazette 989/30-7-2001) and the company is entered in the Companies Register (Reg. No. 41913/06/B/98/32) and the General Electronic Commercial Registry (GCR No. 58240404000). The Company's registered offices are in a privately owned building at 127 Egnatias St., Thessaloniki.

EYATH is the second largest water supply and sewerage services provider in Greece. It provides water supply services via a 2,700 km long water distribution network within its territorial remit (the wider Thessaloniki urban area and industrial area) and sewerage services via a 1,600 km long sewerage network within its territorial remit (from the river Axios, to the high areas of the Thessaloniki urban area to the tourist areas). The company has over 1,000,000 customers (around 510,000 water connections). EYATH also helps with flood protection in the city of Thessaloniki, even though it is the Greek State, the Region and local government authorities which are responsible for the design, construction, and maintenance of rainwater drainage and flood protection works in general, and for cleaning the drains.

### FINANCIAL INFORMATION - COURSE OF BUSINESS

EYATH remains a robust, viable company and has continued to be highly profitable over recent years. The following financial information concern the EYATH S.A. Group. Turnover was € 73,030 thous. compared to € 73,401 thous. during the corresponding period last year, reflecting a decrease of € 371,000 thous. or 0.51%. The cost of sales was € 42,744 thous. compared to € 43,258 thous. in 2017, down € 514 thous. or 1.19%. Group EBT was € 20,951 thous. compared to € 24,931 thous. during the corresponding period last year, down € 3,980 thous. or 15.96% approximately. Finally, Earnings After Tax in 2018 amounted to € 14,001 thous. compared to € 16,449 thous. in 2017, down by € 2,448 thous. or 14.88%.

During the period ended the company reclassified revenues among the cost of sales, selling and distribution expenses and administrative expenses accounts, after updating the allocation criteria. The Group's overall expenses rose by € 3,110 thous. or 5.85%, due primarily to a rise in staff salaries because of recruitment of 150 staff via official selection channels (ASEP), and due to the impact of adopting the IFRS 9 "Financial instruments" on the definition of impairment of trade receivables.

Gross Profit in 2018 stood at € 30,286 compared to € 30,143 in the previous year, up € 143 or 0.47%.

The EYATH S.A. Group's EBITDA during the current period amounted to € 25,478 compared to € 29,512, a drop of

€ 4,034 or 13.67%.

Finally, Group cash and cash equivalents at the end of the period on 31.12.2018 stood at € 71,634 compared to € 65,210 on 31.12.2017, an increase of € 6,424 or 9.85%.

Group turnover was the result of the sale of water supply and sewerage services.

### **ALTERNATIVE PERFORMANCE MEASURES (“APMs”)**

In its management reports and investor disclosures the Group uses Alternative Performance Measures (APMs) in addition to the financials included in its financial statements, which have been prepared in accordance with the current financial reporting framework.

The purpose in providing these measures is so that both Company Management and investors have a fuller picture of the performance, capital structure, activities and liquidity of the Group, but should not under any circumstances be taken into account independently of the measures resulting directly from the financial statements.

The APMs used by the Group are as follows:

#### **Gross profit margin (%)**

This measure is calculated by dividing the Gross Profit by Turnover, using the exact figures which appear in the financial statements.

#### **EBITDA Margin (%)**

This measure is widely known among the investing community and is a general performance measure, with the advantage that it isolates the impacts of financing-investing results, income tax and the main category of non-cash expenses which is depreciation.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, and other expenses and adding operating expenses and total depreciation, and then dividing by turnover. These figures are used as shown in the financial statements and notes thereto, without any adjustments.

#### **EBIT Margin (%)**

This measure, like the previous one (EBITDA) is widely known among investors and is a general performance measure, with the advantage that it can isolate the impacts of financing-investing results and income tax.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, and other expenses and adding operating income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

#### **Earnings before tax / turnover (EBT Margin) (%)**

This measure, like the previous one (EBIT) is widely known among investors and is a general performance measure, with the advantage that it can isolate the impacts of income tax.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, other expenses and financial expenses, and adding other operating income and financial income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

#### **Earnings after tax / turnover (EAT Margin) (%)**

This measure is widely known among investors and is a general performance indicator, with the advantage that it examines the performance of net earnings after tax compared to turnover.

The measure is calculated by deducting from turnover the cost of sales, selling expenses, administrative expenses, other expenses, financial expenses, and income tax and adding other operating income and financial income, and then dividing by turnover. These figures are used as shown in the financial statements, without any adjustments.

#### Current ratio: Total current assets / total short-term liabilities

This ratio shows the relationship between a company's equity and debt. These figures are used as shown in the financial statements, without any adjustments.

These measures are shown in the table below:

	1/1/2018-31/12/2018	1/1/2017-31/12/2017	Deviation
<b>PERFORMANCE AND PROFITABILITY RATIOS</b>			
Gross Profit Margin	41.47%	41.07%	0.40%
EBITDA Margin	34.89%	40.21%	-5.32%
EBIT	26.53%	31.73%	-5.20%
EBT Margin	28.69%	33.96%	-5.27%
EAT Margin	19.17%	22.41%	-3.24%
<b>INVESTMENT RATIOS</b>			
Earnings per share after tax	0.3857	0.4532	-14.89%
<b>LIQUIDITY RATIOS</b>			
	31/12/2018	31/12/2017	Deviation
General liquidity (Current assets / short-term liabilities)	9.84	10.20	-3.61%
<b>CAPITAL STRUCTURE &amp; VIABILITY RATIOS</b>			
Equity / Debt	471.34%	428.27%	43.06%

#### PRICING POLICY

Decision No. 416/2011 of the Board of Directors set the company's pricing policy for the 2012-2013 period, which was ratified with Joint Ministerial Decision No. 4799/19-12-2012 (Government Gazette 3450/B/27-12-2012) of the Ministers of Finance and Macedonia-Thrace. That decision has remained in effect to this day following successive extensions.

Article 33 of Law 4258/2014 on arrangements for setting the tariffs of EYDAP and EYATH, applied from 1.7.2015 to 31.12.2018, according to which tariffs for water supply and sewerage services were to be approved by decisions of the Special Secretary for Water, following consultations with the Minister of Finance and other relevant agencies.

In Special Secretariat for Water Decision No. 135275/22.5.2017 (Government Gazette 1751/B) "on general rules for costing and billing water services, methods and procedures for recovering costs of water services for various water uses", general costing and billing rules for water services were laid down. The purpose of the decision is to approve the general costing and billing rules as well as measures to improve water services for various uses of water, and to lay down procedures and methods for recovering the cost of such services, including environmental costs and water resource costs. At the same time, the objective of the Joint Ministerial Decision is to ensure that pricing policy for water offers adequate incentives to users to efficiently use water resources and for the different uses of water to adequately contribute to recovery of the cost of water supply services. Services are charged for based on cost factors, including financial costs, environmental costs and resource costs. Financial costs are worked out by the provider (EYATH S.A. in this instance) whereas environmental and resource costs are calculated and approved by decision of the competent authority, and overall are added to tariffs as an environmental levy per m3 of water used.

Pricing Policy for the 2019-2023 period, which EYATH S.A. recommended to the Special Secretariat for Water, was approved by decision No. 26142/180 of the Special Secretary for Water (Government Gazette 1105/B/3.4.2019) and takes effect on 1.5.2019. The new pricing policy follows the logic of a drop in the cost of water for lower levels of consumption, to ensure it has a social focus, and a rise in cost for high consumption to avoid natural resource wastage. At the



same time, the social tariff has been retained and improved for groups of consumers who are socially and economically vulnerable; it is tied into the social and income criteria used for the social residential tariffs for electricity (tariffs A and B), which beneficiaries can access automatically without bureaucratic procedures, and without needing to submit supporting documents. An environmental levy is included in the new tariffs, which is paid over to the Green Fund to finance water resource management and protection projects. For 2021-2023 there will be a 2% annual increase in tariffs (apart from household scale one with consumption of up to 10 m<sup>3</sup>/4-months) to ensure that the company's investment plan can be implemented (which foresees major water supply and sewerage projects, such as an extension to the Thessaloniki water treatment plant, maintenance of the Aravissos aqueduct, works to improve the water supply and sewerage networks), while the sewerage levy fixed charges and special water cycle levy will remain firm and fixed over the tariff's 5-year period.

## MAJOR EVENTS

### *Change in the shareholder line-up and voting rights*

The Interministerial Committee for Restructuring and Privatisation decided at its meeting on 21.2.2018 to revoke Decisions No. 195/27.10.2011 (Government Gazette 754/B) and No. 206/25.4.2012 (Government Gazette 1363/B/26.4.2012) of that Committee, to the extent that they transferred 14,520,000 and 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018. The decision was published in Government Gazette 614/B/22.2.2018.

Following that, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital. The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF. The Greek State's total direct and indirect holding in those companies has not changed.

### *Investment projects*

During 2018 EYATH S.A. launched various open tender procedures to put the following water supply and sewerage designs and projects out to tender relating to extensions to networks, repair or replacement of pipelines or new projects.

- Technical Advisor services under the Framework Agreement for Technical Advice for EYATH S.A.'s Strategic and Business Plan designs and works. Budget: € 1.32 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Drafting of supporting designs / Framework Agreement for the preparation of support designs to meet EYATH S.A.'s needs. Budget: € 725,000 (plus VAT). The Framework agreement has been signed and the first implementing agreement is about to be signed.
- Contract for first group of urgent water supply works 2019. Budget: € 2.5 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Framework Agreement to improve - repair the Aravissos aqueduct. Budget: € 3.37 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Works to complete connection of the Thessaloniki low-lying areas, which includes 7 sewerage sub-projects in the area where transport hub K16 is being built. Budget: € 6 million (plus VAT). At present, signing of the contract with the contractor is still pending.

During 2018, Decision No. 4391/2.8.2018 approved inclusion of the operation entitled "Construction of an extension to the Thessaloniki Water Treatment Plant - Phase A2" in the Central Macedonia 2014-2020 operational programme

(operation MIS code: 5028173) with a budget of € 21.4 million (plus VAT). The Company is currently updating the tender documents and drafting the tender notice, and it plans to put the project out to tender in 2019.

During 2018, cases of extending sewerage networks with third parties assuming part of the cost were examined. These related to pipelines around 3.5 km long in various areas. Other cases examined included repairs/replacements of sewerage pipelines of around 10 km long.

In 2018 the special sewerage regulations were approved (Joint Ministerial Decision No. 1793 B'/21-5-2018) which relates to the terms and conditions imposed on all activities and operators who generate liquid waste other than residential homes, to enable the liquid waste to be disposed of via EYATH S.A.'s sewerage network. The regulations incorporate the environmental legislation and will reduce the impact on EYATH's sewerage network and also the environmental impact of the liquid waste itself.

#### ***The subsidiary EYATH SERVICES S.A.***

On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected the injunction of the contract staff against the Company and the subsidiary EYATH SERVICES S.A. and since that date those persons have ceased offering their services to the company. EYATH SERVICES S.A. has not provided any water supply and sewerage services in the period from 1.3.2018 to the present day. On 2.4.2019 the main cases filed by former contract workers against EYATH S.A. and EYATH SERVICES S.A. was heard and judgment is awaited.

On 12.4.2018 the Thessaloniki Regional Branch of the EFKA Fund sent the company's subsidiary EYATH Services S.A. decisions imposing social security contributions and decisions imposing additional social security contribution charges totalling € 2,376,029.24. Those decisions were the result of an audit of contracts which examined the social security contributions of employees on independent service contracts / contracts for work at the subsidiary over the period 1.7.2010 - 31.12.2016. Those fines were paid by the subsidiary and it has filed an objection with the local EFKA Fund committee which handles those matters.

Decision No. 270/2018 of EYATH S.A.'s Board of Directors approved a € 2,400,000 increase in the share capital of the wholly owned subsidiary EYATH SERVICES S.A. in May 2018, paid in cash, for the purpose of covering the said fine imposed by the Thessaloniki Regional Branch of the EFKA Fund. Following completion of that share capital increase, the subsidiary's share capital stood at € 2,460,000 divided into 4,920,000 registered shares with a nominal value of € 0.50 each. The Company then formed an impairment provision equal to the increase in the subsidiary's share capital based on the present value of future cash flows which are expected to flow from the subsidiary.

On 7.6.2018 another decision from the EFKA Fund was sent to the Company following settlement of social security cases for all employees on contracts up to 28.2.2018, for a total of € 242,952.94 including surcharges. EYATH SERVICES S.A. paid that amount and also filed an objection with relevant local committee concerning that fine.

***Acquisition of a holding***

EYATH S.A. participated in the share capital increase of the Metropolitan Development Agency of Thessaloniki, acquiring a 7.28% stake for around € 50 thous.

***Fault with the Aravissos pipeline***

During the period ended, there was a major fault / break in the Aravissos pipeline, meaning that the supply of water from the Aravissos springs to the Thessaloniki urban area was suspended, and there were consequent extensive water supply problems throughout the entire city. Although technical works were completed on schedule, the considerable turbidity of the water in the Aravissos river, available at the Dendropotamos Pumping Station after completion of the works to replace the damaged section of the Aravissos pipeline was something unforeseen. Only after the water in the Aravissos river was found to be safe to drink was it channelled to the city once again.

As a company which manages a public commodity, to assist with the effects of water shortages in the Thessaloniki urban area resulting from that fault to the extent it could, EYATH S.A.'s Board decided to:

- Exempt consumers of special tariffs (social tariff, disabled tariff, large family tariff, etc.) from the standing charges on the next bill.
- Provide technical and financial assistance to public hospitals to ensure they had sufficient supplies of drinking water in the case of water supply problems.
- Assist Municipalities with the financial costs they incurred during the water shortages to secure drinking water for municipal services (such as old people's homes, kindergartens, etc.).
- Reduce the charges for business tariffs in 2018 Q2 by taking 12% of the original tariff for those business consumers who had no past-due debts.
- Not apply charges for works to fix leaks on consumers' external branch lines, for the period from 28.3.2018 to 15.4.2018.
- Commission the Central Macedonia Annexe of the Technical Chamber of Greece to prepare an expert report on the damage to the pipe.

According to the Technical Chamber of Greece / Central Macedonia Annexe's technical report, delivered to EYATH S.A. in February 2019, the cracking in the cement Aravissos pipeline was due to corrosion of the steel reinforcements. In their expert report, engineers from the Technical Chamber of Greece / Central Macedonia Annexe took the view that the method followed by EYATH S.A. technical staff to repair the pipeline was the right one, that the duration of the works was reasonable, and the capacity of the existing water supply network appears to have been used to the full to distribute available quantities of water to the city.

After the damage occurred, a questionnaire was prepared and distributed to EYATH S.A. staff for the first time. It was sent in hard copy and electronic format in July 2018. The questions posed were also used in the public opinion poll conducted by an external associate (November – December 2018) and combining the results of the two helped the company develop a targeted communications policy.

Immediately after the Aravissos pipeline broke, Prof. Emeritus Giorgos Penelis was invited to update the Aravissos pipeline repair study which he had prepared in early 2000. The update was submitted to EYATH S.A. in August 2018. Then as part of EYATH S.A.'s activities in relation to this matter, which have been included in the company's Strategic and Business Plan, tender documents were prepared for a framework agreement to improve - repair the Aravissos pipeline, with a budget of € 3.4 million and an option for € 1.0 million. The framework agreement relates to work to improve and repair the Aravissos aqueduct which the design considers to be necessary. The tender procedure was run in December 2018 and a contractor for the project is expected to be selected soon.

During the year, the following steps were also taken for preventative maintenance and to check the Aravissos aqueduct:

- a. 10 boreholes were sunk along the length of the pipeline's route to monitor ground water levels.
- b. Preparatory steps were taken for specialist checks using spectral analysis of satellite images of the pipeline's entire route (around 52 km) to reveal any underground, and hidden leaks.
- c. Preparatory steps were taken for an internal acoustic inspection of the pipeline to identify leaks and air bubbles.

#### ***Recruitment of new staff***

- During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). The process was completed in 2018, since by 31.12.2017 126 staff had taken up their posts. The increase of the company's workforce, with new employees will allow EYATH S.A. to fill job positions and to expand its activities and contribute towards the economic growth of the wider region.

#### ***Annual General Meeting of Shareholders***

The Annual Ordinary General Meeting of Shareholders held on 31.5.2018:

- Approved EYATH S.A.'s separate and consolidated annual financial statements.
- Released members of the Board of Directors and certified public accountants from all liability.
- Approved the distribution of dividends from the profits for 2017.
- Approved the fees and remuneration paid to the Board and its secretariat.
- Confirmed the election of members of the Board to replace those who had resigned
- Appointed the Audit Committee in accordance with Article 44 of Law 4449/2017.
- Approved amendments to the Articles of Association of EYATH S.A.

### ***Changes to the Board of Directors***

Mr. Evdoxos Petridis tendered his resignation on 10.5.2018 from the position of non-executive Board member.

The Board decided at its meeting on 30.8.2018 (Decision No. 391/2018) to accept the resignation of the head of the HRADF S.A. Project, Mrs. Marina Kouri.

### **VISION - MISSION**

Management's vision is to develop the company as an efficient manager of water resources, protecting the environment in the wider Thessaloniki and Thermaikos Bay area.

The Company's mission is to offer quality, comprehensive water supply and sewerage services to old and new consumers who are in need of them, by utilising, improving and extending its infrastructure, through sustainable environmental management practices.

The Company's strategy aims at fulfilling its obligations as a Utility Company, in combination with increasing the shareholders' assets. To this end, it seeks to improve the quality of the services it provides through an investment programme, to upgrade its facilities and to expand its technological infrastructures, and the ICT systems it has.

EYATH SA's special features, such as the natural monopoly it has, its strong cash flow situation, zero borrowing and its business and investment plans ensure that the company grows, remains profitable, and transforms into a robust centre for know-how and entrepreneurship in the wider region.

### **PROSPECTS**

#### ***Flood protection works***

In March 2019 a framework agreement was signed with the Central Macedonia Region to clean and maintain the rainwater network in the Thessaloniki urban area. The project has a budget of € 4 million and will run for 2 years.

### ***Strategic and Business Plan***

An exceptionally ambitious investment plan worth € 175 million was prepared in partnership between Management and specialists within the company and is currently being implemented. It includes tens of projects and designs involving the maintenance, replacement and extension of infrastructure in the city's water supply and sewerage system. The investment plan includes some flagship projects such as: extension of the Thessaloniki Water Treatment Plant (Phase A2), with NSRF Funding of € 21.5 million (plus VAT), sewerage works to complete the connection between low-lying areas of Thessaloniki (works in the Dendropotamos area and interchange K16) with a budget of € 6 million (plus VAT), extension to the water supply network SCADA worth € 3.35 million (plus VAT), the framework agreement to improve and repair the Aravissos water pipeline with a budget of € 3.37 million (plus VAT), sewerage works at pump houses, discharge pipes and the coastal pipeline, with a budget of € 5.4 million (plus VAT), and replacement of water meters, extension of the water supply network into new areas and others.

To help implement its Strategic Plan, EYATH S.A. has put out to tender technical advisor services for support with and drafting of the supporting designs (geotechnical, geological and environmental designs) with a total pre-estimated fee of € 2.05 million (plus VAT).

Board of Directors' decision No. 414/13-9-2018 approved the updated Strategic and Business Plan for the 2018-2024 period whose objective is to:

- the overall development of its networks, namely a series of technical projects in order to supply water to areas of both the urban area, and beyond it, to regions which currently are lacking good quality water and face water supply problems due to over-abstraction, salinization, etc.;
- implement the extension of the Thessaloniki Water Treatment Plant (known as the 'refinery') to ensure the necessary extra quantity of water needed to cope with current and future water supply demand for the Thessaloniki urban area;
- ensure uninterrupted, safe operation of the water supply systems, by supplying top quality water, in line with the rules and requirements laid down by the current regulatory framework;
- increase environmental safety in relation to pollution and protection of water resources;
- improve customer service by offering top class water supply and sewerage services at the least possible cost;
- combine business activity with social responsibility;
- upgrade infrastructure to improve the productivity of existing systems, which will lead to lower operating costs for the company, especially energy costs;
- raise citizen awareness about environmental issues and brief them about the company's contribution to society as a whole, and about its business activities.

#### ***Investments in the sewerage sector***

At present a new tender procedure is under way which includes sewerage works to improve - upgrade the A5 wastewater pumping station (at the Port) and the A2B pumping station (at the Thessaloniki Industrial Area), to replace the twin force discharge pipes for sewerage at the A5 wastewater pumping station (at the Port), construction of a coastal collecting pipe at B3 pumping station and rainwater drain pipe and improvements to the A17 pumping station at Finikas.

#### ***Functional and technological modernisation***

In 2013 EYATH S.A. prepared a plan for functional and technological modernisation to be implemented in 4 phases, in the areas of retail, support and admin. functions within the company.

Phase 1 of the modernisation plan, which related to financial management, was successfully completed in January 2016, on budget and on schedule despite the project's scale and complexity.

In that context the company installed a new SAP system in early 2016 which supports the procurement management, warehouse logistics and accounting office functions.

During 2017 Phase 2 was implemented which related to customer service. 3 actions were implemented in this regard:

A. redesign of billing, CRM and customer service via various improvements relating to (a) modernisation of the bill checking, issuing and management system and (b) development of a comprehensive framework and computerising CRM and customer service.

B. developing requirements and then running a tender procedure for the supply, configuration, installation and commissioning of a billing and CRM and customer service IT system.

C. running that tender procedure.

Phase 2 is currently under way, and the plan is to run the tender procedure to procure the new CRM system,

To properly prepare the project entitled “implementation of a new integrated customer service and billing system” EYATH S.A. launched an open public consultation on the tender procedure’s special terms.

The consultation document was posted to the Company’s website on 17.5.2018 requesting a description of the proposed solutions based on the requirements in the special terms document, that the compliance table, indicative timeframe and details of the project team be filled out, and a budget provided, and that comments/observations about the scope and specifications of the system to be developed be provided.

When the response period ended (on 9.7.2018) the views of the interested parties were collected and the company began to review them and on 8.8.2018 posted general comments and observations about the views on the website.

At present, the specifications for supply of a new customer service and customer management system are being prepared which take account of the results of that consultation process.

### ***Improving customer service***

During the first 6 months of 2019, the Customer Service Division is expected to be relocated to new, cutting-edge offices at 6 Angelaki St., where consumers will be able to have all their day-to-day transactional needs met. The purpose of relocating is to improve service and communication with consumers inside open-plan, ergonomic, well-designed premises, by applying accelerated procedures.

The Company has completed the design of its new website, which, among other things, will improve channels of communication with customers. The website will be launched during the first half of 2019.

In addition, during 2019 further improvements to phone services and online customer service are expected thanks to the design and development of an integrated service which will receive, record, and manage customer requests made by phone or electronically via the website or email.

### ***Water supply SCADA***

During 2017 following the Central Macedonia Region NSRF funding decision for the remote control and automation system to manage EYATH’s water supply system, steps were taken to finalise technical and other requirements in the tender procedure documents for the financed project. The project is designed to ensure automated monitoring and management of the water supply network (pipelines, pumping stations, reservoirs, etc.) by installing a SCADA system. That system will help identify and check drinking water leaks and safeguard the operational status of all E/M equipment installed, thereby supporting moves being made to optimise operations.

In May 2018 the Central Macedonia Region approved the tender documents for the project entitled “Remote control and automation of water supply systems within EYATH’s remit” with a total budget of € 3,347,049.00 + VAT which is



being funded by the NSRF. The last date for submitting tenders was 30.7.2018 and tenders were opened on 24.8.2018 at which time the process of having them evaluated by the competent tender committee commenced. It is expected that the tender procedure to select the contractor will be completed and the relevant contract signed by 2019 Q3 but that depends on whether any more administrative objections are filed.

### ***Sewerage system SCADA***

During 2018 the design and specification of the project to upgrade the sewerage pump station SCADA system was finalised; most of the systems relate to the Thessaloniki Waste Water Treatment Plant's sewerage system.

In the near future the relevant tender notice for an international tender procedure to procure and install the new SCADA system is expected to be published.

### ***Pilot projects***

Pilot digitisation of customer records has been completed, and there are now plans to digitise all customer records. The water supply customer database is currently being standardised to allow consumption data to be automatically interconnected to GIS data (hydraulic modelling).

The Company is exploring the adoption of smart meter technologies as part of a pilot project; they offer cutting-edge solutions for recording consumption levels, and the aim is to see how they can be adopted on a large scale. More specifically:

1. A system to remotely monitor consumption at AUTH water meters has been installed, maintained and operated. The project relates to the supply, installation, operation and maintenance of a remote monitoring and consumption management system for water meters at the AUTH campus, where average consumption is 26,000 m<sup>3</sup> per 4 months. This will:

- allow the information recorded by the water meters to be monitored remotely and in real time.
- allow controlled access to available consumption data.
- prevent overconsumption and leaks, and avoid needless charges thereby helping save water. The consumption levels recorded are presented below.

2. Creation of integrated infrastructure for 3 EYATH S.A. pilot district metering areas (DMAs) to systematically check, record, monitor and manage water and to measure and manage water consumption so as to:

- automate and significantly increase the frequency of consumption sampling per water meter.
- draw technical conclusions about the existence of leaks on the water supply network and quantify unseen losses.

### ***EYATH's geographical remit***

According to Article 26 of Law 2937/2001, the Company's territorial remit, within which it may provide its services and conduct its business, is the following:

**WITH REGARD TO WATER SUPPLY:** the Municipalities of Thessaloniki, Ampelokipoi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Efkarpi, Triandria, Eleftherio Kordelio, Evosmos, Stavroupoli, Panorama, Pylea, Oreokastro, Pefka, as well as the industrial area of Thessaloniki.

**WITH REGARD TO SEWERAGE:** the territorial remit of EYATH S.A. is divided into five regions:

**"Region A"** includes the Municipalities of Thessaloniki, Ampelokipi, Kalamaria, Neapoli, Sykies, Agios Pavlos, Menemeni, Polichni, Triandria, Diavata, Eleftherio Kordelio, Evosmos, Stavroupoli, Pylea, Panorama, Oreokastro, the districts of Ionia and Kalohori of the Municipality of Echedoros and the Community of Efkarpi.

**"Region B"** includes the area surrounded by the rivers Gallikos and Axios, up to the sea, including the industrial zone of the major Thessaloniki area, the district of Sindos of the Municipality of Echedoros, the districts of Agios Athanasios, Anchialos, Gefyra of the Municipality of Ag. Athanasios and the districts of Halastra and Anatoliko of the Municipality of Halastra.

**“Region C”** includes the hill zone of the Thessaloniki urban area and includes the community of Pefka and the Districts of Asvestochori, Exochi, Filyro of the Municipality of Hortiatiss.

**“Region D”** extends to the Municipalities of Kalamaria and Panorama, to the Sedes public baths and the airport of Mikra and includes the Industrial area and the Districts of Thermi, N. Redestos, N. Rysio and Tagarades of the Municipality of Thermi and the District of Agia Paraskevi of the Municipality of Vassilika.

**“Region E”** extends from the airport of Mikra and the districts of N. Rysio and Tagarades of Agia Paraskevi to the sea and includes the Districts of Agia Triada, Perea, N. Epivates of the Municipality of Thermaikos and the districts of Nea Michaniona, Emvolo, Angelohori of the Municipality of Michaniona.

The Company, under a contract signed with the corresponding Municipality and EYATH Fixed Assets can undertake the existing network of local government authorities in one of the above regions and the obligation to provide water supply or sewerage services to the corresponding Municipality.

The Company, under a contract signed with the corresponding Municipality, EYATH Fixed Assets, and approved by a joint decision of the co-competent ministers, can extend its activity to the territory of local government authorities that are outside the above regions.

Note that the operations of no operating sector have been discontinued.

## GROUP AND COMPANY RESEARCH & DEVELOPMENT OPERATIONS

During the period ended the Group spent € 116 thous. on R&D expenses which related primarily to staff salaries for their participation in research activities and third party fees and expenses for a pilot scheme to use satellites to identify hidden leaks.

### **Research projects**

#### *Smart-water*

The Company is participating in a project entitled “Smart infrastructure for remote water consumption and water demand management systems” (known as SMART-WATER) as part of the 2014-2020 NSRF, which is a research partnership between EYATH S.A., the telecom company Apifon, the Information and Communication Technologies Institute of the Centre for Research and Technology Hellas (CERTH), and focuses on the following objectives:

- Designing model integrated infrastructure to smartly manage the water supply network which will utilise remote measuring and remote control technologies to offer innovative services to the water supply company and end consumer.
- R&D on alternative technologies to implement the remote measurement and more control network, via a pilot scheme under real conditions in Thessaloniki’s urban environment, to test and evaluate their reliability and efficiency.
- R&D and pilot testing of the water consumption data management, imaging and analysis system to support decision-making, automatically identify incidents thanks to alerts, provide personalised information to consumers and provide the water supply company with automated procedures.
- Evaluation of the infrastructure overall, based on criteria such as business performance, ease-of-use and reliability, cost-benefit for the water supply company, user/consumer satisfaction and financial return on the investment.

The total budget for this project is around € 660 thous., of which around € 490 thous. will be financed with public money. EYATH S.A.’s budget is around € 170 thous., of which around € 87.5 thous. will be financed with public money. The contract was signed in 2018. The project is being carried out within the agreed schedule.

### **Aqua 3s**

During 2018 EYATH S.A. was involved in 4 research proposals as part of the European Horizon 2020 research programme, and approvals are awaited. Of those, initial approval has been obtained for the project entitled: “Enhancing Standardisation strategies to integrate innovative technologies for Safety and Security in existing water networks”

(Aqua3S), to utilise innovative technologies and standardise methodologies for the safety and protection of the end product (drinking water). More specifically, the project aims are:

1. Safety and protection of the water supply system in the Thessaloniki wider metropolitan area.
2. Highlighting the best combination of modern, online instrumentation and optimal water supply network topography, to identify a range of pollutants, to prevent accidental and/or deliberate pollution of drinking water.
3. Specifying suitable amelioration measures and actions to monitor water resources, communication between competent rapid response inspection bodies, information gathering methods for use with social media, etc.
4. Systematic presentation and showcasing of procedures, by integrating them into a fixed, standard methodology for addressing emergencies, to safeguard the quality of the end product.

The project's total budget is € 6.9 million and EYATH S.A.'s contribution to the budget is € 188 thous., of which 70% will be financed by the European Union (funding: € 132 thous.). The project will commence around September 2019 in technical and financial terms.

Lastly, to study the marine environment close to the two submerged waste disposal pipes from the two waste treatment plants, and along the coastline near the White Tower, the company entered into a self-financed agreement with the Aristotle University of Thessaloniki's Special Account for Research Grants and the Dept. of Civil Engineering to implement the "Thermaikos Bay Quality Monitoring Programme". 3 sailings took place in 2018 (in spring, summer and autumn). Budget: around € 20 thous.

## CORPORATE SOCIAL RESPONSIBILITY

Issues of top priority on the international agenda are to secure access for all to water supply / sewerage services by 2030, and proper and sustainable management of water resources for future generations, and are in fact the UN's 6th sustainable development target.

EYATH S.A. works daily to achieve that target within the context of corporate responsibility: Its strategy includes highlighting the vital relationship it has with the local community, and ensure it has a positive environmental impact on the area. Through dialogue with stakeholders -staff, customers, investors, suppliers, the local community in which it operates- mutual targets can be set which can then be implemented as part of the company's CSR strategy.

EYATH S.A.'s undisputed role as a public benefit enterprise is reinforced through societal measures designed to improve the quality of life of citizens, to improve their health and protect the environment, all of which are sectors directly related to the company's business activities.

We have opted to focus our commitments on 4 key aspects and present our performance in those areas: The environment, society, human resources and culture. EYATH S.A.'s values are therefore being turned into reality in the following areas:

1. Natural resources and the environment
2. Society and vulnerable social groups
3. Human Resources and Training
4. Culture and Sport

## NATURAL RESOURCES AND THE ENVIRONMENT

Water is our most precious natural resource. That's why for EYATH S.A. ensuring sustainable water management is synonymous with protecting the natural environment; a concept interrelated with sustainable development.

EYATH S.A.'s commitment to environmental protection takes shape through the company's day-to-day practices and all its business activities comply with environmental law.

More specifically:

- it fully implements Community and national environmental law, seeking to minimise the impacts of its activities on the environment;
- it engages in R&D, ever seeking out ways to protect and improve the environment;
- it is planning systematic modernisation of the water supply network to reduce leaks;
- it is working together with like-minded European partners and bodies via research activities on the impact of

climate change on aquifers, helping promote solutions for sustainable development in our region and in SE Europe more widely, such as active participation in EUREAU, the European Federation of National Associations of Water and Wastewater Services;

- it invests in improving its facilities to ensure better performance and reduce energy consumption.
- it actively contributes to cleaning the surface of the sea in the bay of Thessaloniki, removing floating objects, oil spills or contaminants;
- it removes urban and industrial wastewater from the urban area via an extensive sewerage network, controlled by remotely controlled and operated systems;
- it operates a state-of-the-art GIS system for preventative maintenance and rapid response to emergencies.
- it implements a programme to re-use water treated at the Thessaloniki Wastewater Treatment Facility to irrigate areas of land in the Halastra - Kalohori plains during droughts.
- it has significantly reduced the time required to carry out network-related tasks (new connections, relocations, extensions, etc.);
- it also ensures environmentally and socially beneficial management of sewage sludge and seeks to improve the biogas production unit running on sewage sludge which is already in operation at the Sindos Biological Treatment Plant, and to utilise its heat generating capacity;
- it systematically recycles at the workplace and uses environmentally-friendly materials;
- it is focusing on rationalising business travel and on applying environmental criteria to procurement;
- it has (a) a Sewerage & Environment Quality Control Lab which carries out environmental tests every day at the outlets of the waste water treatment plants and industries (around 1,500 tests which generate over 12,000 quality analyses) and (b) a Drinking Water Testing Lab in cooperation with the Quality Control Lab at the Water Treatment Plant which receives over 3,000 samples of water and carries out around 50,000 chemical and microbiological tests a year, implementing the relevant legislation. Both labs systematically participate each year in the inter-laboratory tests and now have an ISO 17025 quality management system.
- The Drinking Water Testing Lab implements a quality management system that conforms to ISO 17025.
- it shares know-how with other water management bodies such as municipal water supply and sewerage companies, and provides training services to bodies and organisations that lack experience and knowledge about how to manage water resources and waste water;
- it participates in financed research programmes.

Responding to letter No. 160/3.5.2018 from the Ministry of the Interior (Macedonia & Thrace) the company's Board issued decision No. 248/2018 resolving to increase annual funding to clean up Thermaikos Gulf from floating objects and oil spills, and to combat cases of pollution by oil and other substances, and it also carries out unscheduled cleaning operations for pollution phenomena such as red tides. It also symbolically cleaned the seabed and seashore in partnership with the dive teams going by the names Aegean Rebreath and Northern Greece Underwater Explorers and the Municipality of Kalamaria, at the Aretsou fishing boat anchorage, collecting 500 kg of waste from the seabed and 47 bags of rubbish from the beach. This was a highly symbolic action for protection of the area's maritime environment.

## SOCIETY AND VULNERABLE SOCIAL GROUPS

In this sector:

- it is exploring innovative procedures and automated processes to optimise day-to-day operations at its facilities and ensure better customer service (e-transactions, web-banking, payments via an extensive network of supermarkets, and other similar ideas);
- it offers a social tariff to vulnerable groups of citizens and in particular those with large families, the elderly, those on low incomes or the long-term unemployed, and also offers a broad spectrum of repayment plans for overdue debts for all debtors and the financially disadvantaged;
- it facilitates customers via improved e-services and a wide network of partners and associated businesses (150 super markets in the prefecture of Thessaloniki and neighbouring prefectures of Halkidiki, Pieria, Imathia, Pella and Kilis at no extra charge, and at associated OPAP agencies and Hellenic Post Office branches);
- it makes donations on a case-by-case basis in areas which have been declared in a state of civil emergency;
- it runs info-campaigns for the public about the options available to socially and financially vulnerable population groups;
- it offers work and internships to students and pupils at technical schools as part of their work experience requirements;
- it helps improve the life of refugees in refugee camps in the wider area of Thessaloniki, providing radiators and carrying out infrastructure works (water supply and sewerage facilities at those camps, and repairs to

- damaged facilities);
- it has a long-standing partnership with a magazine sold in the streets to support the unemployed; its head offices are a 'safe haven' for sellers, and also supports unemployed people in Thessaloniki via the Labour Centre;
- it encourages staff to get involved in volunteering (by collecting food or other items for the poor, participating in running events that share a social cause, etc.);
- collaborates with the academic community at specialist and general events on environmental issues, attracting audiences comprised of students, experts and ordinary citizens.
- it helps students by providing targeted scholarships. The company has signed an open-ended MoU with the Aristotle University of Thessaloniki and is funding two scholarships: Both are annual and are for postgraduate studies in fields relevant to EYATH S.A., while another one is for 4 years to finance the cost of a PhD.
- it presents a 1-hour programme entitled 'The sewerage cycle in Thessaloniki' approved by the Ministry of Education, to brief primary and secondary school pupils about daily influxes to the sewerage network and raise their awareness;
- it prepares educational programmes for children as part of the Thessaloniki International Fair.
- it cultivates ecological awareness among consumers thanks to info-campaigns and above all via daily visits by tens of primary and secondary school pupils, students, associations, and special groups such as refugees, to the Water Supply Museum;
- it participates in World Water Day celebrations on 22 March and World Environment Day events on 5 June, hosting info-events for the general public.
- it is supporting the activities of local bodies and organisations relating to the environment and water;
- it donates electronic equipment to schools in Thessaloniki.

On 2.8.2018 EYATH S.A.'s management team decided to make € 150,000 available as the least it could do as a sign of solidarity and support for those impacted by the deadly fires which broke out in Attica on 23 July.

In 2018 the Water Supply Museum in partnership with the "Make a Wish" foundation which helps make children's dreams come true, took groups of migrants on a tour in association with the International Organisation for Migration, groups of English-speaking children from private schools in Thessaloniki as well as individual visitors. Lastly the Thessaloniki Gulf clean-up programme continues as another major CSR activity, and a series of requests for support from cultural, sporting, charitable organisations and bodies engaged in similar activities (State Theatre of Northern Greece, Kaftanzoglio Stadium, the Alzheimer's Disease Society, etc.) were accepted.

## HUMAN RESOURCES AND TRAINING

In the human resources sector:

- it provides group life and health insurance for employees;
- it invests in developing its employees' skills in life-long learning, offering numerous changes for training both via specialised seminars and post-graduate training;
- it supports the families of staff, covers the costs of kindergartens and summer camps for employees' children;
- it rewards the children of employees who enter university;
- it organises parties for employees' children;
- it implements policies to protect the H&S of all employees;
- it ensures equal opportunities for both genders when it comes to promotions;
- it offers employees a work uniform and personal protection equipment.

## CULTURE AND SPORT

In the well-being and cultural advancement sector:

- it runs the Water Supply Museum which is visited every year by around 6,000 children and individual visitors;
- it provides support to sports clubs and associations;
- it supports cultural activities, sports and artistic events in the city, promoting the idea of culture and the good life;
- it keeps an archive of maps, letters and other documents at the Water Supply Museum which cover the history of water supply in Thessaloniki and are available to any interested parties.

**COMPANY BRANCHES**

During the year ended, as well as during the previous one, the Company had no branches through which it engages in its business activities, outside the Thessaloniki urban area.

**OWN SHARES HELD BY THE GROUP AND THE COMPANY**

At year-end no shares of the parent Company were held by the same or another company included in the consolidation.

**RISKS*****Risk related to the sector in which the Group operates***

As regards the possibility of the future deregulation of the market, in relation to EU law and its possible impact on the Group, we note that due to the nature of the installed infrastructure (mainly underground networks and tanks), the water supply - sewerage sector is a typical example of a physical monopoly, where the development of alternative networks and the creation of competition conditions, where customers could choose between different suppliers of processed drinking water, is practically impossible. Moreover, EYATH's product suffers from inelasticity.

We further note that in all countries of the European Union, as well as the rest of the world, water supply-sewerage services are provided by private or state companies or local government authorities without any capability of developing competition within the specific geographical boundaries where these companies provide their services.

The specific characteristics of the water supply and sewerage sector (that differentiate this utility sector), are recognised by the European Union, and never to this date has an issue ever been raised regarding the abolition of the monopoly of the sector, and the development of competition, as for example was the case in the telecommunication services sector.

Therefore, we do not consider possible, at least in the foreseeable future, the possibility of development of competition in this sector.

***Financial risk factors***

The Group's main financial tools are cash, bank deposits, trade and other receivables and liabilities. Management examines and periodically reviews the policies and procedures related to financial risk management, such as credit risk and liquidity risk, which are described below:

**Market risk*****(i) Exchange rate risk***

The Group and the Company do not face exchange rate risks, because throughout the year ended they did not carry out transactions in foreign currency and all assets and liabilities were in euro.

***(ii) Price risk***

As regards price risk, the Group is not exposed to significant risk of fluctuation of the variables that determine both revenues and cost.

***(iii) Cash flows and fair value of risk rate***

The Group has a limited interest rate risk in interest-bearing assets (time deposits) and therefore the income and the operating cash flows depend, to a point, on the changes to the interest rate market.

There were no loan liabilities on 31/12/2018.

Management is monitoring interest rate fluctuations on an ongoing basis, and evaluates in each case the duration and the type of time deposits.



## Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash at hand and cash in banks, as well as credit exposure to customers, including significant receivables and transactions made.

The Company is constantly monitoring its receivables, either separately or per group (customer categories) and incorporates this information into its credit control processes.

Cash and cash equivalents do not entail significant credit risk. Trade and other receivables include receivables from private customers, with a relatively limited degree of risk of losses, mainly due to the broad dispersion of the receivables, whereas for receivables from the State and the broader public sector, the company examines the possibility of collecting due debts by drawing up contracts or through legislative regulations.

At the end of the period, Management deemed that there is no significant credit risk that is not covered by some collateral or an adequate provision for bad debt.

None of the financial assets has been secured with a mortgage or other form of credit security.

The Company forms no provision for due receivables from the State and bodies governed by public law because it anticipates that it will collect them in their entirety.

## Liquidity risk

Liquidity risk is kept low, by means of ensuring high cash assets.

As regards the Company's and the Group's cash, note that it is deposited in sight and time accounts in Greek banks and at the Bank of Greece, which are subject to capital controls. On the other hand, the Group operates in the domestic market and is not affected by potential adversities, because it does not have any significant transactions with foreign suppliers, which might have affected its smooth operation.

The Group continues to follow-up these developments carefully, taking any measure needed to ensure the unhindered continuation of its business activity and will inform investors immediately about any effect which the unfolding events may have on its operation, financial position and results.

## SIGNIFICANT TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

According to the Group, related parties are members of the Board of Directors, members of Management, as well as the shareholders holding a significant percentage of its share capital (including their related persons). Note that in 2018, the Company's financial statements were included in the consolidated financial statements of HCAP S.A. for the first time. Consequently, the Group considers the entities related to HCAP S.A. to be related parties (see note 29).

The Group's trading transactions with these related parties during the 01/01/2018-31/12/2018 period were carried out under market terms and in the framework of its usual business activity. The transactions and the balances of the Group's and Company's related parties, during the 01/01/2018 - 31/12/2018 period and as at 31/12/2018 respectively, as well as during the previous fiscal year, are broken down in the following tables (see note 29 of the financial statements):

	THE GROUP		THE COMPANY	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Expenses to subsidiary	-	-	371	2,225
Income from other related parties consolidated along with HCAP S.A.	148	-	148	-
Expenses to other related parties consolidated along with HCAP S.A.	12,273	-	12,273	-
Transactions with and fees for executives and board members	678	632	674	632
Transactions with other related parties	2	-	2	-

The Company's expenses for the subsidiary of € 371 are related to meter reading services and distribution of receipts, provided by the subsidiary "EYATH SERVICES S.A.".

Transactions with and fees for executives and board members relate to salaries.

Income from other related parties consolidated along with HCAP S.A. relates primarily to water supply and sewerage network service revenues.

Expenses from related parties consolidated along with HCAP S.A. relate primarily to services received, most of which were expenses for electricity supplied by PPC worth € 11.7 million and the leasing of properties.

	THE GROUP		THE COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Receivables from subsidiary	-	-	24	24
Receivables from other related parties consolidated along with HCAP S.A.	533	-	533	-
Liabilities from subsidiary	-	-	-	477
Liabilities from other related parties consolidated along with HCAP S.A.	2,562	-	2,562	-
Receivables from management executives and board members	-	4	-	4
Liabilities to management executives and board members	7	3	2	3

The Company's receivable from a subsidiary of € 24 mainly related to receivables in lieu of the approved dividend. Receivables and liabilities from other related parties consolidated along with HCAP S.A. of € 533 and € 2,562 related to receivables for income from providing water supply and sewerage services both billed and accrued, and services received and prepaid property rental expenses.

Liabilities to management executives and board members related to salaries payable.

The actuarial liability for the company's related parties (management executives) was € 110 on 31/12/2018 (compared to € 126 in 2017).



## EXPLANATORY REPORT OF THE BOARD OF DIRECTORS

(in accordance with Article 4(7) of Law 3556/2007)

### STRUCTURE OF THE COMPANY'S SHARE CAPITAL (amounts in €)

The Company's Share Capital amounts to forty million six hundred and fifty six thousand euro (€ 40,656,000) divided into thirty six million three hundred thousand (36,300,000) ordinary bearer shares with voting rights, of a nominal value of one euro and twelve cents (€ 1.12) each.

Company shares are listed for trading on the Equities Market of the Athens Exchange (Category: Large Capitalisation).

The Company's shareholders rights arising from shares depend on the percentage of capital held which corresponds to the share's paid value.

Each share grants all the rights specified by law and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits;

35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend, unless the General Meeting stipulates otherwise. The General Meeting also decides on whether to distribute any additional dividend. For 2017 a dividend of € 0.221/share has been proposed due to the high levels of cash assets. All persons who are shareholders before the dividend cut-off date are entitled to a dividend. The dividend to which each share is entitled shall be paid to the shareholder within two (2) months of the date of approval by the Ordinary General Meeting of the annual financial statements. The place and manner of payment is announced in the press. Dividends not collected within 5 years from the end of the year in which the General Meeting approved distribution, devolve to the State.

- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
- The pre-emptive right in each increase of the Company's share capital with cash and new shares.
- The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
- The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
- The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation.

Shareholders' liability is limited to the nominal value of the shares held.

### LIMITATIONS TO THE TRANSFER OF THE COMPANY'S SHARES

The company's shares are transferred as stipulated by Law 2190/1920, Article 8b, and Law 4548/2018, and there are no limitations on transfer set out in its Articles of Association. Company shares are dematerialised and listed on the Athens Exchange.

### SIGNIFICANT DIRECT OR INDIRECT HOLDINGS WITHIN THE MEANING OF ARTICLES 9 TO 11 OF LAW 3556/2007

Shareholders with a significant holding in the Company's share capital on 31/12/2018 were as follows:

SHAREHOLDER	Number of shares held	Holding on 31/12/2018
HCAP	18,150,001	50.00% +1 Share
HRADF	8,717,999	24.02%
SUEZ GROUPE	1,982,870	5.46%
Other shareholders	7,449,130	20.52%
Total	36,300,000	100.00%

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

2. Revoke Interministerial Committee for Restructuring and Privatisation Decision oik. 206/25.4.2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018. The decision was published in Government Gazette 614/B/22.2.2018.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article

197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital. The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF. The Greek State's total direct and indirect holding in those companies has not changed. The company is in the process of bringing its Articles of Association into line with Law 4548/2018 since under Article 183 of that Law, existing societies anonyme can amend their Articles of Association by decision taken by the company's General Meeting provided that the relevant decision is taken within 1 year of the Law entering into force (1.1.2019), which is to say by 1.1.2020.

#### **HOLDERS OF ALL CLASSES OF SHARES ENTITLING THEM TO SPECIAL RIGHTS OF CONTROL**

There are no shares in the Company granting their holders special rights of control.

#### **LIMITATIONS ON THE VOTING RIGHT - DEADLINES FOR EXERCISING RELEVANT RIGHTS**

The Company's Articles of Association contain no restrictions on voting rights deriving from its shares.

#### **AGREEMENTS BETWEEN COMPANY SHAREHOLDERS**

The Company is not aware of the existence of agreements between its shareholders which entail restrictions on the transfer of its shares or the exercise of voting rights deriving from its shares.

#### **RULES ON THE APPOINTMENT AND REPLACEMENT OF BOARD MEMBERS AND AMENDMENTS OF THE ARTICLES OF ASSOCIATION**

The rules contained in the Company's Articles of Association on appointment and replacement of members of the Board of Directors and amendment of the provisions of the Articles of Association are not different from those contained in Codified Law 2190/1920.

#### **POWERS OF THE BOARD OF DIRECTORS OR SPECIFIC MEMBERS TO ISSUE NEW SHARES OR PURCHASE OWN SHARES**

Article 5 of the Company's Articles of Association states that the General Meeting may reach a decision, to be published in the manner required by Article 7b of Codified Law 2190/1920 as in force, granting the Board of Directors the right to make a decision by a 2/3 majority at least of its members to increase the share capital in whole or in part by issuing new shares up to the paid-up share capital on the date that the said power was granted to the Board of Directors. To purchase own shares, the competence of the Board of Directors does not change, according to the provisions of Article 16 of Codified Law 2190/1920. There is no provision to the contrary in the Company's Articles of Association.

#### **ANY SIGNIFICANT AGREEMENT CONCLUDED BY THE COMPANY WHICH ENTERS INTO FORCE, IS AMENDED OR ENDS, IN CASE OF CHANGE IN CONTROL OF THE COMPANY FOLLOWING A TAKEOVER BID**

There are no other agreements that enter into force, are amended or end in case of a change in the Company's control, following a takeover bid, beyond the trilateral concession agreement between EYATH SA, EYATH Fixed Assets and the Greek State, which was ratified with Law 2937/2001 Government Gazette 169-A-26.7.2001.

#### **ANY AGREEMENT BETWEEN THE COMPANY AND ITS BOARD MEMBERS OR STAFF PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE REDUNDANT WITHOUT VALID REASON OR IF THEIR EMPLOYMENT CEASES BECAUSE OF A TAKEOVER BID**

There are no agreements between the Company and members of the Board of Directors or staff which provide for the payment of remuneration specifically in the case of resignation or dismissal without just cause or termination of service or employment due to a takeover bid.

#### **DIVIDEND POLICY**

On 31.5.2018 the general meeting approved distribution of a dividend of € 0.221/share, or € 8,022 in total for the year 2017, for all 36,300,000 bearer shares.

On 18.4.2019 the Board of Directors decided to recommend that the Ordinary General Meeting of Shareholders distribute a dividend of € 0.126 per share for 2018, which corresponds to 35% of the distributable profits. The dividend

is subject to approval by the Ordinary General Meeting of Shareholders and is included in the balance of the account “Retained earnings”.

The dividend is subject to a 10% withholding tax. The net amount of dividends (after the withholding) cannot be assessed before the dividend is paid and the Hellenic Central Securities Depository is notified because some investors receive special tax breaks and are exempt from the withholding tax.

## STATEMENT OF CORPORATE GOVERNANCE

### Section: I. Principles of Corporate Governance

In making this statement, and following the provisions of Article 152 of Law 4548/2018, Article 43a(3)(d) of Codified Law 2190/1920, and Article 2(2) of Law 3873/2010, the Board of Directors declares that it has decided of its own initiative to implement the Hellenic Corporate Governance Code which was prepared by the Hellenic Federation of Enterprises (SEV) and then amended as part of the first revision by the Hellenic Corporate Governance Council on 28 June 2013.

([http://www.helex.gr/documents/10180/2227277/HCGC\\_GR\\_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d](http://www.helex.gr/documents/10180/2227277/HCGC_GR_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d))

The Hellenic Corporate Governance Code includes provisions of two types: “general principles” which are aimed at all companies, whether listed or not, and “special practices” which only relate to listed companies. The Code follows the “comply or explain” approach and requires listed companies which adopt it to publish their intention in this regard and either comply with all special practices in the Code or explain the reasons for non-compliance with specific special practices. The Code incorporates all applicable legislative requirements on corporate governance, and also includes special practices that go beyond those requirements. EYATH S.A. (hereinafter EYATH) fully complies with all legislative requirements on corporate governance, while for the time being, at least, does not apply any of the special practices in the Code which go beyond the legislative requirements.

The deviations from the Hellenic Corporate Governance Code are presented and justified in the table below:

Special practices in the Hellenic Corporate Governance Code	Explanation/ justification for deviation from the special practice in the Hellenic Corporate Governance Code
Size and composition of the Board: Special practice 2.3	EYATH's Board of Directors consists of 10 members, 4 of whom are independent, non-executive members. The independent members provide the Board with independent, impartial viewpoints.
Size and composition of the Board: Special practice 2.8	For the time being, EYATH has not adopted this specific diversity policy on the composition of the Board of Directors. The fact that it is a company in which the Greek State has a direct and indirect holding does not allow the staff selection and promotion procedures for public agencies to be bypassed. However, the Company publishes the line-up of its Board in the Corporate Governance Statement, giving information about diversity (gender, experience, etc.).
Role and profile of the Chairman of the Board: Special practice 3.1	At EYATH, the posts of Chairman of the Board and CEO are held by the same person. Generally speaking, the Chairman and CEO's competences are set out in the Company's codified Articles of Association and in other internal documents (internal regulations).
Role and profile of the Chairman of the Board: Special practice 3.3	At EYATH, the posts of Chairman of the Board and CEO are held by the same person. The General Meeting decided to appoint a 1st Vice Chairman who is an executive member of the Board, and a 2nd Vice Chairman who is a non-executive member.
Role and profile of the Chairman of the Board: Special practice 3.4	No independent Vice Chairman has been appointed at EYATH and consequently such person cannot lead the evaluation of the Chairman of the Board, or meetings of the non-executive members.
Nomination of Board members: Special practice 5.1 / Term in office	According to EYATH's Articles of Association, the Board's term in office is 5 years. The specific term in office facilitates the Company's development and strategic planning objectives and is not expected to be reduced.

Special practices in the Hellenic Corporate Governance Code	Explanation/ justification for deviation from the special practice in the Hellenic Corporate Governance Code
<b>Nomination of Board members: Special practice 5.4, Special practice 5.5, Special practice 5.6 and Special practice 5.7</b>	EYATH has not set up a board nomination committee.  Due to EYATH's special situation and the legislation governing how it operates, the practice can only be applied to a limited extent.
<b>Functioning of the Board: Special practice 6.1</b>	The internal regulations for EYATH's Board of Directors were approved by Board decision No. 402/2017.
<b>Board evaluation: Special practice 7.1 and Special practice 7.3</b>	By the date this statement was drawn up, there were no evaluation procedures for the Board of Directors and its Committees, which are chaired by the Chairman. Moreover, the Board does not evaluate the Chairman's performance, which is a procedure that an independent Vice Chairman or other non-executive member (if there is no Vice Chairman) would have to oversee.  Members of the Board of Directors are evaluated by the General Meeting of Shareholders.
<b>Board evaluation: Special practice 7.2</b>	Non-executive members do not convene periodically without the executive members being present in order to evaluate the performance of the executive members and discuss their remuneration. The remuneration of members of the Board of Directors is set by the General Meeting of Shareholders.  The Board is evaluated by the General Meeting, however the Company will examine the possibility of developing procedures to enable the Board's operations to be evaluated.
<b>System of internal controls: Special practice 1.7</b>	In Decision No. 45/2019 the Board of Directors approved the internal regulations of the Board's Audit Committee.
<b>Level and structure of remuneration: Special practice 1.1 and Special practice 1.10</b>	All Board members receive a fixed fee and a maximum cap has been set for executive members. Consequently, there is no possibility of remuneration being linked to the corporate strategy and the company's objectives, nor with remuneration being linked to how executive members perform.
<b>Level and structure of remuneration: Special practice 1.4</b>	The remuneration for each executive member of the Board is approved by the General Meeting. The remuneration for executive members of the Board is not based on a recommendation from the remuneration committee since at present no remuneration committee has been set up by EYATH (the reasons for this were mentioned above).
<b>Level and structure of remuneration: Special practice 1.6, Special practice 1.7, Special practice 1.8 and Special practice 1.9</b>	No remuneration committee has been set up by EYATH (the reasons for this were mentioned above).

## Section: II. Main characteristics of the Internal Controls and Risk Management Systems in relation to the preparation of the Financial Statements

The Internal Audit Unit's mission is:

- to examine and evaluate the adequacy and effectiveness of the Company and Group's system of internal controls and to ascertain to what extent the system provides a reasonable assurance about:
  - compliance with policies, procedures, guidelines and decisions of Company Management and the legislation governing its operations.
  - adequate evaluation of the data processing systems, in order to ascertain to what extent such systems achieve their purposes and objectives, and adequate auditing procedures have been incorporated into them;
  - efficient and effective utilisation of the Company's available resources, and an overview of the means of safeguarding assets and an assurance per se of the existence of such assets (via inventories, counts, etc.);
  - Reliability of the financial statements.
  - The reliability and completeness of data, information and means used for decision-making.

- Management is briefed by the Audit Committee about the results of scheduled and unscheduled audits.
- Steps taken to correct auditing issues which have been identified and notified in the past are evaluated.

Internal auditing, as a function, is performed in an independent, objective manner and consequently has no power or other form of responsibility for the activities its oversees. The key principles guiding how internal audits are carried out are set out below:

- Each year an Audit Plan is drawn up, which includes areas to be audited during the year, the subject matter and timeframe for carrying out all auditing work. The annual Audit Plan is prepared based on risk assessment and is approved by the Audit Committee.
- Auditing work is carried out by 1st and 2nd class auditors with the required degree of professional diligence, conduct, confidentiality, objectivity and integrity, in compliance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Conduct of the international Institute of Internal Auditors (IIA).
- When carrying out audits, Company auditors collaborate as necessary with staff and executives who are directly or indirectly involved in the activity being audited.
- The practices and detailed procedures implemented by Internal Auditing, and the operating framework for internal audits are outlined in detail in the Internal Audit Manual.
- The scope of audits and the findings which emerge from each auditing task are recorded in detail in internal Audit Reports. These are prepared by the 1st and 2nd class auditors who were involved in the auditing task and are reviewed by the head of the Internal Audit Unit.
- Follow-up of corrective measures is done by the Internal Audit Unit at regular intervals depending on their seriousness.
- The Audit Committee periodically briefs Company Management about issues which come to the attention of auditors while carrying out audits, or from other sources which require further investigation by expert investigators.

### **Section: III. Modus operandi of the General Meeting of Shareholders, key powers and description of shareholder rights and how they can be exercised.**

#### **a) Modus operandi and powers of the General Meeting of Shareholders**

The modus operandi and powers of the General Meeting of Shareholders and the rights of shareholders and how they exercise them are set out in detail in Articles 27 to 38 of the Company's Articles of Association, which are available to the public in hard copy at the Company's head offices.

According to the Articles of Association, the General Meeting of Shareholders is the supreme management body which decides on all corporate affairs and its lawful decisions are binding on all shareholders.

The General Meeting of Shareholders is convened by the Board of Directors and meets regularly at the place and time specified by the Board of Directors within the first six months from the end of each fiscal year.

The General Meeting convenes where at least 20 whole days before the meeting an invitation was published which clearly sets out the place and time of the meeting, the items on the agenda, and the procedure to be followed by shareholders to participate and exercise their voting rights.

The General Meeting meets and has a quorum where 1/5 of the share capital is represented at it, apart from cases where a larger quorum of 2/3 of the share capital is required by the Articles of Association.

Shareholders who participate in the General Meeting and have voting rights elect the Chairman and Secretary. The items on the agenda are then discussed and decisions are taken on those matters by absolute majority.

Minutes are kept of the items discussed and decided on by the General Meeting signed by the Chairman and Secretary of the meeting.

The General Meeting is the sole body competent to decide on:

- a) Extension of the Company's effective term, merger or winding up.
- b) amendment of the Articles of Association.

- c) Share capital increases or decreases.
- d) The election of members of the Board, auditors and valuers.
- e) Approval of the annual financial statements.
- f) Profit distribution.

#### **b) Rights of Company shareholders**

The rights of shareholders and the rights of shareholders with non-controlling interests are set out in the aforementioned articles of the Articles of Association.

The rights of Company shareholders deriving from its shares depend on their holding in the capital which corresponds to the paid-up value of each share. Each share grants all the rights specified by Codified Law 2190/1920 as amended and in force, and the Company's Articles of Association and in particular:

- Right to obtain a dividend from the Company's annual profits. 35% of the net profits (having deducted the statutory reserve first) are distributed from the profits each fiscal year to shareholders as a first dividend. The General Meeting decides on whether to distribute any additional dividend. Each shareholder entered in the register of shareholders maintained by the Company on the holder-of-record date are entitled to a dividend. The dividend will be paid to the shareholders within 2 months from the date of the Ordinary General Meeting that approved the annual financial statements. The place and manner of payment shall be announced in the press. The right to collect a dividend becomes statute-barred and the amount involved devolves to the State if not collected within 5 years from the end of the year in which the General Meeting approved distribution.
- Pre-emptive right for each Company share capital increase with cash and the right to subscribe new shares.
- The right to receive a copy of the financial statements and reports of chartered auditors and the Company's Board of Directors.
- The right to participate in the General Meeting which consists of the following specific rights: legal standing, attendance, participation in discussions, submission of proposals on items on the agenda, entry of views in the minutes and voting rights.
- The right to receive the contribution paid, upon liquidation or upon the writing off of capital corresponding to the shares, where this is decided upon by the General Meeting.
- The General Meeting of the Company's shareholders shall retain all its rights during the period of liquidation. Company shareholders' liability is limited to the nominal value of the shares held.

#### **Section: IV. Composition and modus operandi of the Board of Directors and other administrative, management and supervisory bodies or committees.**

##### a) Composition and modus operandi of the Board

The composition and modus operandi as well as assignable and non-assignable competences of the Company's Board of Directors are set out in detail in Articles 12 to 25 of its Articles of Association and in the Company's internal regulations, which are available to the public in hard copy at the Company's head offices.

By the time this statement was prepared, there was no nomination committee.

In line with Article 13 of the Articles of Association, the Board of Directors is comprised of between 7 and 11 members.

#### **Decisions of the General Meeting and Board of Directors to elect new members**

The Board decided at its meeting on 10.5.2018 (Decision No. 223A/2018) to accept the resignation of the non-executive director, Mr. Evdoxos Petridis.

The Board decided at its meeting on 30.8.2018 (Decision No. 391/2018) to accept the resignation of the head of the HRADF S.A. Project, Mrs. Marina Kouri.

The Board decided at its meeting on 24.1.2019 (Decision No. 023/2019) to accept the resignation of the 2<sup>nd</sup> Vice Chairman (non-executive), Mrs. Styliani Valani.

On 21.2.2019 an Extraordinary General Meeting of Shareholders in the company was held at the company's seat which decided:

1. To elect Nikos Klitou as an independent non-executive director and Mr. Grigorios Penelis as independent non-executive director, to replace the ones who had resigned, with a 5-year term in office running from 21.2.2019 to 21.2.2024.
2. To elect members of the Audit Committee in accordance with Article 44 of Law 4449/2017, whose line-up is as follows:

- Nikos Klitou, new member and Chairman of the Company's Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.



- Panagiotis Gogos, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
- Petros Samaras, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.

The elected members of the Board and Audit Committee meet the conditions and independence criteria laid down in Law 3016/2002, as in force, and the conditions in Article 44 of Law 4449/2017.

In light of the above, on 5.3.2019 EYATH S.A.'s Board officially re-established itself and allocated the following roles to its members:

- Ioannis Krestenitis, Chairman & CEO, executive member, whose term in office runs to 10.5.2021.
- Ioannis Papaioannou, 1st Vice Chairman, executive member, whose term in office runs to 10.5.2021.
- Grigorios Penelis, 2nd Vice Chairman, independent non-executive member, whose term in office runs to 21.2.2024.
- Nikos Klitou, independent non-executive member, Chairman of the Audit Committee, whose term in office runs to 21.2.2024.
- Stefania Tanimanidou, independent non-executive member, whose term in office runs to 10.5.2021.
- Panagiotis Gogos, independent non-executive member, whose term in office runs to 10.5.2021.
- Olympia Latsiou-Chrysafi, non-executive member, whose term in office runs to 10.5.2021.
- Petros Samaras, non-executive member, whose term in office runs to 10.5.2021.
- Georgios Archontopoulos, employee representative, non-executive member, whose term in office runs to 10.5.2021.
- Anastasios Sachinidis, employee representative, non-executive member, whose term in office runs to 10.5.2021.

Data is set out below about the gender distribution and age of Board members and senior executives:

Board of Directors	No. of people	%
Men	8	80%
Women	2	20%
Total	10	100%

The age range of Board members is from 33 to 67.

Senior Executives	No. of people	%
Men	6	75%
Women	2	25%
Total	8	100%

The age range of senior executives is from 50 to 70.

#### b) Independence of Board members

The Board's four independent members meet all requirements on relationships of dependence set out in the Code.

#### c) Board meetings

Between 1.1 and 31.12.2018 the Board of Directors met 34 times over the course of the year.

#### d) Board Committees

### **Audit Committee**

In the context of corporate governance, evaluation of the internal audit system and implementation of Hellenic Capital Market Commission decision No. 5/204/14.11.2000, Law 3016/2002 of 17.5.2002, and Law 4449/2017 of 24.1.2017,

the General Meeting decided to set up a 3-member Audit Committee comprised of members of the Board of Directors which reports to the Board via the Committee Chairman.

The Audit Committee is appointed by the Company's General Meeting of Shareholders and operates in accordance with the provisions of Law 3016/2002 and Law 4449/2017 and its own bylaws approved by the Board of Directors, which set out the purpose, remit, election, line-up, competences and duties of the committee.

#### **Audit Committee line-up from 1.1.2018 to 31.12.2018**

EYATH S.A.'s Audit Committee consisted of the following persons from 1.1.2018 to the Extraordinary General Meeting of company shareholders held on 21.2.2019:

- Mr. Panagiotis Gogos, independent non-executive member, economist
- Mrs. Stefania Tanimanidou, independent non-executive member, economist
- Mr. Petros Samaras, non-executive member, chemical engineer.

Mr. Panagiotis Gogos served as Audit Committee Chairman from 6.4.2017 to 21.2.2019, when members of the Audit Committee were elected by the Extraordinary General Meeting in accordance with Article 44 of Law 4449/2017, as in force. The Extraordinary General Meeting decided to elect:

- 1) Nikos Klitou, new member and Chairman of the Company's Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
- 2) Panagiotis Gogos, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
- 3) Petros Samaras, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.

#### **Audit Committee Report**

The Audit Committee's main competences, specified in the relevant legislation, involve monitoring the financial reporting process, effective operation of the internal audit system and the risk management system, and proper running of the internal audit unit at the entity being audited. Moreover, its competences relate to monitoring the progress of mandatory audits of the financial statements, and reviewing and monitoring the independence and objectivity of the statutory auditor or auditing firm and ensuring it is maintained, especially in relation to the provision of other services by the statutory auditor or auditing firm to the entity. It is also responsible for selecting the certified public accountant or auditing firm.

With those points in mind, during the period ended the Audit Committee was responsible for:

- monitoring the financial reporting process for the first half of 2018 and annual financial reporting for 2018.
- approving the Audit Committee regulations and making recommendations thereon to the Board;
- approving the annual audit plan for the Internal Audit Unit for 2018 and making recommendations thereon to the Board of Directors;
- receiving the quarterly reports for 2017 Q4 and 2018 Q1, Q2 and Q3 from the internal audit unit, with the findings of their audits and making recommendations to the Board, along with suggestions to Management about how to address the findings.
- selecting certified public accountants for ordinary and tax audits for 2018, and approving their fees, and making recommendations thereon to the Company's General Meeting;
- monitoring the progress of the mandatory audit of the financial statements by the certified public accountants Athanasia Arabatzi (ICPA (GR) Reg. No. 12821) and Christos Vargiomezis (ICPA (GR) Reg. No. 30891).
- reviewing and monitoring of issues related to whether the certified public accountants and the auditing firm Grant Thornton S.A. are -and remain- objective and independent especially as regards other services provided to the Company by them.

To help achieve company objectives by adopting a professional, systematic approach to evaluating and improving the effectiveness of audit and management systems, governance processes and risk management, the Audit Committee



recommended that the Chairman of the Board, in partnership with an external associate, carry out a risk assessment for the company to:

1. better understand and manage risks at all levels in the company.
2. avoid serious failures or surprises.
3. achieve a greater degree of accountability on risk management issues.
4. add value to business procedures and functions.
5. establish an effective procedure for risk management, fully integrated into business processes.
6. improve the conditions for prudent corporate governance.
7. be the basis for preparing the annual long-term schedule of risk-based audits.

The Risk Assessment was performed in June and July 2018 at the company's facilities and in particular:

- company staff who were to carry out the risk assessment were briefed.
- staff from divisions and departments were given adequate time to reassess risks and then
- on-site meetings between the consultant and all management executives involved in risk assessment at their units were held.

Based on the risk assessment project deliverables, the Audit Committee recommended that a series of procedures, policies, principles, regulations, checks and balances and organisational structures designed to provide a reasonable assurance about the accuracy and reliability of the accounting and business data, to protect and effectively use company resources, to achieve its strategic objectives and to ensure the overall effectiveness and efficiency of its functions, be integrated into the Company's Internal Audit System.

Taking account of the rules in the professional practices framework developed by the Institute of Internal Auditors, the Audit Committee carried out an external assessment of the quality of the internal audit function.

That was done in July 2018 by an experienced external assessor whose conclusions and proposals were presented to the internal audit unit and the chairman of the Board for consultation and final implementation.

The Audit Committee proposed that a modular training programme be set up, which was aimed at all company staff, by issuing an internal call for expressions of interest, which covered all aspects of internal audit in accordance with international standards:

- international standards for the professional practice of internal auditing
- creation and implementation of effective internal audit systems,
- internal audit reports
- checking, preventing and avoiding fraud.

#### **No. of Audit Committee meetings from 1.1.2018 to 31.12.2018**

The Audit Committee met a total of 13 times during the year.

#### **External auditors**

In 2018 the Audit Committee held separate meetings with the external certified public accountants without the executive members of the Board of Directors or other company employees being in attendance. The Audit Committee evaluated the effectiveness of the external audit procedure and monitored its performance. Having assessed the experience and knowledge of the audit team from Grant Thornton S.A., the Committee reached the conclusion that the audit procedure implemented by the external auditors was effective. In addition, the Committee found that the external auditors were objective and independent.

**Provision of auditing and non-auditing services by the external auditors:**

In 2018 with the Audit Committee's approval, Grant Thornton S.A. provided the Group with the following additional services:

**Non-Audit Services:**

1. Training seminars on accounting and tax issues. Grant Thornton S.A.'s fee for providing these services was € 1,200.
2. Support for preparing the Transfer Pricing folder for 2018. Grant Thornton S.A.'s fee for providing these services was € 2,000.

In light of the above, Grant Thornton S.A.'s overall fee for providing non-audit services in 2018 was € 3,200, which corresponds to 5.38% of the total fee for the company's mandatory audit.

Consequently, the additional fees do not exceed the limit set by the Audit Committee for the provision of additional services by the external auditors, and in the view of the Audit Committee, there is no doubt about the external auditor's independence and integrity.

**Audit Committee activities for 2019**

In 2019 the Audit Committee will focus its attention on risk management, and in particular on making the Company's risk management framework more systematic and on effectively managing the most important risks.

The following steps have already been scheduled for 2019 in that context:

A training course run from 8.4.2019 to 12.4.2019 at the company's facilities, to familiarise the competent staff with implementation methodologies, which will result in the adoption of procedures to create better informed staff in general.

The Audit Committee believes that initiatives to highlight areas that need organisational improvements which were identified during the company's risk assessment process, and the accompanying proposals about how to resolve them, put the company in a better position since it has management tools at its disposal such as:

- The findings of the external assessment done by the Internal Audit Unit, which set out the next steps needed to improve the Internal Audit Unit's operations.
- Thanks to the risk assessment, the emphasis on the fact that all employees are responsible for implementing the Internal Audit System within their own remit, and it is not just a matter for the Internal Audit Unit.
- Recording operating procedures, risk management procedures and checks and balances which the Company has put in place to determine the adequacy and effectiveness of the Internal Audit and Risk Management system.

One of the issues which was of concern to the Audit Committee, and which it considered it had to make specific reference to -given its sensitivity- was procurement procedures. The Committee's careful approach revealed some gaps in the procedure for identifying and evaluating suppliers. The Audit Committee intends to recommend that Management commission a study of the whole process by an external expert, to formulate proposals on how to rectify weaknesses in the procedure.

In addition, the Audit Committee updated the bylaws for the committee itself and for the Internal Audit Unit (which is currently nearing completion) in accordance with Article 44 of Law 4449/2017 of 24.1.2017 and international practices, to promote its work and enable it to help Management in the joint attempt to create value, doing so from a stronger position.

Lastly, aware of the importance of the risk of corruption and bribery (a risk that can be critical if it arises), the Audit Committee recommended bringing the Greek anti-corruption action plan into line with European policy and the OECD guidelines, and that a project of preventative corruption and bribery control be planned and implemented immediately (this was done in March 2019). In brief, the project included preparing an official anti-corruption and bribery policy, which was something the Company did not have (this has been tailored to the needs and environment of EYATH S.A.) and a specially designed programme to brief EYATH S.A. staff about corruption and bribery issues, to raise awareness among all EYATH S.A. staff holding positions of responsibility, about such phenomena and to help them understand the aspects and dimensions of such a serious risk.

**e) Evaluation and remuneration of Members of the Board**

By the date this statement was prepared there was no remuneration committee and there were no procedures for evaluating the Board of Directors and its committees. Members of the Board are evaluated, and their remuneration and that of the Chairman and CEO are set by the General Meeting. Board members do not receive additional remuneration from the Company, except for the 2 non-executive members of the Board who are employee representatives. According to Article 23 of the Articles of Association, the Board's pay and remuneration are set by decision of the Ordinary General Meeting of Shareholders.

**g) Conduct of Board members and Company executives**

All Board members and Company executives are obliged to comply at all times with the Company's ethics and profes-

sional conduct rules, which are set out in its internal regulations.

#### EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Pricing Policy for the 2019-2023 period, which EYATH recommended to the Special Secretariat for Water, was approved by decision No. 26142/180 of the Special Secretary for Water (Government Gazette 1105/B/3.4.2019) and takes effect on 1.5.2019.

Given that as of 1.1.2019 the provisions of Article 31(5) and (6) of Law 4024/2011 cease to apply (as specified in the provisions of Article 33(a) of Law 4354/2015), the Company is in consultations with the SEYATH trade union to forge a new collective labour agreement.

The Board decided at its meeting on 24.1.2019 (Decision No. 023/2019) to accept the resignation of the 2nd Vice Chairman (non-executive), Mrs. Styliani Valani.

On 21.2.2019 an Extraordinary General Meeting of Shareholders in the company was held at the company's seat which decided:

1. To elect Nikos Klitou as an independent non-executive director and Mr. Grigorios Penelis as independent non-executive director, to replace the ones who had resigned, with a 5-year term in office running from 21.2.2019 to 21.2.2024.
2. To elect members of the Audit Committee in accordance with Article 44 of Law 4449/2017, whose line-up is as follows:
  - Nikos Klitou, new member and President of the Company's Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
  - Panagiotis Gogos, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
  - Petros Samaras, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.

The elected members of the Board and Audit Committee meet the conditions and independence criteria laid down in Law 3016/2002, as in force, and the conditions in Article 44 of Law 4449/2017.

In light of the above, on 5.3.2019 EYATH S.A.'s Board official re-established itself and allocated the following roles to its members:

- Ioannis Krestenitis, Chairman & CEO, executive member, whose term in office runs to 10.5.2021.
- Ioannis Papaioannou, 1st Vice Chairman, executive member, whose term in office runs of 10.5.2021.
- Grigorios Penelis, 2nd Vice Chairman, independent non-executive member, whose term in office runs to 21.2.2024.
- Nikos Klitos, independent non-executive member, Chairman of the Audit Committee, whose term in office runs to 21.2.2024.
- Stefania Tanimanidou, independent non-executive member, whose term in office runs to 10.5.2021.
- Panagiotis Gogos, independent non-executive member, whose term in office runs to 10.5.2021.
- Olympia Latsiou-Chrysafi, non-executive member, whose term in office runs to 10.5.2021.
- Petros Samaras, non-executive member, whose term in office runs to 10.5.2021.
- Georgios Archontopoulos, employee representative, non-executive member, whose term in office runs to 10.5.2021.

- Anastasios Sachinidis, employee representative, non-executive member, whose term in office runs to 10.5.2021.

There are no events between 31 December 2018 and the date on which the financial statements were approved by the Company's Board of Directors which could materially affect the financial position or the Company's results for the period that ended on this date, or other events which should be disclosed in the financial statements.

Thessaloniki, 18 April 2019

#### ON BEHALF OF THE BOARD OF DIRECTORS

Ioannis Krestenitis	Ioannis Papaioannou	Nikos Klitos
Chairman of the Board of Directors & CEO	Vice Chairman	Director & Chairman of the Audit Committee
ID Card No. AB 680550	ID Card No. AE 183479	ID Card No. AM 674658

**The Independent Certified Public Accountants**

To the shareholders of company  
“THESSALONIKI WATER SUPPLY AND SEWERAGE CO S.A.”



Audit Report on the separate and consolidated financial statements

**Opinion**

We have audited the accompanying separate and consolidated financial statements of THESSALONIKI WATER SUPPLY AND SEWERAGE CO S.A. (the Company), which consist of the separate and consolidated statement of financial position as at 31 December 2018, and the separate and consolidated statements of comprehensive income, changes in equity and cash flows for the year which ended on that date, and a summary of significant accounting policies and methods, and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements fairly present, in all material respects, the financial position of the Company and its subsidiary (the Group) as at 31 December 2018, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards of Auditing which have been transposed into Greek law. Our responsibility under those standards is further outlined in the section of the report entitled “Auditor’s responsibility for auditing the separate and consolidated Financial indicators statements”. We are independent of the Company and the subsidiary included in the consolidation throughout our entire appointment, in line with the Code of Ethics for Professional Auditors issued by the International Ethics Standards Board for Accountants which has been transposed into Greek law and the ethics requirements which relate to the auditing of separate and consolidated Financial indicators statements in Greece. We have performed our ethical obligations in accordance with the requirements of the legislation in force and the aforementioned Code of Ethics. We consider that the auditing proof which we have obtained is adequate and suitable to support our opinion.

**Most important audit issues**

The most important audit issues are those issues which in our professional opinion were of major importance in our audit of the separate and consolidated financial statements in the period audited. Those issues and the related risks of material misstatement were addressed in the context of auditing the separate and consolidated financial statements as a whole, in shaping our opinion on them and we will not express a separate opinion on those matters.

**Most important audit issues****How the most important audit issue was addressed in our audit****Trade receivables - Assessment of the recoverability of trade receivables**

On 31.12.2018 the Group and Company's trade and other receivables stood at € 86,794 thousand and € 86,695 thousand respectively, whereas the relevant accumulated impairment referred to in notes 13 and 14 of the attached financial statements stood at € 29,757 and € 29,757 respectively for the Group and Company.

At the end of each reporting period management assesses the recoverability of the Group and Company's trade receivables, in order to present their recoverable amount, recognising the impairment provisions needed for expected credit losses. That process entails major judgements and estimates about proper implementation of IFRS 9 "Financial instruments", adopted by the Group on 1.1.2018, using the cumulated impact method. Given the high value of the trade and other receivables and the level of judgement and estimates needed, we consider assessment of the recoverability of trade and other receivables to be an area of particular audit interest.

The Group and Company disclosures about recognition of impairment of trade and other receivables are included in notes 2.4, 5.1, 13 and 14 of the attached financial statements.

Our auditing procedures to assess the recoverability of the trade receivables included:

- Evaluating the assumptions and methodology used by Management to identify the recoverability of trade receivables or to characterise them as bad debt.
  - Examining the letters of response from the lawyers about bad debt handled during the year and identifying any issues which indicate the balance of trade receivables which will not be recoverable in the future.
  - Assessing the level of impairment of trade receivables taking into account specific categories of debtors and factors such as balance maturity, major debtors and high risk debtors.
  - Assessing the recoverability of balances by comparing amounts at the end of the period with subsequent receipts/settlements.
  - Assessing application of the new methodology in accordance with the provisions of IFRS 9 and the accuracy and completeness of the data used by Management in the calculation model.
  - Assessing the adequacy and suitability of the Company and Group's disclosures in notes 2.4, 5.1, 13 and 14 of the attached financial statements.

**Contingent liabilities and provisions arising from litigation**

On 31.12.2018 the Group was faced with a series of actions, extrajudicial notices and future claims in court cases totalling approximately € 36 million, for which it has formed a provision of approximately € 3.49 million. Reference to this is made in notes 5.5, 19 and 30 of the attached financial statements.

Management uses legal advisors to periodically examine all major cases. If a contingent loss from court cases is considered to be likely and the amount can be reliably assessed Management recognises the relevant provisions in the financial statements.

Management assessment of the development of court cases entails subjectivity, since it requires major judgements to be made which include estimates based on the most recently available information, determining the likelihood of the risk and reliable information from related court cases. A negative development in the progress of litigation or based on assessments made by Management and external legal advisors, could lead to impairment losses being recognised which could have a major impact on the Group's results.

Taking those factors into account, Management's major estimates and the level of provisions and contingent liabilities, we identified the specific topic as a major one in our audit.

Our audit procedures for contingent liabilities and provisions arising from litigation included but were not limited to:

- Analysing the provisions formed and comparing them with the detailed lists of pending court cases held by the Company's legal department.
- Obtaining direct letters of confirmation from external lawyers who are handling pending court cases.
- Discussions with the Group's legal department about legal cases and their potential outcome, and evaluating the reasonableness of estimates and presumptions underscoring Management's position.
- Also assessing the adequacy and suitability of the Company and Group's disclosures in notes 5.5, 19 and 30 of the attached financial statements.

**Other information**

Management is responsible for the other information. "Other information" is included in the Management Report of the Board of Directors which is referred to in the section entitled "Report on other legal and regulatory requirements" and "Statements by Board of Directors members" but does not include the financial statements themselves and the

audit report thereon.

Our opinion on the separate and consolidated financial statements does not include the other information and we do not express any form of assurance on them in this opinion.

As for our audit of the separate and consolidated financial statements, our responsibility is to read the “Other Information” and in doing so to examine whether the “Other Information” is materially inconsistent with the separate and consolidated financial statements or the knowledge we obtained during the audit or appears otherwise to be materially erroneous. If based on the work carried out, we reach the conclusion that there is a material error in the “Other information” we are obliged to report that fact. We have nothing to report on that matter.

Management and governance officer responsibility for the separate and consolidated financial statements

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

When preparing the separate and consolidated financial statements, Management is responsible for evaluating the Company and Group’s ability to continue as a going concern, making the relevant disclosures on issues of continuing operations and use of the going concern principle, unless and if Management either intends to liquidate the Company and Group or suspend operations, or there is no other realistic alternative choice from taking such steps.

The Company’s Audit Committee (est. under Article 44 of Law 4449/2017) is responsible for overseeing the Group and Company’s financial reporting process.

Auditor’s responsibility for auditing the separate and consolidated Financial Statements

Our objectives are to obtain reasonable assurances about the extent to which the separate and consolidated financial statements, overall, are free of material misstatements due to fraud or error, and to issue an audit report which includes our opinion. Reasonable assurances are high level assurances but are not a guarantee that the audit which is carried out in accordance with the International Standards of Auditing, which have been transposed into Greek law, will identify all material misstatements when they exist. Misstatements may arise due to fraud or error and are considered to be material when, taken on their own or individually, one could reasonably expect them to affect the financial decisions of users taken based on those separate and consolidated financial statements.

The auditor’s duty according to the International Standards of Auditing which have been transposed into Greek law is to use professional judgement and maintain professional scepticism during the entire audit. Moreover

- We must identify and evaluate the risks of material misstatement in the separate and consolidated financial statements which are due either to fraud or error by designing and implementing audit procedures which reflect those risks and obtain audit proof which is adequate and suitable to provide a basis for our opinion. The risk of failing to identify material misstatements due to fraud is higher than the risk due to error, since fraud may include collusion, forgery, deliberate omissions, false assurances or bypassing internal auditing checks and balances.
- We understand the internal auditing checks and balances which are related to the audit, in order to design audit procedures suitable for the circumstances, but not to express an opinion on the effectiveness of the Company’s and Group’s internal auditing checks and balances.
- We evaluate the suitability of accounting policies and methods used and the reasonableness of accounting estimates and the relevant disclosures made by Management.
- We decide on the suitability of Management using the going concern principle and, based on the audit proof obtained, decide about whether there is material uncertainty about events or circumstances which could indicate material uncertainty about the Company’s and Group’s ability to continue as a going concern. If we conclude that there is material uncertainty, we are obliged in our audit report to draw attention to the relevant disclosures in the separate and consolidated financial statements or, if those disclosures are inadequate, to alter our opinion. Our conclusions are based on audit proof which was obtained up to the date of the audit report. However, future events or conditions could mean that the Company and Group cease to operate as a going concern.
- We evaluate the overall presentation, structure and content of the separate and consolidated financial statement disclosures and the extent to which the separate and consolidated financial statements present the underlying transactions and events in a manner that ensures a fair presentation.
- We collect adequate and appropriate audit proof relating to financial reporting by entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for guiding, overseeing and carrying out the audit of the Company and its subsidiaries. We remain exclusively responsible for our auditing opinion.

Among other things, we notify the governance officers the intended audit scope and schedule and the key audit findings, including any major shortcomings in the internal audit checks and balances we have identified during our audit.



We also inform governance officers that we have complied with the relevant ethical requirements on independence and inform them about all relationships and issues which could reasonably be considered to affect their independence and the relevant protective measures needed, where appropriate.

Of the issues notified to the governance officers, we specify those issues which were of great importance in auditing the separate and consolidated financial statements in the period audited, and consequently constitute the most important audit issues.

Reference to other legal and regulatory issues

### 1. Board of Directors' Management Report

Taking into consideration that Management is responsible for preparing the Board of Directors' Management Report and the Corporate Governance Statement which is part of this report, in implementation of the provisions of Article (5) (of Part B) of Law 4336/2015, we note that:

1. a) The Management Report prepared by the Board of Directors includes a corporate governance statement which provides the information required by Article 43bb of Codified Law 2190/1920.
2. In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements in Articles 43a and 107A, and Article 43bb(1)(c) and (d) of Codified Law 2190/1920 and its content corresponds to the attached separate and consolidated financial statements for the period which ended on 31/12/2018.
3. In light of the opinion we formed during our audit about the company THESSALONIKI WATER SUPPLY AND SEWERAGE CO S.A. and its environment, we have not identified any material misstatements in the Management Report of the Board of Directors.

### 2. Additional report to the Audit Committee

Our opinion on the attached separate and consolidated financial statements is consistent with our additional report to the Company's Audit Committee specified in Article 11 of Regulation (EU) No 537/2014.

### 3. Provision of non-audit services

We did not provide the Company and its subsidiary with non-audit services which are prohibited by Article 5 of Regulation (EU) No 537/2014.

The permissible non-audit services we have provided to the Company during the period ended on 31st December 2018 are disclosed in note 24 of the attached separate and consolidated financial statements.

### 4. Appointment of the auditor

We were appointed as certified public accountants for the company for the first time by decision of the Annual Ordinary General Meeting of Shareholders dated 4.8.2011. Since then our appointment has been renewed without fail for a total of 8 years based on decisions taken annually by the Ordinary General Meeting of Shareholders.

Athens, 19 April 2019

The Certified Public Accountant

The Certified Public Accountant

Athanasia Arabatzi  
ICPA Reg. No. 12821

Christos Vargiomezis  
ICPA Reg. No. 30891



Ορκωτοί Ελεγκτές Σύμβουλοι Επιχειρήσεων  
Ζεφύρου 56, 17564 Παλαιό Φάληρο  
Α.Μ. ΣΟΕΛ 127



## Statement of Financial Position

	Note:	THE GROUP		THE COMPANY	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Tangible assets	7	72,525	76,878	72,525	76,878
Intangible assets	8	297	342	297	342
Participations in subsidiaries	9	-	-	60	60
Deferred tax assets	27	3,453	3,133	3,453	3,133
Other long-term assets	10	3,119	3,914	3,119	3,914
Financial assets measured at fair value through other comprehensive income	11	50	-	50	-
<b>Total non-current assets</b>		<b>79,444</b>	<b>84,267</b>	<b>79,504</b>	<b>84,326</b>
<b>Current Assets</b>					
Inventories	12	1,755	1,620	1,755	1,620
Trade receivables and contractual assets	13	56,140	48,428	56,103	48,399
Other receivables	14	899	825	835	843
Cash and cash equivalents	15	71,634	65,210	71,317	64,914
<b>Total current assets</b>		<b>130,428</b>	<b>116,083</b>	<b>130,011</b>	<b>115,776</b>
<b>TOTAL ASSETS</b>		<b>209,871</b>	<b>200,349</b>	<b>209,515</b>	<b>200,103</b>
<b>LIABILITIES</b>					
<b>Equity</b>					
Share capital	16	40,656	40,656	40,656	40,656
Premium on capital stock	16	2,830	2,830	2,830	2,830
Reserves	17	29,620	29,065	29,596	29,042
Results carried forward		100,033	89,873	99,725	89,880
<b>Total equity</b>		<b>173,138</b>	<b>162,424</b>	<b>172,807</b>	<b>162,408</b>
Non-controlling interests		-	-	-	-
<b>Total equity</b>		<b>173,138</b>	<b>162,424</b>	<b>172,807</b>	<b>162,408</b>
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
Provisions for employee benefits	18	1,909	1,892	1,909	1,892
Provisions for contingencies and expenses	19	5,128	8,246	5,128	7,715
Grants	20	1,642	1,994	1,642	1,994
Other long-term liabilities	21	14,801	14,417	14,801	14,417
<b>Total long-term liabilities</b>		<b>23,481</b>	<b>26,548</b>	<b>23,481</b>	<b>26,017</b>
<b>Short-term liabilities</b>					
Trade and other liabilities	22	11,946	10,849	11,920	11,155
Dividends payable		43	124	43	124
Short-term tax liabilities	23	1,263	405	1,263	398
<b>Total short-term liabilities</b>		<b>13,252</b>	<b>11,377</b>	<b>13,227</b>	<b>11,677</b>
<b>Total Liabilities</b>		<b>36,733</b>	<b>37,925</b>	<b>36,708</b>	<b>37,694</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>		<b>209,871</b>	<b>200,349</b>	<b>209,515</b>	<b>200,103</b>

**Notes:**

The Group and Company have not adjusted the comparative figures from 2017 when applying IFRS 9 and IFRS 15, and recognised the overall impact thereof in the "Retained earnings" account on 1.1.2018, however, for the sake of comparability, they reclassified certain accounts in the comparator period (see note 2.4).

The disclosures on pages 48 to 92 constitute an integral part of these financial statements.

## Statement of Comprehensive Income

Note:	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
<b>Sales</b>	73,030	73,401	73,030	73,401
Less: Cost of sales	(42,744)	(43,258)	(42,650)	(41,796)
<b>Gross profit margin</b>	<b>30,286</b>	<b>30,143</b>	<b>30,380</b>	<b>31,605</b>
Other operating income	2,609	3,039	2,316	2,953
	<b>32,895</b>	<b>33,182</b>	<b>32,696</b>	<b>34,558</b>
Selling and distribution expenses	(6,895)	(4,566)	(7,043)	(6,072)
Administrative expenses	(4,634)	(3,814)	(4,591)	(3,952)
Research & Development expenses	(116)	(148)	(116)	(148)
Other operating expenses	(1,874)	(1,367)	(1,914)	(834)
<b>Results of operations</b>	<b>19,376</b>	<b>23,288</b>	<b>19,033</b>	<b>23,552</b>
Net financial income	1,575	1,643	1,573	1,642
<b>Result from usual business</b>	<b>20,951</b>	<b>24,931</b>	<b>20,606</b>	<b>25,194</b>
Income from investments	-	-	-	-
<b>Results before tax</b>	<b>20,951</b>	<b>24,931</b>	<b>20,606</b>	<b>25,194</b>
Income tax	(6,950)	(8,481)	(6,947)	(8,400)
<b>Results net of tax</b>	<b>14,001</b>	<b>16,449</b>	<b>13,659</b>	<b>16,794</b>
<b>Allocated among:</b>				
Parent shareholders	14,001	16,449	13,659	16,794
Non-controlling interests	-	-	-	-
<b>Other comprehensive income net of tax:</b>				
Data that will not be subsequently classified in the Income Statement:				
Actuarial Results	84	96	84	96
<b>Total comprehensive income net of tax</b>	<b>14,084</b>	<b>16,545</b>	<b>13,742</b>	<b>16,890</b>
<b>Allocated among:</b>				
Parent shareholders	14,084	16,545	13,742	16,890
Non-controlling interests	-	-	-	-
<b>Earnings per share (in euro per share)</b>	<b>0.3857</b>	<b>0.4532</b>	<b>0.3763</b>	<b>0.4626</b>
Basic				

**Notes:**

The Group and Company have not adjusted the comparative figures from 2017 when applying IFRS 9 and IFRS 15, and recognised the overall impact thereof in the "Retained earnings" account on 1.1.2018, however, for the sake of comparability, they reclassified certain accounts in the comparator period (see note 2.4).

The disclosures on pages 48 to 92 constitute an integral part of these financial statements.

## Statement of Changes in Equity

### Statement of changes in equity (Group)

	Share capital	Share premium	Statutory Reserve	Other reserves	Other comprehensive income / results carried forward	TOTAL
<b>Balance on 31/12/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,029</b>	<b>17,035</b>	<b>89,874</b>	<b>162,424</b>
Adjustments due to implementation of IFRS 9	-	-	-	-	(877)	(877)
Adjustments due to implementation of IFRS 15	-	-	-	-	5,555	5,555
<b>Balance on 1/1/2018 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,029</b>	<b>17,035</b>	<b>94,552</b>	<b>167,102</b>
Total comprehensive income net of tax 1/1 - 31/12/2018	-	-	554	-	13,447	14,001
Other Comprehensive Income for the period 1/1 - 31/12/2018	-	-	-	-	84	84
Other changes	-	-	-	-	(26)	(26)
Dividends distributed	-	-	-	-	(8,022)	(8,022)
<b>Balance on 31/12/2018 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,583</b>	<b>17,035</b>	<b>100,034</b>	<b>173,138</b>
<b>Balance on 1/1/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>11,184</b>	<b>17,035</b>	<b>82,449</b>	<b>154,155</b>
Total comprehensive income net of tax 1/1 - 31/12/2017	-	-	845	-	15,605	16,449
Other Comprehensive Income for the period 1/1 - 31/12/2017	-	-	-	-	96	96
Dividends distributed	-	-	-	-	(8,276)	(8,276)
<b>Balance on 31/12/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,029</b>	<b>17,035</b>	<b>89,874</b>	<b>162,424</b>

### Statement of changes in equity (Company)

	Share capital	Share premium	Statutory Reserve	Other reserves	Other comprehensive income / results carried forward	Total
<b>Balance on 31/12/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,007</b>	<b>17,035</b>	<b>89,881</b>	<b>162,408</b>
Adjustments due to implementation of IFRS 9	-	-	-	-	(877)	(877)
Adjustments due to implementation of IFRS 15	-	-	-	-	5,555	5,555
<b>Balance on 1/1/2018 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,007</b>	<b>17,035</b>	<b>94,559</b>	<b>167,086</b>
Total comprehensive income net of tax 1/1 - 31/12/2018	-	-	554	-	13,105	13,659
Other Comprehensive Income for the period 1/1 - 31/12/2018	-	-	-	-	84	84
Dividends distributed	-	-	-	-	(8,022)	(8,022)
<b>Balance on 31/12/2018 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,561</b>	<b>17,035</b>	<b>99,726</b>	<b>172,807</b>
<b>Balance on 1/1/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>11,162</b>	<b>17,035</b>	<b>82,112</b>	<b>153,795</b>
Total comprehensive income net of tax 1/1 - 31/12/2017	-	-	845	-	15,949	16,795
Other Comprehensive Income for the period 1/1 - 31/12/2017	-	-	-	-	96	96
Dividends distributed	-	-	-	-	(8,276)	(8,276)
<b>Balance on 31/12/2017 according to IFRS</b>	<b>40,656</b>	<b>2,830</b>	<b>12,007</b>	<b>17,035</b>	<b>89,881</b>	<b>162,408</b>

### Notes:

The Group and Company have not adjusted the comparative figures from 2017 when applying IFRS 9 and IFRS 15, and recognised the overall impact thereof in the “Retained earnings” account on 1.1.2018, however, for the sake of comparability, they reclassified certain accounts in the comparator period (see note 2.4).

The disclosures on pages 48 to 92 constitute an integral part of these financial statements.

## Cash Flow Statement

## Indirect method

	Note:	THE GROUP		THE COMPANY	
		1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
<b>Cash flow from operating activities</b>					
Profit / (loss) before income tax (continuing operations)		20,951	24,931	20,606	25,194
<b>Plus/(Minus) adjustments for:</b>					
Depreciation	7 & 8	6,454	6,576	6,454	6,576
Fixed asset investment subsidies		(351)	(351)	(351)	(351)
Provisions		4,590	1,605	4,892	1,075
Offsetting of prior period provisions		(1,480)	-	(1,205)	-
Interest and related (income) / expenses		(1,575)	(1,643)	(1,875)	(1,642)
		<b>28,588</b>	<b>31,117</b>	<b>28,520</b>	<b>30,851</b>
Decrease/ (increase) in inventories		(135)	(283)	(136)	(283)
Decrease/(increase) in trade and other receivables		(4,804)	(3,945)	(5,274)	(3,945)
Increase / (Decrease) of trade and other liabilities (except loans)		(1,393)	1,473	1,132	1,706
Decrease/ (increase) in other long-term receivables		795	(2,034)	795	(2,034)
(Less):					
Interest charges and related expenses paid		(133)	(77)	169	(77)
Tax paid		(8,350)	(8,344)	(8,259)	(8,210)
<b>Total inflow/(outflow) from operating activities (a)</b>		<b>14,568</b>	<b>17,908</b>	<b>16,948</b>	<b>18,009</b>
<b>Cash Flows from Operating Activities</b>					
Purchases of tangible assets	7	(2,005)	(3,086)	(2,005)	(3,086)
Purchase of intangible assets	8	(51)	(33)	(51)	(33)
Sales of fixed assets		-	2	-	2
Increase in investment in subsidiaries		-	-	(2,400)	-
Other Investments	11	(50)		(50)	
Interest received		1,708	1,720	1,706	1,718
<b>Total inflow/(outflow) from investing activities (b)</b>		<b>(397)</b>	<b>(1,398)</b>	<b>(2,799)</b>	<b>(1,399)</b>
<b>Cash flows from financing activities</b>					
Dividends paid		(7,746)	(7,997)	(7,746)	(7,997)
<b>Total inflow / (outflow) from financing activities (c)</b>		<b>(7,746)</b>	<b>(7,997)</b>	<b>(7,746)</b>	<b>(7,997)</b>
<b>Net increase/ (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>		<b>6,424</b>	<b>8,513</b>	<b>6,403</b>	<b>8,613</b>
Cash assets and equivalents at start of year		65,210	56,697	64,914	56,302
<b>Cash assets and equivalents at end of period</b>	15	<b>71,634</b>	<b>65,210</b>	<b>71,317</b>	<b>64,914</b>

**Notes:**

The Group and Company have not adjusted the comparative figures from 2017 when applying IFRS 9 and IFRS 15, and recognised the overall impact thereof in the "Retained earnings" account on 1.1.2018, however, for the sake of comparability, they reclassified certain accounts in the comparator period (see note 2.4).

The disclosures on pages 48 to 92 constitute an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION ABOUT THE COMPANY AND THE GROUP

The **THESSALONIKI WATER SUPPLY AND SEWERAGE CO. S.A.**, trading as EYATH S.A. (hereinafter the Company) has its registered offices at 127 Egnatias St., Thessaloniki GR-54635, and has been listed since 2001 with its shares traded in the high cap category on the Athens Exchange. It provides water supply and sewerage services to more than 1 million citizens in the wider Thessaloniki urban area.

Thessaloniki Water Supply and Sewerage Co. S.A. (EYATH) is a societe anonyme which was established by Article 20 of Law 2651/1998 (Government Gazette 248/A) following the merger of the companies “Thessaloniki Water Supply Organisation S.A.” (OYTH S.A.) and “Thessaloniki Sewerage Organisation S.A.” (OATH S.A.). Article 18 of Law 2937/2001 states that EYATH S.A. is governed by the provisions of Law 2190/1920, Law 4548/2018, Article 22 of Law 2733/1999 which applies to EYATH S.A. from publication of that law, and also by the provisions of Emergency Law 1563/1939, Legislative Decree 787/1970, Presidential Decrees 156/1997 and 157/1997 and Article 20 of Law 2561/1998, and is under the supervision of the Ministers of Finance and Macedonia-Thrace.

Decision No. ΕΓΑ/606/26-7-2001 of the Ministers of Economy-Finance-Macedonia-Thrace was issued pursuant to Article 18(9) of Law 2937/2001, which drew up the Company’s Articles of Association. However, those Articles of Association were amended and codified on 31.5.2018 and entered in the General Commercial Registry on 24.7.2018 (entry No. 1430512 / notice No. 1195562). The company is in the process of bringing its Articles of Association into line with Law 4548/2018 since under Article 183 of that law, existing societes anonyme can amend their Articles of Association by decision taken by the company’s General Meeting provided that the relevant decision is taken within 1 year of the law entering into force (1.1.2019), which is to say by 1.1.2020.

Article 18(2) of Law 2937/2001 and Article 4(1)(a) of its Articles of Association expressly state that EYATH S.A.’s objects include the provision of water supply and sewerage services, the design, construction, installation, operation, running, management, maintenance, extension and renewal of water supply and sewerage systems. To achieve its objects, the company can (among other things) enter into all manner of contracts. Moreover, under Article 20 of Law 2937/2001 and the tripartite agreement of 27.7.2001 signed by the Greek State, EYATH S.A. Fixed Assets and EYATH S.A., an exclusive right to provide water supply and sewerage services in the geographical areas within its remit, as defined in Article 26(1) of that same Law was conferred on EYATH S.A.

Moreover, via the subsidiary EYATH SERVICES S.A., the group seeks to provide telecom services via the water supply and sewerage networks and is also involved in the generation and sale of electricity, which is primarily generated by utilising water from springs, dams, aqueducts and pipelines.

Board of Directors:

1. Ioannis Krestenitis, Chairman & CEO, executive member
2. Ioannis Papaioannou, 1st Vice Chairman, executive member
3. Grigorios Penelis, 2nd Vice Chairman, independent non-executive member.
4. Nikos Klitou, independent non-executive member, Chairman of the Audit Committee.
5. Stefania Tanimanidou, independent non-executive member
6. Panagiotis Gogos, independent non-executive member
7. Olympia Latsiou - Chrysafi, non-executive member
8. Petros Samaras, non-executive member
9. Georgios Archontopoulos, employee representative, non-executive member
10. Anastasios Sachinidis, employee representative, non-executive member

Companies Reg. No. 41913/06/B/98/32  
General Commercial Reg. No. 58240404000

Auditing Company: GRANT THORNTON SA  
56 Zefyrou St.  
Paleo Faliro GR-17564  
Athens, Greece  
ICPA (GR) Reg. No. 127

## 2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Basis of preparation of the financial statements

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and the interpretations issued by the IFRIC Committee, as adopted by the European Union up to 31 December 2018. The key accounting policies implemented for drawing up the financial statements for the period that ended on 31 December 2018 are the same as those followed when drawing up the annual financial statements of the year ended on 31 December 2017, and are described in them. Where necessary, the comparable data have been reclassified to reconcile with any changes to the presentation of the current period's data. Any differences between the amounts reported in the financial statements and the respective amounts in the notes are due to rounding.

The financial statements have been prepared based on the historical cost conventions, as disclosed in the company's accounting policies below, which were approved by the BoD on 18/4/2019 and are subject to approval by the General Meeting.

Preparing the financial statements in accordance with the IFRS requires the adoption of certain estimates and assumptions. It also requires Management to use its discretion when implementing the Company's accounting policies. Areas entailing a high degree of subjectivity or which are complex or where assumptions and estimates are significant for the financial statements are cited in Note 5 below.

### 2.2 Standards and interpretations mandatory for the fiscal year ended

Specific new standards, amendments to standards and interpretations have been issued which are mandatory for accounting periods which commence on or after 1.1.2018. In 2018, the Company and Group adopted IFRS 15 and IFRS 9. Where not otherwise stated, other amendments and interpretations which applied for the first time in 2018 have no impact on the consolidated financial statements. The Company and Group did not engage in early adoption of standards, interpretations or amendments which have been issued by the IASB and adopted by the EU, which are not mandatorily applicable in the 2018 period.

#### Standards and interpretations mandatory for the current fiscal year

##### **IFRS 9 "Financial instruments"**

IFRS 9 replaces the provisions of IAS 39 pertaining to the classification and measurement of the financial assets and liabilities, and also includes a model of expected credit loss that replaces the model of incurred credit losses that is currently implemented on the basis of IAS 39. IFRS 9 also establishes a principle-based approach of hedge accounting and addresses inconsistencies and weaknesses in the current model of IAS 39. The impact on the Group of implementing this standard is outlined in note 2.4.

##### **IFRS 15 "Revenue from Contracts with Customers"**

IFRS 15 was issued in May 2014. The purpose of the standard is to provide a single, easy to understand model recognising revenue from contracts with customers in order to improve comparability between companies of the same industry, across industries and different capital markets. It includes the principles which an economic entity must implement to determine the measurement of the revenue and the time of its recognition. The basic principle is that an economic entity will recognise the revenue in a manner that reflects the transfer of goods or services to customers at the amount which it anticipates to be entitled to in exchange for these goods or services.

The Group adopted the standard retrospectively, with the cumulative impact of initial adoption being recognised on the date of initial adoption (1.1.2018) as an adjustment to the opening balance of the retained earnings account. The impact on the Group of implementing this standard is outlined in note 2.4.

In addition to the above, amendments were also published for the following standards, which are not applicable to the Company and Group.

##### **IAS 40 (amendments) "Transfers of investment property"**

The amendments clarify that in order to transfer to/from the investment property category, there must have been a



change in use. In order for there to have been a change in the property's use, it is essential to evaluate to what extent the property meets the definition and that the change in use can be documented with evidence.

#### **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"**

The Interpretation provides guidance about how to identify the transaction date when the Standard relevant to foreign current transactions (IAS 21) applies. This Interpretation applies when an entity either pays or collects in advance the price of contracts expressed in a foreign currency.

#### **IFRS 4 "Insurance contracts" (Amendment) "Applying the new IFRS 9 with IFRS 4"**

The amendments introduce two approaches: The amended standard will (a) give entities which issue insurance contracts the option to recognise in their other comprehensive income and not in their income statement, any discrepancies that arise from applying IFRS 9 before the new standard on insurance contracts is issued, and (b) give entities whose activities primarily relate to the insurance sector the option to temporarily defer application of IFRS 9 to 2021. Entities which have opted to defer applying IFRS 9 will continue to apply IAS 39 on financial instruments. IFRS 4 has no impact on the Group and Company.

#### **IFRS 2 "Share-based payments" (Amendment) "Classification and Measurement of Share-based Payment Transactions"**

The amendment provides clarifications in relation to the measurement base as regards cash settled share-based payment transactions and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. They further introduce an exception as regards the principles of IFRS 2 based on which a payment transaction must be handled as if it were to be settled entirely in equity instruments, in the cases where the employer is required to withhold an amount for covering the tax obligations of employees arising from share-based payment transactions and paying it to the tax authorities.

#### **Annual improvements to the IFRS in 2014 (2014-2016 Cycle)**

##### **IAS 28 "Investments in Associates and Joint Ventures"**

The amendments provide clarifications about the fact 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 a venture capital organisation, mutual fund or entities with similar activities, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

#### **Standards and Interpretations mandatory for later accounting periods**

##### **IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual accounting periods commencing on or after 1.1.2019)**

If a specific condition is met the amendments allow companies to measure financial assets with prepayment features with negative compensation at amortised cost or fair value through comprehensive income, instead of at fair value through profit and loss. The amendment is not expected to have any material effect on the Company and the Group's financial statements.

##### **IFRS 16 "Leases" (effective for annual accounting periods commencing on or after 1.1.2019)**

IFRS 16 was published in January of 2016, to replace IAS 17. The purpose of the standard is to ensure that lessees and lessors provide useful information that fairly presents the essence of the transactions related to leases. IFRS 16 introduces a single accounting model from the lessee's side, which requires the lessee to recognise assets and liabilities for all lease contracts with a term of more than 12 months, unless the underlying asset is of low value. As regards the accounting handling by the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify lease contracts into operating and financial leases, and handle each type of contract differently in the accounts.

The Group and the Company intend to apply IFRS 16 from the mandatory application date (1.1.2019) using the simplified transition approach. In this approach, the Group and the Company will recognise a liability that will be measured at its present value as it results from the discounting of the remaining lease payments with the incremental borrowing cost that existed at the date of initial application of the Standard. Furthermore, it will recognise a right to use an asset by measuring that right in an amount equal to the corresponding liability that will be recognised, adjusted for any lease advances existing before the date of first application. Comparative information will not be restated, and no impact on equity is expected from application of the new standard upon first-time adoption. Furthermore, the Group and the Company have decided to apply the exemption provided by the Standard with respect to the determination of leases, and in particular, the applicable IFRS 16 practice, according to which it does not need to reassess whether a contract is, or contains, a lease on the date of the first transition. This means that IFRS 16 will be applied to contracts that have already been recognised as leases under IAS 17 "Leases" and IFRIC 4 "Determining whether a contract contains a lease".

With regard to short-term leases and leases of low value fixed assets, the Group and the Company will use the exemp-

tions provided by the Standard and will choose to recognise the lease payments of those leases as expenses using the straight-line method.

In addition, the Group and the Company will apply the practical option granted by the standard to lessees, not to separate non-leased assets from leases and, conversely, to account for any leased and associated non-leased items as a single lease. Finally, the Group and the Company have decided to apply a single discount rate to each category of leases with similar characteristics depending on the remaining duration of each lease.

The Group and the Company estimate that they will recognise approximately €1,424 thousand for assets with usage rights and approximately € 1,283 thousand for lease liabilities.

The relevant assets with usage rights and the lease liabilities to be recognised relate mainly to the leases of office space and technical facilities.

**IFRIC 23 Interpretation “Uncertainty over income tax treatments”** (effective for annual accounting periods commencing on or after 1.1.2019)

The interpretation provides explanations about how to recognise and measure current and deferred income tax when there is uncertainty about the tax treatment of certain assets. IFRIC 23 applies to all aspects of income tax accounting when there is such uncertainty, including taxable profits/losses, the tax base of assets and liabilities, tax profits and losses and tax rates.

**IAS 19 (Amendments) “Plan Amendment, Curtailment or Settlement”** (effective for annual accounting periods commencing on or after 1.1.2019)

The amendments lay down how entities must define pension costs when changes are made to defined benefit pension plans.

**IFRS 17 “Insurance contracts”** (effective for annual accounting periods commencing on or after 1.1.2021)

IFRS 17 was published in May 2017 and replaces IAS 4. IFRS 17 establishes the principles of recognition, measurement and presentation of insurance contracts which fall within the standard’s scope and the relevant disclosures. The purpose of the standard is to ensure that an entity provides relevant information that presents a reasonable picture of these contracts. The new standard resolves comparability problems which existed under IFRS 4 since it requires all insurance contracts to be accounted for in a consistent manner. Insurance liabilities must be measured at current cost and not at historical cost. The standard has not yet been adopted by the European Union.

**IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”** (effective for annual accounting periods commencing on or after 1.1.2019)

The amendments make it clear that entities must account for long-term holdings in an associate or joint venture to which the equity method does not apply, using IFRS 9.

**IFRS 3 (Amendments) “Definition of business combination”** (effective for annual accounting periods commencing on or after 1.1.2020)

The new definition focuses on the concept of an enterprise’s return in the form of providing goods and services to customers, as opposed to the previous definition that focused on returns in the form of dividends, lower costs or other economic benefits to investors and other parties. These amendments have not yet been adopted by the European Union.

**IAS 1 and IAS 8 (Amendments) “Definition of materiality”** (effective for annual accounting periods commencing on or after 1.1.2020)

The amendments clarify the definition of materiality, and how it should be used, supplementing the definition with guidelines that have been provided so far in other parts of the IFRSs.

In addition, the clarifications accompanying the definition have been improved.

Finally, the amendments ensure that the definition of materiality is consistently applied to all IFRSs. These standards have not yet been adopted by the European Union.

**Annual improvements to the IFRS (2015 – 2017 Cycle)** (effective for annual accounting periods commencing on or after 1.1.2019)

The amendments presented below describe the basic changes to four IFRSs.

**IFRS 3 “Business Combinations”**

The amendments clarify how an entity re-measures the percentage previously held in a jointly controlled activity when it acquires control of that undertaking.

**IFRS 11 “Joint Arrangements”**

The amendments clarify how an entity should not re-measure the percentage previously held in a jointly controlled activity when it acquires joint control of that undertaking.

**IAS 12 “Income Tax”**

The amendments clarify how an entity should account for all incomes of dividend payments on income tax, doing so in the same way.

**IAS 23 “Borrowing Costs”**

The amendments clarify how an entity treats as part of its general borrowing any loan specifically taken out to develop an asset when that asset is ready for the use for which it was intended or for sale.

**2.3 Reclassifications**

During the period ended dividends payable were reclassified and moved from “trade and other liabilities” to a separate line in the statement of financial position entitled “dividends payable”. To ensure that proper comparisons can be drawn, the relevant change was also made in the comparator period.

“Trade and other receivables” were also divided up and reclassified as “trade receivables and contractual assets” and “other receivables”.

The table below shows the reclassifications referred to above.

	THE GROUP			THE COMPANY		
	31/12/2017	Reclassifications	31/12/2017 adjusted	31/12/2017	Reclassifications	31/12/2017 adjusted
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Tangible assets	76,878	-	76,878	76,878	-	76,878
Intangible assets	342	-	342	342	-	342
Participations in subsidiaries	-	-	-	60	-	60
Deferred tax assets	3,133	-	3,133	3,133	-	3,133
Other long-term assets	3,914	-	3,914	3,914	-	3,914
<b>Total non-current assets</b>	<b>84,267</b>	<b>-</b>	<b>84,267</b>	<b>84,326</b>	<b>-</b>	<b>84,326</b>
<b>Current Assets</b>						
Inventories	1,620	-	1,620	1,620	-	1,620
Trade and other receivables	49,253	(49,253)	-	49,242	(49,242)	-
Trade receivables and contractual assets	-	48,428	48,428	-	48,399	48,399
Other receivables	-	825	825	-	843	843
Cash and cash equivalents	65,210	-	65,210	64,914	-	64,914
<b>Total current assets</b>	<b>116,083</b>	<b>-</b>	<b>116,083</b>	<b>115,776</b>	<b>-</b>	<b>115,776</b>
<b>TOTAL ASSETS</b>	<b>200,349</b>	<b>-</b>	<b>200,349</b>	<b>200,103</b>	<b>-</b>	<b>200,103</b>
<b>LIABILITIES</b>						
<b>EQUITY</b>						
Share capital	40,656	-	40,656	40,656	-	40,656
Premium on capital stock	2,830	-	2,830	2,830	-	2,830
Reserves	29,065	-	29,065	29,042	-	29,042
Results carried forward	89,873	-	89,873	89,880	-	89,880
<b>Total equity</b>	<b>162,424</b>	<b>-</b>	<b>162,424</b>	<b>162,408</b>	<b>-</b>	<b>162,408</b>
Non-controlling interests	-	-	-	-	-	-
<b>Total equity</b>	<b>162,424</b>	<b>-</b>	<b>162,424</b>	<b>162,408</b>	<b>-</b>	<b>162,408</b>
<b>Liabilities</b>						
<b>Long-term liabilities</b>						
Provisions for employee benefits	1,892	-	1,892	1,892	-	1,892
Provisions for contingencies and expenses	8,246	-	8,246	7,715	-	7,715
Grants	1,994	-	1,994	1,994	-	1,994
Other long-term liabilities	14,417	-	14,417	14,417	-	14,417
<b>Total long-term liabilities</b>	<b>26,548</b>	<b>-</b>	<b>26,548</b>	<b>26,017</b>	<b>-</b>	<b>26,017</b>
<b>Short-term liabilities</b>						
Trade and other liabilities	10,973	(124)	10,849	11,279	(124)	11,155
Dividends payable	-	124	124	-	124	124
Short-term tax liabilities	405	-	405	398	-	398
<b>Total short-term liabilities</b>	<b>11,377</b>	<b>-</b>	<b>11,377</b>	<b>11,677</b>	<b>-</b>	<b>11,677</b>
<b>Total Liabilities</b>	<b>37,925</b>	<b>-</b>	<b>37,925</b>	<b>37,694</b>	<b>-</b>	<b>37,694</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>200,349</b>	<b>-</b>	<b>200,350</b>	<b>200,103</b>	<b>-</b>	<b>200,103</b>

## 2.4 Changes to accounting policies

The Group applied the new IFRS 9 and IFRS 15 standards from 1.1.2018. The two standards were adopted without revising the comparative information and therefore the cumulative effect from retrospective application of the new accounting policies is presented in equity as at 1.1.2018.

The new accounting policies which were applied for the first time in the year 2018 are described in notes 3.5 and 3.15.

The impact of adopting these new policies as well as a brief description of past accounting policies is set out below:

### **IFRS 9 “Financial instruments”**

#### **Impact of reclassification**

Up to 31.12.2017 the Group classified financial assets under “loans and receivables” for measurement purposes. On 31.12.2017 the Group and Company’s “loans and receivables” related to trade receivables and non-current receivables from currently-earned income. Those items, including the line “trade and other receivables” in the statement of financial position as at 31.12.2017 and 31.12.2018 were classified as financial assets at amortised cost and so there was no impact on the Group and Company’s equity due to reclassification.

Adoption of IFRS 9 “Financial instruments” did not result in changes in the accounting policies on financial liabilities since the Group does not have financial liabilities valued at fair value.

#### **Impact of the new accounting policy on impairment**

Up to 31.12.2017 the Group assessed on each reporting date whether there were objective signs that a financial asset or pool of financial assets had been impaired. A financial asset or pool of financial assets was impaired only if there was an objective indication of impairment, as a result of one of more facts which occurred after initial recognition of the asset (prejudicial event) and that prejudicial event(s) impacted on expected future cash flows for the financial asset or pool of financial assets, and could be reliably assessed.

As a result of applying IFRS 9, the Group needed to revisit its methodology for identifying the impairment of trade receivables since under IFRS 9 the Group now calculates impairment losses rather than expected credit losses. The overall impact of that change on equity on 1.1.2018 was a drop of € 877 thousand.

### **IFRS 15 “Revenue from Contracts with Customers”**

IFRS 15 replaces IAS 11 ‘Construction contracts’, IAS 18 ‘Revenue’ and all related interpretations about revenues from contracts with customers apart from those contracts which fall within the scope of other standards. The new standard introduces a 5-step model to identify revenues from contracts with customers:

1. Identify the contract with the customer.
2. Determine the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the contract performance obligations.
5. Recognise revenues when or where an economic entity fulfils the performance obligation.

The basic principle is that an economic entity will recognise the revenue in a manner that reflects the transfer of goods or services to customers at the amount which it anticipates itself to be entitled to in exchange for these goods or services. It also includes the principles which an economic entity must implement to determine the measurement of the revenue and the time of its recognition. According to IFRS 15, revenues are recognised when the customer acquires control of the goods or services, and specifies the time of transfer of control either as a specific point in time or a period of time.

Revenue is defined as the amount which an economic entity expects to be entitled to as consideration for the goods or services which were transferred to a customer, apart from amounts collected on behalf of third parties (VAT, other sales taxes). Variable amounts are included in the price and are either calculated using the “expected value” method or the “most likely amount”. An economic entity recognises revenues when (or as) it fulfils the contract performance obligations, by transferring the goods or services. The customer acquires control of the goods or services where he can direct how they are to be used and in effect enjoys all the financial benefits from the goods or services. Control is

transferred over a period or at a specific point in time.

#### **Liabilities from contracts with customers**

If a customer pays consideration or the economic entity retains rights over a part of the consideration which is unre-served before the entity transfers the goods or services to the customer, the Group presents the contract as a liability from a contract with a customer, when payment is made or becomes due (whichever occurs first).

For the Group, liabilities from contracts with customers arise from down payments made in lieu of water consumption and water supply services, which customers pay when they sign the water supply and sewerage services agreement. Those liabilities are accounted for and included in the “Other long-term liabilities” lines in the statement of financial position.

Down payments for water consumption and the provision of water supply services are returned to customers when the contract is terminated. The Group reached the conclusion that the best approach is to present the above liabilities from contracts with customers as long-term liabilities since they can be expected to be settled at a period more than 12 months hence.

#### **Revenues from providing water supply and sewerage services**

The Group is involved in providing water supply and sewerage services. Contracts with customers consist of an obligation to perform or provide a service and the prices are fixed and are based on price lists. Revenues are recognised the minute the service is provided to the customer. At the end of each period, the Group recognises a contractual asset when it has satisfied its performance obligations before the customer makes payment or before the payment is due, for example when the goods or services are transferred to the customer before the Group’s right to issue a bill arises. The Group has reassessed the application of the standard and concluded that the amount it expects to be entitled to receive in exchange for the specific services it has transferred to a customer by the end of the period will be presented in its entirety rather than as the difference between it and the corresponding amount for the previous year. Applying the Standard has had a positive impact on the Group’s and Company’s equity.

Specifically, the adjustments in the items in the Statement of Financial Position as at 1.1.2018 were as follows:

	Group	Company
Amounts in € ‘000	Measurement	Measurement
Trade receivables & contractual assets	7,824	7,824
Deferred tax assets	-2,269	-2,269
Retained earnings	5,555	5,555

The table below shows the impact of the two standards on the Statement of Financial Position and the Statement of Comprehensive Income as at 1.1.2018, taking into account the reclassification in note 2.4.

	THE GROUP				THE COMPANY			
	31/12/2017	IFRS 15 - Transition adjustments	IFRS 9 - Transition adjustments	1/1/2018 adjusted	31/12/2017	IFRS 15 - Transition adjustments	IFRS 9 - Transition adjustments	1/1/2018 adjusted
<b>ASSETS</b>								
<b>Non-Current Assets</b>								
Tangible assets	76,878	-	-	76,878	76,878	-	-	76,878
Intangible assets	342	-	-	342	342	-	-	342
Participations in subsidiaries	-	-	-	-	60	-	-	60
Deferred tax assets	3,133	(2,269)	-	864	3,133	(2,269)	-	864
Other long-term assets	3,914	-	-	3,914	3,914	-	-	3,914
<b>Total non-current assets</b>	<b>84,267</b>	<b>(2,269)</b>	<b>-</b>	<b>81,998</b>	<b>84,326</b>	<b>(2,269)</b>	<b>-</b>	<b>82,057</b>
<b>Current Assets</b>								
Inventories	1,620	-	-	1,620	1,620	-	-	1,620
Trade and other receivables	-	-	-	-	0	-	-	-
Trade receivables and contractual assets	48,428	7,824	(877)	55,376	48,399	7,824	(877)	55,347
Other receivables	825	-	-	825	843	-	-	843
Cash and cash equivalents	65,210	-	-	65,210	64,914	-	-	64,914
<b>Total current assets</b>	<b>116,083</b>	<b>7,824</b>	<b>(877)</b>	<b>123,031</b>	<b>115,776</b>	<b>7,824</b>	<b>(877)</b>	<b>122,724</b>
<b>TOTAL ASSETS</b>	<b>200,349</b>	<b>5,555</b>	<b>(877)</b>	<b>205,029</b>	<b>200,103</b>	<b>5,555</b>	<b>(877)</b>	<b>204,782</b>
<b>LIABILITIES</b>								
<b>Equity</b>								
Share capital	40,656	-	-	40,656	40,656	-	-	40,656
Premium on capital stock	2,830	-	-	2,830	2,830	-	-	2,830
Reserves	29,065	-	-	29,065	29,042	-	-	29,042
Results carried forward	89,873	5,555	(877)	94,551	89,880	5,555	(877)	94,558
<b>Total equity</b>	<b>162,424</b>	<b>5,555</b>	<b>(877)</b>	<b>167,102</b>	<b>162,408</b>	<b>5,555</b>	<b>(877)</b>	<b>167,086</b>
Non-controlling interests	-	-	-	-	-	-	-	-
<b>Total equity</b>	<b>162,424</b>	<b>5,555</b>	<b>(877)</b>	<b>167,102</b>	<b>162,408</b>	<b>5,555</b>	<b>(877)</b>	<b>167,086</b>
<b>Liabilities</b>								
<b>Long-term liabilities</b>								
Provisions for employee benefits	1,892	-	-	1,892	1,892	-	-	1,892
Provisions for contingencies and expenses	8,246	-	-	8,246	7,715	-	-	7,715
Grants	1,994	-	-	1,994	1,994	-	-	1,994
Other long-term liabilities	14,417	-	-	14,417	14,417	-	-	14,417
<b>Total long-term liabilities</b>	<b>26,548</b>	<b>-</b>	<b>-</b>	<b>26,548</b>	<b>26,017</b>	<b>-</b>	<b>-</b>	<b>26,017</b>
<b>Short-term liabilities</b>								
Trade and other liabilities	10,849	-	-	10,849	11,155	-	-	11,155
Dividends payable	124	-	-	124	124	-	-	124
Short-term tax liabilities	405	-	-	405	398	-	-	398
<b>Total short-term liabilities</b>	<b>11,378</b>	<b>-</b>	<b>-</b>	<b>11,378</b>	<b>11,677</b>	<b>-</b>	<b>-</b>	<b>11,677</b>
<b>Total Liabilities</b>	<b>37,926</b>	<b>-</b>	<b>-</b>	<b>37,926</b>	<b>37,694</b>	<b>-</b>	<b>-</b>	<b>37,694</b>
<b>TOTAL OWNERS' EQUITY AND LIABILITIES</b>	<b>200,349</b>	<b>5,555</b>	<b>(877)</b>	<b>205,029</b>	<b>200,103</b>	<b>5,555</b>	<b>(877)</b>	<b>204,781</b>

### 3. MAIN ACCOUNTING POLICIES

#### 3.1 Investments in subsidiaries

Subsidiaries are businesses over which the Group exerts control. The parent company acquires and exercises control via voting rights. The existence of any potential voting rights which are exercisable at the time the financial statements are prepared is taken into account in order to determine whether the parent company exercises control over subsidiaries. Subsidiaries are fully consolidated from the date on which control of them is acquired and they cease to be consolidated from the date on which such control no longer exists.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquiring a subsidiary is the fair value of the assets given, the shares issued and the liabilities assumed on the transaction date plus any cost directly associated with the transaction. Individual assets, liabilities and contingent liabilities acquired in a business combination are measured at acquisition at fair value regardless of the holding. The cost of acquisition above fair value of the specific assets acquired is posted as goodwill. If the total acquisition cost is lower than the fair value of the individual assets acquired, the difference is directly recorded in the profit and loss account.

Intra-group transactions, balances and unrealised profits from transactions between companies in the group are crossed out. Unrealised losses are also crossed out but are taken into account as indications of impairment of the asset transferred. The subsidiary's accounting policies have been changed, where necessary, so that they are identical with those adopted by the Group.

Investments in subsidiaries in the parent company's separate financial statements are valued at acquisition cost less any accumulated impairment losses.

#### 3.2 Basis of consolidation:

The consolidated financial statements consist of the financial statements of the parent company and the subsidiary of

the Group. The following table presents the parent and the subsidiary included in the consolidation, together with the corresponding participation percentages, the country where they are registered as well as their activity.

COMPANIES	% GROUP	COUNTRY	ACTIVITY
THESSALONIKI WATER SUPPLY AND SEWERAGE CO. S.A. (EYATH)	PARENT COMPANY	GREECE	Water supply & Sewerage Services
EYATH SERVICES S.A.	100%	GREECE	Provision of all types of Water supply & Sewerage Services, telecommunication services & production / sale of electricity

### 3.3 Tangible fixed assets

Tangible assets are measured at acquisition cost less accumulated depreciation and impairment. The cost of acquisition includes all directly payable expenses for acquiring assets. Subsequent expenses are recorded as an increase to the book value of the fixed assets or as a separate asset only where it is likely that the future financial benefits accruing to the Group and the cost can be reliably measured. The cost of repair and maintenance works is recognised in profit and loss when the said works are carried out.

Plots – lots are not depreciated. Depreciation of other tangible assets is calculated using the straight line method, charged in equal amounts over the asset's expected useful life, so as to write off the cost at residual value, as follows:

Buildings and technical works	9 to 40 years
Machinery and installations	10 -25 years
Transportation equipment	10 -15 years
Furniture and other equipment	6 -15 years

Residual value and the useful life of tangible assets are subject to re-examination on each balance sheet date. When the book value of tangible assets exceeds the recoverable value the differences (impairment) are posted as expenses to the results.

When the tangible assets are sold, differences between the price received and the book value are posted as profits or losses in the income statement. Financial expenses which relate to the construction of assets are capitalised for the time required to complete construction. All other financial expenses are recognised in the income statement.

### 3.4 Intangible assets

#### 3.4.1 Software

Software here means the cost of purchasing or developing such software, such as payrolling, materials and services, as well as all expenses incurred to develop software in order for it to be put into service. Costs which improve or extend the performance of software beyond initial specifications are recognised as capital expenditure and added to the initial cost of the software.

Depreciation on software is imputed to the income statement using straight line depreciation over the entire useful life of the asset. The estimated useful life is 6 years.

#### 3.4.2 Product Research and Development (R&D) cost

The R&D cost is recognised in the Income Statement when incurred. Development costs are incurred mainly for the development of new products and production methods. The costs incurred for developing a separate program are recognised as intangible assets only when the requirements of IAS 38 "Intangible assets" are met.=

### 3.5 Financial assets

a) Classification, recognition and measurement

To a large extent IFRS 9 retains the existing requirements in IAS 39 on classification and measurement of financial



liabilities. However, it removes the previous IAS 39 categories on financial assets: assets held to maturity, loans and receivables, and assets available for sale.

In accordance with IFRS 9, the Group and Company's financial instruments are measured at fair value through profit and loss, at amortised cost or at fair value through other comprehensive income.

Classification is based on two criteria:

- the business model within which the financial asset is held, namely whether the objective is to hold it to collect contractual cash flows or collect contractual cash flows and sale financial assets and
- whether the contractual cash flows form a financial asset which consists Solely of Payments of Principal and Interest (the SPPI criterion).

Normal purchases and sales of investments are recognised on the date the transaction takes place, which is the date the Group and Company undertake to purchase or sell the asset.

Upon initial recognition, the Group and the Company measure a financial asset at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets measured at fair value through profit or loss are recognised directly in profit or loss.

Investments cease to be recognised when the rights to receive cash flows from financial assets expire or are transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

The Group and Company use the following categories to classify and measure financial assets:

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if held in the context of a business model for the purpose of retaining them and collecting contractual cash flows which meet the SPPI criterion. Interest earned from those assets is included in financial income and recognised using the effective interest rate. Any profit or loss arising from deletion is recognised immediately in the Income Statement.

The Financial assets classified in this category are "trade and other receivables". Trade and other receivables are initially recognised at fair value and are subsequently valued at amortised cost using the effective interest rate method, unless the results of discounting, less any impairment losses, are not significant.

#### Financial assets measured at fair value through other comprehensive income

According to the relevant requirements of IFRS 9, upon initial recognition, the Group and Company may irrevocably opt to present subsequent changes in the fair value of an equity investment not intended for commercial exploitation, in other results directly in equity.

Gains and losses from those financial assets are never recycled in the results for the period. Dividends are recognised as other income in the income statement when the payment entitlement has been established unless the Group and the Company benefit from such income as recovery of part of the cost of the financial asset, in which case those profits are recognised in the statement of comprehensive income. Equity instruments designated at fair value through comprehensive income are not subject to impairment testing.

This is done for each individual equity instrument.

The Group and the Company have chosen to classify investments in this category (see note 11).

#### (b) Impairment

The Group and Company recognise provisions for impairment for expected credit losses for all financial assets apart from those measured at fair value through profit and loss. The relevant methodology depends on whether there is a significant increase in credit risk.

For contractual assets and customer receivables, the Group and the Company apply the simplified approach permitted by IFRS 9.

Based on this approach, the Group and the Company recognise the credit losses that are expected over the lifetime of these receivables.

The Group and the Company have applied IFRS 9 retrospectively, but have chosen not to update comparative information.

Therefore, comparative information is presented in accordance with the previous accounting policy of the Group and the Company.

The impact of the application of the new accounting policy on 1.1.2018 and a brief description of accounting policies that were applied until 31.12.2017 can be found in note 2.4.



### 3.6 Trade receivables

Trade receivables are the balances owed by customers from the sale of goods or provision of services in the context of the Group's normal operations. If it is expected that these balances will be collected within a year or less (or more if this is part of the normal business cycle) then the receivables are classified as current assets.

If not, they are classified as non-current assets.

Trade receivables are posted initially at fair value and subsequently valued at amortised cost using the effective interest rate less impairment losses.

### 3.7 Inventories

Inventories are valued at acquisition cost or net realisable value, whichever is lower. The cost is calculated using the average weighted cost method. The financial cost is not included in the acquisition cost of inventories. Net realisable value is assessed based on current sale prices of inventories in the context of normal activities less any sales expenses which apply in the case.

More specifically, inventories/stocks consisting of specialist spare parts for machinery purchased when the machinery is purchased are considered to be an integral part of the machinery's value and are depreciated along with the machinery, while replacements for used spare parts are expensed at the time of purchase. On the contrary though, consumables for machinery maintenance and spare parts for general use are included in inventories and are expensed at the time of consumption.

### 3.8 Cash assets

Cash also includes cash equivalents such as sight deposits and short-term time deposits. Overdrafts payable upon first demand, which are an integral part of managing the Group and Company's cash are included as an integral part of cash for the purpose of preparing the cash flow statement.

### 3.9 Share capital

Expenditure paid to third parties related directly to the issuing of new shares is recorded in equity, less the corresponding tax, as a reduction in the premium on capital stock.

When acquiring own shares, the price paid including relevant expenses are presented as reducing equity.

### 3.10 Income tax

Current and deferred income tax is calculated based on the relevant financial statement accounts, in accordance with taxation laws which apply in Greece. Current income tax relates to tax on the taxable profits of the Group and Company adjusted in accordance with tax law requirements and calculated based on the current tax rate.

Deferred taxation is calculated using the liability method on all interim differences on the balance sheet date between the taxation basis and the book value of the assets and liabilities.

Expected tax discounts from interim tax adjustments are determined and presented either as future (deferred) tax liabilities or as deferred tax assets.

Deferred tax assets are posted for all tax deductible interim difference and tax losses carried forward to the extent that this is likely that there will be taxable profits available in respect of which the interim difference can be utilised.

The book value of deferred tax assets is revised on each balance sheet date and reduced to the extent that it is not considered likely that there will be sufficient taxable profits for which all or part of the deferred tax assets can be used. Current tax assets and liabilities for the current and past accounting periods are valued at the figure expected to be paid to the tax authorities (or recovered from them) using tax rates (and tax laws) which have been adopted or substantively adopted by the balance sheet date.

### 3.11 Dividends

Dividends payable are presented as a liability at the time they are approved by the General Meeting of Shareholders.

### 3.12 Provisions for employee benefits

The Company's and Group's obligation to staff employed in Greece for future payment of benefits depending on their length of previous service is measured and presented based on the accrued right expected to be paid to each employee, on the balance sheet date, discounted at present value, compared to the expected time of payment.

The relevant obligation is calculated based on the financial and actuarial assumptions and is specified using the actuarial valuation method called the projected unit method. The net cost of retirement in the period is included in payrolling cost in the attached statement of comprehensive income and consists of the present value of benefits which became accrued during the year, interest on the benefit obligation, the cost of past service, actuarial profits or losses, and any other additional pension costs.

### 3.13 Provisions for contingencies and expenses

Provisions are formed when the Group has a legal or presumed obligation as a result of some past event and it is considered likely that an outflow of resources will be required to settle the liability, and that amount can be reliably estimated.

The Company re-examines the need to form provisions at the end of each year and adjusts them so that they reflect the best possible assessments and in the case where this is considered necessary discounts them based on a reasonable pre-tax discount rate. Contingent liabilities are not posted to the financial statements but are disclosed unless the likelihood of a resource output incorporating financial benefits is minimal. Contingent assets are not posted to the financial statements but are disclosed where the inflow of financial benefits is likely.

### 3.14 Grants

Grants are initially recognised at their nominal value where there is a reasonable assurance that the grant will be received and the Company will comply with all relevant conditions. Grants for current expenditure are recognised in the results during the period when the grant is needed, in order to be matched to the expenditure it is intended to offset. Grants for the purchase of tangible (fixed) assets are included in long-term liabilities as deferred income and are recognised as income and transferred to the income statement over the useful life of the subsidised asset.

### 3.15 Revenue recognition

Revenue is defined as the amount which an economic entity expects to be entitled to as consideration for the goods or services which were transferred to a customer, apart from amounts collected on behalf of third parties (VAT, other sales taxes).

An economic entity recognises revenues when (or as) it fulfils the contract performance obligations, by transferring the goods or services it has promised to the customer. The customer acquires control of the goods or services where he can direct how they are to be used and in effect enjoys all the financial benefits from the goods or services. Control is transferred over a period or at a specific point in time.

#### ***3.15.1 Revenue from the supply of water and sewerage services and related services***

The Group and Company are involved in providing water supply and sewerage services. Revenue for each of the two performance obligations mentioned above is recognised over time as the customer receives -and at the same time uses- the benefits of water consumption and usage of the sewerage network. Revenue is measured on the basis of the quantities of water consumed and the current price lists. The Group and the Company bill customers for water and sewerage services mainly on a quarterly basis, based on relevant meter readings.

The customer receivable is recognised when there is an unconditional right for the entity to receive the price for the contractual obligations performed for the customer. A contract asset is recognised when the Group (or Company) has

satisfied its performance obligations before the customer makes payment or before the payment is due, for example when the goods or services are transferred to the customer before the Group's (or Company's) right to issue a bill.

The contractual obligation is recognised when the Group (or the Company) receives a consideration from the client (pre-payment) or when it reserves the right to a price that is unconditional (deferred income) before the performance of the obligations of the contract and the transfer of the goods or services. The contractual obligation is de-recognised when the contractual obligations are performed and the revenue is recorded in the income statement

For the Group and Company, liabilities from contracts with customers arise from down payments made in lieu of water consumption and water supply services, which customers pay when they sign the water supply and sewerage services agreement. Those liabilities are accounted for and included in the "Other long-term liabilities" lines in the statement of financial position.

Down payments for water consumption and the provision of water supply services are returned to customers when the contract is terminated. The Group reached the conclusion that the best approach is to present the above liabilities from contracts with customers as long-term liabilities since they can be expected to be settled at a period more than 12 months hence.

### ***3.15.2 Income from interest***

Income from interest is recognised based on the accrual principle.

### ***3.15.3 Income from dividends***

Income from dividends is recognised as revenue on the date distribution is approved.

## **3.16 Cost of financing**

The net cost of financing consists of accrued interest on loans taken out, calculated using the effective interest rate method.

## **3.17 Earnings per share**

The basic earnings per share are calculated by dividing net profits for the period by the average weighted number of shares in circulation during the specific period, apart from the average number of ordinary shares acquired by the Group as own shares.

## **3.18 Leases**

Asset leases where the Group or Company substantially retains all risks and rewards of ownership are classed as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the assets and the present value of the minimum lease payments. The corresponding liabilities from lease payments net of financial charges are presented as liabilities. That part of financial expenses relating to finance leases is recognised in the income statement over the term of the lease.

Leases where in effect the risk and rights of ownership remain with the lessor are posted as operating leases. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

### 3.19 Group operations by segment

A Group's sector or segment of activity is each distinct business activity with special features in terms of the nature of the activity and the business risks entailed (business segment). A similar distinction can be drawn based on the business environment within which it carries on activity (geographical segment).

The Group primarily operates in the water supply - sewerage segments in the wider area of the Prefecture of Thessaloniki, in order to rationally manage water resources on the one hand, and collect and process waste water so as to provide top level services to society as a whole, to safeguard hygiene and a clean environment.

### 3.20 Set-off

Financial assets and liabilities are set off and the net amount is shown in the balance sheet when there is an applicable legal right to set off and the intention is for them to be paid by set-off.

### 3.21 Rounding off

The amounts in these financial statements have been rounded off to thousands of euro. Due to that, discrepancies which may arise are due to such rounding off.

## 4. FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks, the most important of which are price risk and credit risk. The Group's risk management policies aim to minimise the negative impacts that those risks could have on the Group's financial position and performance. Risk management is primarily done by the Company's general management and the relevant policies are approved by the Board of Directors. Financial risk management includes recognition, calculation and hedging of financial risks in close collaboration with the Group's operating units.

### 4.1 Market risk

#### *(i) Exchange rate risk*

The Group and the Company do not face exchange rate risks, because throughout the year ended they did not carry out transactions in foreign currency and all assets and liabilities were in euro.

#### *(ii) Price risk*

As regards price risk, the Group is not exposed to significant risk of fluctuation of the variables that determine both revenues and cost.

There were no loan liabilities on 31/12/2018.

#### *(iii) Cash flows and fair value of risk rate*

The Group has a limited interest rate risk in interest-bearing assets (time deposits) and therefore the income and the operating cash flows depend, to a point, on the changes to the interest rate market.

Management is monitoring interest rate fluctuations on an ongoing basis, and evaluates in each case the duration and the type of time deposits.

### 4.2 Credit risk

The Group applies the expected credit loss model to trade receivables and non-current receivables from currently earned income. The Group applies the simplified approach permitted under IFRS 9 to these receivables, under which the Group recognises the credit losses expected over the lifetime of the receivables.

To calculate expected credit losses, trade receivables and non-current receivables from currently earned income were grouped together based on common credit risk characteristics and days past due. Non-current receivables from currently earned income have the same risk features as trade receivables and so the same methodology was followed to calculate the expected credit losses.

For trade receivables and non-current receivables from currently earned income from the public sector, the expected credit losses were calculated as the difference between the contractual cash flows and the present value of the expected cash flows, taking into account the possibility of default by the State over the lifetime of the those receivables.

### 4.3 Liquidity risk

Liquidity risk is kept low, by means of ensuring high cash assets.

The maturity of Group and Company financial assets on 31/12/2018 can be broken down as follows:

the maturity of Group and Company financial assets on 31/12/2018 can be broken down as follows:

	THE GROUP					THE COMPANY			
	SHORT-TERM		LONG-TERM			SHORT-TERM		LONG-TERM	
	Within 1 year	1 to 5 years	Over 5 years	Total		Within 1 year	1 to 5 years	Over 5 years	Total
Other long-term liabilities	-	-	14,801	14,801		-	-	14,801	14,801
Suppliers and other liabilities	11,989	-	-	11,989		11,963	-	-	11,963
Short-term tax liabilities	1,263	-	-	1,263		1,263	-	-	1,263
<b>Total</b>	<b>13,252</b>	<b>-</b>	<b>14,801</b>	<b>28,053</b>		<b>13,227</b>	<b>-</b>	<b>14,801</b>	<b>28,027</b>

The maturity of Group and Company financial assets on 31/12/2017 can be broken down as follows:

the maturity of Group and Company financial assets on 31/12/2017 can be broken down as follows:

	THE GROUP					THE COMPANY			
	SHORT-TERM		LONG-TERM			SHORT-TERM		LONG-TERM	
	Within 1 year	1 to 5 years	Over 5 years	Total		Within 1 year	1 to 5 years	Over 5 years	Total
Other long-term liabilities	-	-	14,417	14,417		-	-	14,417	14,417
Suppliers and other liabilities	10,973	-	-	10,973		11,279	-	-	11,279
Short-term tax liabilities	405	-	-	405		398	-	-	398
<b>Total</b>	<b>11,377</b>	<b>-</b>	<b>14,417</b>	<b>25,793</b>		<b>11,677</b>	<b>-</b>	<b>14,417</b>	<b>26,093</b>

### 4.4 Capital risk management

The Group's aim when managing capital is to ensure the ability to continue operating, to generate profits for shareholders and benefits for other stakeholders and to maintain its capital structure which will reduce the cost of capital.

Capital is reviewed based on the gearing ratio. This ratio is calculated as net debt / total capital. Net debt is calculated as total borrowing (including short- and long-term loans presented in the balance sheet) less cash assets. Total capital is calculated as equity presented in the balance sheet plus net debt. More specifically,

	THE GROUP			THE COMPANY	
	31/12/2018	31/12/2017		31/12/2018	31/12/2017
Total borrowing	-	-		-	-
Less: Cash assets	(71,634)	(65,210)		(71,317)	(64,914)
<b>Net debt</b>	<b>(71,634)</b>	<b>(65,210)</b>		<b>(71,317)</b>	<b>(64,914)</b>
Total equity	173,138	162,424		172,807	162,408
<b>Total capital</b>	<b>101,504</b>	<b>97,214</b>		<b>101,490</b>	<b>97,494</b>
<b>Gearing ratio</b>	<b>-70.57%</b>	<b>-67.08%</b>		<b>-70.27%</b>	<b>-66.58%</b>

### 4.5 Determination of fair value

The fair value of financial instruments traded on active markets (Stock Exchanges) (e.g. derivatives, shares, bonds, mutual funds) is determined by the published prices which apply on the financial statements reference date.

The fair value of financial instruments not traded on active markets is determined using valuation techniques and the use of valuation methods and assumptions based on market data on the financial statements reference date.

The amounts shown in the balance sheets for cash, short-term receivables and liabilities are close to the relevant fair values due to their short-term maturity. The nominal value less provisions for bad trade debts is deemed to be close to the actual value.

## 5. MAJOR ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in accordance with the IFRS requires the use of certain important accounting estimates, which may affect the book balances in the balance sheet with the disclosures required, and the exercise of judgement by Management in applying and implementing accounting policies. Moreover, it requires the use of certain calculations and assumptions which affect the value of assets and liabilities mentioned, the disclosure of contingent receivables and liabilities on the date of preparation of the financial statements and the income and expenses for the duration of year being reported on. Despite the fact that these calculations are based on Management's best possible

knowledge of current conditions and activities, the actual future results may in fact differ from those calculations. The estimates and judgements made by Management are re-examined continuously and are based on historical data and expectations about future events which are considered reasonable in light of current circumstances. The basic estimates and evaluations referring to data whose development could affect the financial statements' accounts in the upcoming 12 months are as follows:

#### **5.1 Bad debt**

The Group and Company apply the simplified approach in IFRS 9 to calculate expected credit losses, according to which the impairment provision is always measured at the amount of expected lifetime losses of customer receivables and contractual assets. The Group and Company have formed provisions for bad debt to adequately cover the loss which can be reliably assessed as coming from those receivables. The provision formed is adjusted in each reporting period, with changes in it being recognised in the results for the period (more information in Notes 13 and 14).

#### **5.2 Provision for income tax**

The provision for income tax is calculated by estimating the taxes to be paid to the tax authorities and includes the current income tax for every fiscal year and a provision for surtaxes that may emerge in future tax audits. In order to determine the size of the Group and Company's provision for income tax, a proper understanding of these matters is required. The final statement of income tax payable may differ from the amounts entered in the Group and Company's financial statements and those differences may affect income tax and provisions for deferred tax.

#### **5.3 Provisions for employee benefits**

Employee benefit obligations are calculated based on a study prepared by independent actuaries. The final obligation may differ from the actuarial figure due to various facts related to the discount rate, inflation, pay rises, as well as demographic and other data.

#### **5.4 Depreciation of tangible and intangible assets**

The Group calculates depreciation on tangible and intangible assets based on estimates of their useful life. The residual value and useful life of those assets are re-examined and determined on each balance sheet date if that is considered necessary.

#### **5.5 Pending litigation**

The Group is involved in legal proceedings and claims for compensation in the normal course of its operations. Calculating the contingent liabilities associated with pending litigation and claims is a complex process which includes value judgements about the likely consequences and also interpretations of laws and regulations. If a contingent loss from court cases is considered to be likely and the amount can be reliably assessed Management recognises the relevant provisions in the financial statements.

Assessing court cases entails subjectivity, since it requires major judgments to be made which include estimates based on the most recently available information, determining the likelihood of the risk and reliable information from relates court cases.

Changes in judgements or estimates may lead to the Group's contingent liabilities decreasing or increasing in the future.

#### **5.6 Provision for accrued but not yet invoiced supply of water and sewerage services**

Revenues are recognised in accordance with the accounting policy in paragraph 13.5. In cases where the Group and Company have not measured the quantities consumed by the reporting date, they estimate the quantities consumed based on historical data and recognise the relevant revenue. The actual amounts which are eventually invoiced may differ from those forecast.

## 6. SEGMENTAL REPORTING

The Group's Management (Chief Operating Decision Maker) responsible for taking financial decisions, after evaluating the Group's activity, has designated the Provision of Water Supply Services and the Provision of Sewerage Services as its operating segments. The break-down per segment of activity is as follows:

### 6.1 Break-down per Business Segment (primary reporting type)

#### 6.1.1 Distribution of income statement per business segment

Group data for the period 1/1 - 31/12/2018			
	Provision of Water Supply Services	Provision of Sewerage Services	Group Total
Sales to third parties	47,562	25,468	73,030
<b>Less: Total cost of sales</b>	<b>(22,910)</b>	<b>(19,834)</b>	<b>(42,744)</b>
<b>Gross Profit (losses)</b>	<b>24,652</b>	<b>5,634</b>	<b>30,286</b>
Other operating income	1,699	910	2,609
Selling and distribution expenses	(4,335)	(2,560)	(6,895)
Administrative expenses	(2,893)	(1,742)	(4,634)
Research & Development expenses	(71)	(45)	(116)
Other operating expenses	(1,220)	(653)	(1,874)
<b>Earnings / (losses) before taxes, financial and investment results</b>	<b>17,833</b>	<b>1,543</b>	<b>19,376</b>
Net Financial Income	1,046	529	1,575
Result from usual business	18,879	2,072	20,951
<b>Results before tax</b>	<b>18,879</b>	<b>2,072</b>	<b>20,951</b>
Income tax	(6,289)	(661)	(6,950)
<b>Results net of tax</b>	<b>12,590</b>	<b>1,411</b>	<b>14,001</b>
<b>Earnings / (losses) before taxes, financial and investment results and depreciation</b>	<b>22,996</b>	<b>2,482</b>	<b>25,479</b>

Group data for the period 1/1 - 31/12/2017			
	Provision of Water Supply Services	Provision of Sewerage Services	Group Total
Sales to third parties	48,410	24,991	73,401
<b>Less: Total cost of sales</b>	<b>(23,048)</b>	<b>(20,210)</b>	<b>(43,258)</b>
<b>Gross Profit (losses)</b>	<b>25,362</b>	<b>4,781</b>	<b>30,143</b>
Other operating income	2,004	1,035	3,039
Selling and distribution expenses	(3,011)	(1,554)	(4,566)
Administrative expenses	(2,515)	(1,299)	(3,814)
Research & Development expenses	(98)	(50)	(148)
Other operating expenses	(902)	(465)	(1,367)
<b>Earnings / (losses) before taxes, financial and investment results</b>	<b>20,840</b>	<b>2,447</b>	<b>23,288</b>
Net Financial Income	1,134	509	1,643
Result from usual business	21,974	2,956	24,931
<b>Results before tax</b>	<b>21,974</b>	<b>2,956</b>	<b>24,931</b>
Income tax	(7,475)	(1,006)	(8,481)
<b>Results net of tax</b>	<b>14,499</b>	<b>1,951</b>	<b>16,449</b>
<b>Earnings / (losses) before taxes, financial and investment results and depreciation</b>	<b>26,101</b>	<b>3,411</b>	<b>29,512</b>



### 6.1.2 Distribution of Assets and Liabilities per business segment

Group data	Group data as at 31/12/2018		
	Provision of Water Supply Services	Provision of Sewerage Services	Group Total
Fixed Assets	41,422	31,400	72,822
Trade receivables, contractual assets and other receivables	37,075	19,963	57,038
Non-allocated assets	-	-	80,011
<b>Total assets</b>	<b>78,497</b>	<b>51,363</b>	<b>209,871</b>
Future subsidy income	-	1,642	1,642
Liabilities	7,793	4,196	11,989
Non-allocated liabilities	-	-	196,240
<b>Total Liabilities</b>	<b>7,793</b>	<b>5,839</b>	<b>209,871</b>

Additions of Tangible and Intangible Assets 884 1,173 2,057

Group data	Group data as at 31/12/2017		
	Provision of Water Supply Services	Provision of Sewerage Services	Group Total
Fixed Assets	46,327	30,893	77,220
Trade receivables, contractual assets and other receivables	32,484	16,770	49,253
Non-allocated assets	-	-	73,876
<b>Total assets</b>	<b>78,811</b>	<b>47,663</b>	<b>200,349</b>
Future subsidy income	-	1,994	1,994
Liabilities	6,954	4,019	10,973
Non-allocated liabilities	-	-	187,383
<b>Total Liabilities</b>	<b>6,954</b>	<b>6,013</b>	<b>200,349</b>

Additions of Tangible and Intangible Assets 1,290 1,829 3,119

### 6.2 Break-down per Geographical Segment (secondary reporting type)

The Group's registered offices are in Greece and all the activities take place in Greece.

## 7. TANGIBLE ASSETS

The Group's tangible assets can be broken down as follows:

	THE GROUP					
	Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction
<b>Acquisition or valuation value</b>						
Balance on 1/1/2018	18,896	5,871	116,613	1,940	3,606	4,779
Additions 1/1 - 31/12/2018	-	28	384	-	381	1,212
Redistributions 1/1 - 31/12/2018	-	-	1,546	-	-	(1,546)
Settlements 1/1 - 31/12/2018	-	-	-	(59)	-	-
<b>Total on 31/12/2018</b>	<b>18,896</b>	<b>5,899</b>	<b>118,543</b>	<b>1,881</b>	<b>3,987</b>	<b>4,445</b>
<b>Accumulated depreciation</b>						
Balance on 1/1/2018	-	2,039	68,644	1,195	2,950	-
Depreciation of period 1/1 - 31/12/2018	-	153	5,950	86	170	-
Settlements 1/1 - 31/12/2018	-	-	-	(59)	-	-
<b>Total on 31/12/2018</b>	<b>-</b>	<b>2,192</b>	<b>74,594</b>	<b>1,222</b>	<b>3,120</b>	<b>-</b>
<b>Net carried value on 31/12/2017</b>	<b>18,896</b>	<b>3,832</b>	<b>47,969</b>	<b>745</b>	<b>656</b>	<b>4,779</b>
<b>Net carried value on 31/12/2018</b>	<b>18,896</b>	<b>3,706</b>	<b>43,950</b>	<b>659</b>	<b>867</b>	<b>4,445</b>

THE GROUP						
Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	Total
18,896	5,826	111,917	1,955	3,533	6,516	148,642
-	45	691	8	73	2,269	3,086
-	-	4,005	-	-	(4,005)	-
-	-	-	(23)	-	-	(23)
18,896	5,871	116,613	1,940	3,606	4,779	151,705
-	1,894	62,552	1,133	2,788	-	68,366
-	145	6,091	85	162	-	6,484
-	-	-	(23)	-	-	(24)
-	2,039	68,644	1,195	2,950	-	74,827
18,896	3,932	49,365	822	745	6,516	80,274
18,896	3,832	47,969	745	656	4,779	76,878

The Company's tangible assets can be broken down as follows:

THE COMPANY						
Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	Total
18,896	5,871	116,613	1,940	3,606	4,779	151,705
-	28	384	-	381	1,212	2,005
-	-	1,546	-	-	(1,546)	-
-	-	-	(59)	-	-	(59)
18,896	5,899	118,543	1,881	3,987	4,445	153,651
-	2,039	68,644	1,195	2,950	-	74,827
-	153	5,950	86	170	-	6,358
-	-	-	(59)	-	-	(59)
-	2,192	74,594	1,222	3,120	-	81,126
18,896	3,832	47,969	745	656	4,779	76,878
18,896	3,707	43,950	660	868	4,445	72,525

THE COMPANY						
Plots – lots	Buildings and building facilities	Machinery & Mechanical Installations	Transportation equipment	Furniture and other equipment	Fixed assets under construction	Total
18,896	5,826	111,917	1,955	3,533	6,516	148,642
-	45	691	8.00	73	2,269	3,086
-	-	4,005	-	-	(4,005)	-
-	-	-	(23)	-	-	(23)
18,896	5,871	116,613	1,940	3,606	4,779	151,705
-	1,894	62,552	1,133	2,788	-	68,366
-	145	6,091	85	162	-	6,484
-	-	-	(23)	-	-	(23)
-	2,039	68,644	1,195	2,950	-	74,827
18,896	3,932	49,365	822	745	6,516	80,275
18,896	3,832	47,969	745	656	4,779	76,878

No encumbrances have been registered on the Company's and the Group's assets.

## 8. INTANGIBLE ASSETS

The intangible assets of the Company and the Group can be broken down as follows:

	THE GROUP		THE COMPANY	
	Software Applications	Total	Software Applications	Total
<b>Acquisition or valuation value</b>				
Balance on 1/1/2018	1,121	1,121	1,121	1,121
Additions 1/1 - 31/12/2018	51	51	51	51
<b>Total on 31/12/2018</b>	<b>1,172</b>	<b>1,172</b>	<b>1,172</b>	<b>1,172</b>
<b>Accumulated depreciation</b>				
Balance on 1/1/2018	780	780	780	780
Depreciation of period 1/1 - 31/12/2018	95	95	95	95
<b>Total on 31/12/2018</b>	<b>875</b>	<b>875</b>	<b>875</b>	<b>875</b>
<b>Net carried value on 31/12/2017</b>	<b>342</b>	<b>342</b>	<b>342</b>	<b>342</b>
<b>Net carried value on 31/12/2018</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>
	THE GROUP		THE COMPANY	
	Software Applications	Total	Software Applications	Total
<b>Acquisition or valuation value</b>				
Balance on 1/1/2017	1,089	1,089	1,089	1,089
Additions 1/1 - 31/12/2017	33	33	33	33
<b>Total on 31/12/2017</b>	<b>1,121</b>	<b>1,121</b>	<b>1,121</b>	<b>1,121</b>
<b>Accumulated depreciation</b>				
Balance on 1/1/2017	688	688	688	688
Depreciation of period 1/1 - 31/12/2017	92	92	92	92
<b>Total on 31/12/2017</b>	<b>780</b>	<b>780</b>	<b>780</b>	<b>780</b>
<b>Net carried value on 31/12/2016</b>	<b>401</b>	<b>401</b>	<b>401</b>	<b>401</b>
<b>Net carried value on 31/12/2017</b>	<b>342</b>	<b>342</b>	<b>342</b>	<b>342</b>

## 9. PARTICIPATIONS IN SUBSIDIARIES

Company participations in subsidiaries and the relevant transactions for the year can be broken down as follows:

	31 December 2018	31 December 2017
<b>Opening balance</b>	<b>60</b>	<b>60</b>
Share capital increase in holdings	2,400	-
Impairment of holdings	(2,400)	-
	<b>60</b>	<b>60</b>
Sale of shares in subsidiary	-	-
<b>Balance at end of period</b>	<b>60</b>	<b>60</b>

Decision No. 270/2018 of EYATH S.A.'s Board of Directors approved a € 2,400,000 increase in the share capital of the wholly owned subsidiary EYATH Services S.A. in May 2018 paid in cash. Following completion of that share capital increase, the subsidiary's share capital stood at € 2,460,000 divided into 4,920,000 registered shares with a nominal value of € 0.50 each. Then based on its accounting policies and the requirements of IAS 36, the Company formed an impairment provision equal to the increase in the subsidiary's share capital increase based on the present value of future cash flows which are expected to flow from the subsidiary.

## 10. LONG-TERM RECEIVABLES

Long-term receivables on 31/12/2018 primarily related to the guarantees provided to PPC (€ 474, compared to € 404 in 2017) and long-term trade receivables after arrangements made for their repayment were € 2,645, compared to € 3,510 in 2017.

## 11. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Balance at start of period	-	-	-	-
Additions	50	-	50	-
Closing balance	50	-	50	-

The financial assets measured at fair value through other comprehensive income include the purchase of 1,783 shares in the Metropolitan Development Agency of Thessaloniki acquired during 2018.

Fair value was measured at “level 3: prices from valuation models not based on observable market data”, and there was no change in fair value.

	Group		THE COMPANY		Fair value scale
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
Assets					
Financial assets measured at fair value through other comprehensive income	50	-	50	-	Level 3

## 12. INVENTORIES

Group and Company inventories can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Raw direct and indirect materials - consumables - spare parts	1,791	1,655	1,791	1,655
Impairment of inventories	(35)	(35)	(35)	(35)
Total after impairment	1,755	1,620	1,755	1,620

There is an impairment provision of € 35 on the Group's inventories (2017: €35).

There are no pledges on the Group's inventories.

## 13. TRADE RECEIVABLES AND CONTRACTUAL ASSETS

Group and Company trade receivables can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Trade receivables	42,096	40,606	42,078	40,580
Doubtful – disputed customers and debtors	28,906	24,849	28,906	24,849
Contractual assets	13,242	7,128	13,242	7,128
Years' receivable income	802	692	784	692
	85,045	73,277	85,009	73,248
Less: Provision for bad debt	(28,906)	(24,849)	(28,906)	(24,849)
Total trade receivables and contractual assets	56,140	48,428	56,103	48,399

The “contractual assets” account relates to accrued, uninviced income from customers from supplying water and sewerage services, which will be invoiced for in the subsequent period. The change from the previous year is due to the application of IFRS 15 (para. 2.4).

The “non-current receivables from current income” account primarily includes revenues from interest on time deposits to be collected.

The book values of the above receivables represent their fair value and no discounting is required on the Balance sheet date. There is no credit risk concentration related to receivables, as the Company has a large number of customers and the credit risk is dispersed.

12% of the value of trade receivables comes from one customer, however, since it is a Greek state agency, the company considers that there is no question of it not being able to pay the amounts owed to the Company, nor any concentra-

## 14. OTHER RECEIVABLES

Group and Company other receivables can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Loans and other receivables from staff	432	335	432	335
Short-term receivables from related parties	-	-	24	24
Sundry debtors	1,012	876	925	876
Advances and credit control account	112	159	112	159
Prepaid expenses	193	304	193	304
	<b>1,749</b>	<b>1,676</b>	<b>1,686</b>	<b>1,698</b>
Less: Provision for bad debt	(851)	(851)	(851)	(851)
<b>Total of trade and other receivables</b>	<b>899</b>	<b>825</b>	<b>835</b>	<b>847</b>

The “Loans and other receivables from staff” account includes interest-free short-term payrolling advances, cash assistance and short-term interest-bearing loans to staff.

The advances and credit management account on 31/12/2018 mainly included receivables-bills for payment of the Company’s collectors and other associates.

## 15. CASH AND CASH EQUIVALENTS

Cash assets can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cash	124	57	124	57
Sight and time deposits	71,510	65,152	71,192	64,857
<b>Total</b>	<b>71,634</b>	<b>65,210</b>	<b>71,317</b>	<b>64,914</b>

Cash assets include cash in the Group and company treasury and bank deposits available upon demand.

The rating of cash assets based on the credit ratings of FITCH is:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
CCC+	16,856	-	16,856	-
CCC	27,666	-	27,349	-
RD	-	36,123	-	35,828
Sight and time deposits in banks not rated by Fitch	26,988	29,029	26,988	29,029
<b>Total</b>	<b>71,510</b>	<b>65,152</b>	<b>71,192</b>	<b>64,857</b>

The total sight and time deposits are deposited in Greek banks which are subject to capital controls.

## 16. SHARE CAPITAL

The Company/Group’s share capital can be broken down as follows (figures are in € and are not rounded off):

	31 December 2018	31 December 2017
Number of registered shares	36,300,000	36,300,000
Nominal value per share (in Euro)	1.12	1.12
<b>Nominal value</b>	<b>40,656,000</b>	<b>40,656,000</b>
<b>Premium on capital stock</b>	<b>2,829,985</b>	<b>2,829,985</b>

Company shares are listed for trading on the Large Capitalisation category of the Athens Exchange.

According to the Company’s Shareholder Registry, on 31/12/2018, shareholders with a significant participation percentage in the Company were:

SHAREHOLDER	Number of shares held	Holding on 31/12/2018
HCAP	18,150,001	50.00% +1 Share
HRADF	8,717,999	24.02%
SUEZ GROUPE	1,982,870	5.46%
Other shareholders	7,449,130	20.52%
<b>Total</b>	<b>36,300,000</b>	<b>100.00%</b>

At its meeting on 21.2.2018, the Interministerial Committee for Restructuring and Privatisation decided to:

1. Revoke Interministerial Committee for Restructuring and Privatisation decision No. 195/27.10.2011 (Government Gazette 754/B) to the extent that it transferred 14,520,000 shares in EYATH to the company Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

2. Revoke Interministerial Committee for Restructuring and Privatisation Decision oik. 206/25.4.2012, Government Gazette 1363/B/26.4.2012), to the extent that it transferred 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018.

The decision was published in Government Gazette 614/B/22.2.2018. In light of that 18,150,001 shares of EYATH S.A. belong to the State (50% + 1 share) and 8,717,999 shares (24.017%) belong to HRADF.

Following that, according to the notice submitted by the Ministry of Finance, which the company received by email on 21.3.2018, 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital.

The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF.

The Greek State's total direct and indirect holding in those companies has not changed.

## 17. RESERVES

The company's inventories can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Statutory Reserve	12,585	12,031	12,562	12,007
Special law untaxed reserves	399	399	399	399
Reserves for own share acquisition	1	1	1	1
Other reserves	16,635	16,635	16,635	16,635
<b>Balance</b>	<b>29,620</b>	<b>29,065</b>	<b>29,596</b>	<b>29,042</b>

Under Greek company law, the establishment of a statutory reserve (by transferring 5% of the annual earnings net of tax to it to each year) is mandatory until that reserve accounts for 1/3 of the share capital. The "statutory reserve" is distributed only upon the winding up of the Company; it may though be set off against accumulated losses.

The tax law reserves were established under the provisions of tax laws which either entitle the taxation of certain income to be rolled forward to the time at which that income is distributed to shareholders or grant certain tax breaks as incentives for making investments.

The own shares reserve consists of fractional rights in shares from share capital increases in which gratis shares were distributed on 17/1/2003.

The figure of € 16,635 (Other reserves) was created in accordance with Law 2937/2001 amending and supplementing the provisions on the adequacy of equity of investment firms and credit institutions, reforms relating to EYATH S.A. and other provisions".

## 18. PROVISIONS FOR EMPLOYEE BENEFITS / PROVISIONS FOR THE SUPPLY OF WATER

The Company's and Group's obligation to staff employed in Greece for future payment of benefits depending on their length of previous service is measured and presented based on the accrued right expected to be paid to each employee, on the balance sheet date, discounted at present value, compared to the expected time of payment. The accrued benefits of each period are charged in profit or loss with corresponding increase of the pension liability. The payment of benefits to employees leaving due to retirement correspondingly decrease the pension liability.

The present value is an estimate made at a specific point in time (the present). That estimate calculates an amount which is considered to express the economic equivalent (at the present time) of one or more amounts which will be paid at future points in time. The need to calculate the present value rises from the established principle that amounts which refer to different points in time are not comparable. To be able to compare the two or more amounts, they must be 'extrapolated' to the current date.

The obligation arising from currently completed service is equal to the present value of benefits accrued up to the valuation date (i.e. those which correspond to completed service by members on the valuation date) and is based on estimated final pensionable pay for active members.

Contributions are the present value of the increase for benefits due to one year's service, which will be added during the year after the valuation date, relate to service during that year and are based on estimated final pensionable pay for active members. That is done by calculating present value, which is the only method acceptable under IAS 19.

The number of staff employed in the Company and the corresponding payroll cost are as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
Payroll expenses	9,918	7,185	9,918	7,185
Employer contributions	2,545	1,820	2,545	1,820
Other benefits and staff expenses	303	84	303	84
Personnel dismissal and retirement compensation provision	142	124	142	124
<b>Total cost</b>	<b>12,908</b>	<b>9,213</b>	<b>12,908</b>	<b>9,213</b>
<b>No. of employees</b>	<b>361</b>	<b>380</b>	<b>361</b>	<b>380</b>

The rise in staff numbers is due to the fact that during 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). By 31.12.2017 a total of 126 employees had taken up their posts, and so far recruitment procedures for a total of 143 staff have been completed. Moreover, 11 employees were recruited via staff recruitment competitions on private law fixed term contracts (of 8 months duration) in 2018, and the corresponding figure for such employees the previous year was 41.

The Group and Company obligation to pay compensation to its staff leaving due to retirement was reduced based on an actuarial study which was prepared by an independent company of certified actuaries. The key figures and assumptions of the actuarial study are as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Provisions for retirement benefits	1,910	1,892	1,910	1,892
	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>

The key financials and assumptions of the actuarial study for compensation benefits are as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Current value of non-financed liabilities	1,910	1,892	1,910	1,892
Fair value of plan assets				
	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>
Non-recognised interim liability				
Direct recognition of interim liability				
Non-recognised actuarial profits/(losses)				
Non-recognised cost of past experience				
<b>Net liability recognised in balance sheet</b>	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>
<b>Amounts recognised in income statement</b>				
	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Cost of current employment	130	76	130	76
Interest on liability	38	40	38	40
<b>Normal expenses in income statement</b>	<b>168</b>	<b>116</b>	<b>168</b>	<b>116</b>
Recognition of past service cost	-	-	-	-
Cost of cutbacks / settlements / termination of service	12	8	12	8
Reorganisation costs	-	-	-	-
Other expenses / (income)	-	-	-	-
<b>Total expense in income statement</b>	<b>180</b>	<b>124</b>	<b>180</b>	<b>124</b>
<b>Changes in net liability recognised in the balance sheet</b>				
	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Net liability at start of period	1,892	1,998	1,892	1,998
Employer contributions	-	-	-	-
Benefits paid by employer	(66)	(95)	(66)	(95)
Total expense recognised in income statement	180	124	180	124
Amount recognised directly in comprehensive income statement	(97)	(135)	(97)	(135)
<b>Net liability at end of period</b>	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>
Adjustment				
<b>Net liability at end of period</b>	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>
<b>Re-measurements</b>				
(Profit)/Loss from change in assumptions	-	-	-	-
(Profit)/Loss from the current period	-	135	-	135
<b>Total charges to other comprehensive income</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>135</b>
<b>Change in net value of liability</b>				
Present value of liability at start of period	1,892	1,998	1,892	1,998
Cost of current employment	130	76	130	76
Interest cost	38	40	38	40
Benefits paid by employer	(66)	(95)	(66)	(95)
Cost of cutbacks / settlements / termination of service	12	8	12	8
Past service cost during previous period	-	-	-	-
Amounts recognised in other comprehensive income	(97)	(135)	(97)	(135)
<b>Present value of liability at end of period</b>	<b>1,910</b>	<b>1,892</b>	<b>1,910</b>	<b>1,892</b>
<b>Actuarial assumptions</b>				
Discount Rate	2.00%	2.00%	2.00%	2.00%
Inflation	2.00%	2.00%	2.00%	2.00%
Future increases of salaries	0% up to 2020 and 2.3% thereafter	0% up to 2020 and 2.3% thereafter	0% up to 2020 and 2.3% thereafter	0% up to 2020 and 2.3% thereafter
Retirement Increase Rate	0.00%	0.00%	0.00%	0.00%

On the value date (31.12.2018) use of a 0.5% higher discount rate would result in the present value of the actuarial obligation being 6% lower while, the exact opposite, use of a 0.5% lower discount rate would result in the present value of the actuarial obligation being 6% higher.

The relevant sensitivity tests for the expected pay rise, namely a pay rise of 0.5% higher than expected would result in an actuarial obligation 4% higher, and the exact opposite, use of an expected pay rise 0.5% lower than expected would result in an actuarial obligation 4% lower.

Based on the actuarial study, the gross value of the amount recognised in other comprehensive income is € 97 million, of which the net amount is € 69 and the corresponding deferred tax is € 24.

## 19. PROVISIONS FOR CONTINGENCIES AND EXPENSES

A provision of € 3,487 covers contingent liabilities that may arise during the settlement of litigation with third parties and Group staff.

A provision of € 1,642 relates to the provision for the cost of removing an accumulated mass of sludge at the Thessaloniki Waste Water Treatment Plant and a provision for removing by-products from the same facility.

For the period ended on 31.12.2018 the change in the provisions account for the Group and Company was as follows:



**Long-term provisions**

1 January 2018  
 Additional provisions for year  
 Provisions used/reversal of provisions for the period  
 31 December 2018

THE GROUP		
Pending litigation	Provisions for contingencies & expenses	Total
6,036	2,210	8,246
1,268	-	1,268
(3,817)	(568)	(4,385)
3,487	1,642	5,129

**Long-term provisions**

1 January 2018  
 Additional provisions for year  
 Provisions used/reversal of provisions for the period  
 31 December 2018

THE COMPANY		
Pending litigation	Provisions for contingencies & expenses	Total
5,505	2,210	7,715
1,268	-	1,268
(3,286)	(568)	(3,854)
3,487	1,642	5,128

For the period ended on 31.12.2017 the change of the provisions account for the Group and Company was as follows:

**Long-term provisions**

1.1.2017  
 Additional provisions for year  
 Provisions used/reversal of provisions for the period  
 31.12.2017

GROUP			
Pending litigation	Provision for tax	Provisions for contingencies & expenses	Total
6,188	500	2,200	9,188
962	-	510	1,472
1,114	500	500	2,114
6,036	-	2,210	8,546

**Long-term provisions**

1 January 2017  
 Additional provisions for year  
 Provisions used/reversal of provisions for the period  
 31.12.2017

COMPANY			
Pending litigation	Provision for tax	Provisions for contingencies & expenses	Total
6,188	500	2,200	9,188
431	-	510	941
1,114	500	500	2,114
5,505	-	2,210	8,015

**20. GRANTS****Opening balance**

Depreciation of grants carried forward to results

**End of period balance**

THE GROUP		THE COMPANY	
31 December 2018	31 December 2017	31 December 2018	31 December 2017
1,994	2,345	1,994	2,345
(351)	(351)	(351)	(351)
1,643	1,994	1,643	1,994

Grants primarily relate to the construction of the company's water supply and sewerage network. The company has complied with all obligations required in order to receive the grants and so there is no issue of the grants being returned.

**21. OTHER LONG-TERM LIABILITIES**

The sum of € 14,801 on 31/12/2018 and € 14,417 on 31/12/2017 related to guarantees from customers for use of meters and for bills, which were collected when the initial supply connection was made. Those guarantees are returned (without interest) when the customer terminates the connection. The guarantees have been recorded at nominal value, and not at fair value when initially recorded and then subsequently at carried cost because customers may request those amounts back at any time.

## 22. TRADE AND OTHER LIABILITIES

The total liabilities of the Group and the Company to suppliers and other third parties are broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Suppliers	7,572	5,319	7,559	5,293
Cheques payable	10	8	10	8
Other Taxes - Duties	1,016	764	1,016	764
Insurance and pension fund dues	569	468	569	468
Liabilities to related parties	-	-	-	477
Accrued expenses	1,470	2,301	1,464	2,287
Sundry creditors	1,308	1,990	1,302	1,859
<b>Total</b>	<b>11,946</b>	<b>10,849</b>	<b>11,920</b>	<b>11,155</b>

The maturity of the Group and Company suppliers and other liabilities accounts can be broken down as follows:

	THE GROUP		THE COMPANY	
	SHORT-TERM 2018		SHORT-TERM 2018	
	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS
Suppliers	7,572	-	7,559	-
Cheques payable	10	-	10	-
Insurance and pension fund dues	569	-	569	-
Sundry creditors	1,308	-	1,302	-
Accrued expenses	1,470	-	1,464	-
Other taxes and duties	1,016	-	1,016	-
<b>Total</b>	<b>11,946</b>	<b>-</b>	<b>11,920</b>	<b>-</b>

	THE GROUP		THE COMPANY	
	SHORT-TERM 2017		SHORT-TERM 2017	
	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS	WITHIN 6 MONTHS	FROM 6 TO 12 MONTHS
Suppliers	5,319	-	5,293	-
Cheques payable	8	-	8	-
Insurance and pension fund dues	468	-	468	-
Liabilities to related enterprises/joint ventures	-	-	477	-
Sundry creditors	1,990	-	1,859	-
Accrued expenses	2,301	-	2,287	-
Other taxes and duties	764	-	764	-
<b>Total</b>	<b>10,849</b>	<b>-</b>	<b>11,155</b>	<b>-</b>

## 23. SHORT-TERM TAX LIABILITIES

Group and Company other short-term liabilities can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Income tax	1,263	405	1,263	398
	<b>1,263</b>	<b>405</b>	<b>1,263</b>	<b>398</b>

## 24. EXPENSES PER CATEGORY

Expenses per category for the Group and Company in 2018 can be broken down as follows:

THE GROUP					
for the period ended on 31/12/2018	Cost of Goods Sold	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
Cost of goods used	2,044	-	-	-	2,044
Self-supplied fixed assets	(132)	-	-	-	(132)
Staff salaries and expenses	8,134	2,097	2,581	96	12,908
Third party fees and expenses	1,057	761	872	20	2,711
Electricity	11,237	16	21	-	11,274
Rent	234	83	49	-	366
Maintenance - Repair expenses	11,549	55	16	-	11,620
Other charges for outside services	1,143	84	261	-	1,488
Expenses from tax and duties	253	106	248	-	607
Miscellaneous Expenses	1,029	514	329	-	1,871
Depreciation of tangible & intangible assets	6,196	-	258	-	6,454
Provisions for bad debt	-	3,179	-	-	3,179
<b>Total</b>	<b>42,744</b>	<b>6,895</b>	<b>4,634</b>	<b>116</b>	<b>54,389</b>

THE COMPANY					
for the period ended on 31/12/2018	Cost of Goods Sold	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
Cost of goods used	2,044	-	-	-	2,044
Self-supplied fixed assets	(132)	-	-	-	(132)
Staff salaries and expenses	8,134	2,097	2,581	96	12,908
Third party fees and expenses	963	909	837	20	2,729
Electricity	11,237	16	21	-	11,274
Rent	234	83	49	-	366
Maintenance - Repair expenses	11,549	55	16	-	11,620
Other charges for outside services	1,143	84	257	-	1,484
Expenses from tax and duties	253	106	246	-	605
Miscellaneous Expenses	1,029	514	325	-	1,868
Depreciation of tangible & intangible assets	6,196	-	258	-	6,454
Provisions for bad debt	-	3,179	-	-	3,179
<b>Total</b>	<b>42,650</b>	<b>7,043</b>	<b>4,591</b>	<b>116</b>	<b>54,400</b>

For the 2018 annual period, management expenses included fees for the auditing firm of € 3 which relates to permissible non-auditing tasks.

The corresponding expenses for 2017 can be broken down per category for the Group and company as follows:

THE GROUP					
for the period ended on 31/12/2017	Cost of Goods Sold	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
Cost of goods used	2,513	-	-	-	2,513
Self-supplied fixed assets	(328)	-	-	-	(328)
Staff salaries and expenses	7,004	1,013	1,404	91	9,511
Third party fees and expenses	1,994	233	1,068	44	3,339
Electricity	11,403	-	-	-	11,403
Rent	123	78	150	-	351
Maintenance - Repair expenses	11,944	64	11	-	12,019
Other charges for outside services	879	188	348	-	1,416
Expenses from tax and duties	478	81	100	-	659
Miscellaneous Expenses	1,100	267	411	10	1,787
Depreciation of tangible & intangible assets	6,149	102	321	4	6,576
Provisions for bad debt	-	2,539	-	-	2,539
<b>Total</b>	<b>43,258</b>	<b>4,566</b>	<b>3,814</b>	<b>148</b>	<b>51,785</b>

THE COMPANY					
for the period ended on 31/12/2017	Cost of Goods Sold	Selling & distribution expenses	Administrative expenses	Research & Development expenses	Total
Cost of goods used	2,513	-	-	-	2,513
Self-supplied fixed assets	(328)	-	-	-	(328)
Staff salaries and expenses	6,718	1,013	1,391	91	9,213
Third party fees and expenses	854	1,739	1,231	44	3,867
Electricity	11,403	-	-	-	11,403
Rent	123	78	150	-	351
Maintenance - Repair expenses	11,944	64	11	-	12,019
Other charges for outside services	879	188	341	-	1,409
Expenses from tax and duties	478	81	98	-	658
Miscellaneous Expenses	1,065	267	407	10	1,749
Depreciation of tangible & intangible assets	6,149	102	321	4	6,576
Provisions for bad debt	-	2,539	-	-	2,539
<b>Total</b>	<b>41,796</b>	<b>6,072</b>	<b>3,952</b>	<b>148</b>	<b>51,968</b>

## 25. OTHER OPERATING EXPENSES - OTHER OPERATING INCOME

Other operating income can be broken down as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
Income from Subsidies	130	173	130	173
Income from services provided	125	67	125	67
Rent	20	89	3	3
Depreciation on subsidies	351	351	351	351
Other prior period income	64	33	64	33
Other income	439	188	439	188
Revenue from seized guarantees	-	677	-	677
Income from prior period provisions	1,480	1,460	1,205	1,460
<b>Total other operating income</b>	<b>2,609</b>	<b>3,039</b>	<b>2,316</b>	<b>2,953</b>

Other operating expenses can be broken down as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
Tax and other fines and surcharges	99	77	99	77
Compensation to third parties for damage to the water supply and sewerage network	96	22	96	22
Compensation under court rulings	53	118	53	118
Other expenses, provisions and losses	1,268	1,114	1,570	581
Losses from replacement of water meters and Other losses	28	6	28	6
Other prior period expenses	329	29	67	29
<b>Total other expenses</b>	<b>1,874</b>	<b>1,367</b>	<b>1,914</b>	<b>834</b>

Other expenses, provisions and losses on 31.12.2018 stood at € 1,268 (2017: € 1,114) and included provisions for pending litigation.

## 26. FINANCIAL INCOME/(EXPENSES)

Financial income (expenses) can be broken down as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
Interest charges on bank liabilities				
Other financial expenses	133	78	133	77
<b>Total financial expenses</b>	<b>133</b>	<b>78</b>	<b>133</b>	<b>77</b>
Interest and related income	1,708	1,720	1,706	1,718
<b>Total financial income</b>	<b>1,708</b>	<b>1,720</b>	<b>1,706</b>	<b>1,718</b>
<b>Net financial income/(expenses)</b>	<b>1,575</b>	<b>1,642</b>	<b>1,573</b>	<b>1,642</b>

Note that the balance in the Group account "Interest and related income" as at 31/12/2018 of € 1,708 includes default

interest on customer bills of € 380 and other interest of € 1,328 which primarily relates to interest from deposits. The policy of charging default interest on customer bills has been implemented since 16/5/2007 by decision of the Company's Board of Directors.

The "other financial expenses" account primarily records bank commissions for bank transactions and issuing guarantee letters.

## 27. INCOME TAX

According to Greek tax law, the tax rate was 29% for 2018 and 2017. Under Article 23 of Law 4579/2018 the income tax rates will gradually reduce to 28% for income in the 2019 tax year, 27% for income in the 2020 tax year, 26% for income in the 2021 tax year and 25% for income in tax years from 2022 onwards.

The tax burden on the results was as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
Income tax	9,527	8,277	9,524	8,196
Income tax settlement differences	25	-	25	-
Deferred tax	(2,602)	204	(2,602)	204
<b>Total</b>	<b>6,950</b>	<b>8,481</b>	<b>6,947</b>	<b>8,400</b>

The tax amount in the "Income tax" line of the comprehensive income statement is different from the theoretical amount that would arise by applying the current tax rate to the Company's profits. This difference is as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
<b>Earnings before tax</b>	<b>19,376</b>	<b>24,931</b>	<b>20,606</b>	<b>25,194</b>
Tax calculated at the Company's tax rate (29%).	5,619	7,230	5,976	7,306
Expenditure not exempted from income tax	148	294	148	294
Income tax settlement differences	25	-	25	-
Untaxed income	(489)	(440)	(487)	(440)
Impact of change in tax rates	(396)	-	(396)	-
Permanent differences	2,043	1,397	1,682	1,240
<b>Total taxes in Comprehensive Income Statement</b>	<b>6,950</b>	<b>8,481</b>	<b>6,947</b>	<b>8,400</b>

The impact on the reduction in tax rates made by Article 23 of Law 4579/2018 was € 396 for the Group and Company. The fact that in some cases income and expenses are booked at a time other than the time at which income is taxed or expenses deducted for the purpose of determining taxable income gives rise to the need to recognise deferred tax assets or deferred tax liabilities.

The deferred tax asset/liability recognised by the Group and the Company can be broken down as follows:

	THE GROUP		THE COMPANY	
	31 December 2018	31 December 2017	31 December 2018	31-Δεκ-17
Deferred tax assets	4,896	5,212	4,896	5,212
Deferred tax liabilities	(1,443)	(2,078)	(1,443)	(2,078)
<b>Total deferred tax in the Statement of Financial Position</b>	<b>3,452</b>	<b>3,133</b>	<b>3,452</b>	<b>3,133</b>

	THE GROUP		THE COMPANY	
	THE COMPANY	31 December 2017	31 December 2018	31 December 2017
<b>Balance at start of period</b>	<b>3,133</b>	<b>3,377</b>	<b>3,133</b>	<b>3,377</b>
Tax on income/equity	319	(244)	319	(244)
<b>Closing balance</b>	<b>3,452</b>	<b>3,133</b>	<b>3,452</b>	<b>3,133</b>

THE GROUP - THE COMPANY					
As at 31/12/2017	Credits (Debits) in equity	Opening balance at 1/1/2018 after impact of IFRS 15	Credits (Debits) in results	Credits (Debits) in equity	As at 31/12/2018
<b>Deferred tax liabilities</b>					
Adjustment of fixed asset subsidies	(2,078)	-	(2,078)	635	(1,443)
Adjustment for IFRS 15 (note 2.4)	-	(2,269)	(2,269)	2,269	-
	(2,078)	(2,269)	(4,347)	2,904	(1,443)
<b>Deferred tax assets</b>					
Depreciation on tangible assets	3,686	-	3,686	(342)	3,344
De-recognition of depreciation on capital expenditure and adjustment in depreciation for intangible assets	170	-	170	(43)	127
Adjustment of value of receivable accounts	703	-	703	(97)	606
Provisions for contingencies - other provisions	104	-	104	225	329
Personnel dismissal and retirement compensation provision	555	-	555	(47)	491
	5,217	-	5,217	(302)	4,897
<b>Net deferred tax assets in the statement of financial position</b>	<b>3,133</b>	<b>(2,269)</b>	<b>864</b>	<b>(13)</b>	<b>3,453</b>
<b>Presentation in statement of financial position</b>					
Deferred tax liabilities (net)	-	-	-	-	-
Deferred tax assets (net)	3,133	864	864	3,453	3,453
	<b>3,133</b>	<b>864</b>	<b>864</b>	<b>3,453</b>	<b>3,453</b>

THE GROUP - THE COMPANY			
As at 31/12/2016	Credits (Debits) in results	Credits (Debits) in equity	As at 31/12/2017
<b>Deferred tax liabilities</b>			
Adjustment of fixed asset subsidies	(2,153)	74	(2,078)
	(2,153)	74	(2,078)
<b>Deferred tax assets</b>			
Depreciation on tangible assets	3,488	198	3,686
De-recognition of depreciation on capital expenditure and adjustment in depreciation for intangible assets	199	(29)	170
Adjustment of value of receivable accounts	703	0	703
Provisions for contingencies - other provisions	529	(425)	104
Personnel dismissal and retirement compensation provision	611	(23)	555
	5,529	(279)	5,217
<b>Net deferred tax assets in the statement of financial position</b>	<b>3,377</b>	<b>(205)</b>	<b>3,139</b>
<b>Presentation in statement of financial position</b>			
Deferred tax liabilities (net)	-	-	-
Deferred tax assets (net)	3,377	3,133	3,133
	<b>3,377</b>	<b>3,133</b>	<b>3,133</b>

Deferred income tax is calculated using the tax rate expected to apply at the time the tax assets/liabilities mature.

## 28. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profits for the period by the average weighted number of shares in circulation during the period. Earnings are defined as profits or losses from the Group's continuing operations. It should be clearly understood that during the current and previous fiscal year there were no discontinued operations. There are no debentures convertible to shares or other potential instruments convertible to shares which would reduce profits during the periods to which the financial statements relate and consequently reduced earnings per share have not been calculated.

Basic earnings (losses) per share were calculated as follows:

	THE GROUP		THE COMPANY	
	1/1 -31/12/2018	1/1 -31/12/2017	1/1 -31/12/2018	1/1 -31/12/2017
<b>Net profits payable to the Company's ordinary shareholders</b>	<b>14,001</b>	<b>16,449</b>	<b>13,659</b>	<b>16,794</b>
Average weighted number of shares in circulation	36,300,000	36,300,000	36,300,000	36,300,000
<b>Less: Weighted average number of own shares</b>	<b>36,300,000</b>	<b>36,300,000</b>	<b>36,300,000</b>	<b>36,300,000</b>
Average weighted number of shares in circulation				
<b>Basic earnings (losses) per share (in euro)</b>	<b>0.3857</b>	<b>0.4532</b>	<b>0.3763</b>	<b>0.4626</b>

At its meeting on 18/4/2019 the Company's Board of Directors approved submission of a proposal to the Ordinary General Meeting of Shareholders to distribute a dividend under Article 45 of Codified Law 2190/1920 and Article 160 of Law 4548/2014 of € 0.126 per share (or a total gross sum of € 4.586.626) for 2018. The dividend is subject to approval by the Ordinary General Meeting of Shareholders and is included in the balance of the account "Retained earnings".

## 29. TRANSACTIONS WITH RELATED PARTIES

According to the Group, related parties are members of the Board of Directors, members of Management, as well as the shareholders holding a significant percentage of its share capital (including their related persons). Note that in 2018, the Company's financial statements were included in the consolidated financial statements of HCAP S.A. for the first time. Consequently, the Group considers the entities related to HCAP S.A. to be related parties. The Group's trading transactions with these related parties during the 1/1/2018-31/12/2018 period were carried out under market terms and in the framework of its usual business activity. The transactions and the balances of the Group's and Company's related parties, during the 1/1/2018 - 31/12/2018 period and on 31/12/2018 respectively, are broken down in the following tables:

	THE GROUP		THE COMPANY	
	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017	1/1/2018 - 31/12/2018	1/1/2017 - 31/12/2017
Expenses to subsidiary	-	-	371	2,225
Income from other related parties consolidated along with HCAP S.A.	148	-	148	-
Expenses to other related parties consolidated along with HCAP S.A.	12,273	-	12,273	-
Transactions with and fees for executives and board members	678	632	674	632
Transactions with other related parties	2	-	2	-

The company's expenses of € 371 are related to meter reading services and distribution of receipts, as well as other services provided by subsidiary "EYATH SERVICES S.A.".

Transactions with and fees for executives and board members relate to salaries.

Income from other related parties consolidated along with HCAP S.A. relates primarily to water supply and sewerage network service revenues.

Expenses from related parties consolidated along with HCAP S.A. relate primarily to services received (expenses for electricity supplied worth € 11.7 million) and the leasing of properties.

	THE GROUP		THE COMPANY	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Receivables from subsidiary	-	-	24	24
Receivables from other related parties consolidated along with HCAP S.A.	533	-	533	-
Liabilities from subsidiary	-	-	-	477
Liabilities from other related parties consolidated along with HCAP S.A.	2,562	-	2,562	-
Receivables from management executives and board members	-	4	-	4
Liabilities to management executives and board members	7	3	2	3

The Company's receivable from a subsidiary of € 24 mainly related to receivables in lieu of the approved dividend.

Receivables and liabilities from other related parties consolidated along with HCAP S.A. of € 533 and € 2,562 related to receivables for income from providing water supply and sewerage services both billed and accrued, and services received and prepaid property rents.

Liabilities to management executives and board members related to salaries payable.

The actuarial liability for the company's related parties (management executives) was € 110 on 31/12/2018 (compared to € 126 in 2017).

## 30. COMMITMENTS FROM CONTINGENT LIABILITIES

### 30.1 Contingent liabilities from disputes in litigation or arbitration (amounts in €)

On 31/12/2018 there were lawsuits, extrajudicial invitations and in general future claims of a total amount of € 36 million approximately against the Company and Group, for which a provision of € 3.49 million in total had been formed, which is included in the long-term liabilities account "Provisions for contingencies and expenses" (see Note 19).

Of those lawsuits, the sum of € 8 million relates to compensation for damage done by flooding or actions from various counterparties/suppliers and contractors for breach of contractual terms and € 28 million relates to labour disputes, retirement compensation and fines imposed by insurance funds.

The Group's Legal Department estimates that other than the provision formed there will be no other cases whose outcome in court will significantly affect the Group's assets and operations.

### 30.2 Commitments from operating leases

As at 31/12/2018, the Group had entered into contracts for the operating lease of properties, which will gradually come to an end by 2026. The operating lease rent expenses which were recorded in the income statement of the current period were € 366 (2017: € 351).

The future minimum payments of operating lease rents based on a non-voidable operating lease contract for the group and the company are as follows:

	31 December 2018	31 December 2017
0 – 1 years	396	136
1 – 5 years	898	196
Over 5 years	262	54
	<u>1,557</u>	<u>386</u>

### 30.3. Other contingent liabilities

The Group on 31/12/2018 had granted performance bonds for project contracts of a total amount of €526 (31/12/2017: €453).

### 30.4 Open tax periods

#### Tax Compliance Report

For the years 2011 to 2018, the Company and its subsidiary EYATH Services S.A. have undergone a tax audit carried out by certified public accountants, as provided for in Article 82(5) of Law 2238/1994 (for the years 2011 to 2013) and Article 65a of Law 4172/2013 (Income Tax Code) (for the years from 2014 onwards). Upon completion of the tax audit by the certified public accountants for the periods 2011-2016, audit reports were issued with an unqualified opinion for the Company and its subsidiary, while there were no tax liabilities other than those recorded and presented in the separate and consolidated financial statements.

For fiscal year 2018, the Tax Compliance Reports are expected to be issued after the publication of the annual financial statements.

After the completion of the tax audit, the Management of the Company and the Group does not anticipate any additional tax liabilities that will have a material effect, other than those recorded in the separate and consolidated financial statements.

#### Open tax periods

In September 2016, the Large Enterprises Audit Centre of the Ministry of Finance carried out a statutory tax audit of the Company for years 2009 and 2010. The audit was completed and the final audit reports were received on 12.6.2017. It found taxes and surcharges payable, amounting to € 483, which were fully covered by the existing provision formed in previous years.

Note that based on recent judgments in similar cases (such as Council of State Judgments No. 1738/2017, 675/2017 and Athens Administrative 3-member Court of Appeal Judgment No. 1490/2016), the administrative courts have ruled that the 2011 accounting period has become statute-barred for tax purposes (given the 5-year statute-barring rule). It should also be pointed out that the Dispute Resolution Directorate accepted an administrative recourse filed by a company asking that audit instructions for the 2012 and 2013 accounting periods be annulled on the grounds that it was no longer possible to audit them given that the 18-month deadlines for carrying them out specified in ministerial decision No. ΠΟΛ. 1159/22-7-2011 had elapsed. Based on those points, it appears that the tax authorities can no longer carry out tax audits on societies anonyme for 2012 and 2013, and that the ability to carry out audits only exists for the 2014-2017 accounting periods, for which the provisions on tax certificates and 18-month deadlines for carrying out random tax audits have been repealed.

## 31. NUMBER OF STAFF EMPLOYED

The number of staff employed full time by the Group on 31.12.2018 was 350 compared to 339 employed in 2017, and the number of staff on a fixed term employment contract was 11 (2017: 41 people).



## 32. MAJOR EVENTS

### *Change in the shareholder line-up and voting rights*

The Interministerial Committee for Restructuring and Privatisation decided at its meeting on 21.2.2018 to revoke Decisions No. 195/27.10.2011 (Government Gazette 754/B) and No. 206/25.4.2012 (Government Gazette 1363/B/26.4.2012) of that Committee, to the extent that they transferred 14,520,000 and 3,630,001 shares of the Hellenic Republic to the company with the corporate name Hellenic Republic Asset Development Fund S.A. That decision is effective from 1.1.2018. The decision was published in Government Gazette 614/B/22.2.2018.

Following that, on 20.3.2018 following an OTC trade on that date the Hellenic Republic transferred free of charge 18,150,001 shares in EYATH S.A. to HCAP, in accordance with Article 380(20) of Law 4512/2018 as amended by Article 197(1) of Law 4389/2016. That transfer is effective from 1.1.2018. HCAP directly holds 50% + 1 share in EYATH and via HRADF indirectly holds 24.02%, which directly holds 24.02%. HCAP's voting rights account for 74.02% of the capital. The total voting rights controlled by the Greek State remain at 74.02%. The Greek State owns all voting rights in Hellenic Corporation of Assets and Participations (HCAP) which in turn holds all voting rights in HRADF. The Greek State's total direct and indirect holding in those companies has not changed.

### *Investment projects*

During 2018 EYATH S.A. launched various open tender procedures to put out the following water supply and sewerage designs and projects out to tender relating to extensions to networks, repair or replacement of pipelines or new projects.

- Technical Advisor services under the Framework Agreement for Technical Advice for EYATH S.A.'s Strategic and Business Plan designs and works. Budget: € 1.32 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Drafting of supporting designs / Framework Agreement for the preparation of support designs to meet EYATH S.A.'s needs. Budget: € 725,000 (plus VAT). The Framework agreement has been signed and the first implementing agreement is about to be signed.
- Contract for first group of urgent water supply works 2019. Budget: € 2.5 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Framework Agreement to improve - repair the Aravissos aqueduct. Budget: € 3.37 million (plus VAT). Currently, the appointment of the contractor is still awaited.
- Works to complete connection of the Thessaloniki low-lying areas, which includes 7 sewerage sub-projects in the area where transport interchange K16 is being built. Budget: € 6 million (plus VAT). At present, signing of the contract with the contractor is still awaited.

During 2018, Decision No. 4391/2.8.2018 approved inclusion of the operation entitled "Construction of an extension to the Thessaloniki Water Treatment Plant - Phase A2" in the Central Macedonia 2014-2020 operational programme (operation MIS code: 5028173) with a budget of € 21.4 million (plus VAT). The Company is currently updating the tender documents and drafting the tender notice, and plans to put the project out to tender in 2019.

During 2018, cases of extending sewerage networks with third parties assuming part of the cost were examined. These related to pipelines around 3.5 km long in various areas. Other cases examined included repairs/replacements of sewerage pipelines of around 10 km long.

In 2018 the special sewerage regulations were approved (Joint Ministerial Decision No. 1793 B'/21-5-2018) which relates to the terms and conditions imposed on all activities and operators who generate liquid waste other than residential homes, to enable the liquid waste to be disposed of via EYATH S.A.'s sewerage network. The regulations incorporate the environmental legislation and will reduce the impact on EYATH's sewerage network and also the environmental impact of the liquid waste itself.

***The subsidiary EYATH SERVICES S.A.***

On 31.12.2016 contracts for work entered into by the subsidiary EYATH SERVICES S.A. expired but were extended to 30.6.2017 under Article 46 of Law 4440/2016. All persons engaged under such contracts sought recourse to the courts and obtained an interim order until the final judgment on the petition for injunctive relief is handed down. Athens Single-Member Court of First Instance judgment No. 1353/2018 was handed down on 1.3.2018 which rejected their claims against the Company and the subsidiary EYATH SERVICES S.A. and since that date those persons have ceased offering their services to the company. EYATH SERVICES S.A. has not provided any water supply and sewerage services in the period from 1.3.2018 to the present day. On 2.4.2019 the main cases filed by former contract workers against EYATH S.A. and EYATH SERVICES S.A. was heard and judgment is awaited.

On 12.4.2018 the Thessaloniki Regional Branch of the EFKA Fund sent the company's subsidiary EYATH Services S.A. decisions imposing social security contributions and decisions imposing additional social security contribution charges totalling € 2,376,029.24. Those decisions were the result of an audit of contracts which examined the social security contributions of employees on independent service contracts / contracts for work at the subsidiary over the period 1.7.2010 - 31.12.2016. Those fines were paid by the subsidiary and it has filed an objection with the local EFKA Fund committee which handles those matters. The majority of that amount has been covered with provisions.

- Decision No. 270/2018 of EYATH S.A.'s Board of Directors approved a € 2,400,000 increase in the share capital of the wholly owned subsidiary EYATH Services S.A. in May, paid in cash, for the purpose of covering the said fine imposed by the Thessaloniki Regional Branch of the EFKA Fund. Following completion of that share capital increase, the subsidiary's share capital stood at € 2,460,000 divided into 4,920,000 registered shares with a nominal value of € 0.50 each. The Company then formed an impairment provision equal to the increase in the subsidiary's share capital increase based on the present value of future cash flows which are expected to flow from the subsidiary.

On 7.6.2018 another decision from the EFKA Fund was sent to the Company following settlement of social security cases for all employees on contracts up to 28.2.2018, for a total of € 242,952.94 including surcharges. EYATH Services has also filed an objection in relation to this fine with the local committee responsible for these matters.

***Acquisition of a holding***

EYATH S.A. participated in the share capital increase of the Metropolitan Development Agency of Thessaloniki, acquiring a 7.28% stake for around € 50 thousand.

***Fault with the Aravissos pipeline***

During the period ended, there was a major fault / break in the Aravissos pipeline, meaning that the supply of water from the Aravissos springs to the Thessaloniki urban area was suspended, and there were consequent extensive water supply problems throughout the entire city. Although technical works were completed on schedule, the considerable turbidity of the water in the Aravissos river, available at the Dendropotamos Pumping Station after completion of the works to replace the damaged section of the Aravissos pipeline was something unforeseen. Only after the water in the Aravissos river was found to be safe to drink was it channelled to the city once again.

As a company which manages a public commodity, to assist with the effects of water shortages in the Thessaloniki urban area resulting from that fault to the extent it could, EYATH S.A.'s Board decided to:

- Exempt consumers of special tariffs (social tariff, disabled tariff, large family tariff, etc.) from the standing charges on the next bill.
- Provide technical and financial assistance to public hospitals to ensure they had sufficient supplies of drinking water in the case of water supply problems.
- Assist Municipalities with the financial costs they incurred during the water shortages to secure drinking water for municipal services (such as old people's homes, kindergartens, etc.).
- Reduce the charges for tariffs in 2018 Q2 by taking 12% of the original tariff for those business consumers who had no past-due debts.

- Not apply charges for works to fix leaks on consumers' external branch lines, for the period from 28.3.2018 to 15.4.2018.
- Commission the Central Macedonia Annexe of the Technical Chamber of Greece to prepare an expert report on the damage to the pipe.

According to the Technical Chamber of Greece / Central Macedonia Annexe's technical report, delivered to EYATH S.A. in February 2019, the cracking in the cement Aravissos pipeline was due to corrosion of the steel reinforcements. In their expert report, engineers from the Technical Chamber of Greece / Central Macedonia Annexe took the view that the method followed by EYATH S.A. technical staff to repair the pipeline was the right one, that the duration of the works was reasonable, and the capacity of the existing water supply network appears to have been used to the full to distribute available quantities of water to the city.

After the damage occurred, a questionnaire was prepared and distributed to EYATH S.A. staff for the first time. It was sent in hard copy and electronic format in July 2018. The questions posed were also used in the public opinion poll conducted by an external associate (November – December 2018) and combining the results of the two helped the company develop a targeted communications policy.

Immediately after the Aravissos pipeline broke, Prof. Emeritus Giorgos Penelis was invited to update the Aravissos pipeline repair study which he had prepared in early 2000. The update was submitted to EYATH S.A. in August 2018. Then as part of EYATH S.A.'s activities in relation to this matter, which have been included in the company's Strategic and Business Plan, tender documents were prepared for a framework agreement to improve - repair the Aravissos pipeline, with a budget of € 3.4 million and an option for € 1.0 million. The framework agreement relates to work to improve and repair the Aravissos aqueduct which the design considers to be necessary. The tender procedure was run in December 2018 and a contractor for the project is expected to be selected soon.

During the year, the following steps were also taken for preventative maintenance and to check the Aravissos aqueduct:

- 10 boreholes were sunk along the length of the pipeline's route to monitor ground water levels.
- Preparatory steps were taken for specialist checks using spectral analysis of satellite images of the pipeline's entire route (around 52 km) to reveal any underground, and hidden leaks.
- Preparatory steps were taken for an internal acoustic inspection of the pipeline to identify leaks and air bubbles.

#### ***Recruitment of new staff***

During 2017 two staff recruitment competitions were run by ASEP to hire 150 full-time staff (80 employees with university or technical education and 70 with secondary education). The process was completed in 2018, since by 31.12.2017 126 staff had taken up their posts. The upcoming increase of the company's workforce, with employees to be added under ASEP (Central Staff Recruitment Board) procedures, will allow EYATH S.A. to expand its activities and contribute towards the economic growth of the wider region.

#### ***Annual General Meeting of Shareholders***

The Annual Ordinary General Meeting of Shareholders held on 31.5.2018.

- Approved EYATH S.A.'s separate and consolidated annual financial statements.
- Released members of the Board of Directors and certified public accountants from all liability.
- Approved the distribution of dividends for 2017.
- Approved the fees and remuneration paid to the Board and its secretariat.
- Confirmed the election of members of the Board to replace those who had resigned
- Appointed the Audit Committee in accordance with Article 44 of Law 4449/2017.
- Approved amendments to the Articles of Association of EYATH S.A.

**Changes to the Board of Directors**

- Mr. Evdoxos Petridis tendered his resignation on 10.5.2018 from the position of non-executive Board member.
- The Board decided at its meeting on 30.8.2018 (Decision No. 391/2018) to accept the resignation of the head of the HRADF S.A. Project, Mrs. Marina Kouri.

**33. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

Pricing Policy for the 2019-2023 period, which EYATH recommended to the Special Secretariat for Water, was approved by decision No. 26142/180 of the Special Secretary for Water (Government Gazette 1105/B/3.4.2019) and takes effect on 1.5.2019.

Given that as of 1.1.2019 the provisions of Article 31(5) and (6) of Law 4024/2011 cease to apply (as specified in the provisions of Article 33(a) of Law 4354/2015), the Company is in consultations with the SEYATH trade union to forge a new collective labour agreement.

The Board decided at its meeting on 24.1.2019 (Decision No. 023/2019) to accept the resignation of the 2nd Vice Chairman (non-executive), Mrs. Styliani Valani.

On 21.2.2019 an Extraordinary General Meeting of Shareholders in the company was held at the company's seat which decided:

1. To elect Nikos Klitos as an independent non-executive director and Mr. Grigorios Penelis as independent non-executive director, to replace the ones who had resigned, with a 5-year term in office running from 21.2.2019 to 21.2.2024.
2. To elect members of the Audit Committee in accordance with Article 44 of Law 4449/2017, whose line-up is as follows:
  - Nikos Klitos, new member and President of the Company's Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
  - Panagiotis Gogos, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.
  - Petros Samaras, member of the Audit Committee, whose term in office runs from 21.2.2019 to 10.5.2021.

The elected members of the Board and Audit Committee meet the conditions and independence criteria laid down in Law 3016/2002, as in force, and the conditions in Article 44 of Law 4449/2017.

In light of the above, on 5.3.2019 EYATH S.A.'s Board official re-established itself and allocated the following roles to its members:

- Ioannis Krestenitis, Chairman & CEO, executive member, whose term in office runs to 10.5.2021.
- Ioannis Papaioannou, 1st Vice Chairman, executive member, whose term in office runs to 10.5.2021.
- Grigorios Penelis, 2nd Vice Chairman, independent non-executive member, whose term in office runs to 21.2.2024.
- Nikos Klitos, independent non-executive member, Chairman of the Audit Committee, whose term in office runs to 21.2.2024.
- Stefania Tanimanidou, independent non-executive member, whose term in office runs to 10.5.2021.
- Panagiotis Gogos, independent non-executive member, whose term in office runs to 10.5.2021.
- Olympia Latsiou-Chrysafi, non-executive member, whose term in office runs to 10.5.2021.

- Petros Samaras, non-executive member, whose term in office runs to 10.5.2021.
- Georgios Archontopoulos, employee representative, non-executive member, whose term in office runs to 10.5.2021.
- Anastasios Sachinidis, employee representative, non-executive member, whose term in office runs to 10.5.2021.

There are no events between 31 December 2018 and the date on which the financial statements were approved by the Company's Board of Directors which could materially affect the financial position or the Company's results for the period that ended on this date, or other events which should be disclosed in the financial statements.

#### Thessaloniki, 18 April 2019

The Chairman of the Board & CEO

The Vice Chairman

The CFO

Ioannis Krestenitis

Ioannis Papaioannou

Dimitrios Alexandris

ID Card No. AB 680550

ID Card No. AE 183479

ID Card No.: AZ 683204 Econ. Chamber of  
Greece Licence No. 1st Class 0105601

#### AVAILABILITY OF FINANCIAL STATEMENTS

The annual and interim financial statements of the Group and Company, the Audit Report, and the Board of Directors' Management Report to the Annual Ordinary General Meeting have been posted to the company's website ([www.eyath.gr](http://www.eyath.gr)).





***20 years***  
***together for Thessaloniki!***

Egnatia 127, 546 35 Thessaloniki, [www.eyath.gr](http://www.eyath.gr)