TRUE COPY OF THE ORIGINAL DOCUMENT SIGNED IN GREEK LANGUAGE

Gas Distribution Company
Thessaloniki – Thessalia S.A.
(EDA THESS)

Financial Statements in compliance with the International Financial Reporting Standards as those adopted by the European Union

for the year ended

December 31st, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the company **"GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A."**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying interim financial statements of "GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A." (the "Company"), which comprise the statement of financial position as at 31st December 2020, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying interim financial statements present fairly in all material respects the financial position of the Company GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A. as at 31st December 2020, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as endorsed by the European Union.

Basis for Opinion

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

Other information

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

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

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

Responsibilities of the Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim financial statements or, if such disclosures are inadequate, to modify our opinion.

Building a better working world

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report pursuant to the provisions of Article 2, paragraph 5 (part B) of Law 4336/2015, we note that:

a) In our opinion, the Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31.12.2020.
b) Based on the knowledge obtained in the course of our audit for the Company GAS DISTRIBUTION COMPANY THESSALONIKI – THESSALIA S.A. and its environment, no material inconsistencies in the Directors' report have been identified.

Thessaloniki, February 16th, 2021
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

(all amounts are expressed in Euro)

Statement of Financial Position

Statement of Financial Position	Notes	31.12.2020	31.12.2019
Assets			
Tangible assets	5	98.824.528,30	66.719.925,77
Intangible assets	6	240.555.260,51	250.386.318,86
Right of use assets	7	3.010.348,48	3.247.688,99
Deferred tax asset	8	1.100.801,05	1.080.882,78
Long-term receivables	10	265.559,74	260.264,74
Non - Current Assets		**343.756.498,08**	**321.695.081,14**
Inventories	9	1.858.809,50	1.617.805,51
Trade and other receivables	10	18.783.131,66	17.417.341,94
Cash and cash equivalents	11	10.283.034,80	12.174.015,10
Current Assets		**30.924.975,96**	**31.209.162,55**
Total Assets		**374.681.474,04**	**352.904.243,69**
Equity & Liabilities			
Share capital	12	247.127.605,00	247.127.605,00
Reserves	13	18.071.230,90	16.987.378,53
Retained earnings		19.697.600,97	18.968.557,81
Equity		**284.896.436,87**	**283.083.541,34**
Long-term loan	14	37.000.000,00	31.100.000,00
Financial liabilities for leases	14	2.037.637,32	2.275.653,04
Provision for personnel compensation	15	1.883.128,04	1.833.616,00
Grants	16	9.485.439,70	9.897.850,14
Other long-term liabilities	17	1.181.927,08	681.690,81
Non - Current Liabilities		**51.588.132,14**	**45.788.809,99**
Trade and other payables	17	25.713.341,19	14.932.902,45
Short term portion of long term loans	14	10.100.000,00	8.100.000,00
Financial liabilities for leases	14	1.032.459,98	998.989,91
Income tax payable	18	1.351.103,86	0,00
Current Liabilities		**38.196.905,03**	**24.031.892,36**
Total Liabilities		**89.785.037,17**	**69.820.702,35**
Total Equity & Liabilities		**374.681.474,04**	**352.904.243,69**

(all amounts are expressed in Euro)

Income Statement

Income Statement	Notes	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Distribution revenue		59.719.341,60	56.477.506,26
Connection charges		36.906,80	257.773,09
Other income	19	2.619.901,64	942.549,62
Total distribution revenue		**62.376.150,04**	**57.677.828,97**
Personnel cost	20	-13.359.487,33	-12.575.237,25
Other operating expenses	21	-10.753.861,53	-8.929.458,68
Payroll capitalization	20	5.132.293,52	5.368.241,61
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**43.395.094,70**	**41.541.374,65**
Depreciation tangible & intangible assets	5, 6	-14.883.270,87	-13.627.037,92
Depreciation of rights of use assets	7	-1.101.191,07	-1.093.407,24
Amortization of grants	16	412.410,44	412.410,44
Earnings before interest and taxes		**27.823.043,20**	**27.233.339,93**
Interest income	22	131.181,67	234.359,36
Interest expense	22	-1.065.694,18	-871.357,50
Earnings before taxes		**26.888.530,69**	**26.596.341,79**
Income tax	18	-6.388.665,71	-6.733.572,49
Earnings after taxes		**20.499.864,98**	**19.862.769,30**

Statement of Comprehensive Income

Statement of Comprehensive Income	Notes	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Profit after taxes		20.499.864,98	19.862.769,30
Items that will not be classified in the financial results at later time			
Profit/ (Losses) from remeasurement of defined benefit plan	15	81.695,00	-133.550,00
Income tax related to actuarial Gain/(Losses)	8	-19.606,80	30.499,34
Total comprehensive income after taxes		**20.561.953,18**	**19.759.718,64**

(all amounts are expressed in Euro)

Statement of Changes in Equity

Statement of Changes in Equity	Share Capital	Statutory Reserves	Other Reserves	Accum. Profit	Total Shareholders' Equity
Balance at 01.01.2020	**247.127.605,00**	**17.206.467,54**	**-219.089,01**	**18.968.557,81**	**283.083.541,34**
Net profits after taxes	0,00	0,00	0,00	20.499.864,98	**20.499.864,98**
Other comprehensive income after taxes	0,00	0,00	62.088,20	0,00	**62.088,20**
Total comprehensive income after taxes	**0,00**	**0,00**	**62.088,20**	**20.499.864,98**	**20.561.953,18**
Distribution to reserves (Note 13)	0,00	1.021.764,17	0,00	-1.021.764,17	**0,00**
Dividends (Note 27)	0,00	0,00	0,00	-18.749.057,65	**-18.749.057,65**
Balance at 31.12.2020	**247.127.605,00**	**18.228.231,71**	**-157.000,81**	**19.697.600,97**	**284.896.436,87**
Balance at 01.01.2019	**247.127.605,00**	**16.195.806,55**	**-116.038,35**	**21.213.434,50**	**284.420.807,70**
Net profits after taxes	0,00	0,00	0,00	19.862.769,30	**19.862.769,30**
Other comprehensive losses after taxes	0,00	0,00	-103.050,66	0,00	**-103.050,66**
Total comprehensive income/ (losses) after taxes	**0,00**	**0,00**	**-103.050,66**	**19.862.769,30**	**19.759.718,64**
Distribution to reserves	0,00	1.010.660,99	0,00	-1.010.660,99	**0,00**
Dividends (Note 27)	0,00	0,00	0,00	-21.096.985,00	**-21.096.985,00**
Balance at 31.12.2019	**247.127.605,00**	**17.206.467,54**	**-219.089,01**	**18.968.557,81**	**283.083.541,34**

(all amounts are expressed in Euro)

Statement of Cash Flows

Statement of Cash Flows	Notes	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Cash Flows from Operating Activities			
Profit before taxes		26.888.530,69	26.596.341,79
Adjustments for:			
Depreciation of tangible assets	5	4.312.528,00	3.088.419,41
Amortization of intangible assets	6	10.570.742,87	10.538.618,51
Amortization of grants	16	-412.410,44	-412.410,44
Net loss from destruction /disposal of fixed assets	5	6.129,22	15.546,19
Depreciation of rights of use of assets	7	1.101.191,07	1.093.407,24
Provision for personnel compensation	15	131.207,04	138.172,10
Provision for inventory impairment	9	29.449,78	420,34
Provision for doubtful debts	10	10.357,89	11.203,10
Finance expenses	22	1.065.694,18	871.357,50
Finance income	22	-131.181,67	-234.359,36
		43.572.238,63	**41.706.716,38**
(Increase) / Decrease in inventories		-270.453,77	830.687,13
(Increase) / Decrease in trade and other receivables		-1.913.766,23	2.494.694,87
Increase / (Decrease) in trade and other payables		10.628.085,42	-1.480.801,30
Increase in trade and other long-term liabilities		500.236,27	394.770,08
Benefits paid	15	0,00	-12.140,10
		52.516.340,32	**43.933.927,06**
Interest paid		-795.393,79	-635.955,10
Income tax paid	18	-4.544.763,30	-7.863.620,98
Net cash inflows from operating activities		**47.176.183,23**	**35.434.350,98**
Cash Flows from investing activities			
Capital expenditure related to network	5	-35.352.542,57	-26.339.840,73
Purchases of other tangible assets	5	-1.814.466,39	-1.951.189,51
Proceeds from disposal of tangible assets	5	4.064,68	0,00
Interest received		131.181,67	234.359,36
Net cash outflows from investing activities		**-37.031.762,61**	**-28.056.670,88**
Cash flows from financing activities			
Payments of financial liabilities for leases	14	-1.186.343,27	-1.170.815,69
Reiceipts from issued long term borrowing	14	16.000.000,00	20.000.000,00
Repayment of bank loans	14	-8.100.000,00	-5.600.000,00
Dividends paid	27	-18.749.057,65	-21.096.985,00
Net cash outflows from financing activities		**-12.035.400,92**	**-7.867.800,69**
Decrease in cash and cash equivalents		**-1.890.980,30**	**-490.120,59**
Cash and cash equivalents at beginning of the year	11	12.174.015,10	12.664.135,69
Cash and cash equivalents at the end of the year		**10.283.034,80**	**12.174.015,10**

Thessaloniki, February 16th, 2021

Chairman of the BoD:	**Ioannis Tsitsopoulos**
General Manager:	**Leonidas Bakouras**
Finance Manager:	**Theodosios Bakirtzis**
Tax Consultant:	**Nikolaos Zeberligos**

The accompanying notes constitute an integral part of these Financial Statements

Notes to the Financial Statements

1. 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 €247.127.605,00 and is divided into 247,127,605,00 registered shares with a nominal value of €1 each. On 30.04.2020, all the shares of the company DEPA S.A. were transferred to DEPA INFRASTRUCTURE S.A. due to universal succession following the spin-off of the infrastructure sector.

The Company's current shareholding structure is as follows:

(1) DEPA INFRASTRUCTURE S.A.: 126.035.079,00 shares, i.e. 51%

(2) ENI Gas e Luce S.p.A: 121.092.526,00 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.

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.

During the closing period, EDA THESS signed a contract, following the approval of RAE, for the distribution network management services which relate to management, operation, maintenance of the Natural Gas Distribution Network to another Distribution Network company.

The attached Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union for the year ended December 31st, 2020 and have been approved by the Board of Directors on February 16th, 2021.

2. Basis for the Preparation of Interim Financial Statements and significant Accounting Policies

2.1 Basis for the Presentation of Interim Financial Statements

The Financial Statements have been prepared in accordance with IFRS as issued by the International Board (IASB) as well as in accordance with their interpretations, as issued by the IASB Standards Interpretation Committee, as adopted by the European Union and are mandatory applied for the year ending December 31st, 2020. There are no standards and interpretations of standards that have been applied before the date of their application.

The Financial Statements of the company have been prepared in accordance with the historical cost principle and on the basis of the going concern principle.

The preparation of the Financial Statements in accordance with IFRS require the adoption of specific estimations and assumptions. It also requires management judgment when applying the Company's accounting policies. Areas with a higher degree of judgment or complexity, or areas where assumptions and estimations are significant in the Financial Statements are indicated in note 4 below.

The financial data are presented in Euro which is the applicable currency for the Company's operation and presentation.

In the statement of Financial Position are disclosed separately the tangible and the intangible assets belonging to EDA THESS and DEPA Infrastructure S.A. According to the article 80B of Law N. 4001/2011, the networks of Distribution that had been constructed until 31.03.2017 remain in the exclusive property of DEPA Infrastructure S.A. and transferred as tangible assets to DEPA Infrastructure S.A. DEPA Infrastructure S.A. as the owner of the Network is not entitled to an exchange for the concession of the management and exploitation of Distribution Networks of Thessaloniki and Thessalia up to the amortization of the right of use and beneficial use of assets and specifically until the expiration of the License on 31.12.2043. Respectively, the construction of Distribution Network completed from April 1st, 2017 by EDA Thess who manages the Distribution Network of Thessaloniki and Thessaly, under their respective distribution licenses, is in the exclusive ownership of EDA Thess and will be amortized until the expiration of the Distribution License on 31.12.2043.

According to the provisions of Article 80a of Law 4001/2011, the Company is obliged, following the decision of RAE, to keep separate accounts, in accordance with the provisions of Article 89 by geographical area.

Until the date of preparation of the Financial Statements, the allocation rules have not been issued. The Company will be able to prepare and submit to RAE separate financial statements in accordance with approved allocation rules and in accordance with the provisions of article 89 of Law 4001/2011, following the issuance of the relevant regulatory decision by the Authority. In the same context, once approved, it will be feasible to disclose the approved distribution rules and the separate Financial Statements for each geographical area in the notes the Financial Statements.

2.2 New Standards, interpretations and modifications on existing I.F.R.S.

The accounting principles applied for the preparation and presentation of the accompanying financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of the following new standards and amendments applicable to annual periods beginning on or after January 1st, 2020:

- **Conceptual Framework in IFRS standards**

  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

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

  The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. Management has assessed that these amendments did not have any impact on the financial statements.

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

  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that these amendments did not have an impact on the financial statements.

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**

  In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. The amendments apply retroactively to annual periods beginning on or after 1 January 2020. The phase two (draft standard) focuses on issues that could affect financial reporting when an existing rate benchmark is replaced by a risk-free interest rate. Management has assessed that these amendments did not have an impact on the financial statements.

<u>**Standards issued but not yet effective and not early adopted by the Company**</u>

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has made an assessment of the effect of the standard and does not expect that this standard will have an impact on the financial statements.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed

by the EU. Management estimates that these amendments will not have an impact on the financial statements.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments**) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- **Annual Improvements 2018 - 2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

These Amendments have not yet been endorsed by the EU. Management estimates that these amendments will not have an impact on the financial statements.

- **IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)**

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28th, 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease

The amendment has not yet been endorsed by the EU. Management estimates that these amendments will not have an impact on the financial statements.

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**
  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management estimates that these amendments will not have an impact on the financial statements.

2.3 Basic Accounting Principles

2.3.1 Intangible Assets

According to Article 80B of Law 4001/2011, the Distribution Networks that had been constructed until 31.03.2017 remain in the exclusive property of DEPA Infrastructure S.A. and are transferred as a "tangible asset" to DEPA Infrastructure S.A., as Network Owner, is not entitled to anything in exchange for the granting of the management and operation of the Distribution Networks of Thessaly and Thessaloniki until the amortization of right to use and the beneficial use, and specifically until the expiry of the Distribution License on 31.12.2043.

The rights and obligations that govern the relationship of the Company with the owner of the Distribution Network assets that existed on April 1st, 2017 are set out in Appendix IV of the Company's Distribution Network Management Authorization (ΦΕΚ Β' 5916/31.12.2018) relating to fixed assets referred to in Appendix II and III of the License. The Existing Distribution Network, which was built and completed before April 1st, 2017, and its replacements or restorations, is owned by DEPA Infrastructure S.A., excluding the replacement of smart meters.

DEPA Infrastructure S.A. grants to the Company, without anything in exchange, the management and exploitation of the existing Network.

The above assets of DEPA Infrastructure S.A. are presented as intangible assets in the Company's Statement of Financial Position and are amortized until the expiry of the License (2043).

2.3.2 Tangible Fixed Assets

In compliance with Law, the expansion works on Distribution Networks operated by the Company from 01.04.2017 belong to its exclusive property and are presented as tangible fixed assets in the Statement of Financial Position.

Fixed assets are presented at historical cost less accumulated depreciation and any impairment. Acquisition and construction cost include any costs directly attributable to the acquisition and construction of fixed assets. Subsequent expenditure is included in the carrying amount of the asset only when it is likely that future economic benefits will flow to the Company and the asset cost can be reliably estimated.

The residual value and useful life of the assets are reviewed and determined at each date of preparation of the Financial Statements, if necessary.

Depreciation is computed based on the straight-line method over the estimated useful lives of such assets and starts when the asset becomes available for use. Plant and equipment are depreciated as follows:

Tangible fixed assets are depreciated as follows:

Leasehold improvements:	over the life of the lease contract or useful life if shorter
Machinery and equipment:	8 years
Distribution network:	Until the License expiration (2043)
Vehicles:	8 years
Furniture and fittings (including software):	3-10 years

Depreciated values of assets are reviewed for impairment when events or amendments indicate the depreciated value may not be recoverable. In case of such indication and whenever depreciated values exceed the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the highest between net selling price and value in use. Value in use is assessed by the estimated future cash flows in their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to such asset. Impairment losses are recognized in the Income Statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

2.3.3 Impairment of non-financial assets

Assets of indefinite useful life are not subject to amortization and are reviewed annually for impairment. Assets subjected to amortisation are reviewed for impairment when events indicate the carrying value may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount may not be recoverable. The recoverable amount is the highest of an asset's fair value less costs to sell and value in use. Value in use is assessed by the estimated future cash flows in their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to such asset. Impairment losses are recognised in the Income Statement of the year they arise.

2.3.4 Financial Instruments

Financial instrument is any contract that creates a financial asset to a company and a financial liability or an equity instrument in another one.

I. Financial Assets

Initial recognition and measurement

At initial recognition financial assets are classified depending on their nature and characteristics into one of the following three categories:

i. Financial assets measured at amortized cost,
ii. Financial assets measured at fair value through profit or loss,
iii. Financial assets measured at fair value through other comprehensive income

All financial assets are initially recognized at their fair value, which is usually the acquisition cost plus direct transaction costs. Purchases and sales of investments are recognized at the date of the transaction, which is the date the Company commits to purchase or sell the item.

Subsequent measurement

i. **Financial assets measured at amortized cost**

This category classifies the financial assets for which both of the following conditions are met:

1. the financial asset is retained within a business model, the objective of which is to hold financial assets for the purpose of collecting contractual cash flows; and
2. under the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

This category includes all financial assets of the Company.

ii. **Financial assets measured at fair value through profit or loss**.

A financial asset is measured at fair value through profit or loss, unless is measured at amortized cost according to paragraph (i) or fair value through other comprehensive income in accordance with paragraph (ii).

However, at initial recognition, the Company may elect irrevocably for specific investments in equity instruments that would otherwise be measured at fair value through profit or loss, presenting other comprehensive income on subsequent changes in fair value

Realized and unrealized gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss in the period in which they arise.

iii. **Financial assets measured at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

1. the financial asset is retained in the context of a business model the objective of which is achieved both by the collection of contractual cash flows and the sale of financial assets; and
2. under the contractual terms of the financial asset, cash flows that consist exclusively of capital repayment and interest on the outstanding capital are created at specific dates.

At the date of the Financial Statements the Company did not have investments of this category.

Derecognition of financial asset

The Company ceases to recognize a financial asset when the contractual rights to the cash flow of the financial asset expire or transfer the financial asset and the transfer meets the conditions for write-off.

Reclassification of financial assets

Reclassification of financial assets occurs in rare cases and is due to a decision by the Company to modify its business model for the management of those financial assets.

Impairment of financial assets

Under IFRS 9, impairment of financial assets measured at amortized cost or at fair value through other comprehensive income occurs by recognizing the expected credit losses.

At each reporting date, IFRS 9 requires measuring the provision for a financial instrument for an amount equal to the expected lifetime loss if the credit risk of the financial instrument has increased significantly since initial recognition. On the other hand, if at the reporting date the credit risk of a financial instrument has not increased significantly from the initial recognition, IFRS 9 requires the provision for a loss provision for that financial instrument to be equal to the expected 12-month credit losses.

The risk parameters taken into account for the calculation of expected credit losses are the estimated default probability, the percentage of loss on the principal due to the fact that the client has failed to repay the amount due and the outstanding balance of the Company in case of default the customers. In certain cases, the Company may assess for certain financial information that there is a credit event when there is internal or external information indicating that the collection of amounts determined under the relevant contract is unlikely to be collected as a whole.

As a general rule, the assessment of the classification in stages shall be carried out at each reporting period.

Regarding to 'Trade and other receivables, IFRS 9 requires the application of the simplified approach to the calculation of expected credit losses. The Company, using this approach, has calculated the expected credit losses over the life of the receivables. For this purpose, a credit loss forecasting table was used to measure the projections in a way that reflects past experience and predictions of the future financial situation of customers and the economic environment.

II. Financial liabilities

Initial recognition

The balances of suppliers and other liabilities are recognized at cost that is the fair value of the future payment for the purchases of goods and services provided. Trade and other short-term liabilities are not interest-bearing accounts and are usually settled at 0-60 days.

All loans are initially recorded at cost, which reflects the fair value of the receivables less the relevant direct acquisition costs where they are significant. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing costs and the difference between the original amount and the maturity. Gains and losses are recognized in profit or loss when liabilities are written off or impaired through the amortization process.

Subsequent measurement

After initial recognition, the entity measures all financial liabilities at amortized cost using the effective interest method except for:

I. financial liabilities at fair value through profit or loss.
II. financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach is applied.
III. financial guarantee contracts
IV. loan commitments at lower interest rates than those on the market.

The unamortised cost of loans is calculated by taking into account issuing costs and the difference between the original amount and the maturity. Gains and losses are recognized in profit or loss when the liabilities are written off or impaired, and through the amortization process.

Amounts repayable within one year from the date of the Financial Statements are entered as current liabilities whereas amounts payable at a later stage are entered as long-term loans.

Derecognition

An entity ceases to recognize a financial liability (or part thereof) in its financial statements when, and only when, it is repaid, that is, when the commitment set out in the contract is fulfilled, cancelled, or expires. An exchange between an actual debtor and a borrower of debt securities in substantially different terms is accounted for as a repayment of the original financial liability and recognition of a new financial liability. Similarly, a material changes in the terms of an existing financial liability (whether due to a borrower's financial difficulty or not) is accounted for as a repayment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of a financial liability (or a portion of a financial liability) payable or transferred to another party and the consideration paid, including the non-cash assets and the liabilities assumed, is recognized in the income statement.

Reclassification of financial liabilities

The Company may not reclassify any financial liability.

Offsetting financial instruments

The offsetting of financial assets with liabilities and the presentation of the net amount in the Financial Statements is made only if there is a legal right to offset and there is an intention to settle the net amount resulting from the offsetting or simultaneous settlement.

2.3.5 Inventory

Inventories consist of materials related to the construction of gas distribution network and spare parts used for maintenance. Inventories are valued at the lowest between cost and net realizable value. Net realizable value is the estimated selling price of stocks in the ordinary course of business less any costs of sale where applicable. The Company measures inventories at the weighted average cost.

Appropriate allowance is made for obsolete, useless and slow-moving materials. The reductions in value of inventories to net realizable value and other reserves losses are entered in the Income Statement of the period displayed.

2.3.6 Trade and other receivables

The commercial receivables which generally have a credit of 0-30 days are entered at fair value (originally invoiced amount) minus the provisions for any uncollectable balance amounts.

The remaining receivable which are expected to be collected within a year from the reporting date, are entered at fair value less the provisions for any uncollectable balance amounts, while long-term receivable accounts (balance amounts deviating from the standard credit limits) are valued at unamortized cost on the basis of the effective interest rate method.

A provision for impairment is made when the collection of a total amount due is no longer possible. Furthermore, the Company calculates the expected credit losses over the life of the receivables and prepares a related provision. For this purpose, a forecasting matrix of credit losses is used, based on aging of balances, to measure the related provisions in a way that reflects past experience and forecasts of the future financial situation of customers and the economic environment.

The balance of such provision for impairment is applicably adjusted to each reporting date, in order to reflect the potentially relevant risks.

Any written-off balance of customers is charged to the existing provision for impairment. The Company does not write off any receivable until all possible legal actions are taken for its collection. The provision amount is entered as an expense item in the Income Statement.

Any subsequent recovery of amounts for which a provision had been made, are credited under “Other revenues” in the Income Statement.

2.3.7 Cash and cash equivalents

Cash and cash equivalents consist of cash, maximum 3-month term deposits and other highly liquid investments.

2.3.8 Share Capital

Share capital comprises the value of the Company’s common registered shares, as issued. Incremental costs (share issuance costs) directly attributable to the issue of share capital are deducted from share capital.

2.3.9 Foreign currency translation and transactions

Financial Statements are presented in Euro, the functional currency of the Company. Transactions in foreign currencies are translated into the functional currency using the exchange rates existing on the date of transaction. Debts, assets and liabilities in foreign currency on reporting date are adjusted to reflect the exchange rates prevailing on reporting date. Gains and losses from foreign exchange differences arising from translation of monetary items denominated in foreign currencies during the year and on reporting date with the existing rates, are entered in Income Statement.

2.3.10 Personnel Retirement Benefits

In compliance with the provisions of labour law, the Company reimburses its retirees, with the amount of compensation depending on the years worked and the salary. The program is considered to be a defined benefit plan.

Retirement obligations are calculated at the discounted value of future benefits accumulated at the end of the year, based on the employees’ retirement benefit rights during the expected working life. Such obligations are calculated on the basis of financial and actuarial assumptions and are determined by means of the Projected Unit Method.

Net pension costs for the fiscal year 2020 are comprised in the Statement of Comprehensive Income and consist of the present value of benefits earned during the year, interest on the benefit obligation and the actuarial gains or losses are entered directly in other comprehensive income rather than carried forward. For the prepayment, the Full Yield curve method is used.

Short-term employee benefits in cash and in kind are entered as an expense when accrued.

2.3.11 Provisions

Provisions are entered when the Company has a present obligation (legal or constructive) as a result of a past event, it is likely that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation.

Provisions are re-estimated on each reporting date of the Financial Statements and adjusted so as to depict the current value of the expense to be made in order the obligation to be settled. Should the effect of the time value of money is significant, provisions are calculated by discounting the expected future cash flows with a pre-tax factor, reflecting the current estimations of the market for the time value of money and, whenever necessary, the risks specifically related to the obligation. Any eventual payables are not recognized to the Financial Statements but rather announced, unless the probability of an outflow of resources incorporating financial benefits is increased and at the same time the probable outflow can be measured with relative accuracy. Eventual claims are not recognized to the Financial Statements but rather announced, should the inflow of financial benefits is likely.

2.3.12 Government grants

As grants concern property of ownership of DEPA Infrastructure SA which are presented as intangible assets, or right of use the gas network in the Statement of the Financial Position, the fair value of the grants is credited to a long term liability account and charged equally to the Income Statement in the period of the amortization of distribution Network intangible assets namely until to 2043. The related amortization is presented separately to the Income Statement.

Grants related to investments will be recognized at fair value when is expected with certainty that the grant will be collected and the Company will be in agreement with all mandatory conditions.

2.3.13 Trade and other payables

The suppliers and other liabilities balances are recognized at cost, which is identical to the fair value of future payment for goods and services provided. Trade and other payables are not interest bearing and are normally settled within 0-60 days.

Part of long-term liabilities are related to guarantees received from distribution users to guarantee future payments.

Guarantees are not interest-bearing accounts and the amounts should be refunded to distribution users in accordance with their respective contracts of use, if there has been no reason for deducting, withholding and / or collecting this amount from the Company. In the event of termination of the contract of use from the Company due to non-payment of the bad depts, the amount of the guarantee is forfeited to the Company and offset against the amount of bad depts.

2.3.14 Current and Deferred Income Tax

Current tax is calculated in compliance with the tax laws in force in Greece.

Current income tax expense includes income tax calculated on profits the Company, as adjusted in tax returns, additional income taxes resulting from tax audits by the tax authorities and provisions for additional taxes and surcharges on tax issues and is calculated in compliance with the effective tax rates as of Financial Statements date.

Deferred tax is calculated by using the liability method, under the effective rates applicable when will be paid on all temporary differences on reporting date, between the tax basis and book value of assets and liabilities. If deferred income tax arises from the initial entry of an asset or liability in a transaction other than the business combination, then when the transaction affects neither accounting nor taxable profit or loss and therefore not considered.

Deferred tax assets are recognized for all deductible temporary differences, tax losses carried forward and tax-deductible transfer of investment laws to the extent that it is likely that taxable profit will be available, against which the deductible temporary differences, tax losses transferred, and transferable rights tax-free deduction of investment laws can be exploited.

The carrying amount of deferred tax assets is reviewed on each reporting date and is reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred tax assets may be used.

2.3.15 Revenue recognition from contracts with customers

The Company's main sources of revenue are the following

I. Distribution Revenues
II. Revenues from Connection Charges
III. Revenues from other ancillary (excluding connection Charges) services

The amounts attributable to each Revenue category are presented separately in either the Income Statement or the Explanatory Notes of the Financial Statements.

The Company recognizes revenue when it fulfills a contractual obligation to the individual customer by providing a service (which is the same time when the control of services passes to the customer). The customer acquires control of a service when it can direct its use and take substantially all the remaining benefits from it. If a contract includes more than one contractual obligation, the total value of the contract is allocated to the individual obligations on the basis of the individual sales values. The amount of revenue recognized is the amount attributed to the corresponding contractual obligation that has been settled, based on the consideration expected to be received by the Company under the terms of the contract.

The Company does not enter into contracts where the period between the transfer of the goods or services promised to the customer and the payment by the customer exceeds one year. Consequently, the Company does not adjust the transaction price for the time value of money.

I. Distribution Revenues

The Company, in the context of signed contracts of Network Use, invoices the Distribution users of Gas Network monthly based on the approved distribution invoices by the Regulatory Authority for Energy (RAE) in accordance with the provisions of the Distribution Network Operation Code.

Revenues from the use of the Natural Gas Distribution Network are the main source of revenue for the Company. Based on the valuation carried out by the Company's Management, gas revenue is recognized over time as the customer receives and at the same time uses the benefits arising from the use of the Network. In particular, revenue is recognized by issuing the invoice to customers on the basis of distributed quantities of natural gas. Therefore, the right to issue an invoice is used to recognize revenue from such contracts.

II. Revenues from Connection Charges

Based on the assessment conducted by the Company's Management, the connection of each customer to the Distribution Network is a separate execution obligation, as the connection has a value for the customer. Therefore, revenue from these one-time charges is recognized at a point in time, namely at the time of the connection to the Network, and the customer acquires control of that service

III. Revenues from other ancillary and optional services (except Connection Charges)

The Company charges monthly the ancillary services provided in accordance with the list of Ancillary and Priced Services of the Distribution Networks of Thessaloniki and Thessaly and their related unit prices.

Revenue from ancillary services, mainly includes de-activation and reconnection fees, is recognized at the time the service is completed (at a point in time), as at that time the customer acquires control of that service.

Revenue from optional services, mainly includes gas network maintenance charges, related to the distribution network of another distribution company and is recognized at the time the service is completed (at a point in time), as at that time the customer acquires control of that service.

Contract assets

At the end of the period, the Company recognizes a contractual asset for accrued revenue that has not yet been invoiced to Gas Network users and which is included in the Trade and other receivables in the Statement of Financial Position. When the relevant invoice is issued to customers, the Company recognizes a relevant receivable, as the issuance of the invoice is the moment when the Company's right in exchange becomes unconditional (if only the passage of time is required to make payment of the said consideration). The amount of the contractual asset as at December 31st, 2020 is Euro 7,898,725.48 (31.12.2019: Euro 10,099,598.01) and is included in trade and other receivables in the attached Financial Statements (Note 10). The Company's right to this amount becomes unconditional once the relevant invoices are issued on the following month.

2.3.16 Interest income

Interest income is recognized on a time proportion basis, determined by the actual performance of the asset.

2.3.17 Leases

- Right of use assets

The Company recognizes the right of use assets at the commencement of the lease (the date the asset is available for use). The rights to use of assets are measured at their cost less the accumulated depreciation and impairment and adjusted on recalculation of the corresponding lease obligations. The cost of right of use assets includes the amount of lease liabilities recognized, the initial directly related expenses and lease payments made on or before the commencement date, reduced by the amount of discounts or other incentives offered. Except where the Company is reasonably certain that the lease will occur in its possession at the end of the lease contract, the recognized rights of use assets are amortized over the stable method of the shorter period between the useful life of the underlying asset and the terms of lease contract. The rights of use of assets are subject to impairment testing.

- Lease Liability

At the commencement of the lease, the Company recognizes lease liabilities equal to the present value of the leases over the entire term of the lease contract. Payments include contractual fixed rents, reduced by the amount of subsidies offered, variable rents depending on an index, and amounts for residual value payments expected to be paid. Leases also include the exercise price of a purchase right that is relatively certain to be exercised by the Company and payment of termination penalties if the terms of the contract indicate with relative certainty that the Company will exercise the right of termination. Variable rents that are not dependent from an index are recognized as an expense in the year that the event or the condition arises, and the payment is made.

The Company, in order to calculate the present value of payments uses the cost of additional borrowing at the date of lease commencement, if the effective interest rate is not directly determined by the lease contract. Following the commencement of the lease, the amount of the lease liabilities is increased by interest expenses and is reduced by the lease payments made. In addition, the carrying amount of the lease liabilities is revalued if there is a change in the contract, or any change in the term of the contract, in the fixed leases or in the market valuation of the asset. These remeasurements are recorded in one line in the note of right of use of asset as conversions.

- Short-term leases and leases of assets of low value

The Company applies the exception for short-term leases (ie leases of less than or equal to 12 months from the date of commencement of the lease contract where there is no right to purchase the asset). It also applies the exemption for low value assets (ie less than € 5 thousand). Lease payments for short-term and low-value leases are recognized as an expense on a straight-line basis during the lease period (Note. 24).

- Significant considerations in determining the duration of leases with the right to renewal

The Company determines the duration of the lease as the contractual lease term, including the period covered by (a) the right to extend the lease, if it is relatively certain that the right will be exercised, or (b) the right to terminate the contract, if it is relatively certain that the right will not be exercised.

For some leases, the Company has the right to extend the term of the lease. The Company assesses whether there is relative certainty that the right to renewal will be exercised, considering all relevant factors that create financial incentive to exercise the right to renewal. After the lease commencement date, the Company reviews the term of the lease if there is a significant event or change in the circumstances that are within its control and affect the choice (or not) of exercising the renewal right (such as a change in business strategy of the company).

2.3.18 Expenses

Expenses are recognized in the Income Statement on accrual basis. Payments related to operational leasing are entered in the Income Statement, during the term of the lease.

2.3.19 Profit distribution and dividend distribution

Appropriations for use other than the statutory reserve, and recognition of the liability distribution are entered in the Financial Statements if the distribution is approved by the General Assembly of the Shareholders.

3. Risk Management

3.1 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 € 000's
2020		
Euro	+/-1%	-/+375
2019		
Euro	+/-1%	-/+243

II. 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 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.

(all amounts are expressed in Euro)

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, 2020, current liabilities are higher than current assets due to significant expansion of the Company's construction activity during the last months of the closing year. It should be noted that amounts due to the suppliers are paid during the first months of the next fiscal year, mainly from cash resulting from sales at the beginning of the next year.
In any case, the Company has sufficient available credit facilities amounting to 10,000,000 Euros, to cover its needs in working capital, which have not been used until today.
It should be also pointed out that, despite the fact that the approved development plan 2020-2024 provided for the disbursement in 2020 of a new long-term loan amounting to 29,900,000 Euros, the Company's Management did not proceed with the disbursement of the total amount but only of the amount of 16,000,000 Euros due to its successful operation and sufficient resources to meet its needs. In case the total approved amount had been disbursed, the results of the year would have been charged with higher borrowing costs, and consequently the Liquidity Ratio would have been significantly higher.

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 (31.12.2020 & 31.12.2019) based on the payments resulting from the relevant contracts and agreements, presented in non-discounted values:

Liquidity Risk according to the payment period		up to 2 months	from 2 months up to 12 months	over 1 year	Total
Commercial & other Liabilities at :	31.12.2020	12.594.759,57	13.118.581,62	0,00	**25.713.341,19**
Other Long-term liabilities at:	31.12.2020	0,00	0,00	1.181.927,08	**1.181.927,08**
Long-term loan at:	31.12.2020	1.925.000,00	8.175.000,00	37.000.000,00	**47.100.000,00**
Financial liabilities from leases:	31.12.2020	182.637,15	849.822,83	2.037.637,32	**3.070.097,30**
Commercial & other Liabilities at :	31.12.2019	7.659.204,81	7.273.697,64	0,00	**14.932.902,45**
Other Long-term liabilities at:	31.12.2019	0,00	0,00	681.690,81	**681.690,81**
Long-term loan at:	31.12.2019	1.425.000,00	6.675.000,00	31.100.000,00	**39.200.000,00**
Financial liabilities from leases:	31.12.2019	180.307,97	818.681,94	2.275.653,04	**3.274.642,95**

3.2 Fair value estimation

The fair value of a financial instrument is the price that someone would get for selling an asset or that someone would pay to transfer a liability in a normal transaction between market participants on the measurement date. The fair value of financial assets in the Financial Statements on December 31st, 2020 and on December 31st, 2019 was determined by the Management as better as possible.

Fair value measurement methods are hierarchized at three levels:

Level 1: Stock market values from active financial markets for exactly the same marketable items;

Level 2: Other than level 1 values which yet can be directly or indirectly identified through stock prices from active markets;

Level 3: Values for assets or liabilities not based on stock prices from active financial markets.

The amounts shown in the Financial Statements for cash, trade and other receivables as well as trade and other short-term liabilities approximating their respective fair values due to their short-term maturity.

During the period there were no transfers between Levels 1 and 2 or transfers in and out of Level 3 when measuring fair value. Also, during the same period there was no change in the purpose of a financial asset that would lead to different classification of the asset.

There are no differences between the fair values and the respective accounting values of the financial instruments shown in Assets and Liabilities.

3.3 Capital risk factors

The Company's objective in Capital management is the assurance of a continuous productivity and profits for the Shareholders as well as maintaining a capital structure which will reduce the cost of capital.

The capital is reviewed using a Gearing (Leverage) ratio. The factor is calculated as the percentage of total debt (long term and short-term loans plus the total long term and short-term financial liabilities from leases) to the sum of Equity and total debt.

3.4 Exogenous factors / COVID – 19

At the end of February 2020, the rapid spread of COVID-19 in Europe and in the following days in Greece and its upgrade to a pandemic by the World Health Organization began to have negative economic consequences both in Greece and in Europe in general with the first effects emerge from the end of first trimester 2020.

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.

The Management of the Company has taken all the necessary measures to protect public health and its employees.

It is noted that the implementation by the Greek Government of the measure to stop retail trade and impose restrictions on travel in various times during the current year, did not have any impact on the Company's operations which executed based on the management's plan. As presented in the income statement, the operating results as long as the results before and after taxes appear to have a positive change compared to the corresponding period of the previous year. 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.

Given that the phenomenon is in full swing, for the time being, a reliable assessment of its overall impact (positive or negative) on the revenues, results and cash flows of the Company cannot be reasonably estimated at the end of the next closing period.

4. Critical Accounting Estimates and Judgements

The preparation of Financial Statements in compliance with International Financial Reporting Standards requires Management to make significant judgments & accounting estimates affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the reporting date and the reported revenues and expenses during the reporting year. Although such estimates are based on the best knowledge of Management under the circumstances and the prevailing actual results, they may eventually differ from such estimates. Estimates and judgments are continuously assessed and are based on historical experience and other factors, including reasonably expected future events, under the circumstances.

The areas requiring a higher degree of management judgment, in which assumptions and estimates are significant to the Financial Statements, are as follows:

4.1 Revenue recognition and estimates

The Company recognizes revenue when it fulfills a contractual obligation to the customer by providing a service. The Company makes a judgment to determine when the customer acquires control of a service and considers that the customer acquires control when it can direct its use and obtain substantially all the remaining benefits from the service provided to it.

4.2 Income tax

The Company is subject to income tax in compliance with Greek tax laws. A significant judgment in determining income tax provision is required. For some transactions and calculations outright tax calculation is uncertain.

Whenever the final tax outcome of such matters is different from the amounts initially entered, such differences will have an impact on the income tax and the income tax provisions in the period in which they are incurred.

4.3 Estimated impairment of non-financial assets

The Company annually reassesses whether non-financial assets have been impaired in compliance with IAS 36, based on available data and information. The recoverable amounts of assets generating cash inflows are determined by calculating the value in use. Such calculations require the use of estimates.

The unamortized value of tangible and intangible assets related to Distibution Network, is considered fully recoverable due to amortization during the license period up to 2043.

4.4 Programs of specific benefits

The cost of specific benefits programs is determined by means of actuarial valuations, when assumptions on discount rates, the rate of wage growth and mortality rates are used. Due to the long-term nature of the programs, such assumptions are subject to significant uncertainty.

4.5 Impairment of Receivables

Receivables are presented as amounts likely to be recovered. Estimates of the amounts expected to be recovered arise from the Company's experience regarding the likelihood of the impairment or the expected credit losses.

The Company's policy is that no claim is made until all possible legal actions for their collection have been exhausted.

(all amounts are expressed in Euro)

5. Tangible assets

Property, Plant & Equipment	Land	Leasehold improvements	Network of distribution	Other machinery	Vehicles	Furniture & office equipment	Assets under construction	Total
Initial Value								
Balance at 01.01.2019	**4.066,74**	**1.565.626,05**	**30.537.515,30**	**317.159,92**	**34.375,64**	**12.165.207,79**	**9.082.259,96**	**53.706.211,40**
Additions of network	0,00	0,00	0,00	0,00	0,00	0,00	26.339.840,73	**26.339.840,73**
Other additions	0,00	17.979,00	0,00	100.193,00	306,47	1.831.666,32	1.044,72	**1.951.189,51**
Disposals	0,00	0,00	-15.981,19	0,00	0,00	-247.934,06	0,00	**-263.915,25**
Transfers	0,00	1.000,00	27.589.224,71	0,00	0,00	272.614,19	-27.862.838,90	**0,00**
Transfers to intangible assets (Note 6)	0,00	0,00	0,00	0,00	0,00	0,00	-627.367,46	**-627.367,46**
Balance at 31.12.2019	**4.066,74**	**1.584.605,05**	**58.110.758,82**	**417.352,92**	**34.682,11**	**14.021.554,24**	**6.932.939,05**	**81.105.958,93**
Initial Value								
Additions of network	0,00	0,00	0,00	0,00	0,00	0,00	35.352.542,57	**35.352.542,57**
Other additions	31.763,59	42.085,44	0,00	30.100,00	0,00	1.552.517,36	158.000,00	**1.814.466,39**
Disposals	0,00	-250,00	-10.718,35	0,00	0,00	-110.132,30	0,00	**-121.100,65**
Transfers	0,00	0,00	25.281.894,01	0,00	0,00	1.044,72	-25.282.938,73	**0,00**
Transfers to intangible assets (Note 6)	0,00	0,00	0,00	0,00	0,00	0,00	-739.684,52	**-739.684,52**
Balance at 31.12.2020	**35.830,33**	**1.626.440,49**	**83.381.934,48**	**447.452,92**	**34.682,11**	**15.464.984,02**	**16.420.858,37**	**117.412.182,72**
Accum. Depreciation								
Balance at 01.01.2019	**0,00**	**913.374,35**	**858.247,99**	**245.491,97**	**11.895,08**	**9.516.973,42**	**0,00**	**11.545.982,81**
Depreciation	0,00	56.500,49	1.781.512,81	28.771,85	2.499,24	1.219.135,02	0,00	**3.088.419,41**
Disposals	0,00	0,00	-436,25	0,00	0,00	-247.932,81	0,00	**-248.369,06**
Balance at 31.12.2019	**0,00**	**969.874,84**	**2.639.324,55**	**274.263,82**	**14.394,32**	**10.488.175,63**	**0,00**	**14.386.033,16**
Accum. Depreciation								
Depreciation	0,00	55.562,67	2.848.997,04	20.482,88	2.467,32	1.385.018,09	0,00	**4.312.528,00**
Disposals	0,00	-249,99	-525,22	0,00	0,00	-110.131,53	0,00	**-110.906,74**
Balance at 31.12.2020	**0,00**	**1.025.187,52**	**5.487.796,37**	**294.746,70**	**16.861,64**	**11.763.062,19**	**0,00**	**18.587.654,42**
Net book value								
31.12.2019	4.066,74	614.730,21	55.471.434,27	143.089,10	20.287,79	3.533.378,61	6.932.939,05	**66.719.925,77**
31.12.2020	35.830,33	601.252,97	77.894.138,11	152.706,22	17.820,47	3.701.921,83	16.420.858,37	**98.824.528,30**

Disposals/destruction of fixed assets	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Receipts from disposals	4.064,68	0,00
Minus net book value	10.193,90	15.546,19
Net loss from disposal/destruction/disposalof fixed assets	**-6.129,22**	**-15.546,19**

There are no tangible assets pledged as at December 31st, 2020 and as at December 31st, 2019.

(all amounts are expressed in Euro)

6. Intangible Assets

Intangible Assets	Network License Rights 31.12.2020	Network License Rights 31.12.2019
Cost		
Opening balance	**496.544.714,01**	**495.917.346,55**
Network licence rights additions (Note 5)	739.684,52	627.367,46
Closing balance	**497.284.398,53**	**496.544.714,01**
Accumulated Amortization		
Opening balance	**246.158.395,15**	**235.619.776,64**
Amortization of network licence rights	10.570.742,87	10.538.618,51
Closing balance	**256.729.138,02**	**246.158.395,15**
Net Book Value	**240.555.260,51**	**250.386.318,86**

Network License Rights are amortized over the period of the concession licence until 2043.

The Distribution Network is adequately insured against any property risk.

7. Right of use Assets

Right of use assets	Buildings	Vehicles	Total
Cost			
Balance at 01.01.2019	**3.268.470,03**	**615.570,15**	**3.884.040,18**
Additions	0,00	457.056,05	**457.056,05**
Balance at 31.12.2019	**3.268.470,03**	**1.072.626,20**	**4.341.096,23**
Additions (Note 14)	327.034,69	536.815,87	**863.850,56**
Balance at 31.12.2020	**3.595.504,72**	**1.609.442,07**	**5.204.946,79**
Accumulated Amortization			
Balance at 01.01.2019	**0,00**	**0,00**	**0,00**
Depreciation	703.594,57	389.812,67	**1.093.407,24**
Balance at 31.12.2019	**703.594,57**	**389.812,67**	**1.093.407,24**
Depreciation	704.060,39	397.130,68	**1.101.191,07**
Balance at 31.12.2020	**1.407.654,96**	**786.943,35**	**2.194.598,31**
Net Book Value			
31.12.2019	2.564.875,46	682.813,53	3.247.688,99
31.12.2020	2.187.849,76	822.498,72	3.010.348,48

(all amounts are expressed in Euro)

8. Deferred tax assets

Deferred Tax Asset	31.12.2020	31.12.2019
Opening Balance	**1.080.882,78**	**1.195.968,56**
Credit/(Debit) in income statement (Note 18)	39.525,07	-145.585,12
(Debit)/Credit in other comprehensive income	-19.606,80	30.499,34
Closing Balance	**1.100.801,05**	**1.080.882,78**

Deferred Tax Analysis	Useless Materials	Provision for Staff compensation	Provision for doubtful debts	Intangible Assets	Network Distribution	Grants	Distribution of Profit	Other	Total
Balance at 01.01.2019	**3.525,36**	**746.524,26**	**26.704,56**	**-1.039.213,22**	**-520,43**	**73.047,52**	**1.369.707,43**	**16.193,08**	**1.195.968,56**
Credit/ (Debit) in Income Statement (Note 18)	-3.424,48	-2.868,43	1.620,56	122.180,50	-6.626,12	-5.726,92	-255.939,62	5.199,39	**-145.585,12**
Credit in other comprehensive income	0,00	30.499,34	0,00	0,00	0,00	0,00	0,00	0,00	**30.499,34**
Balance at 31.12.2019	**100,88**	**774.155,17**	**28.325,12**	**-917.032,72**	**-7.146,55**	**67.320,60**	**1.113.767,81**	**21.392,47**	**1.080.882,78**
Balance at 01.01.2020	**100,88**	**774.155,17**	**28.325,12**	**-917.032,72**	**-7.146,55**	**67.320,60**	**1.113.767,81**	**21.392,47**	**1.080.882,78**
(Debit)/Credit in Income Statement (Note 18)	5.043,35	21.284,28	2.485,90	73.339,80	3.793,65	-2.805,03	-70.865,81	7.248,93	**39.525,07**
Debit in other comprehensive income	0,00	-19.606,80	0,00	0,00	0,00	0,00	0,00	0,00	**-19.606,80**
Balance at 31.12.2020	**5.144,23**	**775.832,65**	**30.811,02**	**-843.692,92**	**-3.352,90**	**64.515,57**	**1.042.902,00**	**28.641,40**	**1.100.801,05**

On 12.12.2019, Law 4646/2019 was voted, according to which, the tax rate of 24% was set for the income of the fiscal year 2019 and onwards.

(all amounts are expressed in Euro)

9. Inventories

Inventory	31.12.2020	31.12.2019
Network construction materials and spare parts	3.802.543,55	2.751.987,03
Provision for materials not invoiced yet	-1.922.299,76	-1.133.761,18
Provision for obsolete materials	-21.434,29	-420,34
Inventories at the lowest between cost and net realizable value	**1.858.809,50**	**1.617.805,51**

The movement of provision for obsolete materials is analysed as follows:	31.12.2020	31.12.2019
Opening balance	420,34	12.590,57
Addition provision	29.449,78	420,34
Utilized provision	-8.435,83	-12.590,57
Closing balance	**21.434,29**	**420,34**

10. Trade and Other Receivables

Trade and Other Receivables	31.12.2020	31.12.2019
Trade receivables (except related parties)	1.506.944,13	606.808,45
Trade receivables from related parties (Note 23)	7.467.353,98	4.415.097,52
Minus: provision for doubtful debts	-128.379,24	-118.021,35
Total trade receivables	**8.845.918,87**	**4.903.884,62**
Trade receivables from related parties (Note 23)	6.803.676,02	9.171.681,63
Trade receivables from Greak State	1.361.022,15	1.982.394,47
Other receivables and prepaid expenses	669.907,56	406.513,30
Accrued income	1.102.607,06	952.867,92
Total other receivables	**9.937.212,79**	**12.513.457,32**
Total	**18.783.131,66**	**17.417.341,94**

Trade and other receivables are expected to be collected within one year from the reporting date of the Financial Statements.

(all amounts are expressed in Euro)

Trade and other receivables approximate their fair value on the date of preparation of the Financial Statements.

In any case, the credit risk of any delay in payment by Gas Distribution Users is minimized as all Users have provided either a Letter of Guarantee or a Cash Guarantee under the Terms of Use.

Letters of Guarantee may be immediately withdrawn, in compliance with the terms of the Contracts.

The movement of the provision for the impairment is as follows:

Provision for Trade receivables	31.12.2020	31.12.2019
Opening balance	**118.021,35**	**106.818,25**
Additional provision	10.357,89	11.203,10
Closing balance	**128.379,24**	**118.021,35**

As at December 31st, 2020 and December 31st, 2019 the trade receivables are presented as follows:

Aging Analysis of Receivables	Non Overdue Balance	0-30 Days	31-60 Days	61-90 Days	> 90 Days	Total
31.12.2020						
Expected percentage of Rec. Loss	0,00%	1,00%	2,00%	3,00%	42,61%	**1,43%**
Total Receivables	8.254.308,37	236.804,28	102.464,55	96.552,46	284.103,89	**8.974.233,55**
Expected loss on Receivables	0,00	2.368,04	2.049,29	2.896,57	121.065,34	**128.379,24**
31.12.2019						
Expected percentage of Rec. Loss	0,00%	1,00%	2,00%	3,00%	45,62%	**2,35%**
Total Receivables	4.728.711,27	30.649,00	2.231,15	2.525,17	257.789,38	**5.021.905,97**
Expected loss on Receivables	0,00	306,49	44,62	75,76	117.594,48	**118.021,35**

The long-term receivables as at 31.12.2020 of Euro 265.559,74 (31.12.2019: Euro 260.264,74) include guarantees related to rents for buildings, vehicles and utilities.

(all amounts are expressed in Euro)

11. Cash and Cash Equivalents

Cash & Cash Equivalents	31.12.2020	31.12.2019
Cash on hand	4.811,45	403,84
Cash at Banks	10.278.223,35	12.173.611,26
Total	**10.283.034,80**	**12.174.015,10**

The weighted average interest rate on short-term deposits during the period January 1st - December 31st, 2020 is around 0,50% (2019: 1,00%).

Interest income on bank sight deposits amounts to Euro 131.024,64 and Euro 234.050,18 for the periods ended December 31st, 2020 and 2019 respectively and is included in financial income / expense in the attached Income Statement (Note 22).

12. Share Capital

Share Capital	31.12.2020	31.12.2019
Number of Common Shares	247.127.605,00	247.127.605,00
Total share capital paid	**247.127.605,00**	**247.127.605,00**
Each share has a nominal value of 1 €		

13. Reserves

Reserves	31.12.2020	31.12.2019
Statutory Reserve	18.228.231,71	17.206.467,54
Other Reserves	-157.000,81	-219.089,01
Total	**18.071.230,90**	**16.987.378,53**

Statutory reserve: In compliance with the Greek Company legislation, companies are obliged to hold 5% of their net annual profit as a statutory reserve, until it reaches one third of the paid share capital. During the Company's life, any distribution of the statutory reserve is forbidden.

Other Reserves: Other reserves comprise the following as at 31.12.2020:

- reserve (loss) on actuarial losses relating to the provision of employment termination benefits amounting to Euro 157.411,96 (31.12.2019: loss Euro 219.500,16) and
- reserve from exchange local currency capital amounting to Euro 411,15 (31.12.2019: Euro 411,15)

14. Long -term Loans

The Long-term borrowing of the Company has been granted by a Greek bank and is expressed in Euro on a floating rate.

Amounts repayable within one year from the date of the Financial Statements are entered as current liabilities whereas amounts payable at a later stage are entered as long-term loans.

The fair value of borrowing approximates the value entered in the books.

The long-term borrowing of the Company is analyzed on its repayment time as follows:

Loans	31.12.2020	31.12.2019
Within one year	10.100.000,00	8.100.000,00
From 1 to 5 years	26.000.000,00	23.600.000,00
More than 5 years	11.000.000,00	7.500.000,00
Total	**47.100.000,00**	**39.200.000,00**

Pursuant to the dated 31.07.2017 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of a five-year common bond loan amounting to Euro 16.000.000,00 was signed on 11.08.2017 with organizer and bondholder "ALPHA BANK SA" and additional bondholder of "ALPHA BANK LONDON LTD". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at twenty (20) quarterly amortization instalments, the first to be paid in January 2018 amounting to Euro 800.000,00 and the last instalment of Euro 800.000,00 payable on maturity of the bond loan (11.10.2022). The outstanding loan amounts to Euro 6.400.000,00 on December 31st, 2020 since the Company has paid twelve installments with total amount Euro 9.600.000,00during the period January 1st, 2018 to December 31st, 2020.

Pursuant to the dated 25.10.2018 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of a five-year common bond loan amounting to Euro 12.000.000,00 was signed on 13.11.2018 with organizer and bondholder "ALPHA BANK SA" and additional bondholder of "ALPHA BANK LONDON LTD". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at twenty (20) quarterly amortization installments, the first to be paid in March 2019 amounting to Euro 600.000,00 and the last installment of Euro 600.000,00 payable on maturity of the bond loan on December 2023. The outstanding loan amounts to Euro 7.200.000,00 on December 31st, 2020 since the Company has paid eight installments with total amount Euro 4.800.000,00 during the period March 1st ,2019 to December 31st, 2020.

Pursuant to the dated 22.10.2019 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of an eight-year common bond loan amounting to Euro 20.000.000,00 was signed on 14.11.2019 with organizer and bondholder "ALPHA BANK SA". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at thirty-two (32) quarterly amortization instalments, the first to be paid in February 2020 amounting to Euro 625.000,00 and the last instalment of Euro 625.000,00 payable on maturity of the bond loan on November 2027. The outstanding loan amounts to Euro 17.500.000,00 on December 31st, 2020 since the Company has not paid installments with total amount Euro 2.500.000,00during the period January 1st, 2020 to December 31st, 2020.

Pursuant to the dated 20.10.2020 Decision of the Extraordinary General Assembly of the Company's Shareholders, a contract for the issuance of an eight-year common bond loan amounting to Euro 16.000.000,00 was signed on 30.10.2020 with organizer and bondholder "ALPHA BANK SA". The bond loan is common, with no right to negotiate on regulated markets operating in Greece and without the right to convert it into shares. Repayment was set at thirty-two (32) quarterly amortization instalments, the first to be paid in January 2021 amounting to Euro 500.000,00 and the last instalment of Euro 500.000,00 payable on maturity of the bond loan on October 2028. The outstanding loan amounts to Euro 16.000.000,00 on December 31st, 2020 since the Company has not paid any installments in fiscal year 2020.

The Company duly meets all its obligations arising from the bond loan including financial ratios related to leverage & gearing.

The average borrowing interest rate of the Company for the year ending December 31st, 2020 is approximately 2,43% (31.12.2019: 2,91%). The Company, as at 31.12.2020 and 31.12.2019 has no unused available credit limits for long-term loans.

The Company has financing agreements for the financing of an amount of Euro 10.000.000,00 for direct financing. The credit agreements have not been used up to today.

The total interest expense for long-term loans for the year ending December 31st, 2020 amounted to Euro 911.189,64 (31.12.2019: Euro 707.831,37) and is included in the financial expenses in the Income Statement (Note. 22).

Financial Liabilities from Leases

The Company, under the application of IFRS 16 recognized at fiscal year 2019 Financial liabilities from leases amounting to Euro 3.274.642,95 while the additions of the year amounted to Euro 863.850,56 (31.12.2019: Ευρώ 457.056,05) (Note. 7). Interest of financial liabilities from leases amounted to Euro 117.947,06 for the period ended December 31st, 2020 (31.12.2019: Euro 104.362,41) and are included in the interest expense as included in the Income Statement (Note.22), while the Company has paid rents amounting to Euro 1.186.343,27 (31.12.2019: Euro 1.170.815,69).

(all amounts are expressed in Euro)

The following table shows the present value of the minimum lease payments for the Company as of December 31st, 2020 and December 31st, 2019.

Financial liabilities from leases	31.12.2020	31.12.2019
Within one year	1.032.459,98	998.989,91
From 1 to 5 years	1.854.105,66	1.981.264,15
More than 5 years	183.531,66	294.388,89
Total	**3.070.097,30**	**3.274.642,95**

15. Provision for staff compensation

Provision for Staff Compensation	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Net Liability in the Statement of Financial Position	**1.883.128,04**	**1.833.616,00**
Components of total charge to Income Statement		
Service cost	103.703,04	100.948,00
Interest cost	27.504,00	31.481,00
Cost of extra benefits	0,00	5.743,10
Total charge to income statement (Note 20)	**131.207,04**	**138.172,10**
Movement of provision		
Net Liability at the beginning	1.833.616,00	1.574.034,00
Total expense recognized in the income statement	131.207,04	138.172,10
Tota (credit)/ debit in other comprehensive income	-81.695,00	133.550,00
Benefits paid	0,00	-12.140,10
Net Liability at the end of the year	**1.883.128,04**	**1.833.616,00**
Assumptions		
Discount Rate	0,80%	1,50%
Rate of compensation increase	1,50%	2,50%
Plan Duration	16,42	16,97

The retirement benefit obligation was defined by means of an actuarial study.

(all amounts are expressed in Euro)

In the expected average annual salary increase by 0.5%, the total employee benefits will increase by 8,5% to Euro 2.043.193,92 while in case of reduction in the expected average annual salary increase by 0.5%, the total employee benefits would be reduced by 7,8% to Euro 1.736.244,05.

In case of an increase of the discount rate by 0.25%, the total employee benefits would be reduced by 4% to the amount of Euro 1.807.802,92 while in case of reduction of the discount rate by 0.25%, all employee benefits would increase by 4,2% to the amount of Euro 1.962.219,42.

16. Grants

Grants	
Balances at 01.01.2019	**10.310.260,58**
Amortization of grants	-412.410,44
Balance at 31.12.2019	**9.897.850,14**
Balances at 01.01.2020	**9.897.850,14**
Amortization of grants	-412.410,44
Balance at 31.12.2020	**9.485.439,70**

Grants were received from the Greek State (Ministry of Development) and are amortized over the period of the License (until 2043).

17. Trade and Other Payables and Other Long-Term Liabilities

Trade and Other Long-Term Liabilities	31.12.2020	31.12.2019
Trade payables (except related parties)	10.702.769,78	6.071.895,86
Payables to related parties (Note 23)	1.954,87	209,87
Other payables	3.736.749,05	3.716.337,19
Accrued expenses	11.271.867,49	5.144.459,53
Total	**25.713.341,19**	**14.932.902,45**

Other long-term liabilities are amounting to Euro 1.181.927,08 (31.12.2019: Euro 681.690,81) concern guaranties received from Distribution Users as collateral for future payments and are refundable on termination of their contracts.

(all amounts are expressed in Euro)

18. Income Tax

Φόρος Εισοδήματος	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Τρέχων φόρος εισοδήματος	-6.428.190,78	-6.587.987,37
Αναβαλλόμενος φόρος (Σημ. 8)	39.525,07	-145.585,12
Έξοδο φόρου εισοδήματος	**-6.388.665,71**	**-6.733.572,49**
Κέρδη προ φόρων	**26.888.530,69**	**26.596.341,79**
Φόρος Εισοδήματος υπολογιζόμενος με τον ισχύοντα φορ/κο συντελεστή (2020: 24%, 2019: 24%)	-6.453.247,37	-6.383.122,03
Φορολογική επίδραση μη εκπιπτόμενων δαπανών	-153.192,74	-70.311,67
Φορολογική επίδραση μη φορολογηθέντων εσόδων	217.774,40	4.204,62
Φορολογική επίδραση από αλλαγή του φορολογικού συντελεστή	0,00	-284.343,41
Φόροι εισοδήματος που εμφανίζονται στην κατάσταση αποτελεσμάτων	**-6.388.665,71**	**-6.733.572,49**
Φόρος εισοδήματος πληρωτέος	**31.12.2020**	**31.12.2019**
Φόρος εισοδήματος χρήσης	6.428.190,78	6.587.987,37
(+) Δόσεις Φόρου εισοδήματος προηγούμενης χρήσης	1.514.921,10	0,00
(-) Προκαταβολή φόρου και λοιποί παρακρατούμενοι φόροι	-6.592.008,02	-6.587.987,37
Σύνολο	**1.351.103,86**	**0,00**
Συνολικός φόρος εισοδήματος που καταβλήθηκε στη χρήση	**4.544.763,30**	**7.863.620,98**

The audit for the issuance of tax compliance certificate for fiscal years 2011 - 2019 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 additional tax liabilities.

For fiscal year 2020 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 to be awarded after the publication of the Financial Statements for the year ended December 31st, 2020. 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.

(all amounts are expressed in Euro)

19. Other Income

Other Income	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Income from ancillary services	1.169.634,16	747.888,11
Income from expenses recharges to third parties	8.408,68	1.064,17
Other income	1.441.858,80	193.597,34
Total	**2.619.901,64**	**942.549,62**

Revenues from ancillary services are related to services provided to Distribution Users and/or to Final Customers. They are supplementary to the Basic Distribution Activity and are provided exclusively by the Company within the License Area, in accordance with article 13 of Distribution Network Operation Code (GG B' 1507/02.05.2018)

RAE with the decision 570/2020 (GG B' 2050/30.05.2020), approved the Catalog of Ancillary and Invoiced Services of the Distribution Networks of Thessaloniki and Thessaly and their unitary prices, in accordance with the provisions of article 13 of the Distribution Network Operation Code. According to the approved cost-oriented methodology, the revenue of each service is equal to the corresponding cost.

Other income includes, as of December 31st, 2020, the income derived from the positive outcome of two litigation cases regarding the refund of withholding taxes amounting to Euro 472.630,83 (Note 26), the income derived from rendering services to another Distribution Network company amounting to Euro 739.963,03 (Note 1) as well as various other revenues that arose from the operation of the Company amounting to Euro 229.264,94 (31.12.2019: Euro 193.597,34).

20. Personnel cost and Number of Employees

Personnel Cost and Number of Personnel	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Payroll expenses	-9.669.944,92	-9.251.732,34
Employer's contributions	-2.436.468,74	-2.310.123,33
Other personnel expenses	-1.121.866,63	-875.209,48
Provision for personnel compensation (Note 15)	-131.207,04	-138.172,10
Personnel cost	**-13.359.487,33**	**-12.575.237,25**
Number of employees at the end of the year	**278**	**293**

(all amounts are expressed in Euro)

Part of Personnel cost which amounts to Euro 5.132.293,52 (31.12.2019: Euro 5.368.241,61) has been capitalized at the cost of Distribution Network since it is directly related to the construction.

21. Other Operating Expenses

Other Operating Expenses	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Staff Related Expenses	-764.878,95	-814.023,48
Gas Meter Readings	-2.053.795,28	-1.880.791,42
Gas Network Expenses	-2.736.204,58	-1.802.169,06
Software Maintenance	-1.001.369,03	-841.750,82
Marketing Expenses	-1.009.666,85	-886.127,11
Building Maintenance	-648.756,75	-537.236,52
Service and other costs	-2.539.190,09	-2.167.360,27
Total	**-10.753.861,53**	**-8.929.458,68**

Staff related expenses: Includes other employee expenses (telephony, travel expenses, subscriptions etc.)

Gas Meter Readings: Includes expenses related to gas meter readings, which are dependent on the number of activated delivery points.

Gas Network Expenses: Includes mainly maintenance expenses related to the safe and smooth operation of the Distribution Network.

Software Maintenance: Includes expenses related to the operation and maintenance of the IT infrastructure and applications.

Marketing Expenses: Includes expenses related to the promotion of the use of natural gas on the Distribution Networks aiming to increase penetration in the License areas, according to the provisions of article 16 of the Code and the safe use of natural gas.

Building Maintenance: Includes expenses related to buildings such as building security, electricity & water supply etc.

Service and other costs: Includes all other operational expenses of the Company such as third-party fees, consultancy expenses, auditing and fiscal services, maintenance and utilities, post office commissions, messaging services.

(all amounts are expressed in Euro)

22. Financial Income and Expenses

Financial Income & Expense	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Income		
Interest income (Note 11)	131.024,64	234.050,18
Income from interest on late payments	157,03	309,18
Total	**131.181,67**	**234.359,36**
Expenses		
Bank charges	-36.557,48	-59.163,72
Interest on bond loan (Note 14)	-911.189,64	-707.831,37
Interest of financial liabilities from leases (Note 14)	-117.947,06	-104.362,41
Total	**-1.065.694,18**	**-871.357,50**

23. 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 along with the Gas Network Transfers in the ordinary course of business and are analysed as follows:

Related Party Transactions	01.01.2020-31.12.2020	01.01.2019-31.12.2019
Sales of goods	**0,00**	**309,02**
Sales of services	**53.701.542,95**	**53.620.830,26**
Gas Network Transfer	**739.684,52**	**627.367,40**
Purchases of Services	**982.448,17**	**886.764,96**
Board of Directors Fees	**70.842,84**	**70.959,60**

(all amounts are expressed in Euro)

Closing Balances coming from sales and purchases of goods and services	31.12.2020	31.12.2019
Due from Related Parties (Note 10)	14.271.030,00	13.586.779,15
Due to Related Parties (Note 17)	1.954,87	209,87
Amount due to the board of directors	19.396,80	18.370,58

The open balances at the end of the year 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.

24. Liabilities from Short-term and Low Value Leases

Operating Leases	31.12.2020	31.12.2019
Within one year	49.612,17	57.756,59
From 1 to 5 years	0,00	36.898,40
Total	**49.612,17**	**94.654,99**
	31.12.2020	**31.12.2019**
Total expense recognized in the income statement	134.078,41	116.699,66

Leases concern short-term or low value leases of cars and printers ending in various dates up to June 2021 and November 2021 respectively

(all amounts are expressed in Euro)

25. Commitments and Contingent Liabilities/ Assets

The obligations and requirements deriving from letters of guarantee and unexecuted contracts are as follows:

Commitment and Contingent Liabilities/ Assets	31.12.2020	31.12.2019
Liabilities		
Open network construction contracts still in use	9.976.653,14	15.500.613,99
Letters of Guaranties to vendors and third parties	222.800,00	200.800,00
Total	**10.199.453,14**	**15.701.413,99**
Assets		
Letters of guaranties from distribution users	23.317.094,58	21.515.962,39
Letters of guaranties from network constructors & materials' vendors	4.351.220,37	4.411.195,72
Total	**27.668.314,95**	**25.927.158,11**

26. Outstanding litigations

The Company is involved in various court cases (in the capacity of plaintiff or defendant) within its normal operations. Management, as well as the external and inhouse legal advisors of the Company, consider that the outcome of these outstanding legal cases or arbitration proceedings, will not have a significant effect on the Financial Statements or the operations of the Company.

It is noted that with the no 12152/2020 decision of the Athens Administrative Court, management recognized a claim from the Greek State amounting to Euro 271,556.06 regarding the acceptance of the appeal of the former EPA Thessaloniki, following the decision no 3393 / 28.02.2020 of the Athens Administrative Court which accepted the respective appeal of the former EPA Thessaly for an amount of Euro 201,073.76 which was collected on the 4th quarter of fiscal year 2020 (Note 19).

On 31.08.2020, RAE Decision 1058/22.06.2020 (OGG B' 3545/27.08.2020) was notified to the Company, with subject "Taking compensatory measures for gas distribution tariffs pursuant to par. 10 of article 41 of Directive 2009/73 / EC, as incorporated in the domestic legal order with the provision of par. 4 of article 15 of Law 4001/2011" according to which RAE, in summary, decided the adoption of compensatory measures which concern all the Eligible Customers, who during the period 14.08.2015 until 01.12.2016 were charged by the former EPAs and DEPA, distribution tariff of 4 €/MWh, based on the relevant provision of law 4336/2015. According to the Decision, the compensatory measures will be calculated as payable amount (in €) by the Company. For the calculation, RAE has set the tariff coefficients that would be valid for the period 14.08.2015 – 30.11.2016. These Eligible Customers (beneficiaries of the compensatory measures) will receive a refund following a written application to the

Distribution Network Operators. The Company may pay the amount payable in installments, in a period not exceeding five (5) years from the publication of the Decision.

The Company, according to the procedure provided by law, submitted to RAE an application for the revision of the above decision, on 25.09.2020.

With the letter RAE O-85939 / 26.01.2021, the RAE Decision 1480/29.10.2020 with which RAE during the 22.10.2020 and 29.10.2020 Plenary Sessions, decided on the rejection of the review request submitted by the Company against the RAE Decision 1058/2020,

The Company, based on the submitted application for revision, assesses that the Decision RAE 1058/2020 is legally and substantially unfounded, inter alia, because:

1. RAE issued the Decision in violation of the provision of par. 4 of article 15 of law 4001/2011 and specifically, imposed compensatory measures without previously proceeding to the determination of temporary Basic Distribution Activity tariffs.
2. The legal framework (Law 3428/2005 and Law 4001/2011) that was applicable then did not interfere, in any way, RAE in exercising its competence for setting temporary tariffs.
3. The adoption of compensation measures is linked in accordance to the applicable legislation, to the prior determination of temporary tariffs.
4. Following the provisions of law 4336/2015, the formal legislator clearly established a transitional price for the Basic Activity of the Natural Gas Distribution Network.
5. The Company acts in accordance with the principle of legality and therefore, could not receive a Basic Activity tariff lower than the one provided by law.
6. In assessing the criteria, the Authority did not take under consideration that responsible for taking actions was not each Operator, but RAE itself, as well as the State.
7. In accordance with the provisions of Law 4336/2015, the entities billed, with the transitional Basic Activity tariff, for the provision of the Basic Activities, are the Distribution Users and not any other entities.
8. The extension of the imposition of the measure of refund (compensation) of the additional amounts, as supposedly compensatory measures, to all the Eligible Customers constitutes a wrong judgment of RAE, lying outside the legislative authorization, and violation of the principle of legality.
9. The nature of the "compensatory" measures taken, is purely compensatory (as damages) and in no way regulatory.
10. The starting date of the regulatory competence of the Authority to take compensatory measures is not from 20.08.2015, but from the date that law 4001/2011 entries in force.
11. The Decision was issued in excess of RAE's competences, given that RAE, within the framework of its regulatory competence, can only impose regulatory measures and in this case, related to the pricing of the Basic Activity and in no case to decide the return of amounts, i.e. taking compensatory (as damages) measures.

Furthermore, the Management of the Company, based on the opinion of its legal advisors, estimates that the court procedure that will follow after the rejection of the application for revision, according to the provisions of article 33 of law 4001/2011, may exceed 2 years and for the reasons mentioned above there are good reasons that could prevent the outcome of the decision.

The Management of the Company, taking into account the Authority's decision to reject the application for review, filed an appeal before the Administrative Court within the statutory period of 60 days from the date of notification of that decision No. 1480/2020 of RAE.

However, if RAE attempts to execute its decision, before the hearing of the appeal that will be brought by EDA THESS before the Administrative Court of Appeal, another judicial circle will be created with an exercise by EDA THESS requesting the suspension of this decision of RAE, before Administrative Court of Appeal. In the event that the application for suspension is not accepted, RAE will proceed with the imposition of sanctions for non-compliance with the execution of its decision, which can again be challenged by EDA THESS and is expected to file an appeal before the Council of the State.

27. Dividends

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

The Ordinary General Assembly of Shareholders on 28.05.2019 approved the dividend distribution from 2018 profit of Euro 21.096.980,00 (Euro 0.0854 per share).

The Ordinary General Assembly of Shareholders on 26.06.2020 approved the dividend distribution from 2019 profit of Euro 18.749.057,65 (Euro 0.0759 per share).

On February 16th, 2021 the Board of Directors proposed a dividend from the profits of the year 2020, amounting to Euro 19.540.189,01 (Euro 0.0790 per share). The proposal is subject to approval by the Annual General Assembly.

28. Subsequent events

There were no events subsequent to the date of the Financial Statements of December 31st, 2020, that would have a significant impact on the understanding of these Financial Statements and should be either disclosed or adjusted to the Financial Statements.