



TRUE COPY
OF THE ORIGINAL
DOCUMENT
SIGNED
IN GREEK
LANGUAGE

**Management Report
of the Board of Directors
of EDA Thessaloniki -Thessaly S.A.
to the
Ordinary General Assembly of Shareholders
for the year ended
31st December 2018**

TABLE OF CONTENTS

	<u>Page</u>
GENERAL INFORMATION.....	4
1. CORPORATE AFFAIRS	6
2. REGULATORY ENVIRONMENT.....	8
3. NEW CONNECTIONS AND ACTIVATIONS OF DELIVERY POINTS.....	9
4. CORPORATE IMAGE – PROMOTIONAL ACTIVITIES & EXTERNAL COMMUNICATION 11	11
5. DISTRIBUTION NETWORK EXPANSION – CONSTRUCTION ACTIVITIES	11
6. DISTRIBUTION NETWORK OPERATION & MAINTENANCE	12
7. NATURAL GAS QUANTITIES ALLOCATION AND BILLING	13
8. NATURAL GAS MEASUREMENTS	14
9. DISTRIBUTION NETWORK ACCESS.....	14
10. IT SYSTEMS.....	14
11. HUMAN RESOURCES.....	15
12. QUALITY, HEALTH & SAFETY.....	15
13. PROCUREMENT OF MATERIALS AND SERVICES	15
14. FINANCIAL SERVICES.....	16
15. KEY OPERATIONAL INDICATORS	18
16. INCOME STATEMENT	19
17. STATEMENT OF FINANCIAL POSITION	21
18. RATIOS.....	25
19. FINANCIAL RISK MANAGEMENT	26
20. FORESEEABLE DEVELOPMENT OF COMPANY	27
21. RELATED PARTY TRANSACTION AND BALANCES	28
22. DIVIDENDS	30
23. EVENTS AFTER THE REPORTING PERIOD.....	30

Dear Shareholders,

According to the Law and the Articles of Incorporation of the Company, we submit for approval the Financial Statements for the fiscal year 01.01.2018 - 31.12.2018 which were compiled in accordance with the International Financial Reporting Standards as adopted by the European Union and we report to you the following, regarding the Company's activity during the fiscal year, its financial position, the prospects foreseen by the Board of Directors for the next fiscal year, the main risks and uncertainties that the Company may face within the next fiscal year, the non-financial information required by the law, and the significant transactions between the Company and the related parties.

General Information

The GAS DISTRIBUTION COMPANY THESSALONIKI-THESSALY S.A. (former GAS SUPPLY COMPANY OF THESSALONIKI S.A.) or "Company" or "EDA THESS" was founded in 2000 as a Société Anonyme in accordance with Greek Corporate Law. The Company has its principal place of business on 256 Monastiriou & 7 Glinou street, 54628, Thessaloniki, Greece, where it was installed by March 2011.

The Company's share capital is fully paid up, stands at €247,127,605 and is divided into 247,127,605 registered shares with a nominal value of €1 each.

The Company's current shareholding structure is as follows:

- (1) DEPA S.A.: 126,035,079 shares, i.e. 51%
- (2) ENI Gas e Luce S.p.A: 121,092,526 shares, i.e. 49%.

In compliance with Law 4001/2011, as from 30.12.2016 the Company became the legal Operator of the Distribution Networks of Thessaloniki and Thessaly. Pursuant to Article 8, L.4336/2015, by the issuance of the aforementioned Distribution Licenses on 31.12.2018, the provisions of the Distribution Licenses issued by the Ministry of Development in 2000 pursuant to the provisions of L.2364/1995 (OGG A 256), are abolished.

Under the Law 4336/2015, a plan has been introduced for the gradual and full liberalization of the natural gas market according to which: starting from August 2015, industrial customers with an annual consumption of more than 2.2 GWh/year, starting from January 2017, commercial customers with an annual consumption of more than 2.2 GWh/year and starting from January 2018, all End Customers regardless of consumption, became eligible.

On 31.12.2018, the Natural Gas Distribution License (RAE's dec. 1314/2018 OGG B' 5922/31.12.2018) and the Natural Gas Distribution Network Operation License (RAE's dec. 1315/2018 OGG B' 5916/31.12.2018), were granted to the Company, pursuant to the provisions of L. 4001/2011, and the Licensing Regulation (OGG B' 3430/17.08.2018). The period of validity of the Licenses is 25 years, expiring on 31.12.2043 and may be extended by decision of the Regulatory Authority for Energy under the provisions of the Law and the Licensing Regulation.

With the Distribution Network Operation License, the management right and operation of the distribution networks in the geographic areas of Thessaloniki and Thessaly, is granted to the Company. The geographical area of the license covers the Regional Unit of Thessaloniki and the Region of Thessaly. The licenses are granted for 25 years expiring on 31.12.2043 and may be extended by decision of the Regulatory Authority for Energy under the provisions of the Law and the Licensing Regulation..

Regarding the legislative and regulatory framework, in 2018 the Technical Regulation of "Compressed Natural Gas Decompression Installations and Ancillary Equipment" (OGG B' 1809/21.05.2018), the amendment of the Distribution Network Operation Code (OGG B'1507/02.2018), and the Customer Supply Code (OGG B'1969/01.06.2018) were issued. The amendment of the Law 4001/2011 Article 80B (OGG A'101/12.06.2018), regarding the ownership of assets of the Distribution Network of EDA THESS, was issued. Pursuant to the amendment, networks constructed as from 01/04/2017 belong to the exclusive ownership of EDA THESS.

During 2018, the main goals, that the Company's Management had set, were achieved, namely, the compliance with the principles of the Distributor's independence, the principles of

transparency, impartiality and equal treatment of Distributor Users and End Customers in the context of the full liberalization of the natural gas market and the implementation of the approved by the Board of Directors Budget, providing services with security and transparency.

At the same time, the increase of natural gas penetration in Thessaloniki and Thessaly continued, as there was strong interest by potential consumers resulting the signing of 24,608 new contracts, surpassing the Budget levels by 82% and by 31% in the respective figure of 2017.

For the implementation of the new customers connections, the provisions of the Distribution Network Operation Code were fully respected, while further expansion of the distribution network in existing and new areas was performed, by 95.9 km of low-pressure network and 9.9 km medium-pressure network in total, according to EDA THESS' Development Program for the year 2018.

The increase of the number of new connections contracts during 2018, contributed to increased activations of delivery points which amounted to 22,667, increased by 72% compared to the Budget, and by 45.1% compared to the respective figure of 2017.

The increase of the progressive constructed distribution network length, resulted the formation of index "number of network meters per active Consumer" on 31st December 2018 at 6.4 meters/activated Consumer (5.2 for Thessaloniki and 9.3 for Thessaly), improved compared to the 6.6 meter/activated Consumer (5.3 for Thessaloniki and 9.7 for Thessaly), that was recorded on 31st December 2017.

The natural gas distributed volumes amounted to 382.5 million cubic meters, increased by 1.5% compared to the Budget and decreased by -1.6% compared to 2017, mainly due to the very low temperatures prevailed in January 2017 (average temperature 6.3 ° C in January 2018 vs. 1.2 ° C in January 2017).

By the full liberalization of the gas market dated 01.01.2018, there are 15 Distribution Users operating in the License areas, whose requests are successfully and in full transparency processed via the online network platform e-Portal MARTE. Moreover, the Company responds to the management of requests concerning the supplier change, which are strictly performed in accordance with the provisions of the Distribution Network Operation Code and the Supply Code.

Taking into consideration the safety of the distribution network, the Company, during 2018, has complied with the Distribution Network Maintenance Program, which was drafted and posted on its' website, according to the legislation and Article 57 of the Network Distribution Operation Code (OGG B' 1507/02.05.2018). Furthermore, the Regulations related to the inspection of End Customers' internal installations have been fully respected. Aiming to increase efficiency, preparedness drills were conducted in the license areas on network malfunction scenarios.

The required tendering procedures were conducted in accordance with the Regulation for the Award and Execution of Works Contracts and the Supplies and Services Regulation of EDA THESS. The Company in March 2018 submitted a request to the Hellenic Single Public Procurement Authority (HSPPA) for the granting of a certificate of non-compliance with the provisions of Law 4412/2016 on Public Works, Supplies and Services Contracts, and a relevant decision is expected.

It is also noted that the company aiming at the most effective utilization of its human resources, to meet its' operational needs and achieve its' respective goals, launched the process for the

personnel performance evaluation. The evaluation for the year 2017 was concluded within the 2nd semester of 2018. On 31/12/2018, the Company's headcount numbered 283 people.

It is stressed that in alignment with the European Regulation on the Protection of Personal Data GDPR (Compliance with the General Regulation (EU) 2016/679 of the European Parliament and Council), EDA THESS has taken the necessary organizational measures, while at the same time the appropriate technical security measures for the protection of personal data are applied through implementation in the informational systems.

Regarding the Company's legal cases, they are regularly monitored and during 2018, no new case that would endanger the Company, has arisen.

During 2018, the basic design for the optimization of the new informational systems was completed, in line with the legal and regulatory requirements.

Regarding the Company's financial results for the year 2018, the revenues from the Main Distribution Activity of natural gas amounted to € 51,768 thousand, decreased by 0.6% compared to the Budget and by 0.4% compared to the respective revenue for the year 2017 due to reduced quantities in the volumes distributed. Whereas the net earnings after taxes amount to € 17,276 thousand, increased by 15,0% compared to the Budget and decreased by -1,4% compared to the respective amount for 2017.

According to the financial results, on 31/12/18, the ratio "Current Assets to Total Assets" amounts to 10,1%, i.e. at a normal level for a Distribution Network Operator, according to the data of other Operators, as the majority of Assets regards tangible or intangible assets. Respectively, the liquidity ratio "Current Assets to Current Liabilities", which shows the ability of the Company to meet its short-term liabilities, amounts to 1,53, as of 31/12/2018, due to the decrease in current assets, as cash at the end of the year was lower than 2017 and also because part of the long-term loan was recognized to short-term loan due to its repayment in the next fiscal year.

Further analysis of the Company's financial results and figures is given in the paragraphs 16 and 17 below.

The Company, in the year 2018, complied with all commitments and obligations arising from the legislative and the regulatory framework.

1. Corporate Affairs

Compliance Program

For the purposes of applying the provisions of Law 4001/2011 (GG A' 179), as amended and in force, EDA THESS, acting as Operator of the Distribution Network, is obliged to comply with the specific provisions of the national and EU law in order to ensure independence (functional, financial, distinct corporate identity, confidentiality of sensitive commercial data), from the Vertically Integrated Company to which it belongs, and from any competitive activity of the supply sector.

Pursuant to the above provisions, the Operator drafts and applies the Compliance Program which is submitted for approval to RAE. The Compliance Officer is responsible for the supervision of the Compliance Program, who submits the annual Report to the Authority by the 31st March of each year.

Particular emphasis is given on the functional independence of EDA Thessaloniki – Thessaly vis a vis to Distribution Network Users and End Customers, in the context of the Compliance Program, by providing Distribution Services in the most cost-efficient, transparent and prompt manner, without discriminations.

Internal Audit and Risk Management

In the context of, Corporate Governance, the adoption of the optimal practices and risk recognition – assessment process, internal audits are conducted in the operational Units, according to the annual plan, aiming to ensure compliance with legislation, the regulatory framework and Corporate Procedures and Directives.

The Company has completed the process of recognition – assessment of its risks and proceeded to the estimation of the existing response at each risk, aiming to create the risk profile. The Action Plan and the submission of further proposals for the achievement of the acceptable risk management by the Risk Operators have been completed, based on the tolerance level and focusing on the actions for the treatment of the recognized high risks.

Code of Ethics – Anti-Corruption Guidelines - Procedure for the Management and Receiving of Whistleblowing Reports

Within the scope of ensuring EDA THESS’ main operational principals, characterized by respecting the Legislation, transparency, equity, morality and honesty, the Company has set and is regularly monitoring the application of the Code of Ethics, Anti-Corruption Guidelines and the procedure for the management and receiving of Whistleblowing reports. During the year of 2018, no incident was recorded in all available communication channels.

European General Data Protection Regulation

In the context of compliance with the European General Data Protection Regulation GDPR (General Regulation (EU) 2016/679 of the European Parliament and Council), EDA THESS has taken all necessary measures, which are being updated on regular time.

Legal Cases

In order to ensure EDA THESS’ legitimate operation and in accordance with the Corporate Procedure for the Management of Legal and Judicial Cases, the Legal Committee has monitored the pending legal cases on a monthly basis. In 2018 no new case that would endanger the Company, has arisen, nor is there a significant operational risk from the existing pending legal cases.

Environment

Respect for and protection of the environment are of integral priority for the Company. Through actions and functions, it aims to contribute and to raise society awareness on matters of environmental protection and recycling value. The Company constantly updates the market on the environmental benefits deriving from the use of natural gas, participates in actions and events concerning the environment and adopts environmental management procedures such as

recycling printing consumables and batteries, management of electric power and natural gas in its' facilities.

2. Regulatory Environment

Pursuant to the applicable legislative and regulatory framework, the Company, as Distribution Network Operator of Thessaloniki and Thessaly, operates in a regulated environment, under the control and supervision of the Regulatory Authority for Energy (RAE).

The Company implements the regulatory obligations plan, as these derive from the law, the Licenses and the regulatory decisions. In this context:

1. The Company has implemented the Tariff Regulation (Decision RAE 328/2016, OGG B' 3067/26.09.2016) and the tariffs' approval decisions (Decisions RAE 346/2016 OGG B' 3490/31.10.2016) and RAE 347/2016 (GG B' 3537/03.11.2016) of the Thessaloniki and Thessalia Distribution Networks respectively, as well as the complementary decision (GG B' 444/15.02.2017) on the implementation of tariff for compression of natural gas (CNG)". In January 2018, according to article 16 of the Tariff Regulation, the annual adjustment of energy and capacity charge factors for the Thessaloniki and Thessalia Distribution Networks, was carried out (+1,1%).
2. On 01/02/18, the Decision RAE 125/2018 was issued on the approval of the methodology for determining the typical consumption characteristics and generating the typical consumption curves of non-hourly measured end customers, according to article 21 of the Distribution Code. Subsequently, the Decision RAE 223/2018/07.03.2018 was issued, with subject the "Approval of the typical consumption curves of non-hourly measured end customers of Thessaloniki and Thessalia Distribution Networks.
3. On 07/03/18, the Company submitted to RAE the value of Unaccounted-for Gas Quantity for the Distribution Networks of Thessaloniki and Thessalia.
4. In March 2018, the Company submitted to RAE the calculation of estimated Filling Natural Gas quantity for Thessaloniki and Thessalia Distribution Networks, for the year 2018.
5. On 21/03/18, with the letter of RAE O-71137, an extension for the submission of the draft distribution tariffs for the period 2019-2022 was approved, until one month after the granting of the Distribution License and Distribution Networks' Operation License.
6. On 03/04/18, the Company submitted to RAE the Report of Thessaloniki and Thessalia Distribution Networks for the year 2017, according to articles 23, 30, 63 & 68 of the Code.
7. On 21/03/18, RAE set in Public Consultation the Development Program 2018-2022, which was submitted by the Company to RAE on 01/11/17. The Development Program was presented to RAE on 18/05/18.
8. On 02/05/18, the 1st Amendment of the Distribution Network Operation Code was issued (GG B' 1507/02.05.2018).
9. On 01/06/18, the Natural Gas Supply Code was issued (GG B' 1969/01.06.2018).
10. On 01/06/18, data regarding the Connection Fees of the next year, were submitted to RAE, pursuant to article 10 of the Tariff Regulation.
11. The Company submitted for approval to RAE, the List of Ancillary and Billable Services from 01/01/2019.
12. On 10/08/18, the Decisions RAE 642/2018 "Amendment of the Natural Gas Distribution Network Operation Code " and 643/2018 " Framework for the Development of Remote Distribution Networks using Compressed/Liquefied Natural Gas" (GG B' 334/10.08.2018),

- following the issuance of the Technical Regulation of “Compressed Natural Gas Decompression Installations and Ancillary Equipment” (GG B’ 1809/21.05.2018).
13. On 17/08/18, the Natural Gas Licensing Regulation was issued (GG B’ 3430/17.08.2018).
 14. On 26/09/18, a proposal for the Unitary Charge for Gas Out of Specification and the Unitary Charge for Minimum Entry Pressure, pursuant to articles 50 & 51 of the Code.
 15. On 27/09/18, the Decision RAE 822/2018 “Concerning the approval of the terms and conditions of the tender that will be conducted by the Thessaloniki-Thessaly Gas Distribution Company for the CNG Virtual Pipeline services” and the Decision RAE 821/2018 “Determination of maximum price per kWh for the CNG Virtual Pipeline service for the year 2018 pursuant to the decision RAE 643/2018” (GG B’ 4298/27.09.2018) were issued.
 16. On 01/11/18, the 5-year Development Program 2019-2023 was submitted for approval to RAE, in accordance to article 58 of the Code, and following the approval by the BoD of the Business Plan 2019-2023.
 17. On 01/11/18, draft revised distribution tariffs for the period 2019-2022 were submitted to RAE. At the same time, the 2017 data and Regulatory Registry of Fixed Assets were submitted, according to the Tariff Regulation.
 18. On 12/11/18, the cost benefit analysis for Connection Charges 2019-2022 was submitted to RAE.
 19. On 12/11/18, the proposed maximum price for the CNG Virtual Pipeline service for the year 2019 and a cost benefit analysis for remote distribution networks were submitted.
 20. In November 2018, the 2019 Maintenance Program has been prepared and uploaded.
 21. In December 2018, the Annual Consumption of each Delivery Point has been calculated, according to the Decision RAE 125/2018.
 22. On 31/12/18, a Natural Gas Distribution License (Decision RAE 1314/2018 GG B’ 5922/31.12.2018) and Natural Gas Distribution Network Operation License (Decision RAE 1315/2018 GG B’ 5916/31.12.2018), were granted to the Company.
 23. All data, as provided for in the Code, have been submitted to the Authority.
 24. The Company participated in public consultations of RAE.
 25. All data, according to the provisions of the Code, were posted on Company’s website.

3. New Connections and Activations of Delivery Points

Within the year 2018, 24.608 new contracts were signed and on 31/12/2018 the total cumulative number of acquired contracts amounted to 338.153, marking an increase of 7,8% compared to the respective number on 31/12/2017. 95% of the new contracts involve the use of natural gas for independent heating.

		Year 2018	Year 2017	Absolute values	%
Acquired contracts	No.	24.608	18.795	5.813	30,9%
<i>Acquired contracts cumulative</i>	<i>No.</i>	<i>338.153</i>	<i>313.545</i>	<i>24.608</i>	<i>7,8%</i>
Activations of new connections	No.	22.667	15.619	7.048	45,1%
<i>Activations of new connections cumulative</i>	<i>No.</i>	<i>324.364</i>	<i>301.697</i>	<i>22.667</i>	<i>7,5%</i>
<i>Active consumers cumulative</i>	<i>No.</i>	<i>304.057</i>	<i>281.077</i>	<i>22.980</i>	<i>8,2%</i>

New contracts involve the existing network, minor network expansions, scheduled network expansions and new areas, according to the Development Program, and the growth potential of each area.

In 2018, 22,667 new connections were activated, therefore the activated consumers of the Company were 324,367 on 31/12/2018, increased by 7.5% compared to the respective number at the end of 2017. The cumulative number of active consumers for the year 2018 is 304,057 compared to 281,077 at the end of 2017, increased by 8.2%.

Gas Studies/Internal Installations Inspection

A particularly important aspect is the systematic control of all internal installations and licensing of customers, according to the applicable legislation and corporate procedures.

Furthermore, the Company within the framework of the safe operation of internal installations and according to the provisions of the Distribution Network Operation Code, performed in 2018 2,841 sampling inspections of internal installations, in order to verify the compliance with the “Technical Regulation of Internal Natural Gas Installations with operating pressure up to 500mbar” (GG B’ 976/28.03.2012).

Technology – CNG

On the basis of relevant provision of the law 4336/2015, remote from the active network areas were included in the Development Program 2018-2022 of EDA THESS, and their CNG supply was proposed.

The Technical Regulation of “Compressed Natural Gas Decompression Installations and Ancillary Equipment” (OGG B’ 1809/21.05.2018) was issued. The Technical Regulation includes the CNG supply of networks/gas installations to individual End Customers. Furthermore, in the context of the networks Security Supply, the Regulation includes extraordinary gas supplies of CNG at the delivery points.

Further to the Public Consultation, the OGG B’ 3334/10.08.2018 was issued on the Framework for the Development of Remote Distribution Networks using Compressed/Liquefied Natural Gas (in accordance with the RAE decision 643/02.07.2018.).

The approval of the maximum price of compression and transportation services for the year 2018 was also issued (OGG 4298/B’/27.09.18), pursuant to the RAE Decision 821/06.09.2018.

In EDA THESS’ network, the approved distribution tariff of year 2018 for compressing gas quantities, is equal to the distribution tariff for industrial use.

EDA THESS within the year has installed 6 CNG decompression stations in Lagkadas, Koufalia and Chalastra of the Regional Unit of Thessaloniki and in Tyrnavos, Elassona and Kalampaka of the Region of Thessaly.

Taking into consideration the practice of European Network Operators, EDA THESS implemented the supply of parts of the Distribution Network in cases of emergency, ensuring the uninterrupted gas supply to Consumers and technical adequacy of gas infrastructures.

EDA THESS, in the context of Preparedness Drills has successfully supplied part of the Industrial Area of Thessaloniki with CNG (Emergency Intervention - Network Operation) as well as an Industrial End Customer in Thessaly.

During the 1st semester of 2019 the Ministry of Environment and Energy is expected to set up committees on legislative technical regulation for gas. Indicative issues that have been proposed are network surveillance, patrol, third-party supervision, licensing, materials technology, review of the regulation of industrial internal installations, gas maintenance and penetration.

4. Corporate Image – Promotional activities & External Communication

The Company was promoted through printed and electronic media of local and national wide, sponsorships and actions of Corporate Social Responsibility.

In the year 2018, EDA's relations with Public and Municipal entities, both at national and local level, are governed by an excellent level of cooperation.

Respectively, relations with RAE, DESFA and Distribution Users have always been marked by complete transparency and spirit of cooperation, with the common objective of meeting the needs of end customers and the compliance with the regulatory and legal framework.

In specific for the year 2018, the main objective of the promotional activities carried out was to increase the natural gas penetration.

Within the framework of the network development, the Company maintains communication channels with both local entities and professional organizations. It also operates educational laboratories of natural gas installations, and constantly updates the natural gas consumers, on Maintenance and Safety issues.

The Company aims to provide high quality services, in the context of which operates the Customers Call Centre Service via the five-digit number 11150. The Call Centre handles Customers requests regarding the Distribution activities. At the same time, the five-digit number 10302 is used for the Immediate Intervention call centre, with the incoming calls answered within 30 seconds, according to the Distribution Network Operation Code.

5. Distribution Network Expansion – Construction Activities

According to the Development Program of EDA THESS, in the year 2018 the distribution network is further developed in existing areas (13 municipalities in Thessaloniki and 7 in Thessaly) and in new areas.

In Thessaloniki, the new areas of development of the Distribution Network for the year 2018 include: Lagkadas of Lagkadas Municipality, Chalastra of Delta Municipality, N. Rysio of Thermi Municipality, Michaniona-Epanomi of Thermaikos Municipality and Koufalia of Chalkidona Municipality.

In Thessaly respectively, the new areas of development of the Distribution Network for the year 2018 include Ellassona of Ellassona Municipality, Tyrnavos of Tyrnavos Municipality, Kalampaka of Kalampaka Municipality, and Omrofochori of Kileler Municipality.

The table shows construction activities within the year 2018 in comparison with the previous year for the Regional Unit of Thessaloniki and the Region of Thessaly:

		Year 2018	Year 1017	Absolute values	%
<i>Construction of 4 bar network</i>	Km	95,9	81,8	14,1	17,2%
<i>Construction of 4 bar network cumulative</i>	Km	2.081,8	1.985,9	95,9	4,8%
Service lines constructed	No.	8.035	5.331	2.704	50,7%
<i>Service lines constructed cumulative</i>	No.	89.328	81.293	8.035	9,9%
Delivery points constructed	No.	23.391	16.343	7.048	43,1%
<i>Delivery points constructed cumulative</i>	No.	331.355	307.964	23.391	7,6%

In the License areas, the construction of network and service lines were conducted in line with the new contract acquisition rate, according to the applicable technical regulations and the provisions of the Distribution Network Operation Code and the number of the new connections.

In 2018, 95.9 km of low- pressure network was constructed, increased by 17.2% compared to the respective period of 2017. The service lines amounted to 8,035 showing an increase of 50.7% compared to 2017, while the number of delivery points amounted to 22,391 increased by 43.1% compared to the respective period of 2017.

Also, during the year 2018, the works of installation of Natural Gas Decompression Stations (CNG) was completed in the municipalities of Lagkada, Delta, Chalkidona, Tyrnavos, Ellassona and Meteora.

In particular, regarding the network development in new Municipal Units of Municipalities, during the year the expansion of the Natural Gas Network continued in the Municipality of Thermaikos, in the areas of Michaniona - Epanomi, in the Municipal Unit of Koufalia in the Municipality of Chalkidona, in the Municipality of Exohi - Chortiatis for the Regional Unit of Thessaloniki as well as in Velestino, Kalambaka, Tyrnavos, Ellassona and in the area of Omorfochori of Kileler Municipality for the Region of Thessaly.

6. Distribution Network Operation & Maintenance

The activities of Network Operation and Maintenance focus on the safety of the gas distribution system, according to the provisions of the Regulation “*Medium-pressure natural gas distribution system (design pressure 19 bar) and low-pressure natural gas distribution system (maximum operating pressure 4 bar) operating and maintenance manual*” (GG 1712 B’/23.11.06) and the Distribution Network Operation Code (GG B’ 487/20.02.2017).

According to article 57 of the Distribution Network Operation Code (GG B’ 487/20.02.2017), the Company has drafted, applied and posted on its website www.edathess.gr the Distribution Network Maintenance Programme of 2018.

Furthermore, the Company applies written procedures for preventive maintenance and dealing with emergency incidents. Interventions are divided into two categories, preventive maintenance and corrective maintenance.

Aiming to increase efficiency, preparedness drills were conducted in the License areas on network malfunction scenarios

7. Natural Gas Quantities Allocation and Billing

RAE, with its decisions No. 346/2016 approving the tariff for the charge of Main Natural Gas Distribution Activity of Thessaloniki Distribution Network (GG 3490 B'/31.10.2016) and No. 347/2016 approving the tariff for the charge of Main Natural Gas Distribution Activity of Thessaly Distribution Network (GG 3537 B'/03.11.2016) approved the Distribution Tariffs for the geographical areas of Thessaloniki and Thessaly, calculated according to the methodology of the Required Revenue and taking into account the approved Tariff Regulation (GG B' 3067/26-09-2016) and the approved by RAE return (WACC) on the regulated Asset Base of the two areas, amounting to 9,23%.

Tariffs refer to three categories of customers with distinct energy and capacity charge. More specifically:

- Industrial customers
- Residential customers
- Commercial customers

Distributed natural gas quantities are allocated to Distribution Users from 01.01.2018 to 31.05.2018 according to RAE decision No. 125/2018 (par. 4), while following the development of the information systems, for June 2018 according the art. 21 and 43 of Distribution Network Operation Code and RAE decision No. 223/2018 “approval of typical consumption curves for non-hourly end customers in Distribution Networks of Thessaloniki-Thessalia”, as shown in the following tables:

Allocated Quantities per Distribution Network (Nm³)	2018	2017	Absolute values	%
Thessaloniki	240.291.162	248.266.537	-7.975.375	-3,3%
Thessaly	142.183.780	140.376.321	1.807.459	1,2%
Total	382.474.942	388.642.858	-6.167.916	-1,5%

Billing for main activity for 2018 was according to the provisions of the Distribution Network Operation Code (GG B' 487/20.02.2017 & GG B' 1507/02.05.2018-amendment), the Tariff Regulation (GG B' 3067/26.09.2016) and RAE decisions No. 346/2016 and No. 347/2016, while for auxiliary services to the basic activity, according to Approval of Auxiliary and Invoiced Services for Distribution Networks of Thessaloniki-Thessaly (GG B' 2354/11.07.2017).

8. Natural Gas Measurements

Natural gas meter readings are recorded, as in previous years, at all Delivery Points, in accordance to the metering journal, at active and inactive meters. Natural gas measurements for hourly-measured Customers (mainly industrial and large commercial consumers) is made via telemetering.

In parallel, a project was launched to take on-spot meter readings of Delivery Points, at which there has been no access for a long period of time. According to the provisions of the Code, in case of no access, the external gas installation is disconnected.

For the residential and commercial sector, a pilot project has been deployed on 200 meters. In the following period, the Company will submit to RAE a proposal for establishing the regulatory framework for natural gas telemetry, by the use of smart measurement systems.

For End Customer readings recording, it is continued the operation of Measurements Call Number 11151 for Thessaloniki and 11152 for Thessaly.

RAE is expected to issue the Measurement Regulation in the coming period.

9. Distribution Network Access

In the Distribution Networks of Thessaloniki-Thessaly, there are 15 Distribution Users, with whom the respective distribution network usage agreements have been concluded, in accordance with the approved by RAE "Standard Distribution Network Usage Agreement".

Requests of distribution users regarding the main activity services of natural gas distribution are managed through a special online information exchange system (Portal MARTE) which is the official communication tool of the Operator, according to the provisions of the Code.

The number of requests submitted by Distribution Users and managed by the Company in 2018 is 128,569 divided in 87,254 (67.9%) for the Distribution Network of Thessaloniki and 41.315 (32.1%) for the Distribution Network of Thessaly.

10. IT Systems

During the year 2018 the necessary actions for the further development of the main services of the Information Systems were carried out, aiming at supporting and improving the Company's business operations and activities.

In particular, the reported actions include:

- The development and function of a new application – Billing System - in accordance with RAE Decision 125/2018 and the approval of methodology of the typical consumption curves and the creation of standard consumption profiles of non-hourly measured end customers.

- The implementation and full function of the new backup system in existing computer centers (Data Center).
- Actions and projects completed in compliance with the GDPR, by applying the appropriate technical security measures to protect the personal data of consumers, employees and third parties that are managed and stored by the Company.
- The actions to replace/upgrade the main IT core applications systems according to specific business, statutory and regulatory requirements, aiming at a modern IT architecture, using new and modern technologies to meet the Company needs.
- The syntax of the Information Security and Governance Framework, aiming at a gradual implementation to support the new IT operating model.

11. Human Resources

The Company aims at the most effective possible utilization of its human resources for the coverage of its operational needs and related goals.

During 2018, the Company proceeded to coverage of positions in accordance with its Budget and operational requirements. In accordance with the Budget, the coverage of positions was achieved through both the utilization of existing staff and with additional recruitments. On 31/12/2018, the Company's headcount was 283 people.

Aiming the development of the technical and overall expertise of its people, within 2018, the Company conducted a series of internal and external training seminars. It is noted that its entire personnel were trained in the Compliance with the General Regulation for the Personal Data Protection. Moreover, the performance evaluation for 2017 was completed in the second half of 2018.

12. Quality, Health & Safety

During 2018, the goal set by the Company, regarding Health and Safety of employees and third parties, was achieved as **no accident occurred during work**.

The Company adheres Quality, Health and Safety System in accordance with the requirements of ISO 9001 and OHSAS 18001 and at the same time during the year implemented the annual inspection plan.

13. Procurement of Materials and Services

The Company has conducted and completed the Tendering Procedures, in accordance with the Regulations for the Award and Execution of Works Contracts and Procurement and Services. The Company, during the year 2018, proceeded, with the inclusion of new vehicles using CNG fuel resulting the reduction in the operating costs of corporate vehicles.

Finally, the Property and Accountability Insurance Contracts were renewed.

Warehouse and Stock Management

Aiming to optimize materials management, following the action of supply chain evaluation, actions have been taken to improve operational efficiency to save time and resources, while maintaining the required inventory to cover all operational activities.

The warehouse Materials Balance as at 31.12.2018 amounted to € 2,448.91 thousand, reduced by €262 thousand compared to the balance of the inventory on 31.12.2017, which was € 2,711.4.

14. Financial Services

Cash Flow management and Company funding

The Company uses its cash and plans future cash inflows and outflows based on annual budget and the latest forecasts.

Consequently, the Company maintains two lines of funding to meet needs:

- **Long-Term Borrowing:** In 2018, the Company proceeded with the issuance of Bond Loan amounting Euro 12.000 k for the partial support of Capex network investments. Accordingly, in 2017 the Company proceeded with the issuance of Bond Loan Euro 16.000 k for the same reason.
In year 2018, the Company has fulfilled all the obligations arising from the loan agreement including financial ratios on liquidity and capital adequacy.
- **Credit Agreement:** The Company has a financing agreement for the financing of an amount of Euro 10.000.000,00 for direct financing.
The credit agreement has not been used up to today.

During year 2018, the Company had sufficient cash.

Measurement (Accountancy) of Network Capex

Measurement of Network Capex concerns the activity of recording the Accounting, Finance and Technical Data of Natural Gas Distribution Services, so that the contractors and providers can be paid. Also, records all the actions of updating the Project Registry in accordance with the legislation in force.

The following table reflects the Company's accounts for the year 2018 compared to year 2017.

Accountancy	01.01.2018 - 31.12.2018			01.01.2017 - 31.12.2017			Var.	% Var.
Projects	SKG	TSL	Total	SKG	TSL	Total		
January	1.396	1.751	3.147	213	150	363	2.784	766,9%
February	2.027	1.343	3.370	1.442	1.000	2.442	928	38,0%
March	2.205	1.502	3.707	1.645	935	2.580	1.127	43,7%
April	2.383	1.014	3.397	1.060	1.120	2.180	1.217	55,8%
May	2.541	1.131	3.672	940	790	1.730	1.942	112,3%
June	2.451	923	3.374	1.136	862	1.998	1.376	68,9%
July	2.094	1.151	3.245	1.072	1.228	2.300	945	41,1%
August	2.074	779	2.853	951	666	1.617	1.236	76,4%
September	1.847	1.242	3.089	1.103	887	1.990	1.099	55,2%
October	2.023	1.367	3.390	1.305	762	2.067	1.323	64,0%
November	2.163	1.608	3.771	1.972	1.295	3.267	504	15,4%
December	2.566	1.414	3.980	2.121	1.409	2.823	1.157	41,0%
Total	25.770	15.225	40.995	14.960	11.104	25.357	15.638	61,7%

For the entire year there was an increase of 62% compared to the previous year.

Tax issues

The audit for the issuance of tax compliance certificate for fiscal years 2011 - 2017 conducted by the statutory auditors of the Company in compliance with the provisions of Article 82, par. 5, L.2238/1994 and the provisions of Article 65A, L.4174/2013. The audits did not reveal any significant tax liabilities.

For fiscal year 2018 the Company is subject to the tax audit of Chartered Accountants provided by the provisions of Article 65A, L.4174/2013. This audit is in progress and the related tax certificate will be awarded after the publication of the Financial Statements for the year ending December 31st, 2018. In case, on completion of the audit, any additional tax liabilities incur, it is estimated that they will have insignificant impact on the Financial Statements.

On 12.07.2017, the Independent Public Revenue Authority, has issued an order with protocol No 277/0/1118, for the re-audit of the year 2012 of EPA THESSALONIKI S.A. The tax audit is in progress.

Also, on 12.7.2017, the Independent Public Revenue Authority, has issued an order with protocol No 194/0/1118 for the re-audit of the year 2012 of EPA THESSALIA S.A. The tax audit has not yet commenced.

Presentation of Topics in the Financial Statements – Application of New Standards.

On December 31st, 2018 the Company was granted a Natural Gas Distribution License (RAE 1314/2018, Government Gazette B '5922 / 31.12.2018) and a Natural Gas Distribution Network License (RAE 1315/2018 Official Gazette B' 5916 / 31.12.2018) with the provisions of Law 4001/2011 and the Licensing Regulation (Government Gazette B 3430 / 17.08.2018). The duration of the Licenses is 25 years, ending on 31.12.2043. Therefore, the Company has calculated depreciation for the Tangible and intangible Assets of Distribution Network up to 2043.

The Company has prepared the Financial Statements in accordance with IFRS as adopted by the European Union in view of the application of the new standards from which IFRS 15 had a significant impact on the Financial Statements and had affected the opening balance of the Retained Earnings on January 1st, 2018.

The notes of the Financial Statements have been adequately disclosed for both IFRS 15 and IFRS 9 and 16.

15. Key Operational Indicators

Penetration indicators

The “number of network meters per activated consumer” indicator on 31.12.2018 was 6.4 meters/activated consumer in total, (5.2 for Thessaloniki and 9.3 for Thessaly), improved compared to the 6.6 meter/activated Consumer (5.3 for Thessaloniki and 9.7 for Thessaly), that was recorded on 31st December 2017.

Accordingly, the distributed quantities of natural gas per kilometer of low-pressure distribution network in 2018 stood at 183,720 m³/km, decreases compared to 2017, which were amounted to 195,699 m³/km.

Health and Safety indicators

In 2018, the indicators in relation to the frequency of working accidents [(injuries/accidents at work resulting in days absent)/million hours worked] and to the severity level for workers (working days absent/thousand hours worked) were zero, as no accidents occurred.

16. Income Statement

The following table details the results of Distribution Activities for the year 2018 which are also compared against the results for the year 2017.

Income Statement (Amounts in € 000's)	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017	Var.	% Var.
<i>Distribution Revenue</i>	51.768	51.966	-198	-0,4%
<i>Connection Charges</i>	180	268	-89	-33,0%
<i>Other Income</i>	880	1.152	-272	-23,6%
Total Distribution Revenue	52.828	53.386	-559	-1,0%
Deferred income	0	343	-343	-100,0%
OPEX Payroll	-11.467	-10.325	-1.142	11,1%
Other OPEX	-9.282	-7.844	-1.438	18,3%
Payroll Capitalization	5.106	4.329	777	17,9%
EBITDA	37.185	39.890	-2.705	-6,8%
EBITDA Margin %	70,4%	74,7%		
Depreciation	-12.598	-15.651	3.053	-19,5%
Amortization of grants	412	564	-152	-26,9%
EBIT	24.999	24.803	196	0,8%
EBIT Margin%	47,3%	46,5%		
Interest Income	231	219	12	5,4%
Interest Expense	-541	-163	-378	232,2%
EBT	24.689	24.859	-170	-0,7%
EBT Margin %	46,7%	46,6%		
Income Tax	-7.413	-7.338	-75	1,0%
EAT	17.276	17.521	-245	-1,4%
EAT Margin %	32,7%	32,8%		

The key figures of the Income Statement for 1st semester 2018 are (in k Euro):

- Revenues from Distribution Revenue amount to: Euro 51.768 k
- Revenues from connection fees amount to: Euro 180 k.
- Other revenues amount to: Euro 880 k.
pertains to revenue from:
 - Ancillary Services (deactivations and reconnections fees) Euro 510 k
 - Income from recharges of expenses to third parties: Euro 185 k
 - Other income: Euro 185 k
- Personnel costs amount to: Euro 6.361 k

including:

- Opex Payroll: Euro 11.467 k
- Minus Payroll Capitalization: Euro - 5.106 k

- Other Operating Expenses amount to: Euro 9.282 k
- Depreciation of Tangible & Intangible Assets amount to: Euro 12.598 k
- Amortization of Grants amount to: Euro 412 k
- Net financial expenses amount to: Euro -309 k
- Income tax amounts to: Euro 7.413 k

The above figures result in:

- EBITDA: Euro 37.185 k
- EBIT: Euro 24.999 k
- Net profit after tax: Euro 17.276 k

17. Statement of Financial Position

The following table presents the Statement of Financial Position at December 31st, 2018 and at December 31st, 2017:

Statement of Financial Position (Amounts in €000's)	31.12.2018	31.12.2017	Var.	% Var.
Assets				
Tangible assets	42.160	18.945	23.216	122,5%
Intangible assets	260.298	270.205	-9.907	-3,7%
Deferred tax asset	1.196	1.468	-272	-18,5%
Long-term receivables	258	253	5	1,9%
Non - Current Assets	303.912	290.871	13.041	4,5%
Inventories	2.449	2.711	-262	-9,7%
Trade and other receivables	19.056	20.975	-1.919	-9,2%
Cash and cash equivalents	12.664	15.366	-2.702	-17,6%
Current Assets	34.169	39.053	-4.884	-12,5%
Total Assets	338.080,31	329.923	8.156,89	2,5%
Equity & Liabilities				
Share capital	247.128	247.128	0	0,0%
Reserves	16.080	15.156	924	6,1%
Retained earnings	21.213	16.713	4.500	26,9%
Equity	284.421	278.997	5.424	1,9%
Long-Term Loan	19.200	12.800	6.400	50,0%
Provision of personnel compensation	1.574	1.525	49	3,2%
Deferred Income	0	6.171	-6.171	-100,0%
Grants	10.310	10.723	-412	-3,8%
Other long-term liabilities	287	55	232	422,0%
Non - Current Liabilities	31.371	31.274	97	0,3%
Trade and other payables	16.283	16.453	-170	-1,0%
Short term portion of long term loans	5.600	3.200	2.400	75,0%
Income tax payable	406	0	406	
Current Liabilities	22.288	19.653	2.636	13,4%
Total Liabilities	53.659	50.927	2.733	5,4%
Total Equity & Liabilities	338.080	329.923	8.157	2,5%

The figures of the Statement of Financial Position as at 31.12.2018 are (in k Euro):

- **Tangible Assets:** Euro 42.160 k:
Tangible Assets increased by € 23.216 k at the end of the period compared to the previous year. The difference is primarily due to the fact that from 01.04.2017 the Distribution Network under construction is now property of EDA THESS and cannot be transferred as a right of use (intangible asset).

The net increase at the end of the period comprises:

- (+) Additions of Network: The value of the constructed network is Euro 25.176 k.
- (-) Depreciation: Total annual depreciation amounts to Euro 2.002 k.
- (-) Network License rights (DEPA): The residual value of transferred Network to DEPA is Euro 689 k.
- (+) Furniture and other equipment (Furniture, Hardware, Software, etc): increased by Euro 647 k.
- (+) Other additions in tangible assets (property, building upgrades, means of transport etc): increased by Euro 84 k
- **Intangible assets:** Euro 260.298 k:
These refer to additions of Network License rights (DEPA). They concern modifications of an existing Network of DEPA.
The net decrease of Euro 9.907 k is due to:
 - (+) Additions of Network License rights of Euro 689 k,
 - (-) Amortization for the year in the amount of Euro 10.597 k.It should be noted that:
 - The Network License rights (but also the tangible assets) are depreciated during the life of the license (by 2043).
 - The constructed network is adequately insured against all risks.
- **Deferred tax assets:** Euro 1.196 k.
The remaining amount resulted after taking into account the movement of the current fiscal year and the impact of IFRS 15.
- **Long-term receivables:** Euro 258 k.
These mainly refer to guarantees paid in favor of third parties for various leases (building, car leases, etc).
- **Inventories:** Euro 2.449 k.
The decrease of Euro 262 k is due to increased network capex which resulted in higher consumption of network material in comparison with prior year.
- **Trade and other receivables:** Euro 19.056 k.
The decrease of Euro 1.919 k is mainly due to higher trade receivables arising from increased revenue in December Euro 1.953 k. and from the reduction of receivables from the State (Tax Prepayment in 2017 Euro - 4.171 χιλ.)
- **Cash and cash equivalents:** Euro 12.664 k.
Slight decrease of Euro 2.702 k in comparison with prior year due to increased cash outflows from investing activities

Cash Flows are analyzed in the following table and are the sum of cash flows arising from operating activities, investing activities and financing activities related to repayments of the long-term Bond loan

Statement of Cash Flows (Amounts in € 000's)	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017	Var.	% Var.
Net Cash Flows from:				
Operating Activities	30.705	36.178	-5.473	-15,1%
Investing Activities	-25.671	-19.472	-6.199	31,8%
Receipts from issued Long-Term borrowing	12.000	16.000	-4.000	-25,0%
Repayment of bank loans	-3.200	0	-3.200	
Dividends paid	-16.537	-25.472	8.936	-35,1%
(Decrease) / Increase in Cash and cash equivalents	-2.702	7.234	-9.936	-137,4%
Cash and Cash equivalents:				
at the beginning of the year	15.366	8.133	7.234	88,9%
at the end of the year	12.664	15.366	-2.702	-17,6%
(Decrease) / Increase in Cash and cash equivalents	-2.702	7.234	-9.936	-137,4%

- **Share capital:** Euro 247.128 k.
There is no change within the period.
- **Reserves:** Euro 16.080 k.
- **Retained earnings:** Euro 21.213 k.
Retained Earnings were increased by Euro 4.500 k. in comparison with 2017 due to Financial results of the fiscal year 2018, taking also into consideration the dividend payment and the implementation of IFRS 15 Euro 4.625 k.
- **Long-term borrowings** of Euro 19.200 k.
Total interest costs in relation to long-term borrowings for period 01.01.2018 - 31.12.2018 were Euro 496 k and are included in financial expenses.
The following table presents debt obligations (short- and long-term):

Loans (Amounts in € 000's)	31.12.2018	31.12.2017
<u>Short-Term Liabilities</u>		
from 0 to 2 months	800,00	800,00
from 2 to 12 months	4.800,00	2.400,00
<u>Long-Term Liabilities</u>		
From 1 to 5 years	19.200,00	12.800,00
Total	24.800,00	16.000,00

The average borrowing interest rate of the Company for the year 2018 and 2017 is approximately 3.33%. The Company, at 31.12.2018 and 31.12.2017 has no unused available credit limits for long-term loans.

- **Provisions for personnel compensation:** Euro 1.574 k.
The above provisions increased by Euro 49 k compared to the corresponding amount as at 31.12.2017 following the result of the actuarial study.

- **Deferred income:** Euro 0 k.
Following the implementation of IFRS 15, the amount of Euro 6.514 k. which was included in the Balance Sheet as of 01.01.2018 as “Deferred Income”, recognized in Retained Earnings on 01.01.2018.
Therefore, the Deferred Income is not reflected to the Income Statement for the year 2018.
- **Grants:** Euro 10.310 k.
This item refers to grants obtained from the public sector. They are depreciated over the life of the license (by 2043).
The Company did not receive new grants in 2018.
- **Other long-term liabilities:** Euro 287 k.
Other long-term liabilities include the guarantees received from distribution users.
There was no significant change in the current period.
- **Trade and other payables:** Euro 16.283 k.
As previously mentioned in «Deferred Income» the variance of (-1,0%) compared to prior year is due to the implementation of IFRS 15 (Euro 343 k.)
- **Net Working Capital** is analyzed as follows:

Net Working Capital (Amounts in €000's)	31.12.2018	31.12.2017	Var.	% Var.
Inventories	2.449	2.711	-262	-9,7%
Trade and Other Receivables	19.056	20.975	-1.919	-9,2%
Trade and Other Payables	-16.283	-16.453	170	-1,0%
Income tax payable	406	0	406	
Net Working Capital	5.628	7.234	-1.606	-22,2%

The net decrease is due to the following changes:

- Decrease in **inventories** by Euro 262 k.
- Decrease in **Trade and other receivables** by Euro 1.919 k.
- Decrease in **Trade and other payables** by Euro 170 k.
- Increase in **Income tax payable** by Euro 406 k

The Management estimates that the provisions for doubtful receivables in the amount of Euro 107 k are adequate to cover all doubtful receivables which are not covered by guarantees taking into consideration that the Company also calculates the credit losses over the life of the receivables and makes additional provisions

18. Ratios

Ratios	Calculation	31.12.2018	31.12.2017
Current Ratio:	Current Assets / Current Liabilities (Desired value>1)	1,53	1,99
Quick Ratio:	(Current Assets - Inventories) / Current Liabilities (Desired value>1)	1,42	1,85
(Loans -cash and cash equivalents) / EBITDA	(Desired value<= 3,5)	0,33	0,02
Liabilities / Equity	(Desired value<= 1,5)	0,19	0,18
Gearing Ratio	Debt / (Debt + Equity)	6,32%	4,39%
Liabilities / Assets	Values higher than 80% show high probability of default	15,87%	15,44%
Current Assets / Total Assets	Part of Asstes that including to working capital	10,11%	11,84%
ROE (Return on Equity)	EAT / Shareholders's equity	6,07%	6,28%
ROA (Return on Assets)	EAT / Total Assets	5,11%	5,31%

19. Financial risk management

Financial risk management factors

The Company is exposed to various financial risks, such as:

1. market risks (fluctuations in exchange rates, interest rates, market prices);
2. credit risk; and
3. liquidity risk.

The Company's overall risk management program is focused on the unpredictability of financial markets and seeks to minimize their potential negative effect on its financial performance.

The Management provides guidance and direction for the overall management of risk and the specific internal bodies such as the liquidity and legal committees ensure the management of specific risks such as interest rate risk and credit risk.

Financial assets and liabilities of financial position include cash and cash equivalents, trade and other receivables and short-and long-term trade and other liabilities.

The Company does not use derivatives to offset risk aversion. The Company is not engaged in financial tools that could expose it to fluctuations in exchange rates of foreign currencies and interest rates.

1. Market Risks:

Risk of exchange rate: The Company operates and functions in Greece. The Company's exposure to currency risk is limited in supply and in services. These transactions are not essential for the operation of the Company.

Therefore, no financial tool is used to reduce this risk.

Interest rate risk: The Company's exposure to risk due to changes in interest rates relates primarily to current liabilities. The Company's policy is to monitor the interest rate trends as well as the Company's financing needs.

Investments are mainly in time deposits or sight deposits to ensure liquidity.

The Company finances its investments and working capital needs through bank borrowing resulting in charging its earnings with debit interest. An increase in interest rates (change to Euribor) will have a negative effect on the results, as the Company will incur additional borrowing costs.

Interest Rate Sensitivity Analysis		
	Interest rate change in basis points	Impact on Earnings before Taxes €000
2018		
Euro	+/-1%	-/+149
2017		
Euro	+/-1%	-/+34

2. Credit Risk:

The biggest credit risk (net of the value of collateral or other security) if the contracting parties meet their obligations with respect to each class of recognized financial asset is the present value of these requirements, as shown in balance minus the value of securities / collateral.

The credit risk that a Distribution Network User will delay payments is minimized, as all Users have provided guarantee letters or made cash deposits, in the context of the Usage Contracts. According to the terms of the Contracts, the guarantee letters may be forfeited immediately.

3. Liquidity Risk:

Prudent liquidity risk management includes:

- maintaining sufficient cash and equivalent assets; and
- the adequacy of facility.

The Management monitors the liquidity of the Company, based on the forecasting of the cash inflows and outflows.

The following table shows the financial liabilities that are allocated according to the repayment date. The amounts are presented in their carrying amounts as the present value of discounted future cash flows is not significantly different.

Analysis table of trade and other liabilities (31.12.2018 & 31.12.2017)

Liquidity Risk according to the payment period (Amounts in € 000's)	Period	up to 2 months	from 2 months to 12 months	over 1 year	Total
Commercial & other Liabilities at :	31.12.2018	7.910	8.373	0	16.283
Other long-term liabilities at:	31.12.2018	0	0	287	287
Long term loan at:	31.12.2018	800	4.800	19.200	24.800
Income Tax payable at:	31.12.2018	0	406	0	406
Commercial & other Liabilities at:	31.12.2017	8.328	8.124	0	16.453
Other Long term liabilities at:	31.12.2017	0	0	55	55
Long term loan at:	31.12.2017	800	2.400	12.800	16.000

20. Foreseeable development of Company

Given the nature of the regulated activities and the healthy financial position of the Company, it is expected that its profitable direction, will be maintained by implementing the investments under the Budget approved by the Board of Directors for the year 2019.

21. Related Party transaction and balances

Income Statement comprises income and expenses arising from transactions between the Company and related parties.

Such transactions mainly consist of sales and purchases of goods and services in the ordinary course of business and are analysed as follows:

Related Party Transactions (Amounts in € 000's)	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017
<u>Sales of fixed assets</u>		
E.P.A THESSALONIKIS-THESSALIAS S.A	0	33
	0	33
<u>Sales of goods</u>		
GAS DISTRIBUTION COMPANY OF ATTIKI S.A.	0	0,4
	0	0,4
<u>Sales of services</u>		
D.E.P.A S.A.	113	83
E.P.A THESSALONIKIS-THESSALIAS S.A	51.101	52.271
E.P.A ATTIKIS S.A.	98	17
	51.312	52.371
<u>Gas Network Sales</u>		
D.E.P.A S.A.	689	6.412
	689	6.412
<u>Purchases of Services</u>		
D.E.S.F.A S.A.	238	234
E.P.A THESSALONIKIS-THESSALIAS S.A	35	37
D.E.P.A. S.A. (Concession rights)	689	6.412
ENI INSURANCE Limited	274	171
	1.236	6.854
<u>Management Fees</u>		
Board of Directors Fees	71	71

Closing Balances coming from sales and purchases of goods and services (Amounts in € 000's)	31.12.2018	31.12.2017
<u>Due from Related Parties</u>		
D.EP.A S.A.	23	16
E.P.A THESSALONIKIS-THESSALIAS S.A	17.543	15.886
E.P.A ATTIKIS S.A.	78	3
Total (Note 9)	17.644	15.905
<u>Due to Related Parties</u>		
D.EP.A S.A.	2.286	2.377
E.P.A THESSALONIKIS-THESSALIAS S.A	0	2
D.E.S.F.A S.A.	34	28
ENI INSURANCE Limited	0	171
Total (Note 17)	2.320	2.578
Amount due to the Board of Directors	17	64

The open balances at the end of the fiscal period have no collaterals and the settlement is performed in cash.

It is also underlined that there are no specific agreements or co-operations between the Company and its related parties and any transactions between them are carried out based on the usual terms, within the context and the specificities of each market.

22. Dividends

The Income Statements of EDA Thess at December 31st, 2019 shows Earnings After Taxes (EAT) Euro 17.276.040,62

It is proposed by the Board of Directors to distribute the Earnings After Taxes for Euro 21.096.985,00 along with the accumulated Retained Earnings existed in 31.12.2018 as follows:

Distribution of Profit (Amount in €)	
Earnings After Taxes (EAT)	17.276.040,62
Add: Other Comprehensive Income after Taxes	59.969,17
Add: Profits after the application of IFRS 15	4.624.777,24
Profits for Distribution	21.960.787,03
Statutory Reserves	863.802,03
Dividend payable	21.096.985,00
Total	21.960.787,03

23. Events after the Reporting Period

There were no events after the Financial Statements of December 31st, 2018 that would have a significant impact on the understanding of these Financial Statements and should either have been disclosed or diversified in the Financial Statements.

Thessaloniki February 26th, 2019

For the Board Of Directors

The Chairman of The Board Of Directors

Bouras Venetios

ID Card Number. AZ 660788