



**Management Report
of the
Board of Directors
of EDA Thessaloniki -Thessaly S.A.**

**to the
Ordinary General Assembly of Shareholders
for the fiscal year ended on
December 31st, 2021**

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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 01.01.2021 - 31.12.2021 which were drafted 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 is based in Thessaloniki, Greece, at 256 Monastiriou & 7 Glinou street, 54628.

The Company's share capital stands at Euro 247.127.605,00 and is divided into 247.127.605 registered shares with a nominal value of one Euro each, and it is fully paid up. On 30.04.2020, all the shares of DEPA S.A. have been transferred to the company DEPA INFRASTRUCTURE S.A. due to universal succession following the partial division of the infrastructure sector.

The Company's current shareholding structure as of December 31st, 2021, is as follows:

- | | |
|-------------------------------|-------------------------------|
| (1) DEPA INFRASTRUCTURE S.A.: | 126.035.079 shares, i.e. 51% |
| (2) ENI Gas e Luce S.p.A: SB | 121.092.526 shares, i.e. 49%. |

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). On 22.11.2021 the Decisions RAE 786 (OGG B' 5428/22.11.2021), on the modification of the Distribution Network Operation License of EDA THESS, and 785 (OGG B' 5411/22.11.2021) on the modification of the Distribution License of EDA THESS, were published to the OGG due to the change in the Company's name and shareholding structure, following the conversion of "DEPA S.A." (partial division of the infrastructure sector). The licenses are in force 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. The geographical area of the Licenses covers the Regional Unit of Thessaloniki and the Region of Thessaly.

The Company, as Distribution Network Operator, in the areas of its License in the Regional Unit of Thessaloniki and the Region of Thessaly, operated in full respect of the current legislation, the regulatory framework, and the provisions of the Licenses, based on the principles of transparency, impartiality, and equal treatment of Users and End Consumers.

In summary, in 2021 the Company implemented its strategy based on its main pillars for:

- Development of the Distribution Networks aiming to the increase of natural gas penetration and value creation.
- Compliance with the safety standards of Distribution Networks and natural gas installations.
- High quality services to Consumers, Distribution Users, and other Distribution Operators.
- Respect of legislation, Licenses, and regulatory framework.
- Organizational and operational independence of the Company, by providing services in the most cost-effective, transparent, and direct way, without any discrimination among Distribution Users and Consumers.
- Exemplary business operation and increased efficiency.
- Leadership and use of technological innovations.
- Digital transformation of the Company.

- Implementation of high-return investments.
- Securing of the License Areas.
- Integration of sustainability criteria in line with the targets of sustainable development.

Despite the difficult circumstances that prevailed due to the ongoing pandemic, the financial hardship and the increase of the energy costs prompted by the energy crisis in 2021, the main goals that the Company's Management had set, were achieved, while implementing the approved Budget, and providing services with security and transparency.

Safeguarding the seamless performance of all its activities, the Company continued to develop the Market and to increase Natural Gas penetration by expanding the network in its License Areas, according to the approved Development Program.

In the areas of the License, there are 17 Distribution Users whose management is successfully performed through the online platform guaranteeing absolute transparency, equal access and impartial treatment, in full compliance with the Distribution Network Operation Code and the Supply Code.

Focusing on distribution network safety and the uninterrupted supply of End Consumers, the Company implemented the Distribution Network Maintenance Program in 2021, according to the applicable legislation and Article 57 of the Distribution Network Operation Code (OGG B' 1507/02.05.2018). Furthermore, the Regulations on the inspection of internal installations before their activation, have been fully observed.

The Company's capital expenditure (Capex) during 2021 for the expansion and development of the distribution network, the supply of new areas, new connections and network reinforcement amounted to Euro 34.5 mil. Total capital expenditure, including investments in information systems and infrastructure, amounted to Euro 36.0 mil.

In 2021, the necessary actions were taken for the further development of the main services of the IT Systems, aiming to support and enhance the Company's operations and activities.

EDA THESS, aiming to prevent overcrowding and to ensure the optimal service to the citizens at the Customer Service Offices, continued the implementation of the online service E-Contract, for the remote conclusion of Contracts for Connection to the natural gas distribution network.

The Company aims to provide high-level services, and, to this end, a Customer Service Call Center operates with the five-digit number 11150. The Call Center manages the Consumers' requests regarding the Distribution activities. At the same time, the Emergency Intervention Call Center operates, with the five-digit number 10302, with incoming telephone calls being answered within 30 seconds, in compliance with the Distribution Network Operation Code. In addition, in the framework of the contract for the Provision of Natural Gas Distribution Network Operation Services to DEDA, the Company provided services related to the Emergency Call Center.

The promotion of the Company's activity through the mobile customer service unit also continues, mainly in the new areas where the natural gas network is expanded. Finally, information leaflets have been distributed regularly.

The promotion of the Company was performed through local and national print and electronic media. Especially in the year 2021, the main goal of the promotional actions carried out, was to increase the penetration of natural gas by advertising the discount on the

connection fees for 2021, informing potential consumers, informing about the safety of the installations and the Distribution Network, as well as by promoting the new online services, such as the e-contract.

In addition, in 2021 the contract with DEDA was applied regarding the provision of Ancillary Services and more specifically, the provision of technical services for the Operation and Maintenance of DEDA Distribution Networks in the Regions of Central Greece, Central Macedonia, Eastern Macedonia, Thrace and Peloponnese. Also, the contract on the provision of Distribution Network operation services and / or consulting-training services concluded between EDA THESS and HENGAS was in force until the end of the year.

In addition, in the year 2021, the submission of applications started for potential beneficiaries to be included in the action plan "Replacement of domestic oil heating systems with natural gas systems in the Region of Thessaly", implemented under the NSRF 2014-2020. The program is expected to benefit approximately 2,300 potential consumers in the region of Thessaly. A total of 3,520 applications have been received for the year 2021, which exceed the budget of the action, i.e. Euro 6.12 million. According to the procedure, the evaluation of the applications by the entity in charge of receiving and evaluating the applications continues on the basis of time order of submission, until 100% of the available grant is formally covered.

Focusing on providing high quality services at the whole range of its activities and conforming with the annual planning, the Company, aiming at taking advantage of the maximum performance of its human resources, continued the implementation of the evaluation system of its personnel's performance. On 31/12/2021, the manpower of the Company amounted 260 employees with a contract of indefinite duration and 5 employees with a fixed-term contract to meet seasonal needs provided for in the forecasts of the Budget.

Further to the introduction of Law 4624/2019 on the "European Regulation on the Protection of Personal Data GDPR, implementing measures of the General Regulation (EU) 2016/679 of the European Parliament and the Council of 27th April 2016 on the protection of individuals with regard to access to personal data and integration into the national legislation of Directive 2016/680 of the European Parliament and the Council of 27th April 2016 and other provisions", the Company has taken all the necessary measures, to fully comply with the provisions of the Regulatory and National framework regarding data protection.

With regard to the licensing of the Gas Decompression Stations, Law 4001/2011 was amended as of the definition of the Gas Distribution Networks that now includes the Decompression facilities too.

In terms of the establishment of a new Technical Regulation on Liquefied Natural Gas (LNG), a committee, in which the Company participates, has been set up by the competent Ministry. In addition, a meeting of the Technical Committee was held for the drafting of the technical regulation.

In accordance with the objectives of the National Climate and Energy Plan, the Company contributes to the reduction of pollutant emissions and the protection of the environment, as the implementation of investments and the increase of natural gas penetration in the areas where it operates lead to the mitigation of the energy footprint.

The Company, being a member of the powerful European organization GD4S, in consultations on energy and the establishment of the Sustainability Charter of the Association that represents the member Distribution Network Operators.

Regarding the Company's financial results for 2021, the revenues from the Main Activity of Natural Gas Distribution amounted to Euro 59.296 k., reduced by 0,7% compared to the corresponding revenues of 2020. The net earnings after taxes amount to Euro 18.347 k., reduced by 10,7% compared to the corresponding amount of fiscal year 2020.

The amounts are presented in thousands of Euro. It is noted that any small deviations are due to rounding.

1. Corporate Affairs

Compliance Program

In adherence to L. 4001/2011 (OGG A' 179), as amended and applicable, EDA THESS, being a Distribution Network Operator, established and implements a Compliance Program that it submits to RAE for approval. In charge of the supervision of the Compliance Program is the Compliance Officer, who has submitted his Report to RAE for the Audit Year 2020, describing the measures taken by the Company concerning the observance of the Program and verifying the full compliance of the Company.

Special emphasis is placed, in the framework of the implementation of the Compliance Program, to the operational independency of EDA Thessaloniki-Thessaly with regard to the Distribution Network Users and the End Consumers, by providing Distribution Services in the most cost-effective, transparent and direct way, without discriminations. The implementation of the Compliance Program is systematically monitored and audited by means of internal audits carried out based on the annual planning.

Internal Audit

The objective of the internal audit mechanism is to provide the management with reasonable assurance in terms of the effectiveness of control measures and the compliance with the regulatory and legal framework governing the operation of the Company as well as the corporate procedures. In the year 2021, thirteen (13) scheduled audits according to the annual internal audit plan, and eleven (11) extraordinary audits based on the operational needs were carried out, focusing on special construction projects for the Medium and Low-pressure network, thus covering the full annual internal audit planning. Following the performance of internal audits, according to the data delivered, reasonable assurance is provided for the compliance with the Management system and the legislative and regulatory framework.

Risk Management

In 2021, the procedure established for the assessment of the identified risks has been systematically implemented for their timely and effective management. The Company's Risk Register includes seven hundred and six (706) identified risks in total, of which five hundred fifty-five (555) were identified in the year 2021. The control measures taken for every risk are monitored, to ensure the mitigation of risks at levels acceptable by the Company.

Furthermore, in the year 2021, the Company carried out an Enterprise Risk Management (ERM) exercise. The identification of risks and the drafting of the action plans were performed in accordance with the Strategic Axes of the Company, as well as the risk appetite.

At the same time, a specialized application of Corporate Governance, Risk Management and Regulatory Compliance (GRC) was developed and implemented to further enhance Corporate Governance. The automation of works ensured the real-time monitoring of risks, as well as the systematic monitoring of the control measures.

Code of Ethics – Anti-corruption Guidelines – Complaints Management Procedure

Focusing on the full compliance with the legal and regulatory framework governing the Company's operation and on assuring the key operational principles of EDA THESS, namely transparency, equality, integrity and honesty, the Company systematically monitors the implementation of the Code of Ethics, the Anti-corruption Guidelines as well as the management system for complaints received. In order to raise awareness on issues related to the anti-corruption framework, the Company focused primarily on the adoption of preventive measures and mechanisms to enhance its transparency and independence in all its activities, with strict control mechanisms. In addition, the Company conducted trainings aimed at raising the awareness of its staff on Anti-Corruption issues.

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, in 2021, has taken all necessary measures and continued to develop sufficient and appropriate technical measures, which are reviewed regularly for their effectiveness. Within 2021, no case of personal data violation was recorded.

At the same time, in 2021, the annual planning of the Company was observed. In this context, a series of awareness raising actions on personal data protection issues were implemented:

- Information campaign on print and electronic media, regarding the measures taken by the Company to safeguard data protection.
- Continuous awareness raising actions for the protection of personal data, addressed to the Company's staff.
- Disclosure of information material regarding the obligations of the contracting companies and 3rd parties performing the processing of personal data, stemming from the Regulation.
- Working meetings with Distribution Users and Technical Bodies to continuously raise awareness on issues of personal data protection.

Corporate Social Responsibility

In the context of harmonization with sustainable development throughout the range of its business operation, EDA THESS in 2021 implemented the annual action plan for "Corporate Social Responsibility". The preparation of the program is in line with the main axes of the strategic sustainability of the Company, while the needs of the society, as well as the special conditions that arose during this period from external factors, were taken into account.

In particular, the Company emphasized initiatives aiming at environmental and social awareness. It took actions in cooperation with local agencies to support vulnerable groups and strengthen the citizens' sense of safety. At the same time, respectfully responding to the work of eminent organizations, it supported numerous charitable actions.

Environment

By promoting the use of natural gas in 2021, the Company has expanded the benefits of its use compared to other fossil fuels in the areas of its License. The high rate of natural gas penetration in Thessaloniki and Thessaly, helps to reduce the carbon footprint, the accumulation of microparticles and other greenhouse gas emissions.

In particular, in the year 2021, the savings of greenhouse gas emissions in the License areas, thanks to the increasing use of natural gas, amounted to:

- 625.8 thousand tons of carbon dioxide (CO₂)
- 3.8 thousand tons of sulfur dioxide (SO₂)
- 1.5 thousand tons of nitric oxide (NO)

Finally, the Company participated in actions related to the environment and adopted an environmental management system in accordance with the requirements of the ISO 14001 standard.

Sustainability

Recognizing the paramount importance of implementing the terms of sustainability at corporate and international level, the Company incorporates in its strategy, parameters that foster social prosperity and good corporate governance, and promote environmental protection.

Identifying the need for value delivery to third parties, the Company establishes channels of communication with both local, technical and professional bodies, as well as with the competent Authorities, ensuring multiple benefits and constructive cooperation. It also enhances the awareness of stakeholders by informing, at its training natural gas facility laboratories, both professionals and end consumers of natural gas on Distribution Network Maintenance and Safety issues.

In the year 2021, the first Sustainability Report was prepared for the year 2020. The Report was prepared in accordance with the international methodology and practice regarding the ESG criteria monitored by the Company. The Report presents the Company's performance based on the guidelines of the international standard Global Reporting Initiative (GRI) related to sustainability, contribution to energy transition, environmental footprint, and good corporate governance practices.

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 been monitoring the pending legal cases on a monthly basis.

With regard to the RAE's decision n. 1058/2020 on "Compensatory measures for natural gas distribution tariffs pursuant to par. 10 of article 41 of the Directive 2009/73/EC as incorporated in the domestic law by the provision of par.4 of article 15 of L. 4001/2011", and following the rejection of the request for revision of the RAE's decision 1058/2020 by the Authority with its decision 1480/2020, the Company informed the Authority about the application filed before the Administrative Court of Appeals and the State Council for

the annulment of the decisions n. 1480/2020 and 1058/2020 of the Authority. Subsequently, the hearing for both appeals before the Athens' Court of Appeals was set on 22.10.2021 and, in case of deferral, on 18.03.2022. Furthermore, on 23.09.2021 the RAE issued its decision 729/2021 «Approval of amounts to be refunded by the Company GAS DISTRIBUTION COMPANY THESSALONIKI THESSALIA S.A., to the Eligible Customers that are beneficiaries of compensatory measures pursuant to the RAE Decisions 1058/2020 and 1480/2020». A Request for Revision was filed against the said decision before the RAE and the relevant decision is pending. Pending the trial of the case before Administrative Course of Appeal of Athens, on 01/02/2022 the Company filed two applications for suspension of the execution of the above RAE decisions (1058/2020, 1480/2020 and 729/2021) until the Court issues a decision on the administrative appeal and the application for annulment. The notes of Financial Statements include details on this issue.

Additionally, on 21.09.2021 a lawsuit of DEPA COMMERCIAL S.A. before the arbitral tribunal was served to the Company. The lawsuit concerns the construction and operation of a natural gas medium pressure pipeline at Kokkina – SOVEL Industry and the engagement of the total transmission capacity of the pipeline for DEPA. On 28.09.2021, EDA THESS appointed promptly and legally its own arbitrator. Up to date, the proceedings before the Arbitration Court have not proceeded.

Furthermore, the Three-member Court of Appeals of Thessaloniki issued the decision 1736/2021, acknowledging that EDA THESS should pay to DIMCO the total amount of Euro 19.121,34 plus the legal interest from the service of the action.

The ministerial decision ΥΠΕΝ/ΔΥΔΠ/123679/3381 / 23.12.2021 was issued, the article 2 of which provides that the Gas Distribution Network Operators who held a Natural Gas Distribution Network Operation license, during the period 1.1.2019-31.12.2020 are obliged to pay the special levy of article par. 1 of article 5 of law 2364/1995 to KEDE. The Municipalities, which lie within the geographical limits of activity of the Gas Distribution Network Operators, according to the granted Licenses, are the beneficiaries of the above levy. According to the provisions of article 3 of the MD, every obligated Operator of Natural Gas Distribution Networks, of article 2, must pay to KEDE, a special levy, for the period 1.1.2019-31.12.2020, the amount of which is equal to ten percent (10%) of the dividend paid to DEPA Infrastructure SA, for the said years. The Company is required to pay the total amount of Euro 1,952,751.58 in the time specified by the aforementioned MD, while it has already paid to DEPA Infrastructure SA the total of the respective dividend without any withholding based on the decisions of the Ordinary General Assembly of Shareholders for the years 2019 and 2020. On 25.02.2022 EDA THESS submitted an application for annulment of the above MD before the CoS, following a respective decision of the Board of Directors of the Company during its meeting No. 56/23.02.2022. It is deemed necessary to challenge the above decision for formal and substantive reasons. The notes of Financial Statements include details on this issue.

2. Regulatory Environment

Pursuant to the applicable legislative and regulatory framework, the Company, being the Operator of the Distribution Networks of Thessaloniki and Thessaly, operates within a

regulated environment, under the control and the supervision of the Regulatory Authority for Energy (RAE). The Company strictly observes its regulatory obligations, as stipulated by law, by the Licenses and the regulatory decisions. In this context:

1. The data specified by the regulatory framework have been submitted to the RAE.
2. The data specified by the regulatory framework were posted on the Company's website.
3. The Company participated in the Public Consultations of the RAE.
4. The Company complied with the Tariff Regulation of the Main Activity of Distribution and the decision approving the tariffs 1429/2020 (OGG B '4882 / 04.11.2020).

The main events of regulatory nature for the year 2021 are summarized as follows:

- I. On 22.11.2021, RAE Decisions 786 (OGG B '5428 / 22.11.2021) on the modification of the Distribution Network Operation License of EDA THESS, and 785 (Government Gazette B' 5411 / 22.11.2021) on the modification of the Distribution License of EDA THESS, due to a change in the name and the shareholding structure of the Company, following the conversion of "DEPA SA" (partial division of the infrastructure sector), were published in the Official Government Gazette.
- II. Law 4872/2021 (OGG B' 247/10.12.2021) was introduced. According to article 33 of the law, the net value of the tariff concerning the Distribution Network use charges of Residential Consumers for the consumption months of November and December 2021, can be paid by the natural gas suppliers to the Distribution Network Operators on the basis of a settlement, without penalty and interests in 4 equal monthly instalments, the first one to be paid in March and April 2022, respectively.
- III. On 17.12.2021, the modified Distribution Tariff Factors of the year 2022 were submitted to the Authority, following the application of the value of the percentage change in the average annual Consumer Price Index ΔCPIt-1 for the year 2022, equal to +0,6%, according to the relevant ELSTAT Press Release of November 2021.
- IV. On 21.12.2021, the Company submitted to RAE the request for the certification of EDA THESS as a Natural Gas Distribution Network Operator according to the provisions of articles 80ST and 80Z of Law 4001/2011.

Pending Regulatory Issues

On 31.12.2021, there are issues to be regulated, for which relevant decisions are expected to be issued.

3. Key Operational Data

In the year 2021, 26.017 new connection contracts were signed, increased by 13,9% compared to the corresponding period of 2020, and 23.363 delivery points were activated, reduced by 2,1% compared to 2020. However, both figures have exceeded the figures forecasted in the approved budget of 2021.

On 31.12.2021 the total progressive number of the acquired connection contracts amounted to 411.951, increased by 6,7% compared to the corresponding number on 31.12.2020. Progressive activations of new connections amounted to 398.152 on 31.12.2021, increased by 6,2% compared to the year 2020. Respectively, the progressive number of activated

consumers at the end of 2021 amounted to 376.684 compared to 352.993 at the end of 2020, increased by 6,7%.

Distributed natural gas volumes amounted to 532,9 million cubic meters, increased by 14,9% compared to the year 2020, mainly due to increased number of natural gas consumers compared to the corresponding period of 2020, the connection of new industrial consumers and to a lower extent, due to weather conditions.

Furthermore, in the year 2021, 20 Large Industrial and Commercial Consumers were commissioned, thus contributing to the future increase of the distributed volumes in the areas of Thessaloniki and Thessaly, as well as to energy saving and strengthening of competitiveness, in conjunction with the mitigation of the environmental footprint.

At the same time, according to the Development Plan for the year 2021, the planning for the further development of the distribution network in existing and new areas was successfully completed and all the new areas in the areas of the License were supplied. More specifically, in the Regional Unit of Thessaloniki, the following areas were connected and commissioned in 2021: Kato Scholari - Municipality of Thermi, Mesimeri - Municipality of Thermaikos, Kymina and Malgara - Municipality of Delta, Agios Athanasios - Municipality of Chalkidona and Stavros - Municipality of Volvi. In addition, within the year, the 2 CNG decompressors in Lagadas and Koufalia were constructed and put into operation, the Halastra decompressor was disconnected as the area was connected to the distribution network, and the CNG decompressor in Stavros was constructed and put into operation. In the Region of Thessaly, respectively, the area of Alykes in the Municipality of Volos and Efxinoupolis in the Municipality of Almyros, were connected and commissioned, while the construction of the 2nd Decompression Station in the Municipality of Elassona was completed. In the above new areas, the contracts for the connection of the Municipal buildings to the natural gas distribution network, were signed.

Aiming at flexibility, optimizing operational efficiency as well as enhancing the security of gas networks, EDA THESS promotes innovation and invests in new technologies, giving priority to the digitization of distribution networks. The Company installs smart meters as part of a pilot program implemented in the License Areas. As at 31.12.2021, there were 19,083 progressively installed smart meters and 268 Automatic Volume Correctors with telemetry at the hourly-metered delivery points.

For the year 2021, the submitted complaints were resolved within the time defined by the Distribution Network Operation Code and the internal corporate complaint management procedure (ie 30 calendar days). There were no delays in the relevant opinions, and thus, the relevant replies were forwarded to all interested parties, Authorities, Bodies, Distribution Network Users or End Consumers within the aforementioned time.

In addition, the Company, in the context of the safe operation of the active internal installations in accordance with the provisions of the Distribution Network Operation Code, implemented in 2021, a total of 3,776 sample inspections for the Thessaloniki area carried out by the Contractor and 568 audits carried out by EDA THESS inspectors to verify the existence of the leak proofness retesting certificate, while respectively for the region of Thessaly 1,491 sample inspections were carried to verify compliance to the "Technical Regulation of Internal Gas Installations with operating pressure up to 500mbar" (OGG 976 / B / 28.03.2012).

In order to ensure the optimal and technically complete inspection of documentation and installations for the promotion of the safety of Internal Installations, a training seminar of the

internal installation inspectors on "Exhaust Gas & Flues" was conducted by the Company's staff. Also, an online workshop organized by the Company on "Operational Independence and Safe Use of Natural Gas" was held on 09.12.2021, and it was attended by representatives of the Technical Bodies and Chambers in the License areas in Thessaloniki and Thessaly.

4. Network Construction, Operation & Maintenance

In the year 2021, the approved Development Program of EDA THESS was fully observed, and the distribution network was further expanded in existing and new areas, by 132,1 kilometers of low-pressure network and 18,3 of medium pressure in total, increasing the total number of the Company's network kilometers to 2.751,6. It is noted that the Distribution Network expansion activities have not been adversely affected by the COVID-19 pandemic.

The network and service lines construction activities were carried out following the rate of the new connections' acquisition, while the applicable technical regulations and the provisions of the Distribution Network Operation Code and the Regulatory Framework have been observed.

With the increase in the progressively constructed meters of PE 4 bar distribution network, the index "Meters of network per activated Consumer" on 31.12.2021 amounted to 6,20 meters/activated Consumer on average (5,00 in Thessaloniki and 8,99 in Thessaly), similarly to the 6,23 meters/activated Consumer (5,03 in Thessaloniki and 9,07 in Thessaly) recorded on 31 December 2020. Respectively, the distributed volumes of natural gas per kilometer of low-pressure distribution network in the year 2021 amounted to 215.95 thousand cubic meters/kilometer, increased compared to 191.97 thousand cubic meters/kilometer in 2020.

Furthermore, the activities of Network Operation and Maintenance focus on the safety of the natural gas distribution network in accordance with the provisions of the Regulation "Manual on the operation and maintenance of medium pressure natural gas distribution networks (design pressure 19 bar) and low-pressure natural gas distribution networks (maximum pressure 4 bar)" (OGG 1712 B'/23.11.2006) and the Distribution Network Operation Code (OGG B' 487/20.02.2017).

Pursuant to Article 57 of the Distribution Network Operation Code (OGG B' 487/20.02.2017), the Company established and uploaded on its website www.edathess.gr the Distribution Network Maintenance Program implemented in 2021.

In addition, the Company implements preventive maintenance and emergency response procedures on the basis of which corrective maintenance was designed.

In the year 2021, a leak investigation was carried out with a special gas leak detection vehicle equipped with a high-sensitivity electronic laser detector along 102 km of Larissa Network. The restoration of the detected leaks was completed in December.

Furthermore, in 2021, a feasibility study for steel pipeline In Line Inspection - Intelligent Pigging was implemented in parts of the Medium Pressure network in Larissa and Thessaloniki.

At the same time, 6 Preparedness Drills were conducted in the areas of the License. The 2 drills per area concerned incidents on the distribution network that were addressed based on the procedures and structures of the Emergency Intervention. In addition, 1 drill was conducted in each area with regard to the response to multiple events on the distribution

network and off-grid events as a result of seismic activity that were classified as General Crisis. In the Preparedness Drills, all the prescribed procedures and instructions were observed, while there was excellent cooperation with the Authorities and the competent bodies, successfully dealing with the incidents that were simulated.

5. Supply chain safety

The tenders for the supply of materials and services were carried out in accordance with the Regulations for the Award and Execution of Works Contracts, Procurement and Services of EDA THESS, ensuring the legality, transparency of the procedures and the equal treatment of potential contractors. It is noted that no objections were submitted to the tender procedures while the timely delivery of materials and the optimal management of the supply chain were ensured, keeping the required reserves to cover all business activities.

At the same time, the actions for the expansion of the Company's Preselection System continued. Particular emphasis was given to check the quality of the network materials, both during the tendering phase by strengthening the control of the Technical characteristics and the Technical Specifications of the Company's Management System and the European and International Standards, as well as upon their receipt.

Furthermore, within 2021, the insurance policies of the Company were renewed, providing full insurance coverage of the Fixed Assets of the Distribution Network.

6. 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. The Company has established qualitative and quantitative objectives related to all its activities, which are systematically monitored. In 2021, the staff performance evaluation for 2020 took place. Also, in 2021, feedback was given for the first time, by the staff to the members of the Management Team and the Supervisors, according to the existing organizational structure.

In addition, according to the annual plan, a staff training program was implemented, which included 46 training programs compared to 13 in 2020, with 1,634 participants compared to 224 in 2020, making extensive use of the new electronic training platform.

The Company, applying best practices of human resource management, completed the digital monitoring of the time and requests of the staff.

During 2021, in the context of managing the COVID-19 pandemic, the Company applied all protection measures instituted by the State for the containment of the infection, including remote working, alternate working, alternate working times and special-purpose leave, and implemented detailed protocols to manage Covid-19 cases and to prevent spreading. Additionally, during the entire period of restrictive measures, the Company ensured the provision of the necessary protective means to its staff, significantly upgrading the equipment and the facilities and adjusting the schedule and organization of works, where necessary.

7. Quality, Health & Safety

Currently EDA THESS implements a Management System that covers all aspects of the organization's operations. The Management System has been certified by an accredited Certification Body for compliance with the requirements of the following standards:

- ISO 9001:2015 (Quality)
- ISO 14001:2015 (Environmental Management)
- ISO 45001: 2018 (Health & Safety)
- ISO 27001: 2013 (Information Security)
- ISO 37001:2016 (Anti-corruption)
- ISO 22301:2019 (Business Continuity)
- ISO 39001:2012 (Road Safety)
- ISO 50001:2018 (Energy Management)

Regarding the activities of quality, environment, and health & safety inspections, the annual inspection plan was prepared and implemented, covering the axes of compliance with the applicable legislation, the health and safety rules and the implementation of technical regulations for the year 2021.

More specifically, inspections were carried out on integrated sewerage projects, buildings and corporate vehicles. Particular emphasis was given to check the quality of the network materials, both during the tendering phase by strengthening the control of the Technical characteristics and the Technical Specifications of the Company's Management System and the European and International Standards, as well as upon their receipt. In addition, periodic inspections were carried out in compliance with the terms of the Work Contracts and the legal requirements of the Contracting Companies, including on-call and emergency intervention services.

At the same time the health and safety indicators in terms of accident incidence and the severity level for employees are remarkably low, verifying the strong commitment of the Company to the health and safety of its personnel of third parties.

8. Information Systems

The digital transformation of the Company continued throughout the year 2021, prioritizing the development of new core business applications to increase integrability and connectivity with third party systems. Operational processes have been redesigned to promote automation and to increase efficiency, to ensure control potential and to improve the operation and services provided by the Company.

In the above context, the relevant actions for the replacement of the core Information Systems were developed, with the completion of the operational and technical analysis and the preparation of the Implementation Study, that is the main implementation guide of the Project.

In addition, in 2021, the installation and configuration of the subsystems were initiated, as well as the analysis and implementation of the points of interconnection with the IT systems that will remain operational, while developing the required customized functionality to serve the special business requirements of the Company.

It is noted that during 2021, the availability of the Company's infrastructure and facilities exceeded 98%, taking into account the periods of scheduled works and maintenance that took place.

9. Information and Network Security

In 2021, the Company implemented the relevant Policies, Procedures and Directives and put into force a robust Information Security Management System, that received the compliance certification according to the requirements of ISO/IEC 27001:2013.

Furthermore, programs have been developed for the training of the staff in the use of the Information Security Management System. Technical safety controls have been performed and automated for the methodology assessment of the effectiveness of the existing safety controls and the calculation of resilience against cyberthreats to ensure business continuity.

At the same time, the Information Security was coordinated through a specialized platform and the related supporting tools, for the management of information disclosure risk, vulnerabilities and security incidents, while the risks of information resource security supporting the core business applications have been evaluated.

Finally, the monitoring of part of the indicators specified by ISO/IEC 27004:2016 concerning the monitoring of the Information Security Management System effectiveness has been incorporated and automated.

10. Income Statement

The following table presents in detail the results of the Company for the fiscal year 2021 which are also compared to the results for the year 2020.

Income Statement (Amounts in Euro 000's)	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 (Restated)	Var.	% Var.
Distribution revenue	59.296	59.719	-424	-0,7%
Connection charges	126	37	89	241,5%
Other income	3.675	2.620	1.056	40,3%
Total distribution revenue	63.097	62.376	721	1,2%
Personnel cost	-11.703	-13.286	1.584	-11,9%
Other operating expenses	-15.357	-10.754	-4.604	42,8%
Personnel Cost & Services Capitalisation	5.853	5.132	721	14,1%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	41.891	43.468	-1.578	-3,6%
EBITDA Margin %	66,4%	69,7%		
Depreciation tangible & intangible assets	-16.191	-14.883	-1.308	8,8%
Depreciation of rights of use of assets	-1.108	-1.101	-7	0,6%
Amortization of grants	412	412	-0	0,0%
Earnings before interest and taxes	25.004	27.896	-2.893	-10,4%
EBIT Margin%	39,6%	44,7%		
Interest income	10	131	-121	-92,5%
Interest expense	-1.330	-1.066	-264	24,8%
Earnings before taxes	23.684	26.962	-3.278	-12,2%
EBT Margin %	37,5%	43,2%		
Income tax	-5.337	-6.406	1.069	-16,7%
Earnings after taxes	18.347	20.556	-2.209	-10,7%
EAT Margin %	29,1%	33,0%		

Despite the unfavorable conditions that prevailed due to the pandemic COVID-19, the Company achieved strong profitability in fiscal year 2021, as in previous years, with an EBITDA margin greater than 66% and an Earnings after taxes ratio of 29,1%.

The main elements of the Income Statement for the year 2021 are the following (amounts in Euro thousands):

- **Distribution Revenue** amount to: Euro 59.296 k
Revenues show a decrease of Euro 424 k compared to the corresponding period of 2020 which is mainly due to the reduction of distribution tariffs based on RAE decision 1429/22.10.2020 (OGG B 4882 / 04.11.2020) which is significantly balanced by both increased distribution volumes during the months of February, March and October and increased number of activated delivery points which contributes to the increase of revenue from capacity charge.

It is noted that the Revenue from the Basic Distribution Activity was based on the distribution tariff coefficients, according to Decision RAE 1429/2020 (OGG B' 4882/04.11.2020) on "Determination of the Required Revenue and Approval of Tariff for the Basic Natural Gas Distribution Activity of the Distribution Network of Thessaloniki and the Distribution Network of Thessaly for the Regulatory Period 2019-2022", with which the Regulatory Authority for Energy approved the Distribution Tariffs with effect from 01.12.2020. It should be also noted that the approved tariff coefficients for the Regulatory Period 2019-2022 are lower than the corresponding coefficients of the previous Regulatory Period, which were valid until 30.11.2020.

- **Connection charges** amount to: Euro 126 k.
Revenues from connection charges increase of Euro 89 k compared to the corresponding period of 2020.
- **Other Income** amount to: Euro 3.675 k.
Other Income increases by Euro 1.056 k in comparison with the previous year. The variance is analyzed as follows:

 - ✓ **Ancillary Services** Euro 1.514 k
Ancillary Services relate to the provision of services to the Distribution Users and / or to the End Customers, which are ancillary to the Basic Distribution Activity, and which are provided exclusively by the Company. The increase of Euro 345 k compared to prior year is mainly due to the increase of revenues from expansion fees amounting to Euro 227 k and to the increase of other ancillary services (deactivation, reactivation, disconnection, etc.) amounting to 118 k.
 - ✓ **Optional Services:** Euro 1.440 χιλ.
Optional services relate to provision of services for the organization, management, operation, maintenance, and development of the Natural Gas Distribution Network to another Gas Distribution Company (which were completed in December 2021). There was an increase of Euro 700 k compared to the corresponding year of 2020 (since during 2020 the provision of the respective services started on April)
 - ✓ **Other Services:** Euro 721 k
Other services remain almost at the same level as in the previous year (increase of Euro 11 k)
- **Personnel Cost** amounts to Euro 11.703 k
Personnel Cost decreased by Euro 1.584 k compared to the previous year, which is mainly due to works supervision services cost starting from January 1st, 2021.
- **Other Operating Expenses** amount to: Euro 15.357 k
The following table presents Other Operating Expenses for the years 2021 and 2020 and their movement in amount and percentage.

Other Operating Expenses (Amounts in Euro 000's)	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020	Var.	% Var.
Staff Related Expenses	690	765	-75	-9,8%
Gas Meter Readings	1.855	2.054	-199	-9,7%
Gas Network Expenses	2.246	1.635	611	37,4%
Software Maintenance	935	1.001	-66	-6,6%
Marketing Expenses	948	1.010	-61	-6,1%
Building Maintenance	640	649	-9	-1,4%
CNG Virtual Pipeline Service	2.398	1.101	1.297	117,8%
Service and other costs	5.646	2.539	3.106	122,3%
Total	15.357	10.754	4.604	42,8%

Other Operating Expenses increased by the amount of Euro 4.604 k, in comparison with the previous year. The main elements of the variance are analyzed as follows:

- **Staff Related Expenses:** reduction of Euro 75 k.
The difference mainly derives from decreased telephony expenses amounting to Euro 42 k, the reduced cost of short-term car rental amounting to Euro 45 k, the reduced cost of health services amounting to Euro 20 k, and the reduced cost of consumables amounting to Euro 13 k which is partially offset by the increase in the gasoline amounting to Euro 30 k.
- **Gas Meter Readings:** reduction of Euro 199 k.
The difference is mainly due to the reduction of the cost of measuring gas consumption of Euro 526 k which was partially offset by the increase of the cost of monitoring the consumption of smart meters of Euro 307 k.
- **Gas Network Expenses:** increase of Euro 611 k.
The difference is mainly due to the increase of standby and network maintenance costs by Euro 90 k, of the increased cost of materials consumption by Euro 202 k, of the inspection service of external network facilities by Euro 265 k and to other services by Euro 54 k.
- **Software Maintenance:** reduction of Euro 66 k.
The difference mainly derives from the reduction in the maintenance and upgrade cost of software programs amounting to Euro 57 k and from the reduced cost of repair and maintenance of IT equipment amounting to Euro 9 k.
- **Marketing Expenses:** reduction of Euro 61 k.
The reduction is mainly due to reduced advertising costs.
- **Building Maintenance:** reduction of Euro 9 k.
The difference mainly derives from the reduction of rent payment by Euro 100k (40% reduction in the professional rents of companies due to COVID 19), which was offset by the increase of utilities (electricity, gas, water) amounting to Euro 62 k and the increase of building management costs (security, cleanliness, maintenance, etc.) amounting to Euro 29 k.
- **CNG Virtual Pipeline Services:** increase of Euro 1.297 k.
The increase mainly derives from the increase in gas volumes distributed through CNG virtual power stations compared to the year 2020.
The increase is analyzed as follows:
 - i. Region of Thessaloniki (Lagadas, Koufalia, Chalastra, Stavros Volvis) increase amounting to Euro 723 k and

- ii. Region of Thessaly (Tyrnavos, Kalampaka, Elassona, Palama, Agia, Sofades, Sikourio, Ambelonas, Pyle Mouzaki) increase amounting to Euro 574 k
- o **Services and Other Costs:** increase of Euro 3.106 k
The difference is mainly analyzed in the increase of works supervision services amounting to Euro 1,719 k, in the increase of optional services to another gas distribution provider amounting to Euro 744 k, in the increase of call center expenses amounting to Euro 211 k, in the increase of SMS services amounting to amounting to Euro 86 k, to the increase of specialized services amounting to Euro 79 k and to the increase of various other expenses amounting to Euro 264 k.
- **Payroll Capitalization** which is divided into:
 - ✓ Payroll capitalization of personnel cost Euro - 4.597 k
 - ✓ Payroll capitalization of services capitalization Euro - 1.256 k
 Part of payroll cost as well as part of works supervision services cost, has been capitalized as cost of Network Capex since it is directly related to Network construction. The increase compared to the previous year is due to the fact that, the personnel working hours (which constitute the base for the calculation of payroll capitalization) during the months March to May 2020 were significantly reduced for the specific period and consequently for the year due to the pandemic COVID 19.
- **Total net depreciation** amount to Euro 16.887 k
Depreciation is separated to:
 - o Depreciation of Tangible & Intangible Assets Euro 16.191 k
 - o Depreciation of Rights of use of assets Euro 1.108 k
 - o Amortization of Grants Euro -412 k
 The increase of Euro 1.315 k compared to previous year's balance is mainly due to additions of new network capex.
- **Net financial expenses** amount to: Euro 1.320 k
There is an increase in net financial expenses of Euro 385 k compared to the previous year which is due to the additional financial costs from the issuance of the new Bond Loan at late 2020 as well as to the reduced interest income from deposits given to the decreased interest rates.
- **Income tax** amounts to: Euro 5.337 k
It should be noted that for the year 2021 the income tax rate has been reduced, based on Law 4799/2021, to 22% from 24% that was valid for the year 2020. In total, the reduction in the income tax of the amount of Euro 1.069 k is due to
 - ✓ the reduced Earnings before Taxes (EBT) in the year 2021 compared to ones of the previous year, resulting in reduced income tax by Euro 787k
 - ✓ the reduced tax rate (from 24% in year 2020 to 22% in the year 2021) resulting in reduced income tax by Euro 473 k.
 - ✓ the reduced deduction of advertising expenditure (based on the application of Article 22C of L.4172/2013) in comparison to 2020, which had an increase effect to income tax of Euro 191k

On 19.04.2021, the Independent Public Revenue Authority, has issued an order with protocol No 254/0/1118, for the partial audit of the Value Added Tax (VAT) of the year 2015 of EDA THESS S.A. In addition, on 10.06.2021, the Independent Public Revenue

Authority, has issued an order with protocol No 286/0/1118 for the partial audit of the Value Added Tax (VAT) of the year 2015 of EPA THESSALIA S.A.

The tax audit for the year 2015 has already been completed for both EDA THESS and EPA Thessaly without the imposition of additional taxes against the Company.

On 18.03.2021, the Independent Public Revenue Authority, has issued two orders with protocol No 203/0/1118 and No 204/0/1118, for the audit of the year 2016 of the companies EDA THESS S.A. and EPA Thessalia S.A.

The above-mentioned tax audits for fiscal year 2016 have also been completed and it is expected that within the next period the respective reports with the findings of the audits will be sent, which based on what we know so far, are not expected findings that will result in a tax burden.

The above mentioned figures result in:

• EBITDA:	Euro 41.891 k
• EBIT:	Euro 25.004 k
• EBT:	Euro 23.684 k
• EAT:	Euro 18.347 k

11. Statement of Financial Position

The following table presents the Statement of Financial Position as at December 31st, 2021 and December 31st, 2020:

Statement of Financial Position (Amounts in Euro 000's)	31.12.2021	31.12.2020 (Restated)	Var.	% Var.
Assets				
Tangible assets	128.957	98.825	30.132	30,5%
Intangible assets	230.257	240.555	-10.298	-4,3%
Right of use of assets	2.144	3.010	-866	-28,8%
Deferred tax asset	691	741	-50	-6,7%
Long-term receivables	253	266	-13	-4,9%
Non - Current Assets	362.302	343.397	18.905	5,5%
Inventories	1.908	1.859	49	2,6%
Trade and other receivables	20.053	18.783	1.269	6,8%
Cash and cash equivalents	22.536	10.283	12.253	119,2%
Current Assets	44.496	30.925	13.571	43,9%
Total Assets	406.798	374.322	32.476	8,7%
Equity & Liabilities				
Share capital	247.128	247.128	0	0,0%
Reserves	19.112	18.194	918	5,0%
Retained earnings	18.603	20.714	-2.111	-10,2%
Equity	284.843	286.035	-1.192	-0,4%
Long-term loan	64.331	37.000	27.331	73,9%
Financial liabilities for leases	1.140	2.038	-898	-44,1%
Provision for personnel compensation	443	385	58	15,1%
Grants	9.073	9.485	-412	-4,3%
Other long-term liabilities	1.632	1.182	450	38,1%
Non - Current Liabilities	76.618	50.090	26.529	53,0%
Trade and other payables	31.258	25.713	5.544	21,6%
Short term portion of long term loans	11.169	10.100	1.069	10,6%
Financial liabilities for leases	1.067	1.032	34	3,3%
Income tax payable	1.843	1.351	492	36,4%
Current Liabilities	45.337	38.197	7.140	18,7%
Total Liabilities	121.955	88.287	33.669	38,1%
Total Equity & Liabilities	406.798	374.322	32.476	8,7%

Regarding the Statement of Financial Position as at 31.12.2021 it is worth noting the following:

- **Tangible Assets:** Euro 128.957 k:
Tangible Assets increased by Euro 30.132 k compared to the previous year. The increase is analyzed as follows:
 - ✓ (+) Additions of Network amounting to Euro 34.491 k which represents the value of the network constructed during year 2021.
 - ✓ (-) Depreciation of year 2021: Total annual depreciation amounts to Euro 5.594 k.
 - ✓ (-) Network License rights transfers: The residual value of transferred Network to DEPA for the year 2021 which amounts to Euro 299 k.
 - ✓ (+) Additions of Furniture and other equipment (Furniture, Hardware, Software, etc): amounting to Euro 997 k.
 - ✓ (+) Other additions in tangible assets (property, building upgrades, means of transport etc): amounting to Euro 550 k.
 - ✓ (-) Decrease amounting Euro 13 k relating to net book value of other assets (furniture, other equipment).

- **Intangible assets:** Euro 230.257 k:
These refer to DEPA Infrastructure S.A. Network License rights.
The decrease of Euro 10.298 k compared to previous year's balance is due to:
 - (+) Additions of Network License rights transfer of Euro 299 k which relate to modifications to the existing DEPA Network performed during 2021 and
 - (-) Amortization for the year 2021 amounting to Euro 10.597 k.It should be noted that:
 - ✓ The Network License rights (as well as the Network included in tangible assets) are depreciated over the life of the concession license (i.e until 2043).
 - ✓ The constructed network is adequately insured against all risks.

- **Right of use of Assets:** Euro 2.144 k
Represent the present value of leased buildings and vehicles, following the adoption of IFRS 16 "Leases", effective as at 01.01.2019.
The decrease of Euro 866 k, compared to the balance as of 31.12.2020 is analyzed as follows:
 - (+) Net Additions: of Euro 242 k,
 - (-) Depreciations: of Euro -1.108 k.

The following table presents the right of use assets.

Right of Use of assets (Amounts in € 000's)	Buildings	Vehicles	Total
<u>Cost</u>			
Balance at 01.01.2020	3.268,47	1.072,63	4.341,10
Additions	327,03	536,82	863,85
Balance at 31.12.2020	3.595,50	1.609,44	5.204,95
Additions (Note 14)	14,33	227,94	242,27
Balance at 31.12.2021	3.609,83	1.837,38	5.447,21
<u>Accumulated Amortization</u>			
Balance at 01.01.2020	703,59	389,81	1.093,41
Depreciation	704,06	397,13	1.101,19
Balance at 31.12.2020	1.407,65	786,94	2.194,60
Depreciation	708,00	400,21	1.108,21
Balance at 31.12.2021	2.115,65	1.187,16	3.302,81
<u>Net Book Value</u>			
31.12.2020	2.187,85	822,50	3.010,35
31.12.2021	1.494,18	650,22	2.144,41

- **Deferred tax assets:** Euro 691 k.
 The reduction of Euro 50 k mainly derives from the change in the tax rate from 24% to 22% (according to Law 4799/2021).
- **Long-term receivables:** Euro 253 k.
 These mainly refer to guarantees paid in favor of third parties for various leases (building, car leases, etc).
- **Inventories:** Euro 1.908 k.
 The increase of Euro 49 k compared to previous year is mainly due to the reduction of the provision regarding network materials consumption not invoiced by the end of the year
- **Trade and other receivables:** Euro 20.053 k.
 The increase of Euro 1.269 k is due to the following:

 - ✓ Increased receivables from the Greek State (Refundable VAT) of Euro 399 k.
 - ✓ Increased receivables related to accrued Distribution Revenues that have not been invoiced until the end of the year to the Distribution users (from December consumption), in comparison to the corresponding amount of the previous year, amounting to Euro 2.803k
 - ✓ Reduced receivables from distribution users (from November consumption) in comparison to previous year, amounting to Euro 1.011 k.
 - ✓ Reduced commercial receivables (due to ancillary services) amounting to Euro 574 k.

- ✓ Reduced other receivables amounting to Euro 268 k.
- ✓ Introduction of additional provision for doubtful receivables amounting to Euro 80 k.

Management estimates that the provision for doubtful receivables amounting to Euro 209 k is adequate to cover all doubtful receivables, net of any guarantees, taking into consideration that the Company also calculates the credit losses over the life of the receivables and forms additional provisions.

- **Cash and cash equivalents:** Euro 22.536 k.
The increase of Euro 12.253 k compared to previous year's balance is due to efficient cash management.

Cash Flows are analyzed in the following table and are the total of cash flows arising from:

- ✓ operating activities,
- ✓ investing activities and
- ✓ financing activities

which mainly relate to repayments of the long-term Bond loan and dividends.

Statement of Cash Flows (Amounts in Euro 000's)	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020 (Restated)	Var.	% Var.
Net Cash Flows from:				
Operating Activities	40.522	47.058	-6.537	-13,9%
Investing Activities	-36.023	-37.032	1.009	-2,7%
Financing Activities				
Payments for Financial liabilities from leases	-1.106	-1.068	-38	3,5%
Receipts from issued long term borrowing	38.500	16.000	22.500	140,6%
Repayment of bank loans	-10.100	-8.100	-2.000	24,7%
Dividends paid	-19.540	-18.749	-791	4,2%
Increase / (Decrease) in Cash and cash equivalents	12.253	-1.891	14.143	-747,9%
Cash and Cash equivalents:				
at the beginning of the year	10.283	12.174	-1.891	-15,5%
at the end of the year	22.536	10.283	12.253	119,2%
Increase / (Decrease) in Cash and cash equivalents	12.253	-1.891	14.143	-747,9%

- **Share capital:** Euro 247.128 k.
There is no movement within the year.
- **Reserves:** Euro 19.112 k.
The increase of Euro 918 k is due to statutory reserve deriving from the distribution of profit.
- **Retained earnings:** Euro 18.603 k.
Retained Earnings decreased by Euro 2.111 k. The change in the amount derives from the Earnings after Taxes for year 2021 amounted to Euro 18.347 k which decreased compared to the related previous year's amount, in addition to the following:
 - ✓ the transfer to statutory reserve of Euro 917 k from the 2021 profits and

- ✓ the dividend distribution to the shareholders from the 2020 profits, amounting to Euro 19.540 k.

Change in Accounting Policy

As detailed in note 2.3 of the Financial Statements for the year 2021, according to the decision of the Committee for the Interpretation of International Financial Reporting Standards (IFRIC), issued in May 2021, the way in which the basic principles of IAS 19 regarding the manner of distribution of benefits in periods of service on a specific program of defined benefits similar to that defined in article 8 of L.3198 / 1955 regarding the provision of compensation due to retirement (the "Program of Defined Benefits of Labor Law") were applied in Greece in the past, is differentiated. . The application of this final decision in the financial statements, has as a result the distribution of benefits in the last 16 years until the date of retirement of employees following the scale of Law 4093/2012.

Based on the above, the application of the above mentioned final decision has been treated as a change in accounting policy, applying the change retroactively from the beginning of the first comparative period, ie 01.01.2020, in accordance with paragraphs 19 - 22 of IAS 8, resulting in increase of Retained Earnings by Euro 1.016 k on 31.12.2020

- **Long-term borrowings:** Euro 64.331 k.
 Total interest expense in relation to long-term borrowings for the period ended on December 31st, 2021, is Euro 1.131 k (31.12.2020: Euro 911k) and is included in financial expenses in the Income Statement.
 In addition, the increase of the total borrowings of Euro 28.400 k compared to the prior year 2020 is due to:
 - ✓ addition of new bond loan during the year 2021 amounting to Euro 38.500 k and
 - ✓ installments related to the Bond Loans that the Company received during the years 2017, 2018, 2019 and 2020 amounting to Euro 10.100 k.

Short term portion of long-term loans: Euro 11.169 k
 Relates to amounts payable within one year of the date of Financial Statements are recognized in the current liabilities

The following table presents debt obligations (short-term and long-term):

Loans (Amounts in Euro 000's)	31.12.2021	31.12.2020
<u>Short-Term Liabilities</u>		
from 0 to 2 months	1.925	1.925
from 2 to 12 months	9.244	8.175
<u>Long-Term Liabilities</u>		
From 1 to 5 years	37.511	26.000
More than 5 years	26.819	11.000
Total	75.500	47.100

The average borrowing interest rate for the year 2021 is 2.17% (2020: 2.43%). The Company, at 31.12.2021 and 31.12.2020 has no unused available credit limits for long-term loans.

Net Financial Debt (NBD)

Net Financial Debt (or Net Financial Position) is a liquidity metric used to determine the portion of debts that the Company can pay using the existing cash.

The following table presents the Net Financial Position at 31.12.2021 and 31.12.2020

Net financial debt (Amounts in Euro 000's)	31.12.2021	31.12.2020	Var.	% Var.
Long-term loan	64.331	37.000	27.331	73,9%
Short term portion of long term loans	11.169	10.100	1.069	10,6%
Cash and cash equivalents	-22.536	-10.283	-12.253	119,2%
Net Financial Debt (NFP)	52.964	36.817	16.147	43,9%
Financial Leasing	2.206	3.070	-864	-28,1%
Net Financial Debt (including Leasing)	55.171	39.887	15.284	38,3%

The change by Euro 16,147 k of the Net Financial Debt, with the cash inflow of the Bond Loan, is used mainly to finance the Company's investments (since the payment of dividends is covered by the cash inflows of operating activities.)

The following table presents the change in the Net Financial Debt.

Change in the Net Financial Debt (Amounts in Euro 000's)	31.12.2021
Net cash inflows from operating activities	40.522
Dividends paid	-19.540
Capital expenditure related to network	-34.491
Other Capex	-1.531
Payments of financial liabilities for leases	-1.106
Change in the Net Financial Debt	-16.147

- **Financial Liabilities for Leases (Long- Term):** Euro 1.139 k

The Company, in the context of implementation of IFRS 16 "Leases" has recognized until December 31st, 2020, financial liabilities from leases amounting to Euro 3.070 k while the additions of the year 2021 amounted to Euro 242 k.

The movement of financial liabilities for leases is as follows:

Financial liabilities for leases (Amounts in € 000's)	
Balance at 01.01.2020	3.275
Additions	864
Interest of financial liabilities for leases	118
Payments	-1.186
Balance at 31.12.2020	3.070
Additions	242
Interest of financial liabilities for leases	94
Payments	-1.201
Balance at 31.12.2021	2.206

Short term portion of Financial Liabilities for Leases: Euro 1.067 k

Relate to amounts payable within one year of the date of Financial Statements are recognized in the current liabilities.

The following table shows the present value of the minimum lease payments for the Company as at December 31st, 2021 and as at December 31st, 2020 (short-term and long-term):

Financial liabilities for leases (Amounts in € 000's)	31.12.2021	31.12.2020
<u>Short-Term Liabilities</u>		
Within one year	185	183
from 2 to 12 months	882	849
<u>Long-Term Liabilities</u>		
From 1 to 5 years	956	1.854
More than 5 years	183	184
Total	2.206	3.070

- **Provisions of personnel compensation:** Euro 443 k.

The provision increased by Euro 58 k compared to the corresponding amount as at 31.12.2020, as a result of the actuarial study. Until the issuance of the agenda decision under the title "Distribution of benefits in periods of service in accordance with International Accounting Standard (IAS) 19", the Company applied IAS 19 by distributing the benefits defined by article 8 of Law 3198/1955, Law 2112/1920, and its amendment by Law 4093/2012 in the period from the recruitment to the completion of 16 years of work following the scale of Law 4093/2012.

The application of this final Decision in the attached financial statements, has as a result the distribution of benefits in the last 16 years until the date of retirement of employees following the scale of Law 4093/2012.

- **Grants:** Euro 9.073 k.
 Relate to grants obtained from the Greek State which are amortized over the life of the license (until 2043).
 The Company did not obtain any new grants during 2021.
- **Other long-term liabilities:** Euro 1.632 k.
 Other long-term liabilities mainly include the guarantees received from distribution users.
- **Trade and other payables:** Euro 31.258 k.
 The increase of the balance compared to previous year's balance by Euro 5.544 k is mainly due to:

 - ✓ increase of trade payables amounting to Euro 5,254 k
 - ✓ increase of Other payables amounting to Euro 402 k, which mainly concerns the obligation to the beneficiaries of the subsidy program of the action "Replacement of oil heating systems with natural gas systems in homes in Thessaly" in collaboration with the Ministry of Environment and Energy.
 - ✓ reduction of accrued expenses (provision of Network construction) amounting to Euro 112 k

Working Capital is analyzed as follows:

Working capital (Amounts in Euro 000's)	31.12.2021	31.12.2020	Var.	% Var.
Trade and other receivables	20.053	18.783	1.269	6,8%
Inventories	1.908	1.859	49	2,6%
Cash and cash equivalents	22.536	10.283	12.253	119,2%
Trade and other payables	-31.258	-25.713	-5.544	21,6%
Short term portion of long term loans	-11.169	-10.100	-1.069	10,6%
Financial liabilities for leases	-1.067	-1.032	-34	3,3%
Income Tax Payable	-1.843	-1.351	-492	36,4%
Working capital	-841	-7.272	6.431	-88,4%

As of December 31, 2021, the current liabilities appear slightly higher than the current assets due to a significant expansion of the Company's construction activity during the last months of the closing year.

Additionally, the **Net Working Capital** is analyzed as follows:

Net working capital (Amounts in € 000's)	31.12.2021	31.12.2020	Var.	% Var.
Inventories	1.908	1.859	49	2,6%
Trade and other receivables	20.053	18.783	1.269	6,8%
Trade and other payables	-31.258	-25.713	-5.544	21,6%
Dividend payable	0	0	0	
Income Tax Payable	-1.843	-1.351	-492	36,4%
Net working capital	-11.140	-6.423	-4.718	73,5%

The Net Working Capital is burdened, in relation to the previous year, mainly due to the increase of the Trade Payables more than the Trade Receivables. The increase in Trade Payables is due to the high level of construction activity in the last months of 2021. Management estimates that the provision for doubtful receivables amounting to Euro 209 k is adequate to cover all doubtful receivables, net of any guarantees, taking into consideration that the Company also calculates the credit losses over the life of the receivables and forms additional provisions.

- **Income Tax Payable:** Euro 1.843 k.
The increase in payable income taxes amounting to Euro 492 k is analyzed as follows:
 - ✓ Reduced income tax, amounting to Euro 1.140 k.
 - ✓ Reduction of the remaining amount of previous year income tax installments, amounting to Euro 420 k.
 - ✓ Reduced tax advance compared to the corresponding amount of the previous year, amounting to Euro 2.052 k.

The following table presents the changes in the Income Tax Payable.

Income Tax Payable (Amounts in Euro 000's)	31.12.2021	31.12.2020	Var.
Income Tax	5.288	6.428	-1.140
(+) Income Tax installments- previous year	1.095	1.515	-420
(-) Income tax advance and other withheld taxes	-4.540	-6.592	2.052
Total	1.843	1.351	492

12. Ratios

Ratios	Calculation	31.12.2021	31.12.2020
Current Ratio:	Current Assets / Current Liabilities	0,98	0,81
Quick Ratio:	(Current Assets - Inventories) / Current Liabilities	0,94	0,76
Net Debt / EBITDA	(Desired value ≤ 3,5)	1,32	0,92
Liabilities / Equity	(Desired value ≤ 1,5)	0,43	0,31
Gearing Ratio (not including Leasing)	Total Loans / (Total Loans + Equity)	21,0%	14,1%
Liabilities / Assets	Values higher than 80% show high probability of default	30,0%	23,6%
Current Assets / Total Assets	Part of Assets that including to working capital	10,9%	8,3%
ROE (Return on Equity)	EAT / Shareholders's equity	6,4%	7,2%
ROA (Return on Assets)	EAT / Total Assets	4,5%	5,5%

Liquidity ratios, at the end of 2021, represent the Company's ability to meet its short-term liabilities.

The **Solvency Ratios** indicate the high degree of protection enjoyed by the Company's creditors

Efficiency ratios maintained at high levels as in previous years.

13. Financial Risk management

Financial risk management factors

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

- I. market risk (changes in exchange rates, interest rates, market prices)
- II. credit risk; and
- III. liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Management provides guidance and directions for the overall risk management 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, 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.

I. Market risk:

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

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

Interest rates 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 include either in time deposits or sight deposits to ensure the Company's liquidity.

The Company finances its investments 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 Euro 000's
2021		
Euro	+/-1%	-/+546
2020		
Euro	+/-1%	-/+375

II. Credit risk:

The biggest credit risk (net of the value of collateral or other security) if the contracting parties do not meet their obligations with respect to each class of recognized financial asset is the present value of these requirements, as shown in Balance Sheet less the value of securities/ collateral.

The credit risk due to a possible delay of payment by a Distributor User is minimized as, under the User Contracts, all Users have provided either a Letter of Guarantee or a Cash Guarantee. According to the terms of the Contracts, the guarantee letters may be forfeited immediately.

III. Liquidity risk:

Prudent liquidity risk management includes the following:

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

Management monitors the Company's liquidity based on cash inflows and outflows forecasts.

As at December 31, 2021, current liabilities are slightly higher than current assets due to significant expansion of the Company's construction activity during the last months of the closing year.

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

The following table analyzes the Liquidity Risk according to the payment period (31.12.2021 & 31.12.2020) based on the payments resulting from the relevant contracts and agreements, presented in non-discounted values:

Liquidity Risk according to the payment period (Amounts in Euro 000's)	Period	up to 2 months	from 2 months to 12 months	over 1 year	Total
Commercial & other Liabilities at:	31.12.2021	18.321	12.936	0	31.258
Other long-term liabilities at:	31.12.2021	0	0	1.632	1.632
Long term loan at:	31.12.2021	1.925	9.244	64.331	75.500
Financial liabilities from leases:	31.12.2021	185	882	1.140	2.206
Commercial & other Liabilities at:	31.12.2020	12.595	13.119	0	25.713
Other Long term liabilities at:	31.12.2020	0	0	1.182	1.182
Long term loan at:	31.12.2020	1.925	8.175	37.000	47.100
Financial liabilities from leases:	31.12.2019	183	850	2.038	3.070

IV. Exogenous factors / COVID – 19

As presented in the income statement, the operating results as well as the results before and after taxes have not been affected by the pandemic. Management monitors the Government's announcements that may affect the operation of the Company and adjusts its decisions based on the conditions that are formed. At the same time, the Management has taken all necessary measures to protect public health and the health of its employees.

14. 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 2022.

Additionally, as the impact of COVID-19 continues to grow rapidly, it is difficult to accurately predict the extent and duration of its business and economic implications, and the range of possible outcomes for the global economy is impossible to predict.

Also, due to the energy crisis, with article 33 of Law No. 4872 (OGG A' 247/10.12.2021), gas suppliers may reimburse the Gas Distribution Network operators the amounts of charges corresponding to their customers and concern the period of natural gas consumption from 01.11.2021 to 31.12.2021 with a settlement which will be completed by July 2022.

Given that the phenomenon is in full swing and in a conjunction with the energy crisis, a reliable assessment of its overall impact on revenues, results and cash flows at the end of the next closing period cannot be made.

15. Related Party Transactions 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 Euro 000's)	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<u>Sales of services</u>	51.485	53.702
<u>Gas Network Transfer</u>	299	740
<u>Purchases of Services</u>	719	982
<u>Board of Directors Fees</u>	71	71

Closing Balances coming from sales and purchases of goods and services (Amounts in Euro 000's)	31.12.2021	31.12.2020
<u>Due from Related Parties</u>	15.075	14.271
<u>Due to Related Parties</u>	53	2
<u>Amount due to the Board of Directors</u>	19	19

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.

16. Regulated Asset Base

The calculation of the Regulated Asset Base is based on the following:

- I. The financial statements for the fiscal year ended 31.12.2021.
- II. The Tariff Regulation of the Basic Natural Gas Distribution Activity of the distribution networks of Attiki, Thessaloniki, Thessaly and Rest of Greece (RAE Decision 421/2021, OGG B' 3727/12.08.2021) from which is derived the method of calculating the Regulated Asset Base (RAB).
- III. Statement with the calculation of Deferred Income from Connection and Extension Fees taken into account in the calculation of Regulated Asset Base (RAB).
- IV. Statement with the calculation of Participation by Distribution Network Users or End Customers taken into account in the calculation of Regulated Asset Base (RAB).

The following table presents the calculation of the Regulated Asset Base (RAB), prepared as of December 31st, 2021, per Distribution Network (Thessaloniki and Thessaly) and cumulative for the Company.

Regulated Asset Base, RAB - Thessaloniki (Amounts in Euro 000's)	31.12.2021
Depreciated value of intangible assets	158.058
Depreciated value of tangible assets	78.727
Depreciated value of leased assets (IFRS 16)	1.019
Fixed assets closing balance	237.804
Grants	-2.708
Deferred Income from Connection or Extension Fees	-26.742
Participation by Distribution Network Users or End Customers	-1
Regulated Asset Base pre - Working Capital	208.353
Working Capital used for the RAB calculation (based on FS of each year)	1.850
Regulated Asset Base post - Working Capital	210.203

Regulated Asset Base, RAB - Thessalia (Amounts in Euro 000's)	31.12.2021
Depreciated value of intangible assets	72.199
Depreciated value of tangible assets	50.230
Depreciated value of leased assets (IFRS 16)	1.126
Fixed assets closing balance	123.554
Grants	-6.365
Deferred Income from Connection or Extension Fees	-14.309
Participation by Distribution Network Users or End Customers	-0
Regulated Asset Base pre - Working Capital	102.881
Working Capital used for the RAB calculation (based on FS of each year)	0
Regulated Asset Base post - Working Capital	102.881

Regulated Asset Base, RAB - EDA Thess (Amounts in Euro 000's)	
Depreciated value of intangible assets	230.257
Depreciated value of tangible assets	128.957
Depreciated value of leased assets (IFRS 16)	2.144
Fixed assets closing balance	361.358
Grants	-9.073
Deferred Income from Connection or Extension Fees	-41.050
Participation by Distribution Network Users or End Customers	-1
Regulated Asset Base pre - Working Capital	311.234
Working Capital used for the RAB calculation (based on FS of each year)	1.850
Regulated Asset Base post - Working Capital	313.084

17. Dividends

In compliance with Greek law, each year, companies ought to distribute to their Shareholders 35% of profits after tax and withholding for statutory reserves.

The Ordinary General Assembly of Shareholders on September 2nd, 2021, approved the dividend distribution from 2020 profit of Euro 19.540 k (Euro 0,0790 per share)

The Earnings After Taxes for the Company, according to the Income Statement for the year ended 31.12.2021, amount to Euro 18.347 k. The Board of Directors of the Company proposes the transfer of the amount of Euro 917 k to statutory reserve and the distribution of dividend of the amount of Euro 18.569 k (Euro 0,0751 per share) including amounts arising from the change in accounting policy as detailed in the notes to the financial statements, amounting to Euro 1.139 k, including the change in other comprehensive income for the year 2021. The proposal is subject to the approval of the Annual General Assembly.

18. Subsequent events following the Financial Statements

There were no events subsequent to the date of the Financial Statements of December 31st, 2021, that would have a significant impact on the understanding of these Financial Statements and should be either disclosed or adjusted to the Financial Statements.

Thessaloniki, March 10th, 2021

For the Board of Directors
The Chairman of The Board of Directors

Tsitsopoulos Ioannis
ID Card Number. AO 091840

CERTIFICATE OF CERTIFIED AUDITOR ACCOUNTANT

I **hereby confirm** that the above Management Report by the Board of Directors to the Ordinary General Assembly of Shareholders, which consists of thirty-eight (38) pages, is the one mentioned in the Auditors Report submitted on 11.03.2022

Thessaloniki, March 11th, 2022

The Certified Auditor Accountant

Konstantinos Katsagannis
Audit Registration Number 25921
ERNST & YOUNG (Hellas)
Certified Audit Accountants S.A.
Himarras 8B, 151 25 Marousi
Audit Company Registration Number 107

