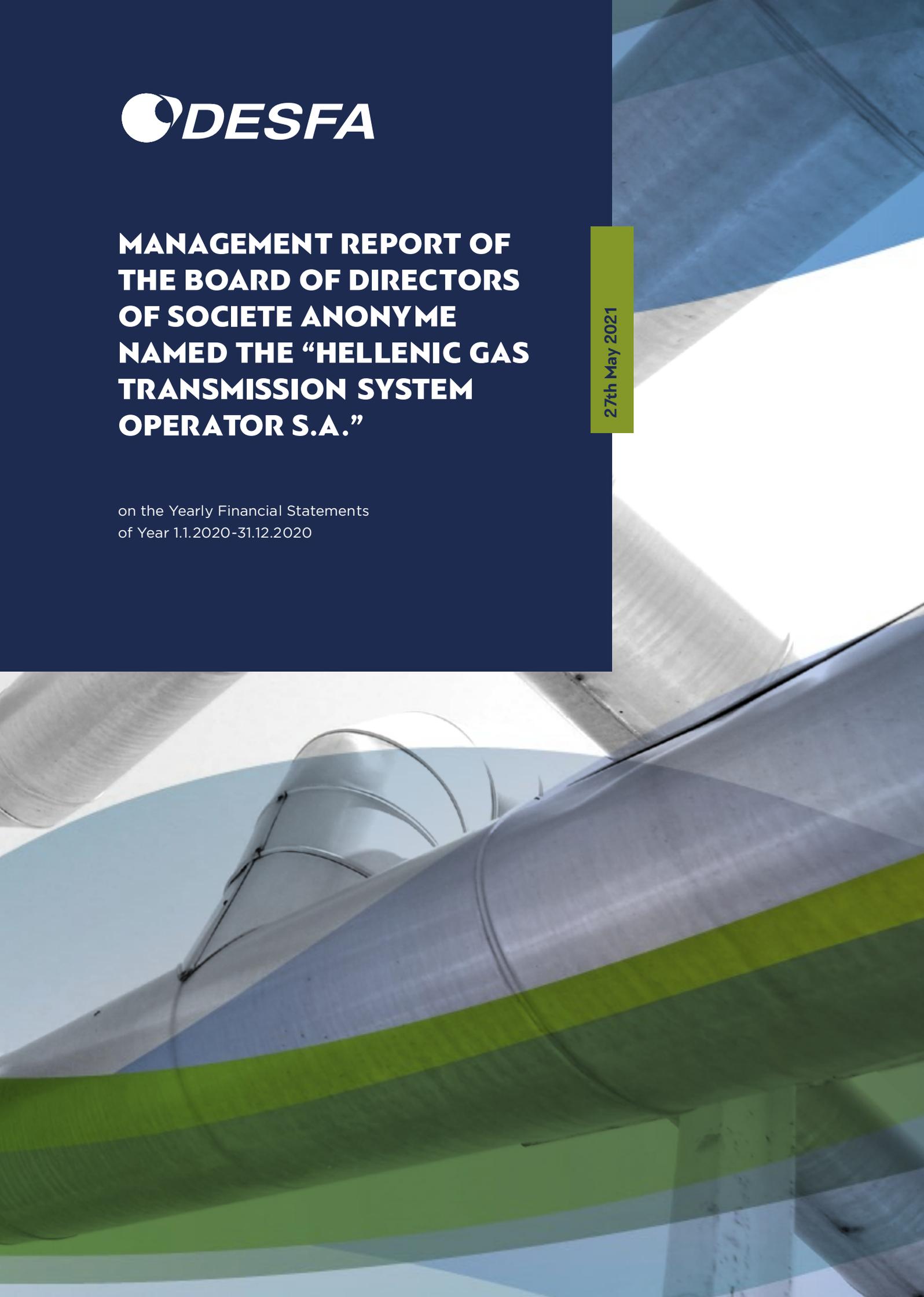




**MANAGEMENT REPORT OF
THE BOARD OF DIRECTORS
OF SOCIETE ANONYME
NAMED THE “HELLENIC GAS
TRANSMISSION SYSTEM
OPERATOR S.A.”**

on the Yearly Financial Statements
of Year 1.1.2020-31.12.2020

27th May 2021



TO THE YEARLY GENERAL ASSEMBLY OF THE SHAREHOLDERS



Dear Shareholders, we have the honor to submit to you the Yearly Report of the Board of Directors according to the statute and article 150 of L. 4548/2018 and the financial statements of the Company for the year ending 31.12.2020, so as to inform you about the financial performance of the Company and request for your approval.



CONTENTS

Message from the Chairman of the Board of Directors	6
Message from the CEO	8
DESFA profile	11
Values and strategic targets	12
Values	
Strategic targets	
Shareholders and Company structure as at 31/12/2020	
Composition of the corporate bodies as of 31.12.2020	14
Board of Directors	
Audit Committee	
Nominations and Remuneration Committee	
Management Team	
Financial situation: Key figures	16
DESFA Financing	18
The Network operations	19
Commercial	24
Regulated activities	
Use of the National Natural Gas System (NNGS): Transportation System & LNG Facility	
Sale of Electricity	
Balancing and Operational Gas of NNGTS (profit neutral activities)	
Security of Supply in the Natural Gas market (profit neutral activities)	
Additional Services included in regulated revenues and expenses	
Evolution of Regulated Services Users	26
Demand Overview and Virtual Trading Point Transactions	26
Non-regulated activities	28
Other Important Commercial Activities	28
Day-to-day Commercial Operations	29
Projects of Specific Interest	30
Connection fees	31
Financial revenues	31
New Business Development	32
Operation and Maintenance of the Liquefied Natural Gas Terminal Station of Al Zour, Kuwait	32
“South Kavala” Natural Gas Reservoir	32
The Alexandroupolis FSRU	33

CONTENTS

The development of the network	34
Main risks, uncertainties and opportunities	35
Enterprise Risk Management Framework	37
Risks related to Suppliers and the rules of cooperation between them	38
Safety of stock	38
Future prospects and how they are affected by the existing regulatory framework	38
Regulatory developments	38
Market risk factors	40
Other risks that are related to the activity or industry that the Company is developing	40
Impact of COVID-19 on DESFA's business	42
Risk of the development of Macroeconomic Parameters	43
Quality, Health, Safety and Environmental Issues	48
Quality, Health, Safety and Environmental Management Systems	48
QHSE Monitoring	49
Emissions Trading System	50
Carbon Footprint	50
Awards	50
Employment Issues	51
DESFA's reorganization	51
A policy of diversification and equal opportunities	53
Business Transformation	54
Finance Transformation	54
Large-scale Supply Chain optimization program	55
Internal Audit (IA) & Enterprise Risk Management (ERM) Re-engineering Project	55
Business Continuity Plan	56
Digital Transformation	56
Corporate Social Responsibility	59
Legal framework	59
Business model summary	59
Corporate Governance	59
Compliance	60
Administration principles and internal management systems	60
DESFA's Certification	60
Expected evolution of the Company	61
Information relating to the acquisition of shares	62
No "own shares" were acquired during the year 2020	62
Branches of the Company	62
The Company does not have any branches	62
Use of "financial instruments"	62

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS (BOD)

Dear Shareholders and Stakeholders,

2020 was another milestone year for DESFA, the Hellenic Gas Transmission System Operator, as it continued its transformation journey amid very challenging external conditions. The COVID-19 pandemic presented a severe Health and Safety risk and a major operational constraint that naturally proved to be the number one priority for everybody in the company, working in close cooperation with the authorities to ensure the well-being of our staff and partners, as well as our business continuity. The result was an impressive display of resilience, teamwork, and leadership at all levels of the Organisation, fully in line with our Values of Integrity, Transparency and Fairness, Responsibility, Cooperation, Pursuit of Excellence and Professionalism.

Furthermore, the pandemic accelerated the digital transformation of the Company, as many processes (including our own BoD deliberations) became digital almost overnight! This supplemented existing transformational efforts (from public to private and from national to international) and continuous improvement efforts in various functional areas, such as risk management, financial optimisation, and various employee initiatives (e.g. the insourcing of additional 196 employees).

Despite COVID-19, 2020 was a record year for Natural Gas demand (+10% vs 2019), which gave us an opportunity to deliver another set of solid financial results and a strong performance in all Key Performance Indicators (KPIs), from Safety to Operational Excellence, while we maintained our focus on the core purpose of the Company, which is the safe, timely and within budget delivery of our Ten-Year Development plan. The latter contains projects worth 540 ml €, some of which are key elements of the country's energy transition plans and decarbonisation objectives towards a greener and more sustainable world. In view of these achievements, quite fittingly, DESFA also won the award of "Best Energy and Hydrocarbons" company in the biennial awards of the Greek Energy Forum.

Consistent with our Vision, in 2020, we took further steps to consolidate DESFA as a key regional player in the Natural Gas business and to assist Greece to emerge as a reliable gas transport and trading hub, as part of an interconnected, secure, and economically efficient European market. Some examples include: the tender we won to provide operational and maintenance services to one of the biggest LNG terminals in the world (Al Zour, Kuwait), our decision to participate in the transnational project of Alexandroupolis and our JV to participate in the forthcoming tender for the underground storage facility in Kavala. More such milestone infrastructure projects and collaborations are planned over the next few years (e.g. Hydrogen).

Finally, DESFA accelerated its efforts towards improving its Environmental, Social and Governance (ESG) performance, working in close partnership with a diverse range of stakeholders, such as staff, business partners, and the local communities, where we operate. To professionalize our approach in this area, we appointed a locally based, but internationally recognized Sustainability advisor, to help us develop, implement and communicate widely an integrated ESG strategy, incorporating various current initiatives (e.g. QHSE, Corporate Social Responsibility, carbon footprint, compliance etc.), extending it to new areas (e.g. Responsible Supply Chain, Ethics, Diversity & Inclusiveness etc.) and aligning it with international standards and best practices (e.g. the UN Sustainable Development Goals and the EU Sustainable Finance Regulations). We also launched a Board effectiveness review, whose recommendations are currently being implemented to strengthen the Corporate Governance of the Company and improve the performance of our BoD activities. Going forward, we will continue our efforts towards making DESFA not only a major Energy player, but also a model company in every respect in Greece and the wider South East Mediterranean region.

Dr Yanos Michopoulos,

Chairman of the BoD



MESSAGE FROM THE CEO

2020 has been a crucial transformation year for DESFA (“Company”) during which the company has successfully faced the challenges of the global COVID-19 pandemic, safeguarding the health of its employees, while maintaining high standard of operations, with 100% availability of all infrastructure, maintenance and growth of its regulated and non-regulated activities.

Notwithstanding the impact of the pandemic on the national economy, gas demand has been strong, with a 10% increase YoY, supported by the increased consumption in the gas generation sector, replacing lignite fired power production. Transit flows and exports to Bulgaria remained very high, taking advantage of the flexibility offered by the upgraded Revithoussa LNG Terminal, to capture favorable global LNG prices. In 2020, approx. 46% of total imports into Greece was LNG, with 49 cargos unloaded from 8 countries of which 48% from USA, followed by Qatar, Algeria and Nigeria, thus strengthening the diversification of sources and security of supply for the whole region. The efficient utilization of the Revithoussa LNG terminal has been enhanced by the successful introduction of a new auction regime to manage congestions, according to the European best practices.

In 2020, a significant milestone in strengthening the role of Greece as a regional energy hub has been achieved with the entry into operation in December of the interconnection between the National Natural Gas Transmission System (NNGTS) and the Southern Gas Corridor via TAP in Nea Mesimvria, thus allowing the first flow of Azeri gas to the Greek gas market and through the NNGTS to Bulgaria via Sidirokastro. With the same goal of enhancing the role of Greece as a regional gas hub, in October 2020, DESFA signed an SPA, subject to satisfaction of Conditions Precedent of EU antitrust approval and RAE confirmation of exclusion from profit sharing mechanisms, for the acquisition of a 20% stake in the Alexandroupolis project developed by Gastrade and has submitted an expression of interest for the participation, in joint venture with GEK TERNA, in the tender, planned for 2021, for the award of the concession of the Underground Storage in South Kavala.

In July 2020, DESFA has set in public consultation the new Ten - Year Development Plan (TYDP) approved by RAE in April 2021: The new TYDP includes 54 projects, for a total capex expenditure in excess of 500mn€, almost doubling the level of the previous plan, including numerous new strategic projects to upgrade and extend the National Natural Gas System (NNGS), such as the high pressure pipelines to Western Macedonia and to Patras, the interconnection of the FSRU Alexandroupolis and of the FSRU of Dioryga Gas with the NNGTS.

The new projects, together with the ongoing ones for the installation of the LNG truck loading station and of the second jetty for LNG reloading in Revithoussa, which will enable the opening of the ssLNG market in the country, will contribute to the targets of decarbonization set by the new Greek National Energy & Climate Plan and are essential milestones for the lignite phase out plan of power plants in Western Greece.

In parallel, with the growth of the regulated services, in 2020, DESFA has made a significant step forward in the sector of the non-regulated services with the award by KIPIC, a subsidiary of Kuwait Petroleum Company, and signing in December 2020 of the long term Operation and Maintenance (O&M) service agreement of the LNG Terminal of Al Zour in Kuwait, which complements the ongoing O&M contract with TAP, initiated in 2019, and pave the way for further growth in the space of provision of services at domestic and international level.

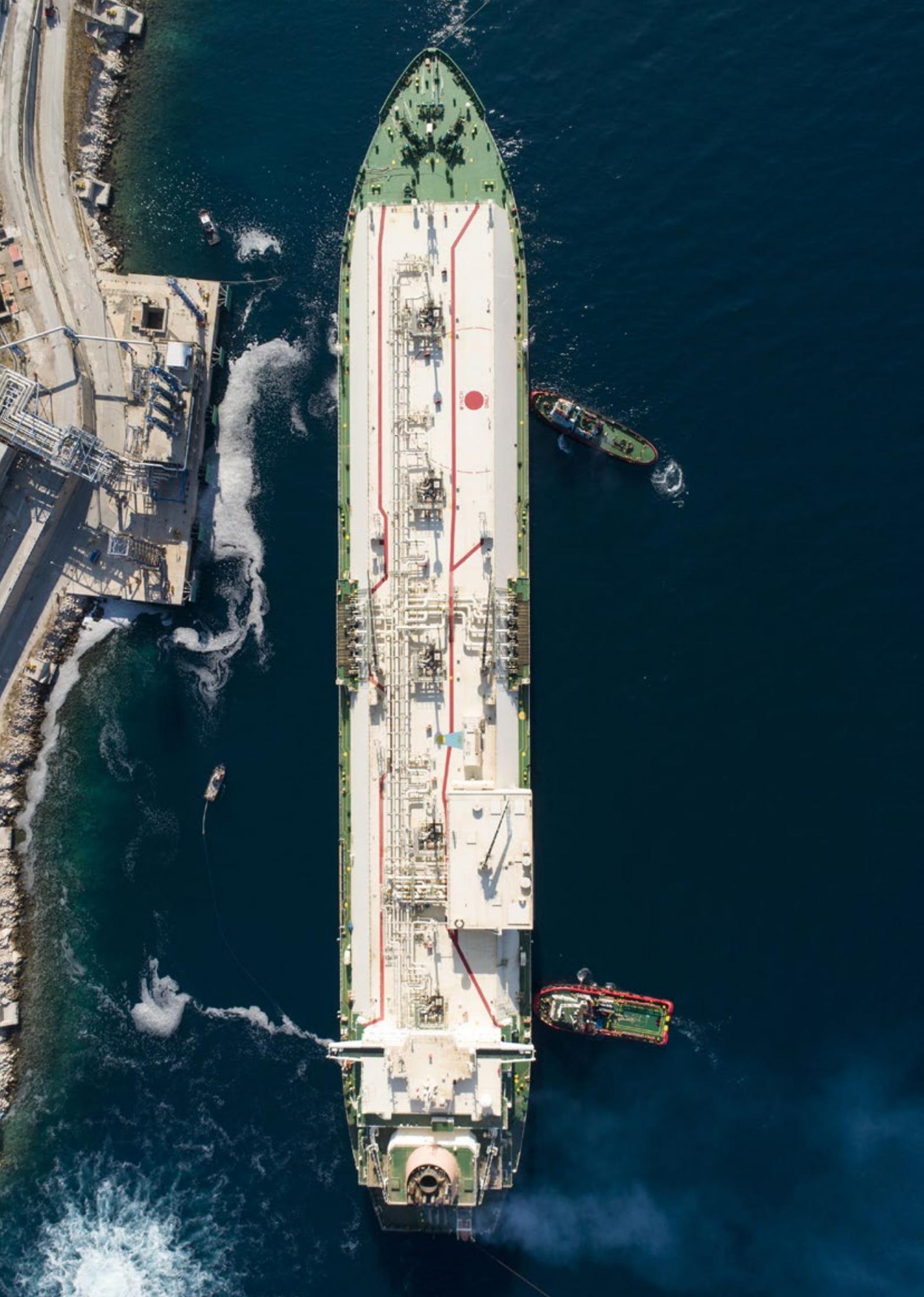
In the course of 2020, DESFA has completed an important pillar in its ambitious transformation program toward a fully private organization, internalizing an additional 196 employees in critical business positions, previously engaged through third parties service providers, and at the beginning of 2021 has concluded the full reorganization of all the company's functions. DESFA remains highly committed to the enhancement of its human capital, by investing in the training of its personnel and offering career and growth opportunities. Notwithstanding the challenging conditions of the pandemic, in 2020, major milestones have been achieved in the business and digital transformation roadmap, launched in 2019 and, set to continue within 2022 and 2023.

Finally, in 2020, DESFA has laid the seeds for its future role in the energy transition era, which will intensely involve the company in the current year, with the goal of establishing the Company's road map in the green gases and hydrogen business.

Maria Rita Galli

Chief Executive Officer





DESFA PROFILE

The Hellenic Gas Transmission System Operator (DESFA) S.A was founded in 2007 and is the owner of the National Natural Gas System (NNGS), consisting of the high pressure National Natural Gas Transmission System and the LNG Terminal on the islet of Revithoussa. DESFA has full and exclusive rights for the operation, management, utilization and development of the NNGS and its interconnections, according to European and national legislation.

In 2018, DESFA's ownership changed after SENFLUGA Energy Infrastructure Holdings S.A., a Company with a shareholding structure consisting some of Europe's top natural gas transmission companies, Snam, Enagas, and Fluxys, acquired 66% of the Company's share capital, the remaining 34% being owned by the Hellenic Republic. In 2019, the company "Damco Energy S.A." acquired a 10% equity stake in SENFLUGA S.A.. In order to ensure compliance with the provisions of the European and Greek legislation on ownership unbundling of Natural Gas Transmission System Operators, Damco participates in SENFLUGA S.A. as a passive shareholder/investor, without voting rights.

DESFA offers third party access to the NNGS and the Revithoussa LNG facility in the most cost effective, transparent and direct way, without any discrimination among users and following the European and National Regulatory framework. In addition, DESFA is rapidly expanding, offering also other innovative services, in line with European best practices and standards. These include Operation & Maintenance of gas transmission and distribution networks, Operation & Maintenance of LNG facilities, Metrology, Inerting, Gassing Up & Cooling down of LNG Vessels, Training, Lightning and Cathodic Protection studies, as well as Natural Gas Facilities studies.

DESFA, also, provides highly trained and qualified personnel, reliable and innovative technology, practices and services to third parties, such as the Trans Adriatic Pipeline (TAP) and the Kuwait Integrated Petroleum Company (KIPIC). At the same time, DESFA is also expanding its participation in ventures of strategic importance, involving indicatively a minority participation in the Greek gas exchange platform, investments and participation in tender processes for other key infrastructures in the country.

VALUES AND STRATEGIC TARGETS

Values

DESFA operates according to and is guided by its corporate values, which are the pillars of its culture and philosophy and cornerstones for every business activity:

- Integrity, Transparency and Fairness
- Responsibility
- Cooperation
- Pursuit of Excellence and Professionalism

Strategic targets

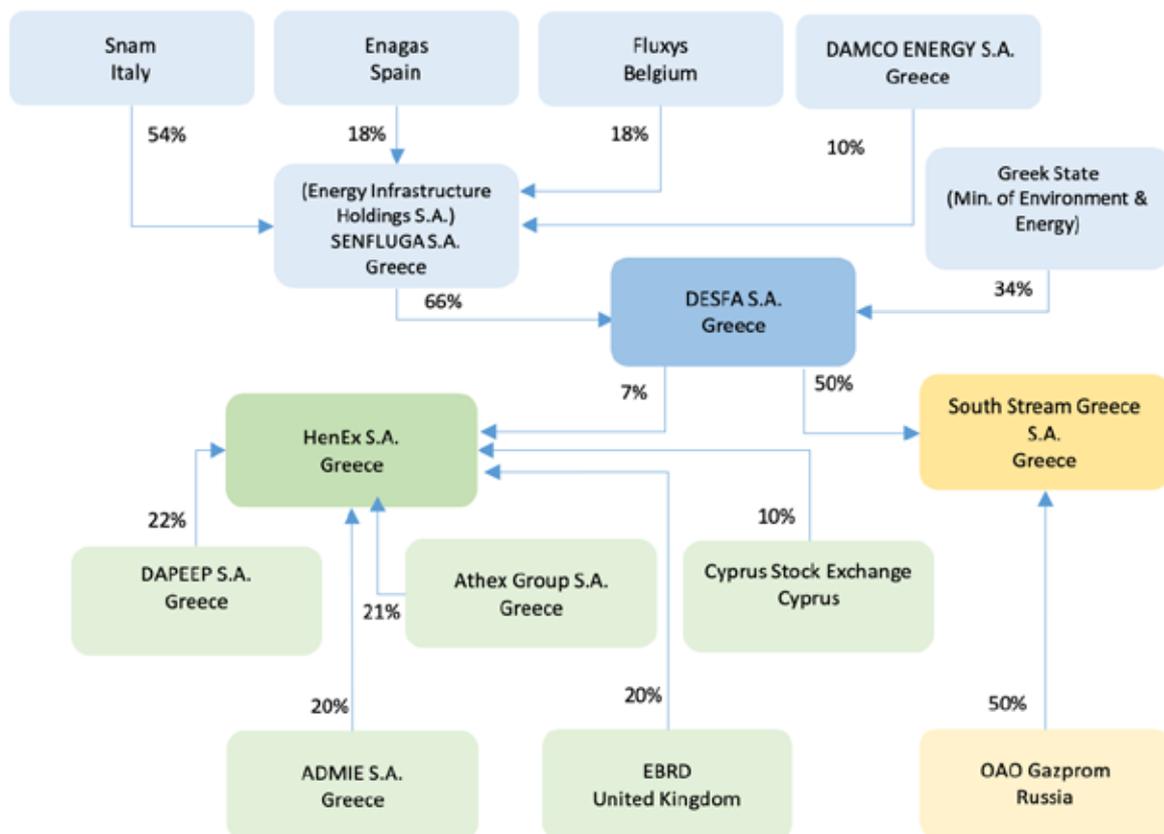
DESFA operates in the framework of the Greek and European regulation, providing its commercial and technical services for the efficient operation and development of the energy market of Greece with a vision of strengthening the central role of Greece in the Balkan region energy market and promoting a progressively decarbonized economy, where natural gas plays and will continue to play an important role as the backbone of the renewable energy sources.

DESFA's strategy is supported by three (3) main pillars, Business development, Business transformation and IT transformation, that include the following initiatives:

- Maintaining the highest standard of its employees, with emphasis on Safety, Quality, Environment and Digital Transformation, through dedicated programs of continuous training and assessment of skills and competences .
- Expanding the gas network, reliably and efficiently, in order to enhance the expected growth of natural gas demand and reach the targets of decarbonization, as defined by the National Energy and Climate Plan of Greece, by supporting the replacement of more polluting fuels also in regions of Greece not yet connected to the NNGTS.
- Continuously improving processes and systems for the safe, reliable and efficient operation of the natural gas network, maintaining the highest standard of services to all users.
- Enhancing security of supply through NNGS infrastructure and facilities.
- Promoting an open natural gas market and introducing new services and products in a market oriented and efficient way.
- Enabling natural gas to reach new markets, such as the maritime sector and off-grid users, through small scale LNG applications.

- Actively promoting the creation of the national wholesale energy market, within a regional scope and horizon, by participating in HEnEx and other relevant initiatives.
- Promoting, developing and maintaining international partnerships with the interconnected operators and other players, with the aim to consolidate its role in the region, enhance centrality of the Greek energy market, and ensure diversification of sources and security of supply. This includes participating in joint ventures (JVs) like Gastrade's Alexandroupolis FSRU.
- Promoting and supporting the energy transition by joining forces to assess the role of the gas infrastructure in the decarbonization of the economy through hydrogen and other technologies.
- Working together with the Regulator towards new mechanisms for the next regulatory period, as well as international institutions, in order to foster exchange of best practices.

Shareholders and Company structure as at 31/12/2020



COMPOSITION OF THE CORPORATE BODIES AS OF 31.12.2020

Board of Directors

- Yanos Michopoulos: Chairman of the BoD
- Luis Romero Urrestarazu : Vice Chairman
- Maria Rita Galli: Member
- Bala Rozemaria: Member
- Erik Jean Vennekens: Member
- Panagiotis Tambourlos: Member
- Konstantinos Kosmadakis: Member
- Theodoros Tsakiris: Member
- Stavros Manousos: Member
- Ugo Venier: Member
- Francesco La Torre: Member

The term of office for the Board of Directors is three (3) years.

Audit Committee

- Panagiotis Tambourlos, Chairman
- Erik Jean Vennekens
- Francesco La Torre
- Stavros Manousos

Nominations and Remuneration Committee

- Konstantinos Kosmadakis, Chairman
- Yanos Michopoulos
- Luis Romero Urrestarazu
- Ugo Venier

Within year 2020 the following changes took place in the composition of the Board of Directors and the Board Committees:

- On 20.02.2020 Mr. Jose Miguel Tudela Olivares resigned from the Board and the Nominations and Remuneration Committee and was replaced by Mr. Konstantinos Kosmadakis, who was also appointed as Chairman of the Nominations and Remuneration Committee.
- On 10.07.2020 Ms. Michela Schizzi resigned from the Board.
- On 28.07.2020 Ms. Rozemaria Bala was appointed as a Member of the Board

Management Team

The Management team (as of 31/12/2020) is responsible for the day-to-day and operational management of the Company. The Management team also makes investment proposals to the Board of Directors within the framework of the Company strategy and articles of associations.

- Nicola Battilana: Chief Executive Officer,
- Thierry Grauwels: Chief Financial Officer (CFO),
- Eleftheria Vassilaki: Human Resources Division Director,
- Sophia Michelaki: Legal, governance and Compliance Director,
- Nikos Katsis: Asset Management Division Director,
- Michalis Thomadakis: Strategy & Development Division Director
- Sotirios Bravos: Commercial Services Division Director,
- Ioannis Chomatas: Asset Development Division Director,
- Konstantinos Maroulis: Supply Chain Division Director,
- Petros Theodorakis: General Services Division Director,
- Fernando Kalligas: Head of Corporate Affairs & CEO Office
- Serafeim Ioannidis: Health & Safety Physical Security, Environment and Quality Department,
- Alexios Giannakopoulos: Head of Internal Audit & ERM Department.

FINANCIAL SITUATION: KEY FIGURES

In comparison with the results of 2019, the EBITDA of 2020 decreased by EUR 22 million.

- Revenues decreased by EUR 12,4 million mainly due to the decrease of Regulated Revenues EUR 12,2 million, that has been impacted by the newly tariffs as of 01.01.2020. The decrease is mainly attributed to Transmission Services (EUR - 24 million; mainly driven by new tariffs applied as of 01.01.2020, which are lower than previous year, sales of Balancing and Operational Gas (EUR -6.5 million) as a result of improved portfolio balancing from the Network Users. The revenue from LNG Services increased by EUR 15 million thanks to increased volumes and revenue from Securities of Supply by EUR 3.2 million.
- Other Income decreased by EUR 2 million mainly due to decrease of income provisions for Security of Supply fees (-6.6million), increase of +2.1 million income from provisions for extraordinary contingencies (i.e. reversal of provisions for pending litigation and claims), increase of 1,4 million income from settlement of Legal cases and increase of other revenues provision for services 0.6 million
- Expenses increased by EUR 5,2 million, partly due to an increase of Personnel costs mostly due to: a) assumptions of new CLA, b) accrual for bonus as well as an increase in Utilities and services due to repair & maintenance of machinery - technical installations and insurance fees)

Amounts in thousand €	1/1/2020	1/1/2019 - 31/12/2019
Revenue	230,961	243,349
Cost of Sales	(110,086)	(112,305)
Gross profit	120,875	131,044
Other income	12,390	14,332
	133,265	145,376
Administrative expenses	(20,830)	(16,304)
Distribution expenses	(800)	(554)
Other expenses	(5,537)	(2,926)
Amortization of fixed asset grants	11,253	12,064
Operating profit	117,350	137,657
Finance costs - net	(7,312)	(7,448)
Profit before income tax	110,039	130,209
Income tax expense	(27,276)	(26,263)
Profit for the year	82,763	103,946

Regarding the assets of the Company on 31st December 2020, the balance sheet (in Euros) is presented below:

<i>Amounts in thousand €</i>	<i>31/12/2020</i>	<i>31/12/2019</i>
ASSETS		
Non-current assets		
Tangible assets	1,162,456	1,193,167
Intangible assets	14,164	13,431
Investments in associates	355	355
Financial assets at fair value through profit or loss	350	350
Other non-current assets	266	263
Total non-current assets	1,177,591	1,207,566
Current assets		
Inventories	17,199	18,346
Trade and other receivables	47,900	52,065
Income tax asset	-	-
Cash and cash equivalents	163,876	136,910
Total current assets	228,975	207,321
TOTAL ASSETS	1,406,566	1,414,887
EQUITY AND LIABILITIES		
Equity		
Share capital	564,069	639,051
Reserves	37,960	33,779
Retained earnings	272,377	193,971
Total equity	874,406	866,801
Non-current liabilities		
Employee benefit obligations	3,980	3,998
Borrowings	140,320	155,682
Lease liabilities	5,044	5,080
Provisions	20,741	21,374
State grants	229,833	236,036
Other non-current liabilities	145	145
Deferred tax liabilities	21,359	16,817
Total non-current liabilities	421,423	439,132
Current liabilities		
Trade and other payables	77,451	68,939
Borrowings	15,362	18,896
Lease liabilities	1,235	1,594
State grants	10,990	11,253
Current income tax liabilities	2,414	3,599
Other taxes payable	3,284	4,673
Total current liabilities	110,736	108,954

Total Equity of the Company on 31.12.2020 was EUR 874 million.

Total Borrowings of the Company on 31.12.2020 were EUR 156 million.

The cash and cash equivalent as of 31.12.2020 are equal to EUR 164 million.

The corresponding key ratios are:

<i>Ratios</i>		<i>2020</i>	<i>2019</i>
<i>Gearing ratio</i>	<i>= (Total debt)/(Total debt + total equity)</i>	<i>15.11%</i>	<i>16.76%</i>
<i>Return on Equity</i>	<i>= (PAT)/(Total Equity)</i>	<i>9.47%</i>	<i>11.99%</i>
<i>Return on Assets</i>	<i>= (PAT)/(Total Assets)</i>	<i>5.88%</i>	<i>7.34%</i>
<i>Liquidity ratio</i>	<i>= (Current Assets)/(Current liabilities)</i>	<i>2.07</i>	<i>1.90</i>

DESFA FINANCING

In order to finance its growth and assess the opportunity to optimize its capital structure, DESFA commissioned in 2020 reputable financial advisors.

An initial market assessment was performed in summer 2020, which led to the conclusion to focus the financing on the Capex and working capital facility. It was also decided to support this exercise by commissioning technical, regulatory, financial and tax due diligences from reputable advisors.

Initial considerations by end 2020 suggested that there is a strong interest from the financial market to finance DESFA at attractive terms that have not been affected by the COVID situation.

THE NETWORK OPERATIONS

The National Natural Gas System is composed of the National Natural Gas Transmission System (NNGTS or Transmission Network) and the Liquefied Natural Gas Terminal (LNG Terminal) in Revithoussa. The Transmission Network, as well as the LNG Terminal, operate under DESFA's certified Management System according to ISO 9001, ISO 14001 and ISO 45001 International Standards.

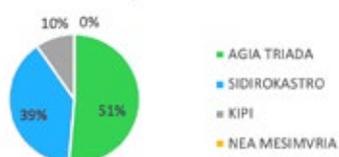
The Transmission Network transports gas from four (4) Entry Points, namely i) the Greek-Bulgarian border (upstream TSO BULGARTRANGAZ), ii) the Greek-Turkish border (upstream TSO BOTAS), iii) the new Entry Point in Nea Mesimvria connecting NNGTS with TAP pipeline (since the 31st of December 2020), as well as iv) the LNG Entry Point (Agia Triada), to the main areas of consumption in continental Greece.

The **Transmission Network** consists of:

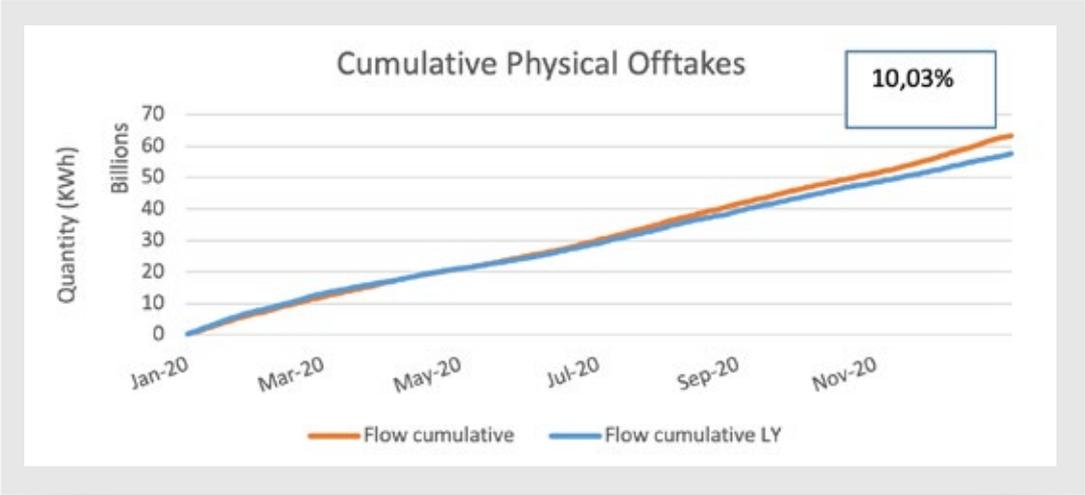
- The main gas transmission pipeline and its branches.
- The Border Metering Stations at Sidirokastro and Kipi, as well as the newly developed within 2020 M/R Station at N. Mesimvria for the connection of NNGTS to TAP.
- The Compression Station at Nea Mesimvria, Thessaloniki.
- The Natural Gas Metering and Regulating Stations.
- The Natural Gas Control and Dispatching Centers at Patima near Athens and at Nea Mesimvria near Thessaloniki.
- The Operation and Maintenance (O&M) Centers of Sidirokastron, Vistonida, Nea Mesimvria (with the satellite station at Ptolemaida), Ampelia, Patima, Spathovouni, as well as the Kipi TAP O&M.
- The Remote Control and Communication System, composed by fiber optic cables and other dedicated devices.

AGIA TRIADA	SIDIROKASTRO	KIPI	NEA MESIMVRIA
32,627,048,192	24,759,696,702	6,143,695,023	955,563
51.36%	38.97%	9.67%	0.00%

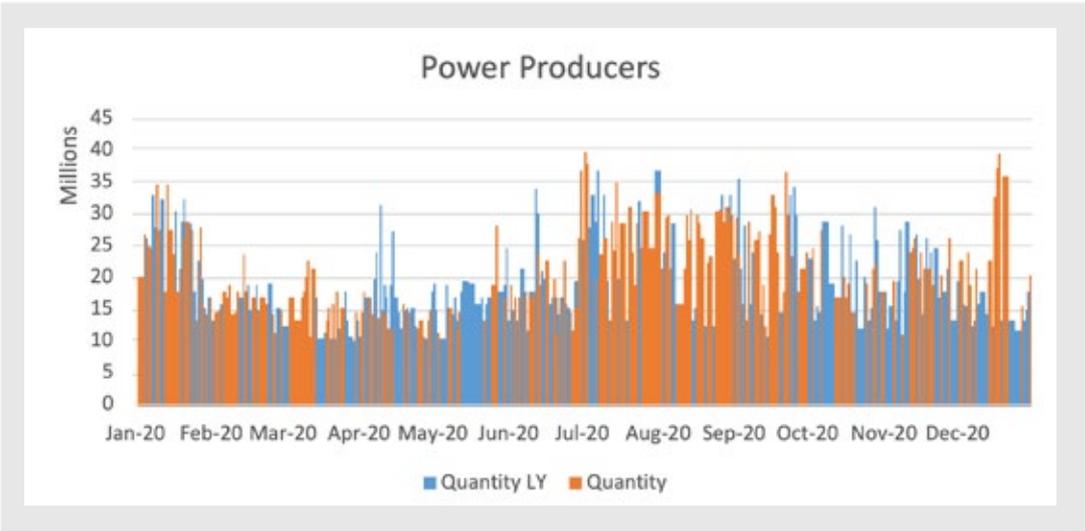
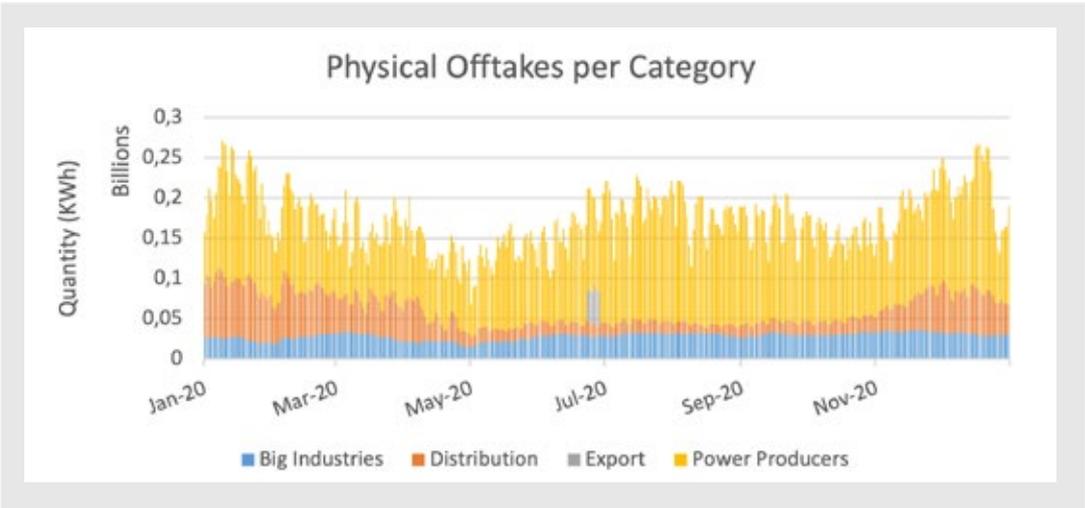
Share of Physical Deliveries

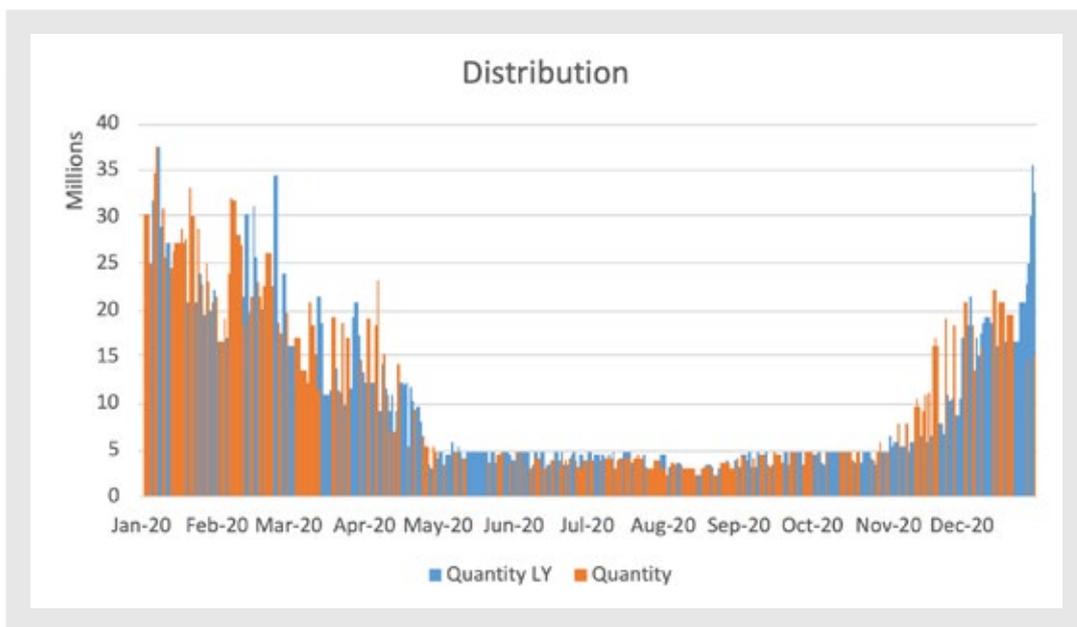


The Physical offtakes from Transmission Network's Exit Points during the reference period (FY2020) have been increased by 10.03% compared to the previous year (63,358,662,928 in 2020 compared to 57,583,303,340 in kWh / Combustion Reference Temperature 25°C).



The split of the above referred physical offtake amongst the main consumers' categories (Electricity Producers, Big Industries, Distribution Networks and Exports) is reported in the charts below.



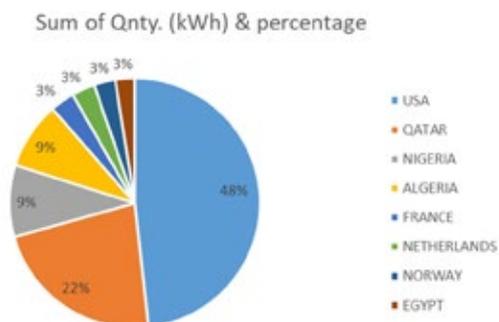


The **Revithoussa LNG Terminal** is one of the most important energy infrastructures of the country. The Terminal is located on the islet of Revithoussa, 500 meters approximately from the coast of Agia Triada, in the gulf of Pachi at Megara, 45 km west of Athens. Designed and built in 1999, according to the best international standards, the Terminal successfully expanded in 2007 and more recently in 2018 with the construction of the third tank, increasing the total LNG storage capacity to 225,000 m³ LNG. The Terminal adopts the most environmentally friendly technology and operates, in accordance with the strictest safety regulations. In particular, the Terminal falls under the requirements of the Seveso III Directive, providing for the highest safety standards, whose application is constantly verified and certified by independent operators.



With a storage capacity of 225,000 m³ LNG and a regasification capacity of 1250 m³/h as a Sustained Maximum Send out Rate, the Terminal is an important energy asset for Greece, providing security of energy supply, operational flexibility in the transmission system and increased capability to meet peak gas demand.

Following the latest upgrade, the first Qflex cargo (216,000 m³ LNG) was berthed at the LNG Terminal on 20.07.2019. In 2020, 49 cargoes were unloaded, maintaining a stable number compared to 2019 (50 cargoes), following the highest safety and technical standards. The following graph illustrates the share of LNG cargos per country of origin for the reference year, indicative of the extensive diversification of supply along with the sources of pipeline gas indicated in the relevant table on physical deliveries.



Share of LNG cargos per country of origin

The LNG Terminal's regasification availability was uninterrupted. The KPI has been maintained at 100% throughout 2020.

In addition, DESFA operates a Technical Training Center in Nea Mesimvria, the 1st phase of which (mainly consisting of outdoor facilities) has been finalized in the last quarter of 2020. The 2nd and last phase (construction of the main building) of the Technical Training Center is expected to be completed and become operational by April 2021. The Training Center will provide training services, complementing, updating and/or upgrading knowledge, skills and competencies of DESFA's workforce, as well as third parties' personnel, including those of other TSOs, DSOs, engineers and gas related experts.

The Technical Training Center in Nea Mesimvria



COMMERCIAL

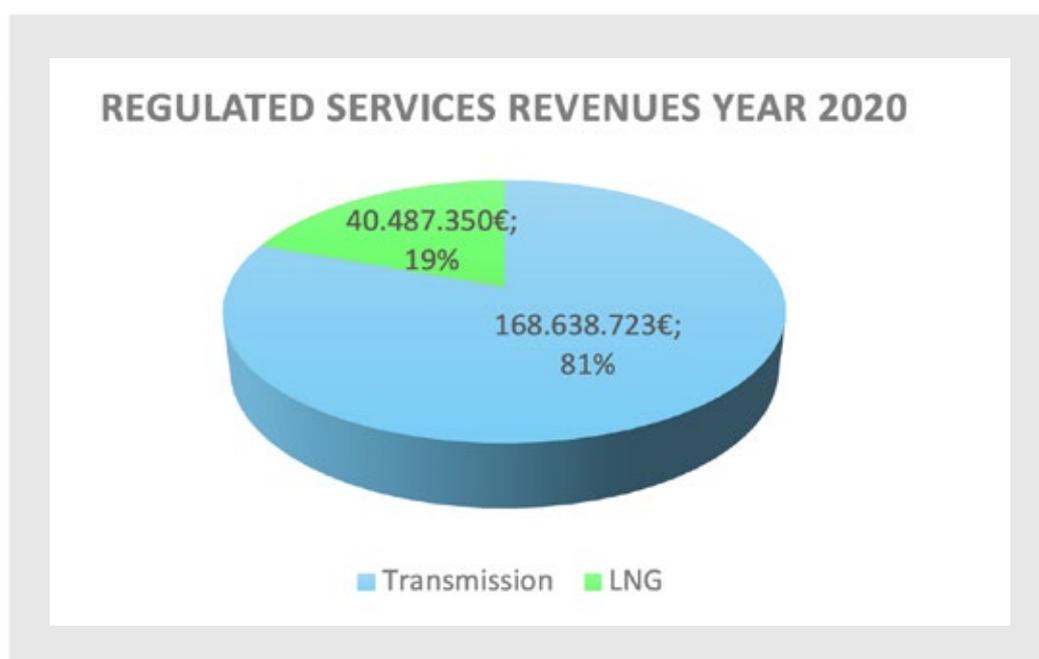
DESFA's activities are separated into regulated and non-regulated according to the Tariff Regulation. The regulated activities represent 97% of DESFA's total operating revenues in 2020.

Regulated activities

The regulated activities include the use of the National Natural Gas System, as well as the additional services related to its use.

Use of the National Natural Gas System (NNGS): Transportation System & LNG Facility

The regulated services include the provision of Third-Party Access to the Greek Natural Gas Transmission System and the Revithoussa LNG facility and are the main source of DESFA's revenues.



*Regulated Services Revenues for Year 2020
(incl. balancing services)*

Sale of Electricity

DESFA's invoices revenue for the sale to DAPEEP of electricity produced at the CHP unit of the LNG facility on the island of Revithoussa. In 2020, the sales of electricity amounted to (approx.) EUR 1 million.

Balancing and Operational Gas of NNGTS (profit neutral activities)

Revenues and expenses resulting from this activity are set off without resulting in any gain or loss for the Operator.

The procurement of operational gas for those activities is made following an international tender procedure as well as through the balancing platform. Approximately 69% (in terms of volume) of the total balancing gas purchases in 2020 were conducted on the Balancing Platform, while the rest via use of Balancing Services (injection of LNG for balancing purposes from Revithoussa).

Security of Supply in the Natural Gas market (profit neutral activities)

The Security of Supply Levy is paid by the natural gas consumers, in order to safeguard uninterrupted supply of natural gas to the “Protected Users” (i.e. households and critical facilities, like hospitals, schools) in case of emergency situations.

DESFA is responsible for managing the Security of Supply Account (). From this account, DESFA will compensate the power producers for the alternative fuel installations they maintain and their readiness to use this fuel in case of Crisis, as well as the Gas Suppliers for the disruption of supply of their interruptible clients in case of Crisis. The revenues and costs of said activity are recorded separately and do not affect the Company's financial results. To further ensure Security of Supply for the NNGS in 2020, DESFA monitored the implementation of the following measures:

- Managed the maintenance of a seasonal LNG safety reserve, which Power Producers must keep in the LNG Facility through the winter (December 2019 to February 2020) as per the Preventive Action Plan.
- Maintained a registry of interruptible big industrial customers connected to the NNGS.

Additional Services included in regulated revenues and expenses

With RAE's letter O-62313 / 13.10.2015 entitled "Guidelines for accounting separation of natural gas companies", revenues (and expenses) of certain activities are considered as income (and costs) of regulated activities for Transportation and use of LNG Facility, respectively, as indicatively for the Transmission System: gas odorization services, services at border metering stations and for LNG Facility, such as nitrogen infusion and cooling-down services for LNG ships. The Regulatory Authority for Energy (RAE) issued in May 2019, the 4th Amendment of the Tariff Regulation separating the abovementioned services in two categories: a) the Non-Transmission Services, which are the regulated services other than transmission services and other than services regulated by Regulation (EU) No 312/2014, related to the transmission system and b) the Additional LNG Services, which are the services related to the LNG Facility.

Evolution of Regulated Services Users

In 2020, DESFA expanded the provision of Regulated Services (Natural Gas Transmission and LNG Regasification) to a significant number of new Users, many of them being foreign (EU) companies.

Demand Overview and Virtual Trading Point Transactions

An overview of the quantities that were allocated at NNGTS Entries & Exits in 2020 is shown in the below graph. Key highlights include:

- Domestic Demand increased by approx. 10%, driven mainly by increased consumption for power production.
- Exports to Bulgaria remained at very high levels, only slightly reduced vs 2019, taking advantage of the favorable LNG prices that made it very competitive for the Bulgarian Market.
- LNG imports remained very high, further increasing vs 2019. Approx. 46% of 2020 total imports was LNG.

NATURAL GAS DATA 2020



63.1 TWh

N.G. Domestic Consumption

70.6 TWh

N.G. Imports

7.3 TWh

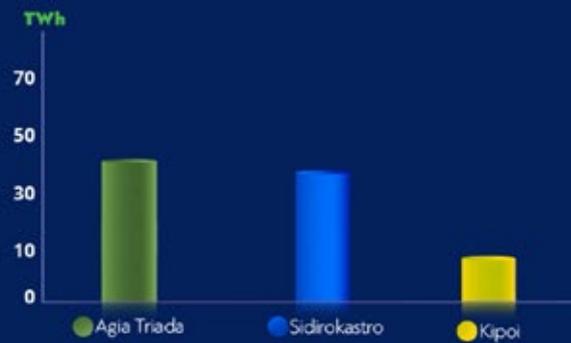
N.G. Exports

**(from Sidirokastro Entry-Exit Points)*

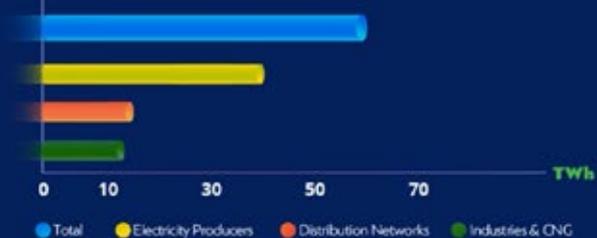
Natural Gas Import Points

Agia Triada	Sidirokastro	Kipoi
32.6 TWh	31.8 TWh	6.1 TWh

**On 31/12/2020, the TAP-DESFA interconnection point in Nea Mesimvria was put into commercial operation, with a total of 648 MWh entering within 2020*



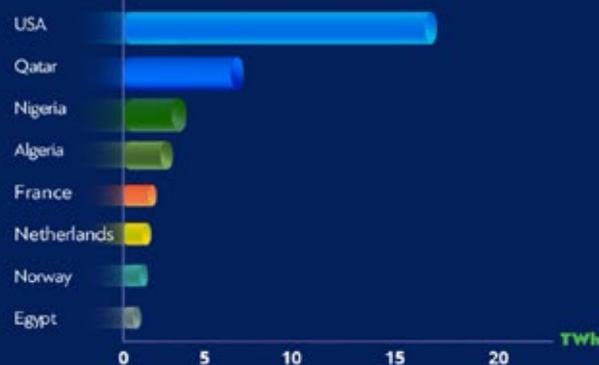
CUSTOMER CATEGORIES	TWh	Bn Nm ³
Electricity Producers	41	3.6
Distribution Networks	11.7	1
Industries & CNG	10.3	0.9
TOTAL	63	5.5



LNG VESSELS

Total number of vessels: 49

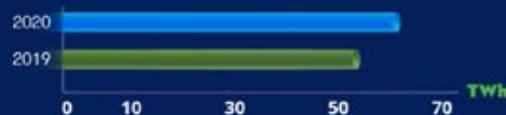
COUNTRY	TWh
USA	16.1
Qatar	7.5
Nigeria	3.1
Algeria	2.9
France	1
Netherlands	1
Norway	0.9
Egypt	0.8
TOTAL	33.5



ANNUAL NATURAL GAS DATA

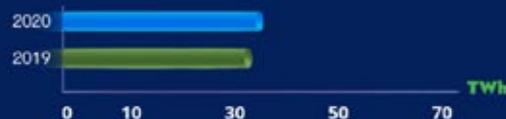
Domestic Consumption

63,1 TWh | **57,4** TWh
2020 | 2019



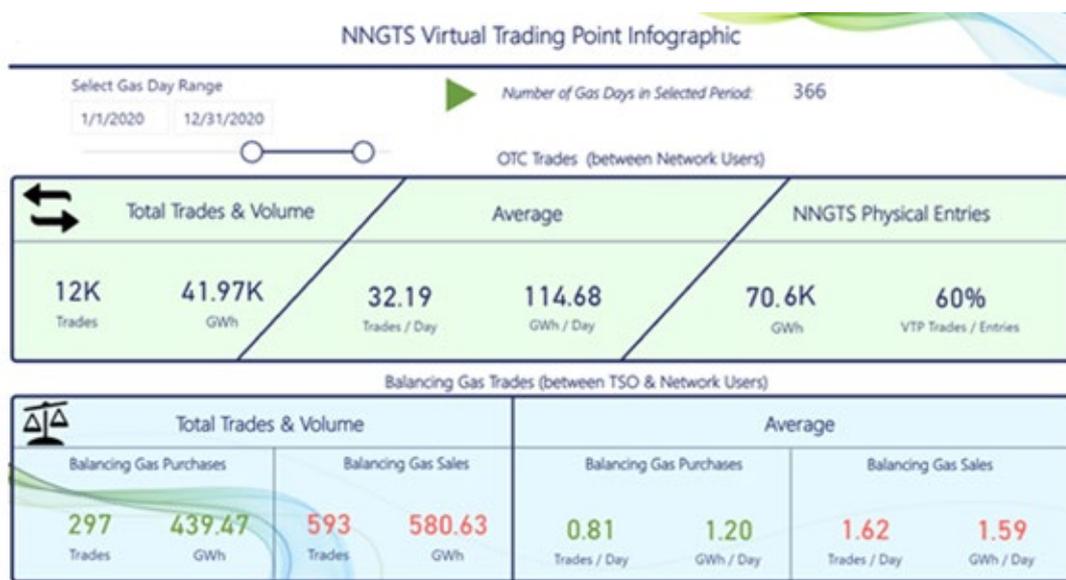
LNG Gasification

32,6 TWh | **31,4** TWh
2020 | 2019



In addition, the graph below reflects the total volume of trades that took place at the Virtual Trading Point (VTP) in 2020, (both between pairs of shippers and between TSO and shipper for balancing purposes). Note that:

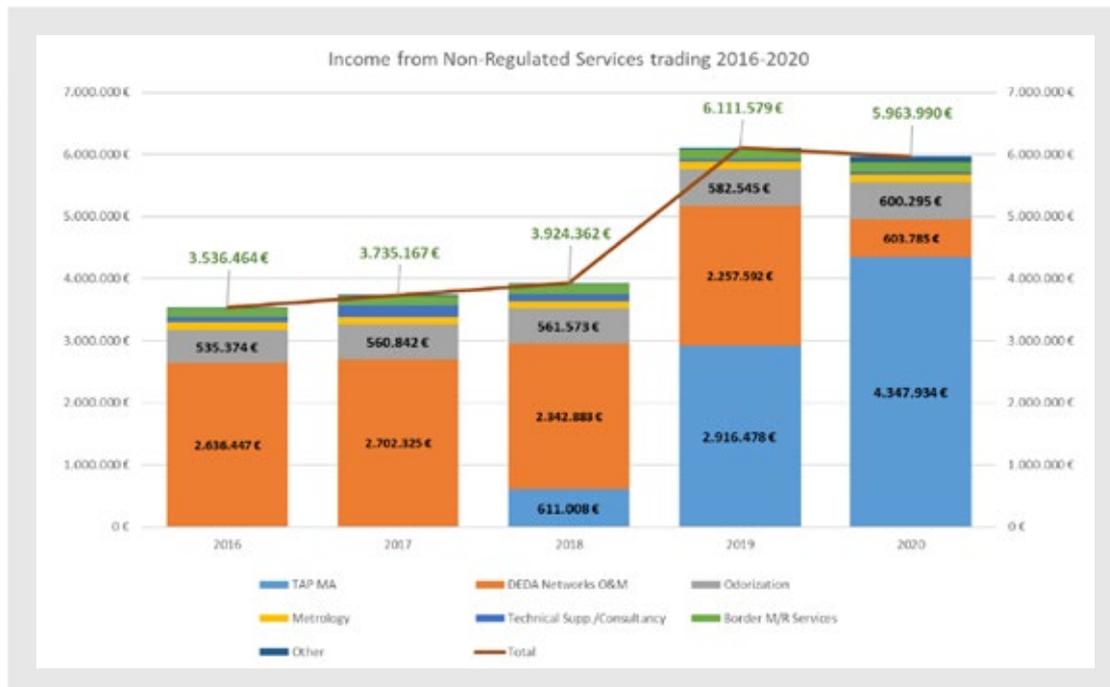
- 60% of the imported quantities was traded at the VTP (compared to 58% in 2019).
- 12.000 OTC trades held in the VTP (between Network Users).
- 297 Purchases and 593 Balancing Sales Trades held from DESFA for Balancing purposes.
- 60% of the imported quantities was traded at the VTP (compared to 58% in 2019).



Total volume of trades that took place at the Virtual Trading Point (VTP)

Non-regulated activities

DESFA continued its commitment in providing non-regulated services to its customers in 2020. These activities mainly include supply of technical services to third companies, such as Technical Support Services to gas distribution companies, technical review of studies for internal installations of gas, O&M services to medium and low-pressure systems and to LNG Terminals, IT services, polyethylene welders certification, other consulting services. The following graph reflects the evolution of DESFA's revenue from Additional and Non-Regulated services during the period 2016-2020 (per year and per service) and the respective clients. The numbers are indicative of DESFA's growth in the non-regulated services provision, diversifying its revenues streams and reducing the Company's dependence from one single customer.



Evolution of non-regulated and non-transmission services trading

In the future, DESFA will continue to seek opportunities to develop its non-regulated activities with the aim of increasing their profitability through economies of scale, boost its brand reputation, strengthen DESFA’s competitiveness and embrace innovation in peripheral sectors, while considering the public and the energy sector benefits as a whole.

Other Important Commercial Activities

Day-to-day Commercial Operations

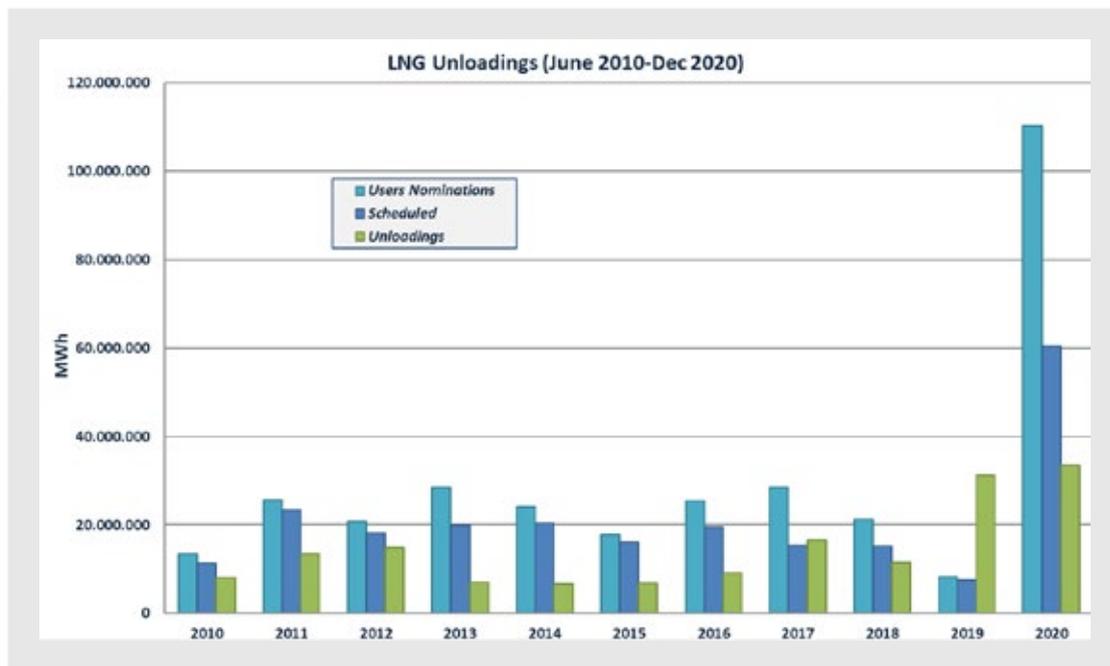
In 2020, DESFA actively supported and facilitated User activity. Specifically:

- Provided support, training, and clarifications to potential Users, especially from foreign countries, regarding the regulatory framework.
- Managed the users’ nominations/re-nominations, confirmed quantities, virtual trading points (VTP) transactions, indicative allocations, data-exchange with adjacent TSOs & DSOs via Electronic Information System (EIS).
- Continued to improve DESFA’s commercial capacity booking software to add new features and to ensure uninterrupted user access. Moreover, significant updates were made to incorporate all LNG services into the platform, as well as the regulatory changes introduced by the 5th and 6th revisions of the Network Code that both came in effect in 2020.

Projects of Specific Interest

DESFA's Commercial Activities also engaged in several projects of specific interest involving the following:

- Due to huge increase of the market's interest for LNG unloading in 2020, the previously established method of annual allocation of LNG unloading slots (first come first served) proved inefficient.



Evolution of LNG Unloadings

To address this need, DESFA introduced and implemented an all-new regime for annual LNG scheduling, which foresees auctions to book not only LNG unloading slots for the year ahead, but also yearly regasification and transmission entry capacity (offered as a bundle). The first implementation of the new regime in November was very successful, resulting in allocation of 35 LNG unloading slots (29,5 TWh) for 2021.

- Introduced new capacity products and processes to resolve system bottlenecks, stemming from the introduction of the new TAP - DESFA interconnection point of Nea Mesimvria at the end of 2020. These were: a) capacity allocation via competing auctions between the Interconnection Point (IP) Nea Mesimvria and the Kipi Entry (Greek-Turkish border), to allow the market to allocate limited capacity from North to South in the most optimal way and b) offering of conditional (of type "bFZK", meaning Conditionally Freely Allocable Capacity) capacity for the Nea Mesimvria Interconnection Point, on top of the firm capacity already offered, to increase the total capacity available to the market, when specific flow conditions allow for it.

- Concluded Interconnection Agreement with TAP AG, determining the business rules for the TAP – DESFA interconnection point of Nea Mesimvria. Also, made progress in drafting the Interconnection Agreement with ICGB for the (future) IGB – DESFA interconnection point of Komotini.
- Completed integration with market leader PRISMA capacity booking platform, to offer, jointly with TAP AG, capacity products at the new TAP – DESFA interconnection point of Nea Mesimvria.
- Drafted a commercial arrangement scheme to supply areas in the region of West Macedonia with natural gas using the TAP pipeline as a virtual expansion of the NNGTS, serving as an interim solution until the physical expansion of the NNGTS towards the region. The proposal is currently evaluated by TAP AG and RAE.
- Presented to the Regulator DESFA's capability and willingness to undertake the important role of the Forecasting Party for the NNGTS, meaning the entity that will be responsible on a daily basis to provide Network Users with an accurate forecast of their inputs and offtakes, to help them better balance their portfolios. RAE accepted in 2020 DESFA's proposal on the information model to be used, and in early 2021 assigned also the role of Forecasting Party to DESFA, with a timeframe of 18 months for implementation.

Connection fees

DESFA collects connection fees in accordance with Articles 5 and 5A of the Tariff Regulation for projects upon request of Users to connect their facilities with the Transmission System. These fees correspond to the cost of relevant projects, which are not included in the RAB.

Financial revenues

DESFA has additional revenues from the management of its cash reserves.

This management is carried out according to a procedure established by decision of the Board of Directors of the Company (Regulation for Managing Reserves - decision of the Board of Directors 387/03/16.04.2019).

Operation and Maintenance of the Liquefied Natural Gas (LNG) Terminal Station of Al Zour, Kuwait

Kuwait Integrated Petroleum Industries Company (KIPIC) is a subsidiary of Kuwait Petroleum Company (KPC). Among other facilities, KIPIC owns the Liquefied Natural Gas (LNG) Terminal Station of Al Zour, Kuwait (the Terminal), which consists of eight (8) LNG tanks of 223,000 m³ each, thus having a total capacity of 1,784 million m³.

In August 2020, (following its shortlisting, as a preselected candidate back in 2018), DESFA submitted its offer for the project of Operation and Maintenance of the LNG Terminal Station in Al Zour. An award notice was announced on October 20th, 2020 and the Contract was finally signed by DESFA and KIPIC on December 17th, 2020.

DESFA's participation in this project is consistent to its strategy to expand internationally, as it brings significant benefits, involving capacity building, overall technical/operational experience, as well as substantial economic benefits.

“South Kavala” Natural Gas Reservoir.

DESFA together with GEK TERNA established the DESFA - GEK TERNA Consortium (51%-49%), with DESFA being the Consortium's Leader and in October 2020 submitted to the Hellenic Republic Asset Development Fund (HRADF) a joint Expression of Interest for the award of a Concession Agreement for the Use, Development and Operation of an Underground Storage in the “South Kavala” Natural Gas Reservoir.

South Kavala is an almost depleted, offshore gas field, producing gas since 1981, covering a 5 km² area and sited 25 km south of Kavala city in Northern Greece. The reservoir initially held gas of c.1 bn Nm³ with remaining levels standing at c. 100 mn Nm³, while current estimates call for storage capacity of up to 530 mn Nm³ of working gas with a maximum of two cycles per annum. This opportunity is consistent with DESFA's strategy to further enhance the security of supply of the regional gas infrastructure, as it is the only long-term gas storage facility in Greece and one of the two in the Balkan region, the UGS will play a critical role in the country's security of supply planning, while it facilitates new possibilities for efficient natural gas trading with regards to both existing and new market participants.

The Alexandroupolis FSRU

In 2020, DESFA strategically decided to join the Alexandroupolis project developed by Gastrade, purchasing the 20% of its stakes.

The project comprises:

- Floating Storage Regasification Unit (FSRU) with end manifold (PLEM), on the seabed, where the gas transmission pipeline is connected.
- Mooring system (spread or turret).
- Subsea and an onshore pipeline (24 km subsea and a 4km onshore with Nominal diameter of up to 30”).
- The FSRU will be stationed in the sea of Thrace, approximately 17.6 km SW of the town of Alexandroupolis in NE Greece, at an offshore distance of approximately 10 km from the nearest shore.

Alexandroupolis FSRU complements the Revithoussa LNG Terminal. Being located very close to the IGB entry point in Komotini, it will have unconstrained access to exports to Bulgaria and to the Balkan region, although with limited access to the Greek market, due to the bottlenecks in the system.

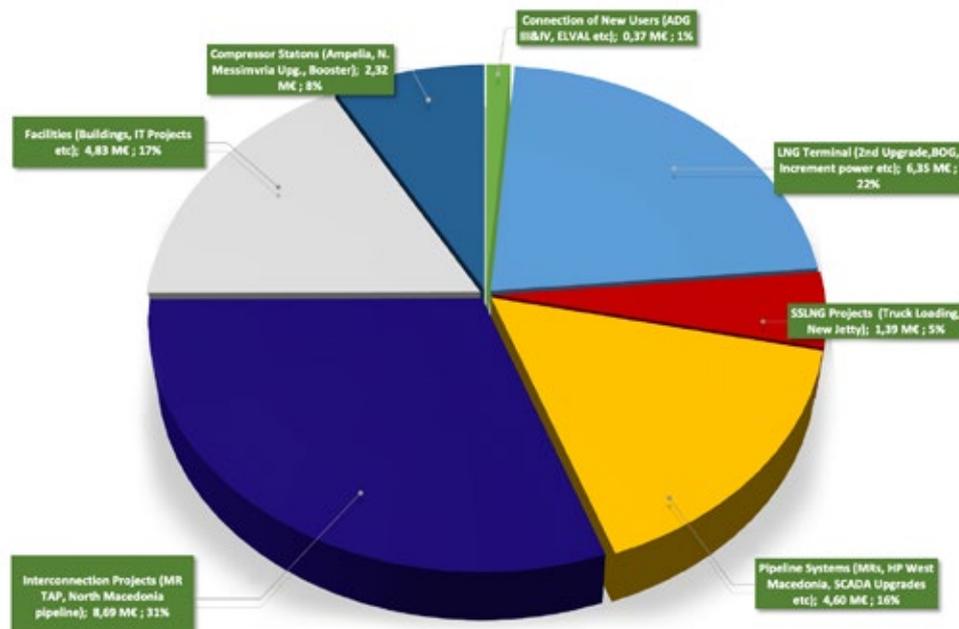
It will contribute, also, to the supply diversification and energy security in the Balkan region, particularly in Bulgaria.

The transaction completion is subject to the usual competition authorities' clearance.



THE DEVELOPMENT OF THE NETWORK

In 2020, DESFA made notable investments. The graph below demonstrates the distribution of payments in 2020 per category of project.



CAPEX Payments Distribution per category of projects in 2020 (not included internal cost)

The most important project completed in 2020 was the hand-over of the M/R Station in N. Mesimvria for the Connection of NNGTS to TAP. The project concerns the construction, installation and commissioning of an M/R Station 93/66,4 bar, with a nominal flow design of 10 mil. Nm³/ day and the construction of a pipeline 93 bar 0,5-1,5 Km for the interconnection with TAP and its goal is to provide the uni-directional flow from TAP to NNGTS. With the M/R station, the uni-directional flow from TAP to NNGTS is secured (1st phase of the project). In the future, a compressor station will be installed, enabling full bi-directional flow in the interconnection. The project was ready for commercial operation on December 21st, 2020.

The operation of TAP has significant benefits for the internal market and the national economy, while it will enhance the flexibility of the NNGTS and the security of supply as the gates of the National Natural Gas System become five (5). Due to its extremely high significance, TAP is considered a Project of Common Interest (PCI) for the European Union.

The total budget for the project was 12 million€ and was included in the PCI list. The FEED study was co-financed by Connecting Europe Facility (CEF), while the construction of the project was co-financed with 59% from PA 2014-2020. Payments for the project reached 90.7% of the total budget until end of 2020.

Another important project is the “Upgrade of Nea Mesimvria compressor station”, which concerns the implementation of an additional third compression unit, in order to ensure the hydraulic stability of the transmission system, when TAP is connected to NNGTS. The project has a budget of 17.4 million and is considered necessary, since TAP pipeline is scheduled to be connected to NNGTS upstream, as well as downstream the existing compressor station in Nea Mesimvria. The additional (third) turbine driven compressor, including a third gas inlet filter, a third gas air cooler, a third compressor building and utilities upgrade will be installed, so as the operating configuration will become 2x50% duty/1x50% standby configuration (two operating and one standby) with supplying capacity of the downstream network of 89.700 Nm³/h volume of gas. The project completed its EPC tender award phase in 2020 and has moved into construction phase. The compressor will withdraw the gas flow congestion from North to South and it will increase and secure the physical reverse flow (South to North) technical capacity, while it will improve the NNGS efficiency and ensure smooth operation. The project awaits approval of co-financing (grants) by the Ministry of Environment & Energy.

Another project that has completed its maturity phase and has moved to EPC tender publication is the LNG Terminal Boil-off Gas (BOG) Compressor Station. The aim of the project is to extract the excess of boil-off gas coming from BOG compressor, that cannot be sent to the recondenser, due to the zero send-out condition, thus avoiding flaring. DESFA’s environmental aspiration is to reduce methane emissions, also called a greenhouse gas, a primary component of natural gas, and this project helps to decrease LNG losses, thus reducing emissions. It will also eliminate the carbon dioxide emissions during the period of non-operation of the Terminal, providing additional environmental benefits, while the significant lower emissions of CO₂ will also result in lower costs for the purchase of the CO₂ emission rights.

Furthermore, DESFA is actively involved in the development of an LNG bunkering value chain that will enable the introduction of LNG as a marine fuel for the shipping industry in the eastern Mediterranean, with significant environmental benefits for the shipping industry. This is accomplished by various actions under Poseidon Med II, a co-funded program by the Connecting Europe Facility (CEF) of the European Union, with DESFA being the Technical Coordinator, participating in dissemination actions to the stakeholders of the market, executing studies for new Small Scale LNG (ssLNG) Infrastructure at Heraklion, Patras and Igoumenitsa Port, etc. This EU program is part of the necessary steps to be taken for the adoption of LNG as a marine fuel in the Eastern Mediterranean, making Greece a hub for the supply and distribution of LNG in Southeast Europe. The new jetty for small-scale LNG in Revithoussa will facilitate the substitution of oil with LNG in marine transport, it will lead to the supply of new areas with gas (coastal areas/islands), and it will contribute to the opening of the ssLNG market (e.g., bunkering, offshore consumer, supply of satellite ssLNG installation), since it constitutes the first ssLNG refueling point for the local and regional market. The project has completed its maturity phase and the EPC tender was published at the end of 2020.

The proximity to the port of Piraeus, which is the largest short shipping port of the Mediterranean and an important port for container trade, makes it the appropriate choice for Greece to comply with the Directive of European Union on the deployment of alternative fuels infrastructure.

In this context, DESFA implements another significant project, the installation of a truck loading station in Revithoussa Island. The station will have one loading bay for 50 m³ trucks with a loading capacity of 100 m³/h. It will also include provision for a future second bay. It is estimated to load progressively up to 8-12 trucks per day, maximum 2 trucks on site at the same time. The project has started its construction phase in 2020 and is co-financed by PA 2014-2020 and Poseidon Med II. The project aims to increase gas penetration to the markets of Greece, to supply of off grid customers and promote the use of LNG as fuel for the heavy-duty transport sector, where the transmission system is not yet developed, and to further develop of LNG as alternative fuel in maritime transport.

DESFA's Ten Year Development Plan 2021- 2030 was submitted for approval in 2020 (and approved by RAE in January 2021), RAE Decision 116/2021) including 54 projects, for a total capex expenditures in excess of 500mn€. DESFA proposed numerous projects that will upgrade the available network infrastructure of the NNGS. Some of the projects that are included in the three-year Development period are the high pressure pipeline to West Macedonia, the high pressure pipeline to Patras, the projects for the interconnection with the NNGS, such as the connection with the FSRU of Alexandroupolis and with the FSRU of Dioryga Gas, the projects that concern the connection of users, such as ADG and TERNA and projects that will upgrade and improve the existing infrastructure, such as the upgrade of SCADA, the upgrade of physical security, the replacement of metering stations and the improvement of metering accuracy.

The Development projects also include the construction of new M/Rs that will lead to the expansion of NNGS to new areas or markets and will provide access to natural gas to many urban and commercial users.

Development projects progressed despite the pandemic as DESFA started early on to address the issue, adapting the Emergency Response Plan and preparing detailed measures, to set the Company's readiness. Almost 100% of the workforce is telecommuting and the management of projects has progressed smoothly without any difficulties. The construction sites have not closed during the pandemic and all measures of protection have been followed, so there were no positive cases on site among the personnel of DESFA and the contractors. Despite the difficult circumstances, the projects continued as planned without any obstacles and there were no delays due to the pandemic.

MAIN RISKS, UNCERTAINTIES AND OPPORTUNITIES

Enterprise Risk Management Framework

DESFA, in line with the international best practices, has set up the Enterprise Risk Management (ERM) Unit, in order to manage the corporate risks.

The ERM Unit has developed an Enterprise Risk Management system to support management in its strategic decisions and empower the organization with the necessary tools, so that it can adequately identify and mitigate potential risks.

DESFA's ERM System is based on ISO 31000:2009 "Risk Management - Principles and Guidelines", according to which Risk Management in an organization should create and protect value and be part of all processes.

In compliance with corporate governance international practices and aiming to provide the framework on how to manage risks at all levels, "DESFA's Risk Management Policy-2nd edition" and "Risk Management Procedure-2nd edition" are in force as a governance structure, covering all DESFA's Departments, defining functions, and providing guidance for the roles and responsibilities in and among Company's coordinators.

Furthermore, for the effective implementation of the Risk Management Policy, DESFA has established within the Company's structure a Risk Management Committee, chaired by the CEO. Members of the Committee are the Division Directors and the Managers of organizational units addressed directly to the CEO. Its main role is to set risk appetite and risk tolerance limits, to review, coordinate and supervise the risk management process applied throughout DESFA's activities.

Following the external inspection of DESFA's Management Systems, the Risk Management Department is certified according to ISO 9001: 2015. The provision of resources for the in-depth register and management of Company's risks (committee designation for risk management, designation of business owners per site, risk management policy) were marked on the findings of the relevant Certificate.

Furthermore, DESFA has instituted an Internal Audit (IA) Unit with the purpose to provide independent, objective assurance and support, designed to add value and help the organization achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

In 2020, the Internal Audit activities were carried out by ensuring that the conditions of independence and autonomy are preserved, as well as the due professional diligence, objectivity, and competence, according to the International Standards for the Professional Implementation of Internal Audit (IIA Standards) and the IIA Code of Ethics.

More specifically, IA activities included the preparation of the proposed Audit Plan, based on the main corporate risks carried out by the ERM unit, and the execution of the Audit Plan, composed of seven (7) audits, approved by the Board of Directors, following the favorable opinion of DESFA's Audit Committee.

Risks related to Suppliers and the rules of cooperation between them

The Company's key suppliers are from the European market. The cooperation rules are defined by bilateral agreements and are in line with the regulatory framework applicable to DESFA. There are no overdue payments to the Suppliers (except for payments that are under dispute) or any breaches in relation to the contracts signed.

There are also no Suppliers whose termination of cooperation would jeopardize the operation of the Company and the Company maintains an adequate stock of materials for cases of temporary delays by the Suppliers.

Safety of stock

Through insurance contracts DESFA has minimized the risk and/or potential damage in cases of gas stock loss, due to natural disasters or other causes (terrorist acts, unintended actions by third parties).

FUTURE PROSPECTS AND HOW THEY ARE AFFECTED BY THE EXISTING REGULATORY FRAMEWORK

Regulatory developments

DESFA's operation is highly correlated with the Regulatory Authority for Energy (RAE), as approximately 90% of its activities are regulated through RAE's Decisions.

Following RAE's Decision (540/2019) in mid-2019, which approved the key parameters of the regulatory framework of DESFA, pertaining to the tariffs and the required revenue for the period 2019-2022; 2020 was the first full year that new parameters and the requirements of the regulatory framework were successfully implemented. In addition, after extensive discussions with the Regulator, RAE approved in June 2020 all of DESFA's regulated expenses for 2019 and the resulting tariff revision for 2021. Further to that, in July 2020, DESFA issued for public consultation the draft Development Plan 2021-2030, including strategic projects for the development of the network and the expansion of the natural gas market in areas, where gas network does not exist currently, such as West Macedonia and Patras. DESFA, taking into consideration - where possible - the comments of the stakeholders in both public consultations (by RAE and DESFA), as well as some directions from RAE, submitted its updated proposal to RAE on 21.12.2020. RAE approved the Development Program 2021-2030 in January 2021.

On the 4Q 2019, DESFA submitted to RAE its proposal, dealing with:

- Amendments on the LNG Vessel Monthly Unloading Planning and optimization of short-term use of the terminal (anti-hoarding measures and UIOLI on storage space, LNG swaps procedure etc.), with urgent need of implementation due to the strong utilization of the Revithoussa LNG Terminal.
- The offer of Intraday Transmission and Regasification Capacity bookings.
- Amendments on balancing prices methodology.
- The relevant amendments on the Framework Agreements for Transmission and LNG Usage.

RAE approved the afore mentioned proposed amendments in May 2020.

In May 2020, DESFA submitted to RAE proposed amendments of the Gas Network Code, mainly dealing with:

- The offer of competing capacity and conditional capacity. The proposal was approved by RAE in July 2020 (5th revision of Network Code).

In January 2020, DESFA submitted to RAE a concept paper with its proposal for a complete redesign of the scheduling process for unloading of LNG cargoes to the Revithoussa LNG terminal. Key points of the proposal included:

- The introduction of standard LNG unloading slots.
- The bundling of regasification and entry transmission capacities.
- The allocation of unloading slots and the respective bundled capacity through auctions.
- A conversion mechanism allowing LNG Users to optimize the capacity booked through the slots.

Following a public consultation on the concept paper and a dedicated workshop with the LNG Users, DESFA submitted to RAE its formal proposal regarding the aforementioned points as well as the handling of the LNG Losses of the terminal, at the end of July 2020. After a final round of consultation, DESFA's proposal was approved by RAE in October 2020 and was successfully implemented in November 2020.

Market risk factors

The evolution of demand

2020 was an extraordinary year. The COVID-19 pandemic had a detrimental effect on the economy and the energy demand in most European countries and worldwide. Despite this, natural gas demand in Greece was increased compared to 2019, for the reasons explained below.

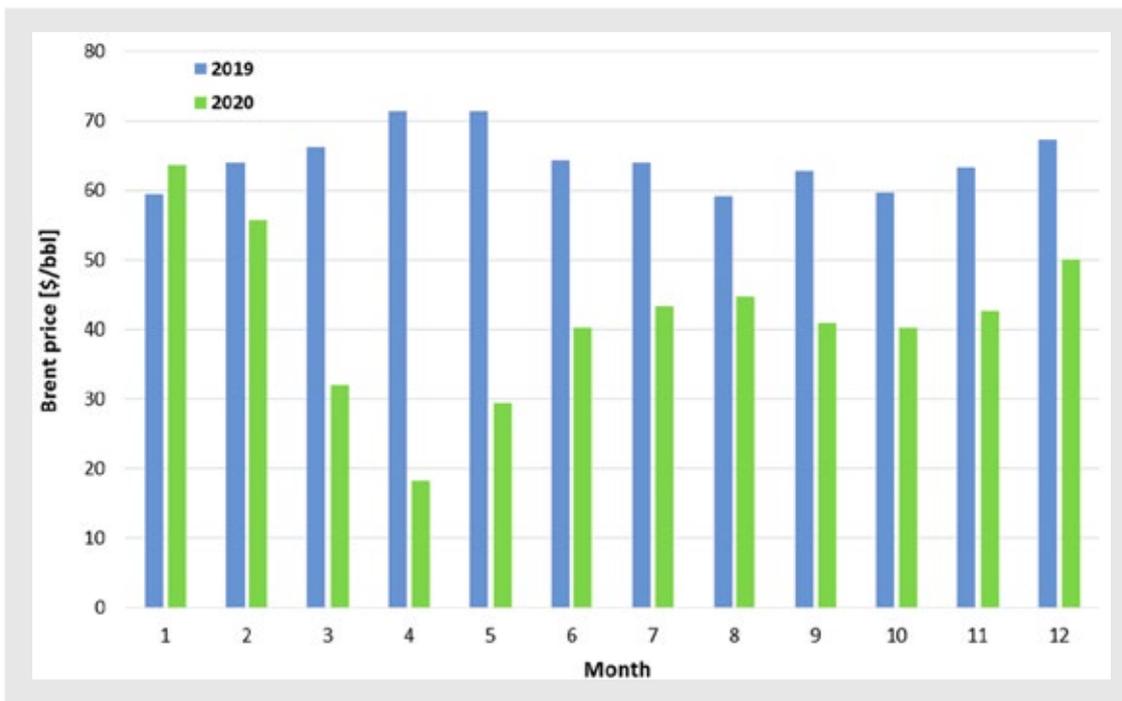
As far as the Greek electricity sector is concerned, the domestic demand for electricity in 2020 was considerably reduced (by 4%) compared to 2019. On the contrary, gas consumption for power generation in 2020 was increased by 10% compared to 2019. This is because the dispatch of gas power plants is based on a merit order system that is strongly driven by the relative fuel and CO₂ prices. During the second half of 2020, the low LNG and pipeline gas prices in combination with high CO₂ prices led to a merit order where the base load demand of the system was served by gas units throughout the year (and not lignite-fired plants, as was largely the case in the past), leading to the aforementioned substantial increase in gas consumption for power generation.

Fuel prices

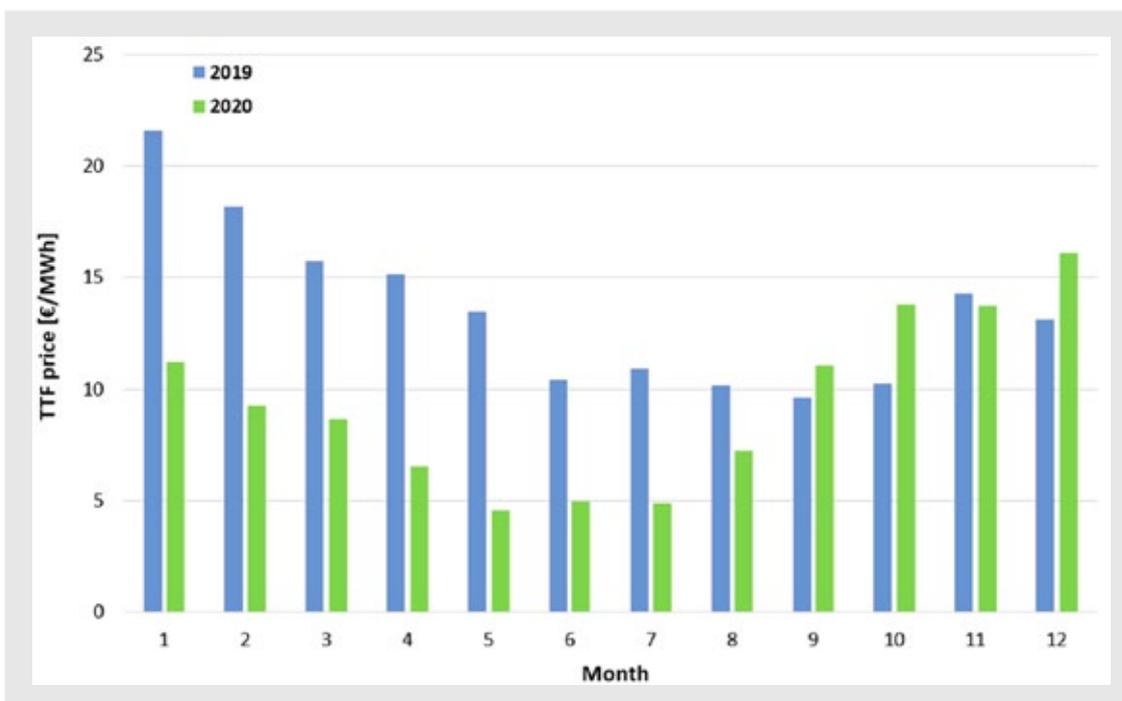
Up to the near past, natural gas prices and crude oil prices were highly correlated, particularly in the context of long-term supply contracts. To that end, DESFA revenues were affected in an inversely proportional way to the price of crude oil. A sharp increase in oil prices would lead to higher gas prices and a loss of gas competitiveness, particularly in the power sector in comparison to lignite and consequently to a reduction in demand for transported gas quantities.

Nevertheless, in recent years, the correlation between natural gas and Brent is decreasing in many long-term contracts, while short-term contracts are increasing in share. As a result, natural gas prices (pipeline and -increasingly- LNG) are more and more correlated with hub prices (TTF prices in EU and Henry Hub prices in USA). In addition, gas prices are also affected by the competition between LNG sources and between LNG and pipeline gas.

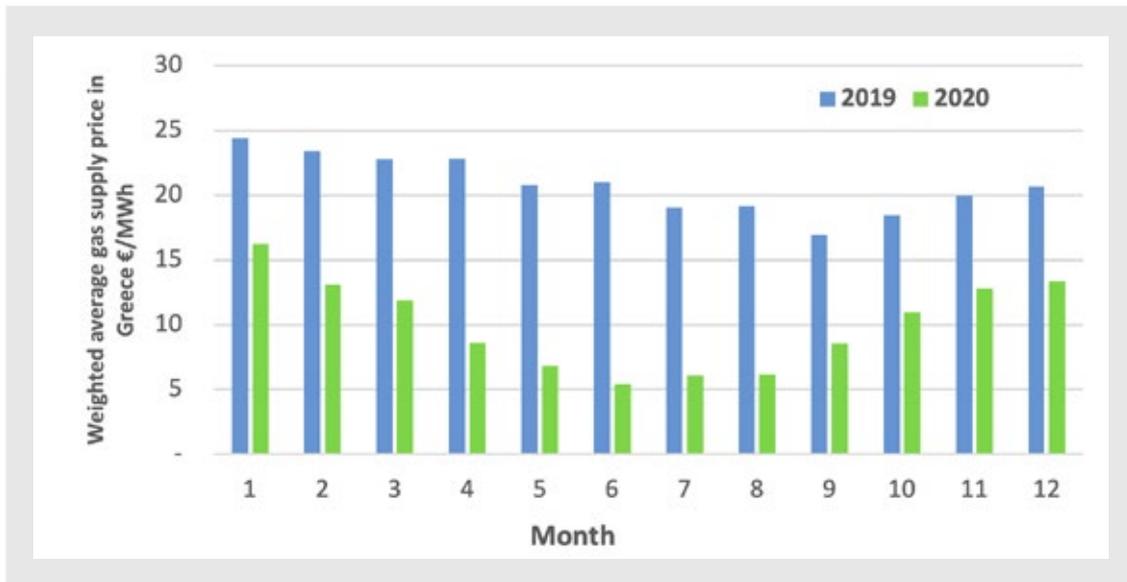
The high fluctuation of fuel prices observed in year 2020 and the overall decrease in prices compared to 2019 levels, are presented in the following graphs.



Monthly average Brent prices during the last two years
 Source: Europe Brent Spot Price FOB (Dollars per Barrel) (eia.gov)



Monthly average TTF prices during the last two years
 Source: Spot market data | Pownert



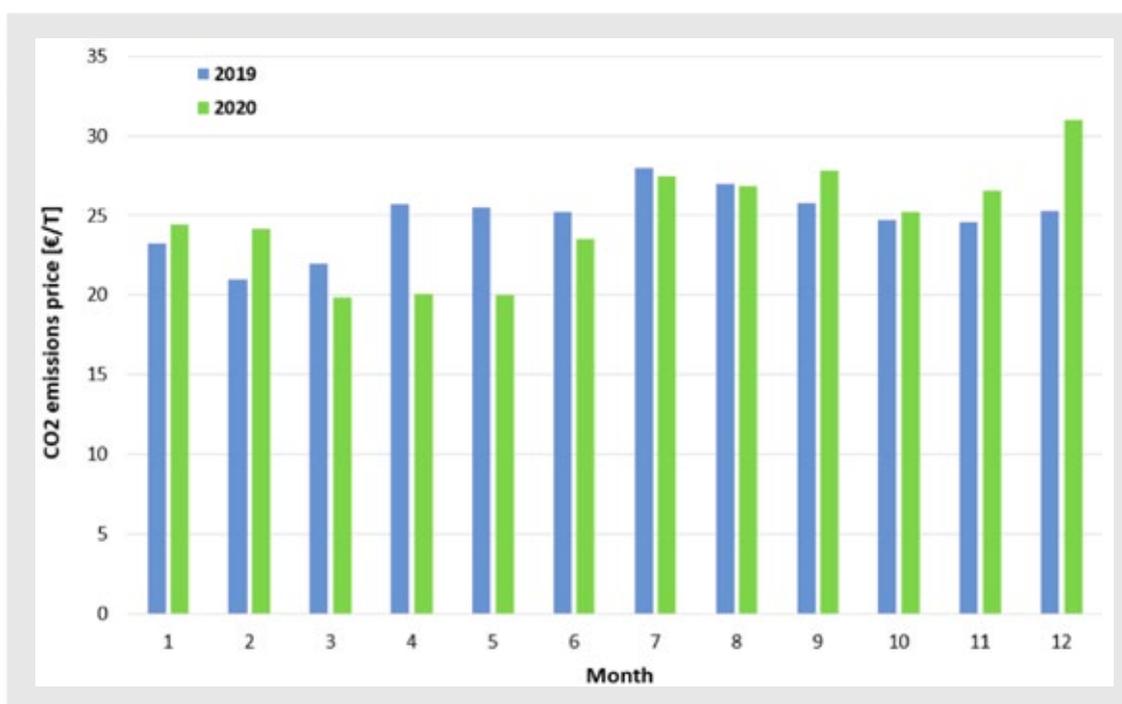
Average gas supply price in Greece during the last two years

Source: RAE

CO₂ prices

In general, CO₂ prices affect the demand for gas in a twofold way: High CO₂ prices enhance the competitiveness of gas against lignite and their effect is accentuated in an environment of high gas prices. However, when lignite comes out of the scene, high CO₂ prices affect negatively the competitiveness of gas against Renewable Energy Sources (RES). It is expected that the natural gas fueled power plants will be more competitive compared to the remaining lignite ones from now on, mainly due to the increasing trend in CO₂ prices that is expected into the foreseeable future.

As primary energy demand dropped nearly 4% due to the pandemic, what was relatively affected was the emissions trend in 2020. Notably, the decrease in annual oil demand in year 2020 was the largest ever, mainly due to the drop in transport and aviation activity, accounting for a considerable decrease in CO₂ prices for the period March to May, with average monthly prices under 20 €/t CO₂, being the lowest of the last two years. However, that trend was reversed in Q2, presenting a yearly peak in December 2020 of 33,5 €/t CO₂.



Monthly average CO₂ emissions prices during the last two years

Source: <https://ember-climate.org/data/carbon-price-viewer/>

In terms of own CO₂ emissions, in order to manage the price fluctuation, DESFA has formulated a fixed CO₂ emission rights purchase policy to ensure acceptance by RAE of the relative costs.

Competition from RES and the fossil fuel phase-out plans:

This is recognized as a considerable risk for the natural gas in the long run. DESFA, after analysis of the energy demand taking into account the National Energy & Climate Plan, believes that gas will continue to be part of the energy balance of Greece and Europe in the foreseeable future, at least up to 2030. This is highly supported also from the government's announcement in September 2019 for the full decommissioning of all lignite plants until 2028.

The need for a switching to cleaner fuels will be covered in the short to medium term from natural gas. Further to that, especially transport and shipping sectors are expected to further increase natural gas demand. Therefore, the risk for the forthcoming years is not considered as significant, although de-carbonization policies are admittedly the main challenge in the long-run, which has to be dealt in with the development of adaptation policies, including investments in the network that will ensure the network ability to transport low carbon and decarbonized gases, such as bio methane, synthetic methane and hydrogen in blended or pure form.

Risk of dependence on a limited number of Users

The risk of high dependence of the Company's revenues on a single customer was significantly reduced; 96% of the total regulated profit making revenues in 2020 came from twelve (12) network users, having a share greater than 1%. Together, the top two network users in terms of revenue contribution represented 54% of the said revenues (30% in 2020 against 32% in 2019 for the top contributing network user and 24% in 2020 against 25% in 2019 for the 2nd most contributing network user).

In general, the market risk is not borne by DESFA in accordance with the Tariff Regulation, as there is a mechanism for adjustments and revisions of tariffs. Nevertheless, the existence of a natural gas market with upward prospects in Greece and the neighboring area (as foreseen in the Development Study 2020-2029 published on the DESFA website) ensures the stability of DESFA's operations and creates new investment opportunities. In 2020, the Regulator allowed temporary payment delay to some customers affected by the COVID situation. Through particular attention paid to debt ageing, DESFA managed to significantly reduce its exposure.

OTHER RISKS THAT ARE RELATED TO THE ACTIVITY OR INDUSTRY THAT THE COMPANY IS DEVELOPING.

Impact of COVID-19 on DESFA's business

The COVID-19 outbreak developed rapidly in 2020. In order to deal with the impact of these circumstances, the Company undertook to protect its employees, ensure the continuous smooth operation of the facilities, the smooth operation and development of the gas market and monitor the potential performance impact.

More specifically, regarding its staff, DESFA adapted the Company's Emergency Response Plan, prepared and implemented detailed measures in response to all official notifications. Communication throughout the company was immediately activated, with guidelines and updates, informing DESFA's employees about the official instructions regarding social distance, hygiene measures, home working, restrictions on personal movements, disinfectants, oximeters, special uniforms, oxygen support devices, etc.

Other measures included the implementation of three (3) support lines, a medical, a psychological and a QHSE hotline, testing suspect cases, controlled entry at facilities, isolation rooms, daily survey to track medical conditions, provision of masks and other relevant protective devices. DESFA, also, established a platform for all staff to learn remotely and continued the implementation of the Competency Management System remotely.

Regarding the continuous operation of the business, specific guidelines and measures were adopted for the employees working at the LNG terminal, dispatching center, compressor station and pipeline network premises and plants. After relevant evaluation and risk analysis of planned contractor activities, specific guidelines were issued to continue essential services in DESFA's premises.

During 2020, all essential operations were carried out, taking all the necessary measures to mitigate the risks. The preventive maintenance program of the critical equipment is under full execution and all the necessary corrective maintenance of the equipment is performed as usual. The patrolling activity has been enhanced, with more inspections per month in the pipeline and the above ground installations. Special provisions to reduce risk of contagion in vehicles were taken, including disinfections after use and separate vehicle per employee.

Additional measures included the arrangement of special procedures for the monitoring of shift personnel.

During the first Nation-wide lockdown, lodges were set up for the accommodation of employees to allow them to remain within the premises for at least one-week shift, in case of further worsening of the pandemic. These facilities operate under a "bubble" approach. No entry of non-tested personnel is allowed. Prior to shift change personnel takes a PCR test and once or twice a week rapid tests are performed.

During 2020, a total of 20 confirmed cases out of about 600 employees were recorded. A special contract tracing protocol was used in accordance with the relevant authorities.

Risk of the development of Macroeconomic Parameters

The COVID situation had an impact on the demand and on accounts payable. Thanks to above than anticipated exports, focused attention on debt ageing and regular stress testing of DESFA's business plan, COVID did not have material impact. Meanwhile, the Company monitors the developments closely and adjusts its operation and its planning depending on those developments.

It is also noted that the Tariff Regulation greatly mitigates the impact of any volume risk related to adverse developments in this area.

Financial risk

Interest rate risk: Interest rate risk arises from long-term and short-term borrowings. On 31.12.2020, the total sum of long- and short-term borrowings was fixed rate loans. Therefore, the Company does not face a cash flow interest rate risk.

Foreign exchange risk: In 2020, the Company did not face a currency risk, as substantially most of its assets and loan liabilities are denominated in Euros, while almost all transactions of the Company are also performed in Euros. As the company is progressively expanding its services outside the EU zone, policies are being developed to monitor the exposure.

Banking risk: Due to the large amount of deposits (EUR 163.8 million as of 31.12.2020 without the security of supply account), the Company is exposed to the credit risk vis-à-vis the financial institutions with which the deposits are held, specifically the risk of an eventual capital deficiency of banks, where the deposits are held. This risk is addressed by spreading deposits to all banking institutions that have completed their recapitalization and have an acceptable level of financial reliability (systemic banks).

Loan risk: The debt risk of the company is low. The Company's gearing ratio, i.e., the ratio of total loans to the sum of total loans and total equity, on 31.12.2020, was equal to 15.11% (compared to 16.76% in the end of 2019). Under the current regulatory framework, this ratio should not exceed 50% (par. 3 of Art. 6 of the Tariff Regulation).

Credit risk

The credit risk of the Company is small. The clients' payments are made to the Company on agreed credit terms of the corresponding invoices (from 10 to 20 working days in general). The Company's payments to suppliers are generally 45 days after the issuance of the respective invoice, except for the gas procurement for balancing purposes and the procurement of operational gas, which follow the respective deadlines similar to those that DESFA imposes to its clients. Generally, no problem occurs in the collection of the Company's receivables. A special exception to the rule is certain invoices of LAGIE and DEPA, which were disputed by the contractors and are under legal claim.

Liquidity Risk

The liquidity risk is kept at low levels through the availability of sufficient cash and credit limits. To ensure this there is a respective provision in the Tariff Regulation (par. 6 of article 4 of Tariff Regulation) and in the Regulation on Cash Reserves Administration Policy of the Company. The cash retained by DESFA exceed this requirement.

Regarding the handling of the Security of Supply Account, the Company, in cooperation with RAE, has introduced the appropriate safeguards to prevent any liquidity risk related to this activity.

Accident risk

Safety is DESFA's top priority. It is ensured by the adoption of strict safety standards when designing systems, by certifying the application of the specifications during construction by independent accredited certification companies and by the application of preventive inspection and maintenance protocols, as well as the continuous training and evaluation of competence of the operating staff.

DESFA has several measures in-place to decrease the risk of accidents, the most notable being:

- Application of certified managements system according to several International Standards such as ISO 9001, ISO 14001 and ISO 45001
- Continuous personnel training and awareness-raising actions.
- Application of a Competence Management System for all HSE activities and tasks
- Monitoring mechanisms such as:
 - Inspections and audits
 - Investigations and Root Cause Analysis (RCA) of findings
 - HSE Meetings
 - Continuous work supervision (PtW)
 - Tool-box-talks
 - Systematic recording and evaluation of non-conformities.
- HSE Presence is augmented with the support of the Safety Technicians and Occupational Physicians.
- Communication lines to submit ideas, proposals, opportunities for improvement and grievances.
- Communication mechanisms, such as HSE Reports, Lessons Learned, newsletters.
- Measures for the implementation of the SEVESSO III directive on the LNG Terminal.

QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Quality, Health, Safety and Environmental Management Systems

DESFA, based on Company policies and in line with the Code of Ethics, considers peoples' health, safety, environmental protection, public safety and quality of services as priority objectives for its sustainable development and is committed to their achievement by adopting and continuously improving a Quality, Health & Safety and Environmental Management System.

DESFA implements and is certified with the most recognizable management systems for Quality per ISO 9001 Environmental per ISO 14001 and Health & Safety per ISO 45001. Additionally, an accredited per ISO 17025 laboratory for the purpose of equipment certification and field measurements is in operation.

The implemented management systems are supported by the new QHSE Policy, compliant with the requirements and communicated to DESFA's stakeholders. In addition, there are in total more than 100 Manuals, Procedures, Work Instructions and Forms. All system documentation is handled electronically and supported by HSE Representatives in all facilities and a network of external partners like Occupational Physicians and Safety Technicians.

DESFA's QHSE Policy is based on the following principles:

- To manage activities in compliance with the laws, administrative and Company provisions, as well as with national and international best practices.
- To conduct and manage activities and elaborate and activate all the organizational and procedural solutions necessary, in order to prevent accidents, including the SEVESO directive requirements, emergency situations, injuries and occupational diseases.
- To optimize business processes in order to maintain the highest level of effectiveness and efficiency, respecting the health and safety of workers and with the utmost attention to the environment.
- To design, implement, manage and dispose of plants, buildings and activities, respecting the protection of health and safety of workers, the environment, and energy savings, and aligning with the best available and economically sustainable technologies.
- To manage the implementation of projects, timely, cost-effectively as well as qualitatively, in accordance with the NNGS Development Plan and in full compliance with the core principles of Project Management.
- To implement the sustainable use of natural resources, the prevention of pollution and the protection of ecosystems and biodiversity.

- To control and reduce the environmental impact of Company's operations, as well as the rational use of natural resources and energy and to implement operational and management actions to reduce greenhouse gas emissions, with a climate change mitigation approach.
- To manage waste in order to reduce waste production and promote waste recovery at the final destination.
- To perform controls, inspections and to ensure information, training, on-going consultation and raising of staff's, customers', suppliers', manufacturers', residents' and other key business partners' awareness for active and responsible participation in the implementation of the principles and the achievement of the objectives.
- To select and promote suppliers' development according to the principles of this policy, committing them to maintain consistent behavior.
- To guarantee, through appropriate procedures, managerial and organizational tools, the right of clients to access and use services.
- To perform audits to evaluate performances and review objectives and programs, as well as review the policy periodically to assess its effectiveness and take contingent measures.

QHSE Monitoring

The adequacy and effectiveness of the Integrated Management System is reviewed, and several checkpoints are set in order to monitor its performance. All facilities issue monthly QHSE Reports, while a group of auditors frequently visits worksites and relevant findings are monitored. Drills are scheduled and executed frequently and QHSE training is provided in competence-building framework. All the above are presented at the annual Management review, along with several Key Performance Indicators (KPIs), specifically selected for these processes.

Additionally, all facilities HSE Risk Assessments are frequently updated, especially for 2020 care was taken to include the pandemic, HSE committees participate actively on daily HSE issues, Occupational Physicians and Safety Technicians perform regular HSE visits, toolbox talks are performed daily.

Emissions Trading System

The Company participates in the European Greenhouse Gas Emissions Monitoring and Management System (ETS). For this purpose, the Company:

- Monitors daily the relative parameters for calculating CO₂ for each source stream and emission source. Submits to the relevant department of Ministry of Environment and Energy a Verified Emissions Report for each installation and a relative Declaration of Activity Data. It also provides an Improvement Report for each installation. Liaises frequently with the Competent Authority and the Independent Verification Body with a view to adopting the new legislative requirements.
- Is obliged to submit every year to the European Emission Registry CO₂ allowances equal to the previous year's emissions.
- Since 2010, the LNG Terminal and the Compressor Unit in New Mesimvria undergo Annual Emissions Verification Inspections by the Independent TÜV AUSTRIA HELLAS Verification Body. In all these years, no findings (observations or noncompliance) that affect the accuracy and reliability of the calculated emissions were reported.
- Since 2010, the LNG Terminal and the Compressor Unit in New Mesimvria are classified in the European Emissions Register, in compliance class A, meaning full compliance with the requirements of the relevant European legislation.
- Continuously improves the emission calculation methodology with a view to a more accurate approach to real emissions.

Carbon Footprint

DESFA issues a Carbon Footprint Report for ten (10) consecutive years, covering data and consumption of the previous year and presenting the total greenhouse gas (GHG) emissions, caused directly and indirectly by the organization expressed as carbon dioxide equivalent tones. The Carbon Footprint Report agrees with the Greenhouse Gas Protocol (GHG) as an internationally accepted Greenhouse Gas calculation methodology and compatible with other international calculation standards, such as ISO 14064: 2018, allowing immediate integration of the results in the National and International Greenhouse Gas Registers.

DESFA is committed to the carbon footprint reduction and has set specific goals in this direction including the development of an action plan for achieving NET ZERO.

Awards

DESFA's QHSE performance is of the highest standards in Greece. This is showcased by its participation in relevant Competitions. Since 2013, DESFA has received more than 30 Awards for its performance and innovation by Health, Safety and Environmental stakeholders in the following categories: Energy Sector, Emissions, Awareness, Preparedness, Personnel Participation, Competency Management, Waste Management etc.

EMPLOYMENT ISSUES

2020 was a key milestone year for the change management of the organization not only in regards to the business transformation of the company, but human resources management specifically. All HR initiatives - including the completion of the internalization process, the new Organization, the e - learning platform and the implementation of the new DESFA portal - have been designed and implemented as per the initial transformation plan created in 2019. DESFA is capitalizing on the experience of its international shareholders through exchange of knowledge, training methods and practices and participation in dedicated HR workshops among other affiliate companies.

Insourcing Process

The Human Resources Division completed within 2020 the insourcing of 233 Third Party personnel on-time and on-budget, according to the agreement with RAE and the Unions, securing employee relations, an initiative which started in 2019.

Working intensively notwithstanding the difficulties caused by the Covid-19 situation, DESFA has managed to design and implement Third Party personnel assessment centers in order to define the 233 Third Party employees who would cover the identified critical positions of the company upon the agreement with RAE; 37 employed in November 2019 and 196 employed on July 1st, 2020. As part of the hiring process of the 233 Third Party employees, the Human Resources Division established contracts for all new hires in accordance with the current CLA. More specifically, from January to June 2020, numerous assessment centers for a total of 302 participants have been implemented with third party employees participating in the assessment centers, 50% of which were implemented in person and 50% remotely due to COVID-19 circumstances. The implementation of the aforementioned initiative actually resulted into the delivery of the assessment for approximately half of the Company's employees' base to be used as input for future development and performance management initiatives for DESFA's personnel.

DESFA's reorganization

An end-to-end reorganization has been established followed by the release of necessary organizational announcements.

As part of the ongoing transformation, a new organizational structure has been defined in alignment with the business requirements, desired reporting and decision-making flexibility, empowering the Company to deliver the strategic and transformational targets depicted in the Business Plan. Following the completion of the internalization process, the detailed discussions around the restructuring of the organization design of the Company provided the platform to evaluate and recognize talent. The Organization has developed a solid Management base, fully competitive to lead DESFA in the Energy transition era of the Greek energy sector, making sure that the Company plays a leading role.

E-learning

On the occasion of the coronavirus pandemic, the continuous lockdown and having already evaluated the benefits of e-learning flexibility and time management, DESFA has turned its attention to e-learning platform options ensuring the uninterrupted provision of training.

Based on the aforementioned developmental rationale, the Human Resources Division has launched the "LearnfromHome" platform, providing the ability to all personnel for distance learning, with selected educational courses and programs offered for continuous development (more than 100 up to date) at five (5) thematic sections; Business Training, Technical Training, Foreign Languages and MS Office skills and General/Leisure. The content of the platform is periodically updated (10 renewals up to now) with additional courses/options to meet training needs during this period. It also includes a section of entertainment for the entire family. In addition, language courses have been offered to all employees via e - platform based on business needs.

DesfaTUBE

Finally, another key change management initiative has been the design and development of DESFA's portal implementation focusing on the continuous improvement of the employee experience via enhanced content and functionalities (DesfaTUBE).

DesfaTUBE is considered among the Company's initiatives to the dynamic changes that take place in the workplace, meeting a range of needs related to the modern requirements of internal communication, organizational culture, team collaboration and knowledge management. It has been designed with a one-stop shop approach thus it is a daily tool easy, functional and user-friendly available to all employees aiming to facilitate and accelerate their daily tasks, reducing the administrative time regarding common and recurring activities. It is also part of the transformation initiatives of the Company and an additional tool reflecting the business maturity, as well as a communication vessel sharing common corporate goals, culture and reflecting DESFA's vision and values.

A policy of diversification and equal opportunities

By the year-end of 2020, the Company employed a total of 472 people, namely 1 CEO, 1 CFO, 14 Remunerated Advocates and 456 employees of different genders (i.e., Female: 29%), ages (i.e., AVG age: 49yo) and educational background (i.e., 40% university and 25% technical institute graduates), committing to the Company's policy to provide equal opportunities to employees regardless of gender, religion, or other aspects.

The Company's relations with its staff are excellent and there are no work problems. The successful signoff of the new CLA and ILR has been the outcome of collaborative effort between the Management and SEDESFA; in alignment with the requirements of the employees and the vision for the organization. The Management respects the aspirations of DESFA employees and is working towards the exploitation and development of their talents for the better of the organization. The dialogue between the two is open and productive, based on common enterprise values and objectives.

BUSINESS TRANSFORMATION

By end of January 2020, DEFSA had developed a 3-year transformation plan focusing on three key strategic transformation areas; the organization (i.e., business transformation), digital transformation and business development with the latter being led by the Strategy & Development Division. Identified initiatives belonged to standalone programs, which have been deployed in parallel, managed by the transformation agents with the central facilitation and monitoring of the PMO. According to the transformation plan, numerous key initiatives have been completed during 2020. The span of transformation initiatives concerns mainly the corporate services of the company i.e., finance, supply chain, HR, IT and cross-functionally, and selected core-business areas, such as commercial and asset management. More than twenty (20) transformation initiatives have been launched and delivered across the aforementioned areas with some of the major being described as follows:

Finance Transformation

Finance business process reengineering project was launched to facilitate the implementation of the new SAP system, SAP4Hana.

Finance Preparation for Sap4Hana implementation started back in March 2020. Despite COVID crisis and work-from-home period, collaboration between Advisors and DESFA Finance team ran smoothly and the business blueprint for the configuration of the SAP4Hana System Integration was developed and implemented according to the original timeline. The main goal of the finance transformation was to exploit effectively Sap4Hana system functionalities, in order to simplify current processes, rationalize master data and improve reporting. As a result, manual execution of tasks was abandoned, and paperwork was reduced, whilst the overall operating model of the Finance Division was aligned with best practices and supported also by the drafting of new internal policies.

Large-scale Supply Chain optimization program

A large-scale Supply Chain optimization program has been launched within 2020, including multiple initiatives, the major part of which has been completed and others, which are still ongoing.

In a nutshell, to date, the Supply Chain Division has assessed DESFA's Supply Chain current processes by interviewing and identifying the Department's processes, identifying 63 areas of improvement and classified them by priority, effort and business impact. Moreover, a detailed spending analysis has been performed, analyzing DESFA's 3-Year spending considering key areas (i.e., Purchasing Groups, Vendors, Material Groups, etc.), restructuring the Material Group List, according to the industry's best practices, matching it with DESFA's old list, current and potential future needs. Additionally, the business blueprint for the configuration of the SAP4Hana System Integration was developed and implemented along with the development of new Procurement Procedures (i.e., Contract Management, Tendering & Agreement Award).

Internal Audit (IA) & Enterprise Risk Management (ERM) Re-engineering Project

In order to further ensure a structured, augmented approach to both ERM and IA, strengthen the related controls, and allow for adaptation of market best practices and leading trends (i.e., COSO ERM framework, ISO 31000), an IA-ERM Re-engineering Project was successfully launched with expected benefits including, but not limited to:

- Optimized support in risk monitoring and risk management.
- Increased accuracy and reliability of organizational performance data.
- Enhanced, data-informed decision-making.
- Identification of over- and under- controlled areas.
- Identification of any deviation from policies.
- Support in reshaping the organization to meet its future strategy.

Business Continuity Plan

At a corporate level, the design and development of Business Continuity Plan (BCP) have been delivered with the latter meeting the business requirements risen from the COVID crisis response plan of the Company.

More specifically, as per the business transformation plan 2020-2022, DESFA developed the BCP of the company to cover pre-defined disruptive incidents, while focusing on ICT Business Continuity and Disaster Recovery as part of the Digital Transformation Program. In order to meet BCP requirements, two BCP programs were launched, one focusing to the end-to-end business continuity and the other deep diving in the ICT process and systems. Project Mercury has been broken-down in three phases, with the first two - Business Continuity & Disaster Recovery Assessment and relevant remediation initiatives design - being developed and completed in 2020.

Digital Transformation

Finally, regarding the Digital transformation of the company, the IT Division has focused on five (5) key business areas as shown hereunder:

- **Managing the Business:** ERP implementation and more specifically the SAP S/4 Hana was implemented successfully adopting fully the new operating model designed in and by Business Transformation in the areas of Finance, Procurement and Project Monitoring;
- **Managing Assets:** In view of the new ways of managing its assets, such as Workforce Management, Mobility and Plant Maintenance in new Hana technology, in 2020 DESFA upgraded the Plant Maintenance System in SAP PM/4 Hana aiming to be ready for the adoption of those new operating improvements in 2021 with SAP PM, WFM and P2W implementation;
- **Managing Data and Continuity:** Cloud strategy, cybersecurity, IoT, critical apps hardening, disaster recovery and business continuity actions plans developed in 2020, providing to 2021 the baseline of the 1st year of implementation of a series of actions in a 2-year plan;
- **Customer Relationships & Communication:** In 2020, the internal portal with a completely new concept went live. It will be the basis for the development of an Enterprise Content Management System, which will be started expanding both in terms of business areas and functionalities for 2021 and 2022;
- **Enterprise Intelligence:** In 2020, the basis of Planning systems and Data Warehouse were developed under the SAP S/4 Hana system with the state-of-the-art adoption of Hana technology in a private cloud as well as the SAP BPC and BW enablement. Both the latter will be the enablers of the new Procurement Planning and Financial Planning procedures in 2021.

CORPORATE SOCIAL RESPONSIBILITY

The Company attaches great importance to the issues of Corporate Social Responsibility (CSR) and acts systematically to improve, not only the energy sector, but also to support Greek society, protect the environment and promote the principles of business excellence, creating value for all its social partners.

DESFA implements an integrated CSR Program that ensures cooperation with local communities, aligns with the Employees, promotes and celebrates Culture and reduces its Carbon Footprint.

In 2020, DESFA contributed significantly the Greek NHS and society and donated super-freezers, necessary for the maintenance and storage of vaccines against Covid-19 to the National Healthcare System, responding to the relevant appeal of the Greek Health Ministry. The super-freezers are the essential infrastructure for the implementation of the country's coronavirus vaccination program - a program critical to overcoming the health crisis and returning to economic and social normalcy. This initiative follows the plethora of social impact actions implemented by DESFA in 2020.

Specifically, DESFA has been mobilized since the beginning of the pandemic, making significant donations of necessary medical equipment to the Greek NHS and to non-governmental organizations that have been assisting the State in its effort to curb the pandemic and its social impact.

In particular, since the first wave of the pandemic, DESFA donated 167,000 protective and surgical masks to the Ministry of Health, while it also donated to the Hellenic Pasteur Institute a modern Thermo Scientific LSG Genetic Analyzer, PKG SEQSTUDIO SMARTST, which in addition to the genetic characterization of the new coronavirus SARS-CoV-2, is also used to determine the genetic synthesis of various other viruses.

Furthermore, DESFA in collaboration with the University of Crete and Athens Maker Space implemented webinars on the Introduction to the Methodology of Digital Construction, while it manufactured 350 protective masks with 3-D technology that were donated to hospitals in Attica, non-governmental organizations active in the field of healthcare, as well as to local authorities.

DESFA's social contribution, however, was not limited to donations related to fight the spread of Covid-19. In 2020, DESFA took important initiatives to support local communities, while it also supported the work of humanitarian organizations and educational institutions.

Through a series of actions, DESFA supported the local communities in different parts of the country, actively contributing to covering important local needs in the Municipalities of Salamina, Elefsina and the Community of Spathovouni, as well as in addressing challenges arising from natural disasters during the year in Municipalities of Megara and Farsala.

Furthermore, in the field of Culture, DESFA financed the production of the documentary “The Students of Umberto Eco”, a journey connecting Greece with neighboring Italy through the telling of a story about the Holocaust, with the storyline starting in Thessaloniki. In the field of Education, DESFA funded the creation of a digital anthology on the value of the forest by the University Research Institute of Applied Communication of the National & Kapodistrian University of Athens. In the field of sports, DESFA sponsored Iraklis Gefyras from Nea Mesimvria in Thessaloniki and Eirini Petroupolis - two small, but important teams for the life of local communities - as well as two big athletes, Olympian Sofia Bekatorou and the Broad Jump World Record Holder Stelios Malakopoulos, on their way to the 2021 Olympic Games.

DESFA also supported with donations the important humanitarian work of the Child’s Smile (To Hamogelo tou Paidiou) and the Children’s Village in Filiro, as well as the Holy Monastery of Doheiaro.



LEGAL FRAMEWORK

Business model summary

By Presidential Decree 33 (Government Gazette A' 31 / 20.02.2007) the Société Anonyme was established under the name "Hellenic Gas Transmission System Operator S.A.", whose purpose is the operation, maintenance, management, utilization and development of the National Natural Gas System (NNGS) and its interconnections, as defined in Article 68 of Law 4001/2011 (Government Gazette A' 179 / 22.08.11), in order for the NNGS to be cost-effective, technically sound and complete, and in order for the needs of the Users for natural gas to be served in a safe, adequate, reliable and economically efficient way.

The Company is active in the Transmission and LNG markets applying the EU Legislative Framework related to its activities (most important of which the Regulation (EC) 715/2009 of the European Parliament and the European Council on the conditions of access to the natural gas transmission networks and the secondary legislation deriving therefrom).

The Company's activities are regulated primarily by law 4001/2011, which transposed Directive 2009/73/EC of the European Parliament and the Council. Law 4001/2011 regulates, inter alia, the Company's activities of Transmission and Liquefaction and Gasification of Natural Gas, which are considered as activities of general interest. Said activities, with respect to Third Party Access to the Company's Transmission Network and LNG Terminal as well as the applicable Tariffs, are highly regulated and closely monitored by the Regulatory Authority for Energy (RAE).

Pursuant to the above legislation, the Company is a certified Transmission System Operator under the Ownership Unbundling model.

The Company's headquarters are in Attica, Halandri, 357-359 Messogion Avenue.

Corporate Governance

Following the amendment of the Articles of Association of the Company in 2019 in compliance with Law 4548/2018 for Societes Anonymes, a new Amendment took place on June 12, 2020, in the context of the reduction of the share capital of the company (General Assembly Decision of June 12, 2020).

At the end of 2020, an assessment of the operation of the Board of Directors, as well as of the Board Committees has been conducted and a report with the findings and recommendations was submitted to the company following which an action plan is adopted to integrate within 2021 best corporate practices for the BoD operation.

Compliance

In the context of the Business Transformation, in order to strengthen the Company's business ethics culture, the Compliance Department was established under Legal, Governance & Compliance Division (LEGOC) and delivered:

- the update of the Code of Ethics, aimed to develop a framework of shared values focused on Integrity, Business Ethics, Diversity & Inclusion, Zero Tolerance against any form of corruption, Sustainability;
- the design and implementation of a new Anticorruption Policy, in line with international best practices, in order to enhance the values mentioned above, make a clear statement regarding acceptable and prohibited behavior in the different activities and enable a proper risk management related to the corruption risks;
- the design and implementation of an effective Whistleblowing Policy, in order to detect illegal or irregular behaviors, while ensuring integrity of the facts, confidentiality, as well as protection of the reporting parties, which have been approved by DESFA's Board of Directors end of 2020.

Administration principles and internal management systems

The management of the Company provides direction, leadership and an appropriate environment for its operation to ensure that all its available resources are fully engaged in the achievement of its objectives. The Company's policies at the stages of its productive and operational activity focus on:

- The operational safety of the installations.
- Providing high quality services.
- Respecting for the environment.
- The successful delivery of the projects according to the NNGS Development Plan and the strategy of DESFA.
- Implementing procedures based on transparency and equal treatment of Users / Customers.
- Safeguarding the confidentiality of commercially sensitive and personal data.
- Avoiding all kinds of discrimination.
- Corporate Social Responsibility.

The Company has in place, "Regulations" and Processes, such as "Internal Labor Regulation", "Code of Ethics", "Organization Chart" and other.

DESFA's Certification

RAE by its Decision No. 1220/2018, as revised by its Decision No 460/2019, certified DESFA as an Ownership Unbundled TSO.

EXPECTED EVOLUTION OF THE COMPANY

While the company takes the measures required to ensure the safe operation despite the COVID-19, it continues to implement its strategy based on the three (3) pillars of Business Development, Business Transformation and IT Transformation.

In 2021, the Business Development activities will focus on the implementation of several key initiatives. This includes:

- Implementing the TYNDP21/30 key projects to reinforce the existing network, to reach new areas and to create new entry/exit capacities, to enable progressive phase out from coal in power generation and consolidate Greece as a South Eastern Hub for natural gas and LNG.
- Opening the ssLNG market in Greece: Truck loading & small vessels reloading services, together with strategic cooperation for the development of ssLNG in ports (Poseidon Med 2) and off-the-grid new customers.
- Under Ground Storage: participation to tender for development of UGS of South Kavala with GEK TERNA.
- Completing the acquisition of a 20% of FSRU Alexandroupolis, subject to the approval of the authorities and completion of the transaction's Conditions Precedent (CPs).
- Starting the Operation and Maintenance (O&M) contract in Kuwait (KIPIC project) and tendering for new services.
- Engaging with the stakeholders to further develop the role of gas infrastructure in the context of the energy transition. This includes the assessment of the role of hydrogen to decarbonize the energy sector.
- Establishing the company's road map in the green gases and hydrogen business.

In 2021, the business and IT transformation will focus on:

- Establishing the foundations for a new organization, introducing key principles and corporate procedures according to business needs and international standards.
- Streamlining business processes, increasing automation, digitalization and enhancing reporting capabilities, in order to increase operational effectiveness, risk optimization and control.
- Establishing initiatives for the optimization of the personnel mix, talent management and succession planning as an enabler for business continuity.
- Initiating the discussions with the Regulator regarding the new regulatory framework to define the new Incentive Base regulatory framework from 2023 and the treatment of non-regulated services.
- Optimizing the financial structure with new commercial loans/grants to cover needs of five (5) years capex plan and working capital.
- Renew the company's Environmental, Social, Governance (ESG) Strategy.

Information relating to the acquisition of shares

No “own shares” were acquired during the year 2020.

Branches of the Company

The Company does not have any branches.

Use of “financial instruments”

The main financial instruments used by the Company are cash, bank deposits, trade and other receivables and liabilities and bank loans.

With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are initially measured at the transaction price.

The Company holds no assets at fair value through other comprehensive income as of December 31st, 2020.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9. The Company recognizes the credit losses that are expected throughout the lifetime of trade receivables (expected lifetime losses).

For all other financial assets at amortized cost, the general approach is applied. These assets are considered to have low credit risk and any loss allowance is, therefore, limited to 12 months’ expected losses.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For the purpose of subsequent measurement, financial liabilities are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss.

Halandri, May

Under the mandate of the BoD

Dr. Yanos Michopoulos

Chairman of the BoD

Panagiotis Tambourlos

Member of the BoD





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