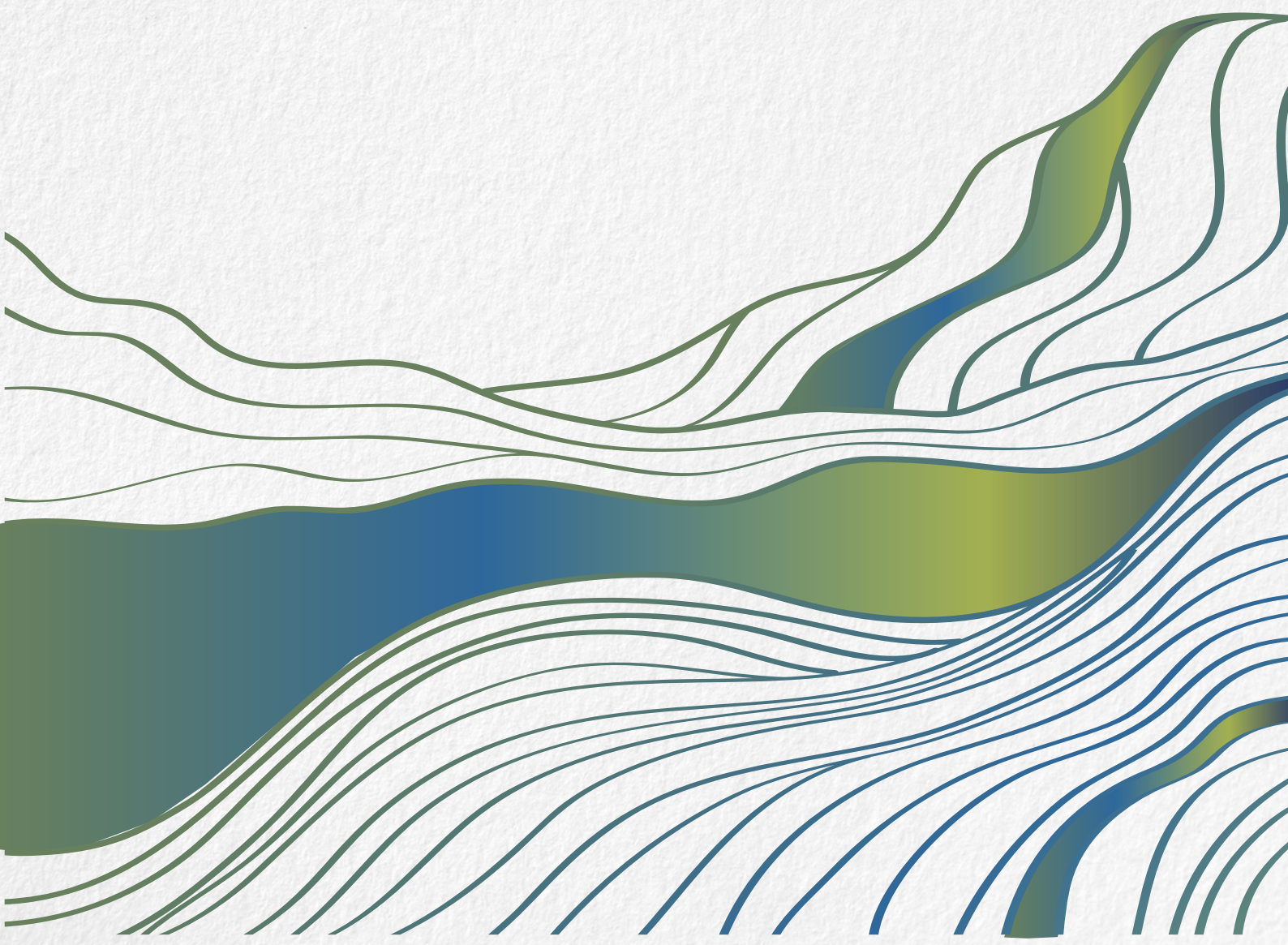


**ANNUAL REPORT
2021**



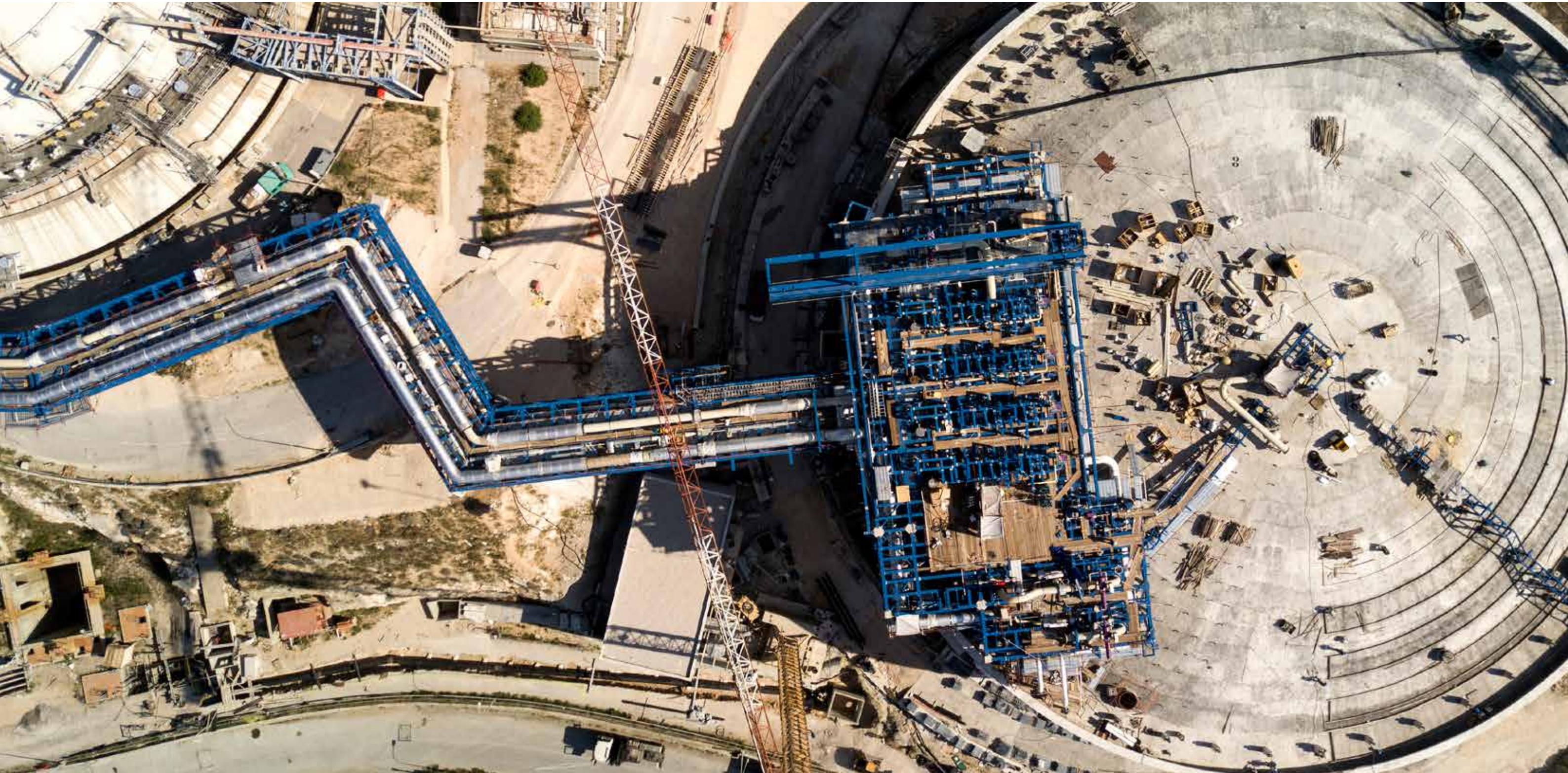
On the Yearly
Financial Statements of Year
1.1.2021-31.12.2021

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



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 31.12.2021, so as to inform you about the financial performance of the Company and request for your approval.





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



Dear Shareholders and Stakeholders,

2021 was yet another successful year for DESFA, the Hellenic Gas Transmission System Operator, in many respects amid very challenging external conditions.

Despite the COVID-19 pandemic, we achieved full continuity of our operations, while ensuring the health and safety of our staff and our sub-contractors. Health & Safety will remain our unconditional No 1 priority for 2022 as well and going forward into the future.

Our financial results were also well above approved budget, both in terms of Revenues as well as Profits After Tax.

During 2021, the Board took Final Investment Decisions (FIDs) for several milestone projects, such as the Compressor Station at Nea Messimvria and the West Macedonia pipeline, while we also approved a more ambitious 10-year Development Plan worth more than €800 million.

Another key milestone during 2021 was the BoD approval of our new Environmental, Social and Governance (ESG) strategy. The latter was developed in close partnership with a diverse range of stakeholders, such as staff, business partners, and the local communities where we operate. We also benchmarked our approach with leading European Energy and Infrastructure companies and aligned it with established international standards, such as the UN's Sustainable Development Goals and the EU Sustainable Finance Regulations.

Going forward, we will continue our efforts towards our vision of making DESFA “the enabler of a sustainable and clean energy future in Greece and the wider Southeast Mediterranean region”, working fully in line with our values of Safety, Protection of the Environment, Integrity, Responsibility, Collaboration and Pursuit of excellence.

Dr Yanos Michopoulos,
Chairman of the BoD



* NOTE: Dr. Yanos Michopoulos was Chair of the BoD until end of March 2022

MESSAGE FROM THE CEO

2

Dear Shareholders and Stakeholders,

2021 has been a very successful year for DESFA, during which we have not only ensured the full availability of our infrastructures and continuity of operations safeguarding the Health & Safety of our employees, contractors and sub-contractors and the local communities we interact with, but we have also laid down the foundation of the role of the Hellenic Gas Transmission System Operator in the future energy system of the country and of the South East Europe and clearly positioned DESFA as the “enabler of the energy transition”.

Our commitment to Health and Safety, and our Environment, Social and Governance responsibility has driven all the initiatives we have carried out in 2021 and we’ll continue to pursue in the future. In 2021, we have reduced our CO2 footprint below 61% of the previous five years average and got excellent results in terms of H&S on the workplace, with goal being and continue to be “zero accidents”. In 2021 DESFA has achieved the Gold Standard certification on Methane Emission of the OGMP 2.0. Program – which the company joined in 2020 – carried out by the United Nation Environmental Program.

During the last year DESFA, with the full support of the Board and it’s Shareholders, has developed its long term strategy toward the introduction of green and renewable gases in the country and EU energy mix, firmly positioning the company as a key player of the country energy transition, putting it in action through the participation to the large scale White Dragon IPCEI project as well as actively participated to the preparation of the National Greek Hydrogen Strategy. The company has continued its internal transformation with significant improvements in several key business functions, especially those related to digitalization, HR, process optimization, risk management, cybersecurity, and compliance and developed an integrated ESG strategy.

During the year, we have launched many critical projects included in the TYDP, the Nea Messimvria and Ambelia Compressor Stations and West Macedonia Pipeline, which will expand and strengthen the Greek Natural Gas System and support not only the decarbonization plans of the country but also the diversification of the supply sources and security of supply of the neighboring countries. In line with the company’s strategy, all new infrastructures are designed and built in order to ensure the progressive integration of the green gases, with West Macedonia being a landmark project for the region as the first fully hydrogen certified pipeline.

During 2021 we also developed a more ambitious 10-year Development Plan including more than €800 million of investments. To finance these projects, we signed a landmark bond loan facility with the 4 systemic Greek banks, as well as a corresponding loan by the European Investment Bank for the North Macedonia pipeline. We have also completed the acquisition of our 20% participation in the FSRU project in Alexandroupolis and (collectively with our partners) took the much-anticipated FID in January 2022, aiming to have the project completed by the end of 2023, thus enhancing our country’s and region security of supply and diversification of the entry points for our Natural Gas needs. Outside Greece, we undertook the operation and maintenance of the Al Zour LNGI terminal in Kuwait (adding more than 100 new staff members), a milestone international and non-regulated project in the evolution of DESFA.

Maria Rita Galli

Chief Executive Officer



DESFA PROFILE

3

DESFA is responsible for the operation, management, utilization and development of the Greek Natural Gas System and its interconnections, in a technically sound and economically efficient way, in order to best serve its Users with safety, reliability and adequacy.

Having been established as a trusted energy partner in Southeast Europe and beyond, DESFA, whose shareholders are, by 34%, the Greek State, and by 66%, Senfluga SA - a joint company of Snam, Enagás, Fluxys and Damco, contributes decisively to the security and diversification of supply of Greece and the wider region, while working to enable the transition to a more sustainable energy future.

Driven by the vision of safely and sustainably operating and developing a technologically advanced network of clean and reliable gas energy, DESFA implements high value-added projects for the upgrade, expansion, and interconnection of the Greek Natural Gas System, actively contributing to the smooth energy transition of the country. At the same time, DESFA facilitates the development of competition and effectively integrates new strategic gas infrastructure into its system, ensuring access of the Greek and Balkan market to new competitive sources of supply, and transforming Greece into an international energy and trading hub.

Methodically charting its path to net zero, beyond steadily reducing the environmental impact of its operation, DESFA increasingly invests in the development of new technical and operational capabilities to accelerate the transition to a cleaner energy tomorrow, through the development of green, renewable gases, and by ensuring that its system is constantly evolving to enable the new decarbonized energy routes.

On a consistent basis, DESFA also implements activities aimed at strengthening its positive environmental, social, and corporate governance footprint, loyal to its vision to be a model of business excellence and corporate responsibility in every aspect of its operation.

Vision

Our vision is to safely and sustainably operate and develop a technologically advanced network, which transmits and stores clean, reliable and affordable gas energy. We are leading the transition to the energy of tomorrow, investing in people, innovation, future-proof infrastructure, facilitating more sustainable energy alternatives and building our way to a zero-carbon future.

We place Greece at the core of energy developments, paving new energy ways and transforming the country into an international energy and trading hub of an interconnected, secure, and economically efficient European market, creating value for all our stakeholders, through an open, continuous, and transparent dialogue.

We are a role model of evolution and growth in the wider region, fostering a sustainable business model in regard to the environment, society and corporate governance. We are creating a new opportunity for the country, our people's growth, and the communities, where we operate.

Mission

We pursue our business activity as Greece's natural gas Transmission System Operator (TSO) and as a reliable energy partner in Southeast Europe and beyond, operating and developing the Greek Natural Gas System and its interconnections. We are the warranter that ensures the proper functioning of the energy supply system, enhancing competitiveness and extroversion and improving the quality of our lives.

Possessing extensive experience and a highly skilled workforce, we facilitate the development of competition in the Greek energy market, enabling the smooth integration of new infrastructures, contributing substantially to the diversification of gas supply sources and security of supply of Greece and the wider region, while serving our Users with safety, reliability, transparency and commercial innovation.

We work for the transition to a cleaner energy era, promoting the development of green, renewable gases and ensuring that our system is constantly evolving to enable the new decarbonized energy routes. We are building a diverse and inclusive organization that attracts talent, innovative ideas and develops the leaders of the future energy market.

Values

Integrity

- › In conducting its business, DESFA is inspired by and complies with the principles of loyalty, fairness, efficiency and an open market. We are guided by business ethics based on honesty, transparency and impartiality in all our business partnerships, having adopted a zero-tolerance approach to any form of corruption.
- › We ensure equal treatment and non-discrimination, and we foster a culture of integration and inclusiveness.
- › We undertake responsibility for supporting vulnerable groups and the local communities, in which we operate.
- › Our outmost priority is the Health and Safety of our Employees and our Network Users.
- › We guarantee the security of our infrastructures and act for the mitigation of operational risks in Greece and the wider Southeast European region.

Excellence & Leadership

- › We promote skill enhancement and personal accountability, in order to meet the needs of Users in a safe, agile, innovative and reliable way.
- › Our aim is for all our employees to be proud of the work they do, the Company they work for and be enabled not only to make the best use possible of their capabilities but also to excel themselves.
- › We foster a continuous improvement culture, through the empowerment of all our people to continuously seek opportunities for the enhancement of our operation and services.
- › We are nurturing the leaders of the future, with a deep commitment to creating vision, building a sense of purpose, motivating others and leading by example.
- › We constantly redefine the standard of excellence in every aspect of our business operation and culture, responding to the market's and society's needs.

Collaboration

- › We believe in the power of working together, building, supporting and encouraging collaboration across teams for the achievement of our shared objectives and the internal dissemination of knowledge, information and technical know-how.
- › We collaborate with other Operators, Users, Regulatory Authorities and Institutions, international partners, Universities, and other stakeholders within and outside Europe to share technical knowhow and best practices, fostering innovation and leading the way to energy transition.
- › We interconnect with local communities and organizations to generate benefits for the broader society.

Sustainability & Innovation

- › We operate in an environmentally sustainable manner, designed to promote the protection of natural resources, ensuring an environmentally safe operation and reducing emissions.
- › We are committed to incorporate Environmental, Social, and Governance (ESG) factors in our sustainable business model, focusing on those with a high impact on the climate and the environment, defining DESFA's path towards net zero emissions.
- › Technological and cultural innovation are core pillars of our strategy to pursue a sustainable energy system.

A. LEGAL FRAMEWORK & CORPORATE GOVERNANCE

Legal Framework

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).

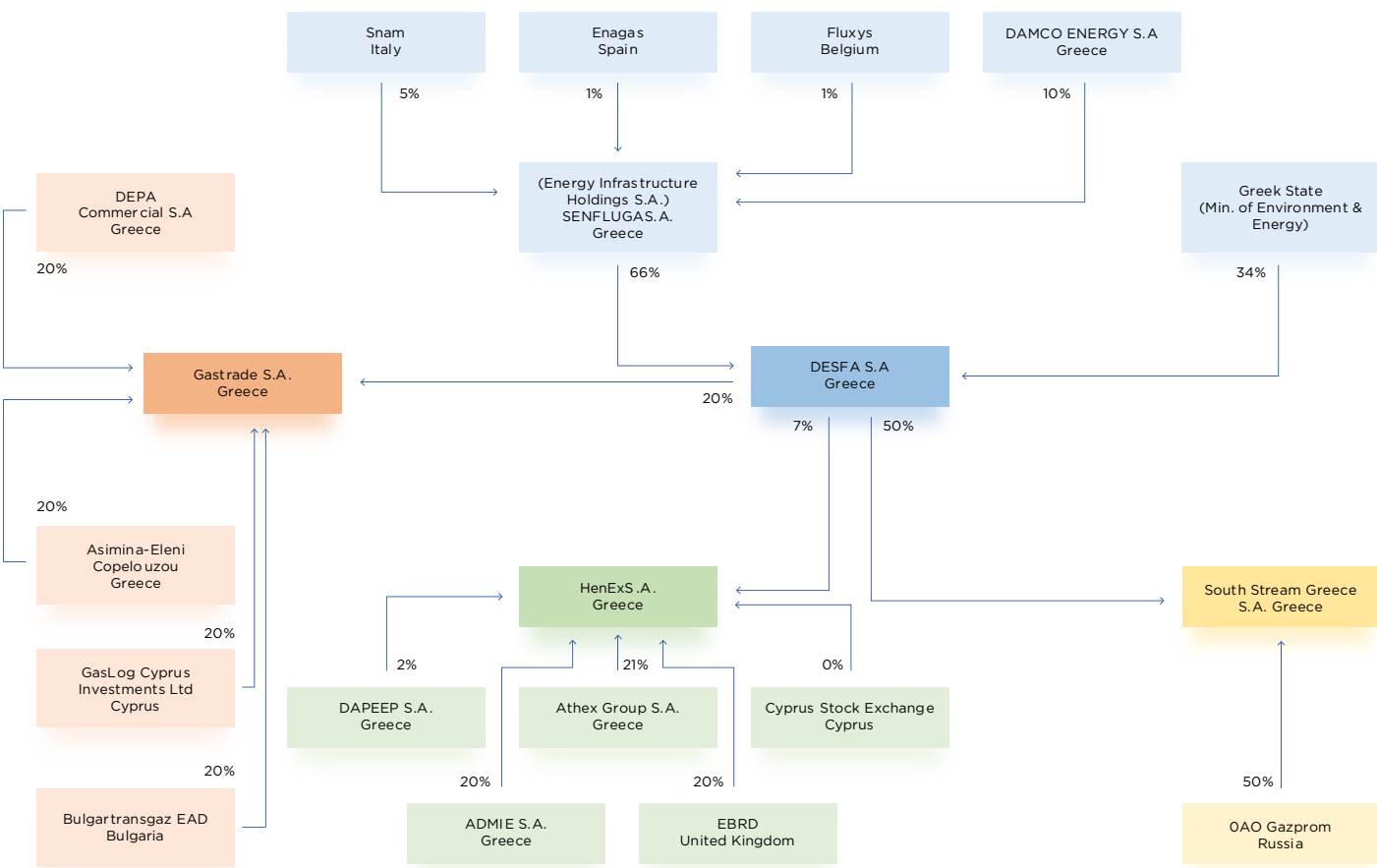
Pursuant to the above legislation, the Company is a certified Transmission System Operator under the Ownership Unbundling model.

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

Corporate Governance

Based on the findings and the actionable takeaways of the assessment of the operations of the Board of Directors as well as of the Board Committees, which took place during 2020, the Corporate Governance Code of the Company was developed on the basis of Greek and international best practices and the applicable legal framework and the Nasdaq Boardvantage board portal, a tool that allows secure sharing of Board documentation was implemented.

Shareholders and Company structure as at 31.12.2021



B. COMPOSITION OF THE CORPORATE BODIES
AS OF 31.12.2021



Board of Directors

- › Yanos Michopoulos: Chairman of the BoD
- › Luis Romero Urrestarazu: Vice Chairman
- › Marta Bellagamba: Member
- › Salvatore Branca: Member
- › Ben De Waele: Member
- › Panagiotis Tambourlos: Member
- › Konstantinos Kosmadakis: Member
- › Theodoros Tsakiris: Member
- › Stavros Manousos: Member
- › Ugo Venier: Member
- › Sergio Molisani: Member

The term of office of the Board of Directors was until 20.12.2021. However, pursuant to the provisions of Art. 11.2 of the Company's Articles of Association and Art. 85, 119.par.1 of Law 4548/2018 and given that no election of a new Board of Directors took place until 20.12.2021, the term of office of the Board of Directors has been automatically extended until 10.09.2022 (or until a relevant decision is taken by the General Assembly, provided that it is convened within said deadline).

Audit Committee

- › Panagiotis Tampourlos, Chairman
- › Ben De Waele
- › Marta Bellagamba
- › Stavros Manousos

Nominations and Remuneration Committee

- › Konstantinos Kosmadakis, Chairman
- › Theodoros Tsakiris
- › Luis Romero Urrestarazu
- › Ugo Venier

Within year 2021, the following changes took place in the composition of the Board of Directors and the Board Committees:

- › On 08/02/2021, Ms. Maria Rita Galli resigned from her office as a Member of the Board of Directors and was replaced by Marta Bellagamba.
- › On 23/03/2021, Mr. Francesco La Torre resigned from his office as a Member of the Board of Directors and the Audit Committee and was replaced by Mr. Sergio Molisani in the Board of Directors.
- › On 27/05/2021, Mr. Erik Jean Vennekens resigned from his office as a Member of the Board of Directors and the Audit Committee and was replaced by Mr. Ben De Waele.
- › On 27/05/2021, Ms. Marta Bellagamba was appointed as a Member of the Audit Committee in replacement of the resigned Member Mr. Francesco La Torre.
- › On 28/09/2021, Ms. Rozemaria Bala resigned from her office as a Member of the Board of Directors of the Company.
- › On 01/10/2021 Mr. Theodoros Tsakiris was appointed as a Member of the Nomination and Remuneration Committee in replacement of Mr. Yanos Michopoulos.
- › On 19/11/2021, Mr. Salvatore Branca was appointed as new Member of the Board of Directors of the Company, in replacement of the resigned Member Rozemaria Bala.

Management Team

The Management team (as of 31.12.2021) 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's strategy and articles of associations.

- › Maria Rita Galli: Chief Executive Officer (CEO),
- › Marc Vercruysse: Chief Financial Officer (CFO),
- › Eleftheria Vassilaki: Human Resources Division Director,
- › Sophia Michelaki: Legal Affairs, 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,
- › Petros Theodorakis: Supply Chain Division Director,
- › Alex Varonos: Information & Communication Technology and Facilities & Fleet Management Division Director,
- › Fernando Kalligas: Head of Corporate Affairs Department,
- › Serafeim Ioannidis: Head of Health & Safety, Physical Security, Environment and Quality Department,
- › Alexios Giannakopoulos: Head of Internal Audit & ERM Department,
- › Konstantinos Maroulis: KIPIC Plant Manager

DESFA'S NETWORK

4

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 Entry Point in Nea Mesimvria connecting NNGTS with TAP pipeline, as well as iv) the LNG Entry Point (Agia Triada), to the main areas of consumption in continental Greece.

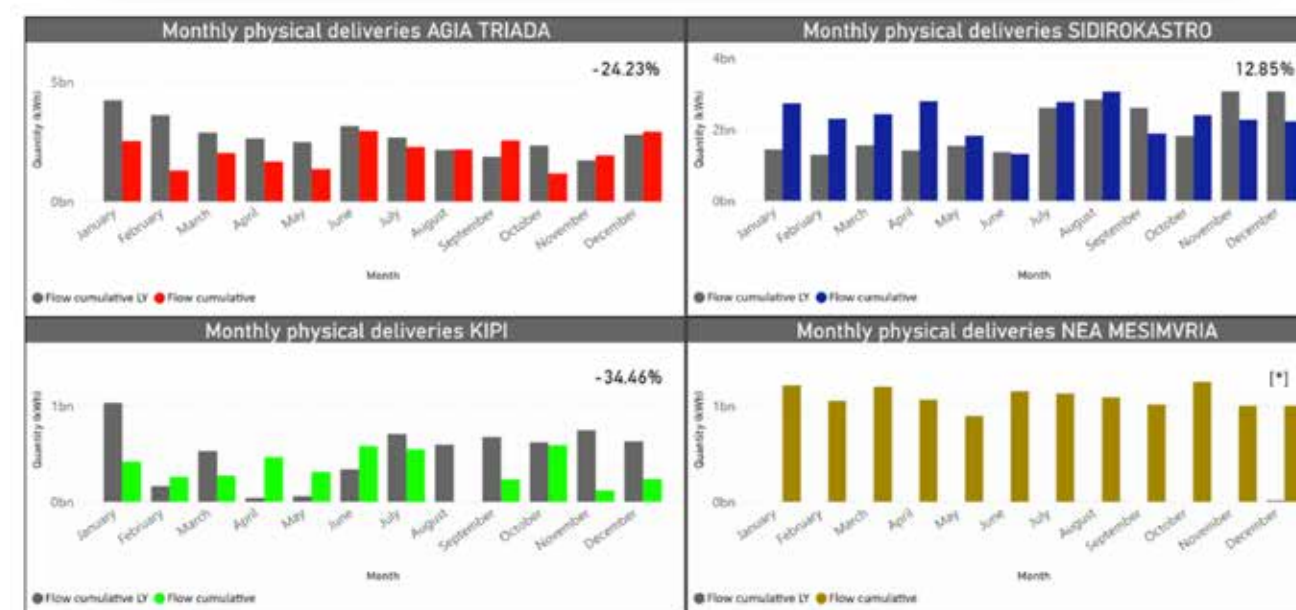
The Transmission Network consists of:

- › 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 Sidirokastro, Vistonida (with the satellite station at Kipi BMS), Nea Mesimvria (with the satellite station at Ptolemaida), Ambelia, 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.

The gas supply has been secured throughout 2021, as the availability at the delivery points has been uninterrupted. The Key Performance Indicator (KPI) measuring the network's non-availability at the delivery points has been equal to 0% (i.e. 100% availability of all entry points).

The physical deliveries during the reference period in kWh / Combustion Reference Temperature 25oC, as well as the shares of physical deliveries per Entry Point during the reference period (FY 2021) are illustrated in the following table and graph.

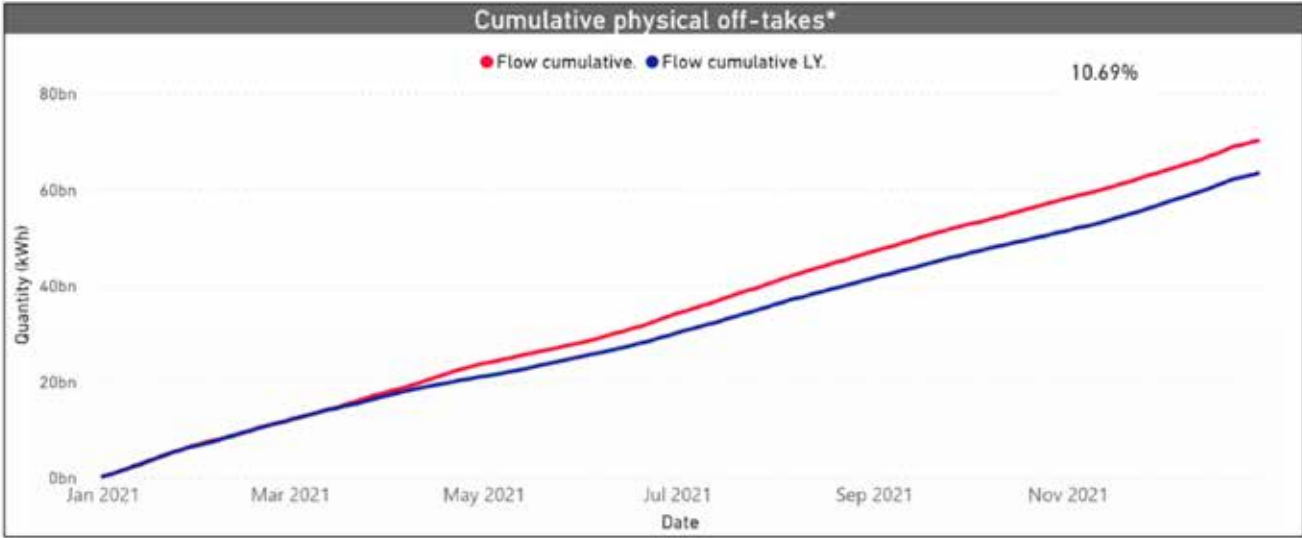
Physical deliveries in kWh / Combustion Reference Temperature 25oC			
AGIA TRIADA	SIDIROKASTRO	KIPI	NEA MESIMVRIA
24,722,099,574	27,940,668,358	4,026,298,093	13,617,599,476
35.16%	39.74%	5.73%	19.37%



Shares of physical deliveries per Entry Point

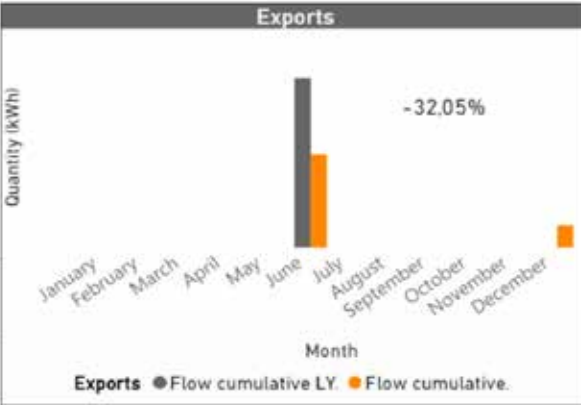
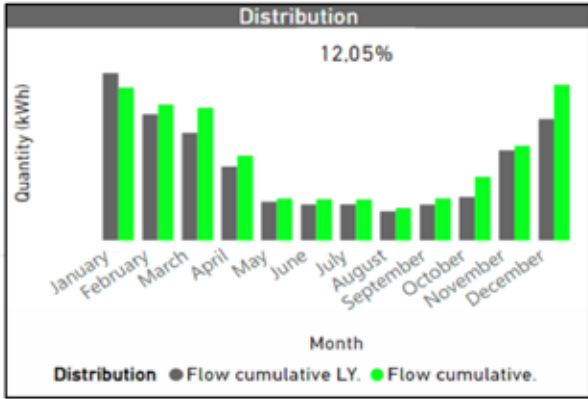
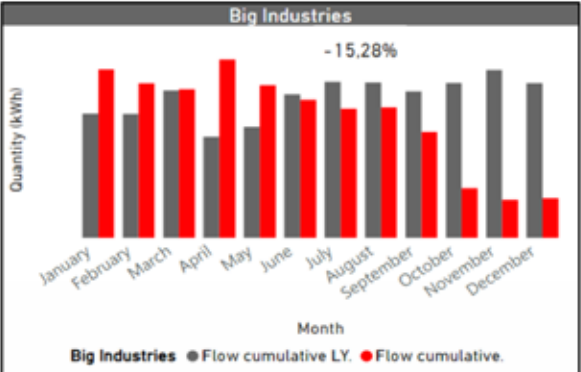
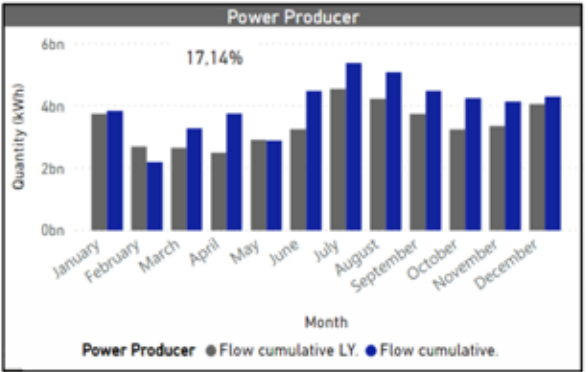
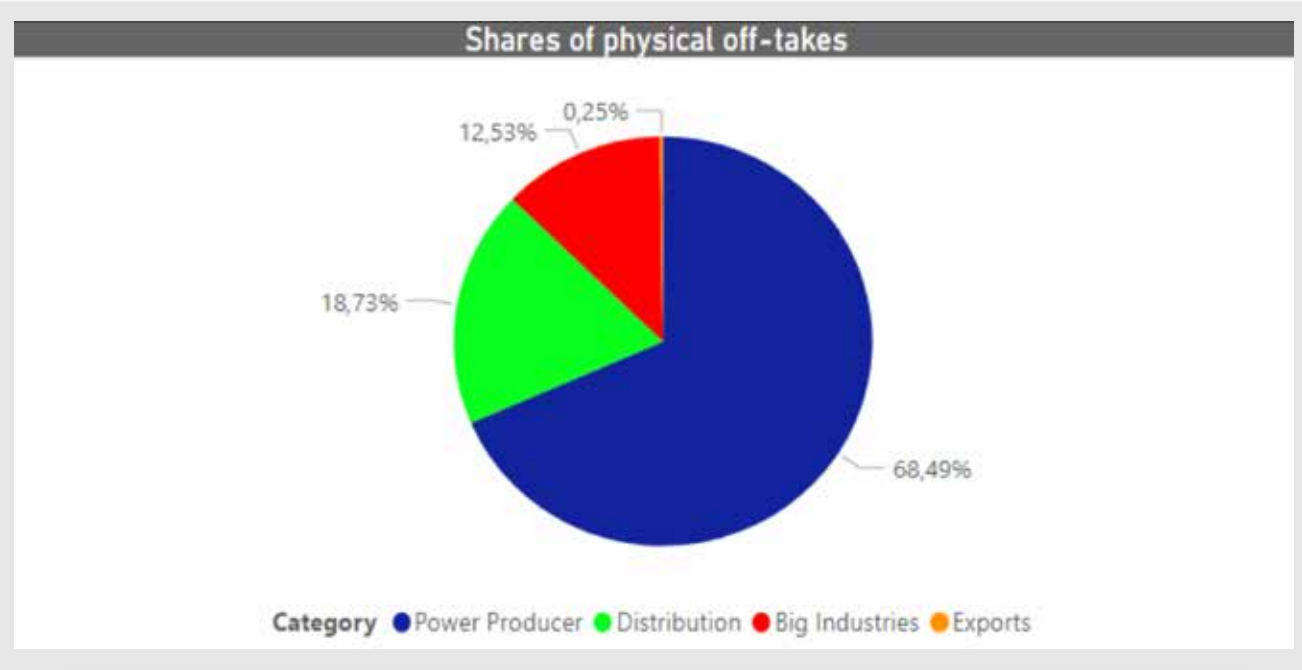
[*] Not displaying % change compared to LY, because the Nea Mesimvria Entry Point started operating in December 31st, 2020.

The Physical offtakes from Transmission Network's Exit Points during the reference period (FY2021) have been increased by 10.69% compared to the previous year (70,133,236,758 in 2021 compared to 63,358,662,928 in 2020 in kWh / Combustion Reference Temperature 25oC). This increase was mainly driven by the higher demand of natural gas by power producers, as is evident by the graph "Physical offtakes per category" below.



Cumulative physical off-takes

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.

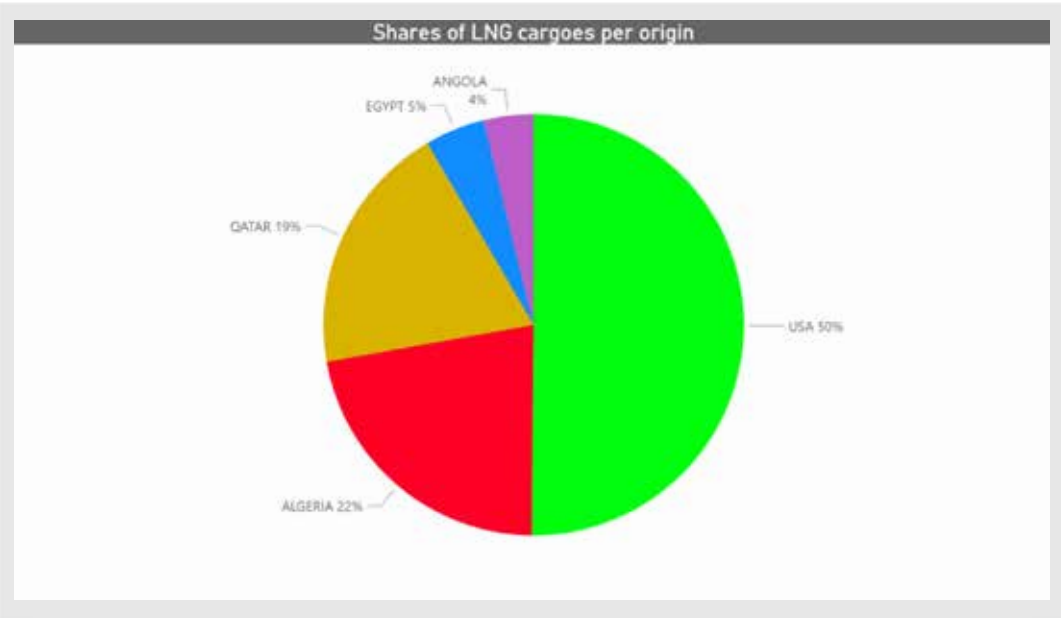


Physical offtakes per category

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 225,000m³ 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 225,000m³ 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.

In 2021, 35 cargoes were unloaded, following the highest safety and technical standards. This number represents a 29% decrease compared to 2020 (49 cargoes), which is mainly attributed to comparatively higher LNG prices in 2021. The following graph illustrates the share of LNG cargoes 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 2021.

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 2Q 2022. 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, Distribution System Operators (DSOs), engineers and gas related experts.



The Technical Training Center in Nea Mesimvria

DESFA'S
STRATEGY & DEVELOPMENT

5

A. Strategic drivers

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.

Business development was the core pillar of DESFA's strategy for 2021, reflected in the below priorities:

- › The execution of the Development Plan of the NNGS 2021-2030, implementing key projects to reinforce the existing network, to reach new areas & create new entry/exit capacities, to enable progressive phase out from coal in power generation and consolidate Greece as a Southeastern Hub for natural gas and LNG.
- › The further development of the Small Scale LNG (SSLNG) market in Greece, through the construction of the truck loading station and the new SSLNG jetty in Revithoussa for small vessels reloading, as well as through strategic cooperation for the development of SSLNG in ports SSLNG applications will allow natural gas to reach new markets, such as the maritime sector and off-the-grid users
- › The completion of the acquisition of a 20% of the Floating Storage and Regasification Unit (FSRU) Alexandroupolis
- › Establishment of a new wholesale market
- › Development of a long-term strategy towards the 2050 decarbonization goals
- › The successful commencement of the operating and maintenance contract of the KIPIC project in Kuwait
- › The participation to the tender for the development of UGS of South Kavala in a Joint Venture with GEK Terna.

and enabled through:

- › the ongoing business & IT Transformation
- › the definition of the new incentive based regulatory framework
- › the finalization of financial optimization with new commercial loans/grants to cover needs of 5 years capex plan and working capital

B. Regulatory developments

The Regulatory Authority for Energy within the framework of its responsibilities, monitors and controls the exercise of DESFA's activities and issues the regulatory framework that governs the transmission activity. In fact, approximately 95% of DESFA's activities are regulated through RAE's Decisions.

Following extensive negotiations with the Regulator, RAE with its Decision (512/2021), approved all of DESFA's regulated expenses for 2020, as well as the Recoverable Difference (RD) of 2020, accompanied by an ad-hoc mechanism which included a 5-year smoothening principle (for the RD), to limit tariff fluctuations, in line with DESFA's proposal. Decision 512/2021 also approved the level of the 2022 tariffs, tariff coefficients and short-term multipliers.

In 2021, DESFA was extensively involved in preparing a proposal for the new Incentive Based Regulatory Framework and presented to RAE at the end of the year its initial proposed approach and strategy, and worked towards the approval of the new Framework and Regulatory Parameters to be applied for the new Regulatory Period.

In addition, a detailed proposal for the appropriate Regulatory framework and tariff range for the Truck Loading Service to be offered in the Revithoussa LNG terminal from 2022 was also developed and submitted to RAE for approval.

In March the NNGS Development Plan 2021-2030 was approved by RAE and was later on published in the Official Government Gazette (O.G.G B 1392/08.04.2021). In October 2021, DESFA issued for public consultation the draft Development Plan 2022-2031. Following the public consultation DESFA submitted its proposal to RAE in November 2021 whilst final submission followed in early January 2022. The proposed 2022-2031 Ten Years Development Plan (TYDP) includes strategic projects for the development of the network and the expansion of the natural gas market in areas, where gas network does not currently exist. A total of 62 projects has been included, with CAPEX of approximately 830mn€ (53% increase from the already 2021-2030 TYDP). Some of the new projects included in the three-year Development period are the expansion of the high-pressure pipeline to Ioannina, the M/R Stations for the connection with Veroia and Naousa, as well as projects related to new IT implementations that are crucial for the uninterrupted and agile support of the market and for the upgrade of DESFA's project's management system. It shall be highlighted that as part of its commitment to energy transition, DESFA has already proceeded with updating the design of all projects in order to be able to accommodate a specific percentage of blends or even be 100% H2 ready.

Four DESFA projects have been labeled as Projects of Common Interest (PCI), following a procedure led by European Commission in 2021 for the drafting and publication of the 5th PCI list. PCIs are infrastructure projects that link the energy systems of EU countries and may benefit from accelerated planning and permit granting, a single national authority for obtaining permits and improved regulatory conditions. They also have the eligibility to apply for funding from the Connecting Europe Facility (CEF).

The following projects promoted by DESFA are included in the list:

- › Compressor station in Kipi
- › Metering /Regulating station for the interconnection of NNGTS to the Underground Gas Storage (UGS) S. Kavala
- › Metering /Regulating station for the interconnection of NNGTS to the East Med Pipeline in Megalopoli

Wholesale market development

One of DESFA's strategic targets is the establishment of a functioning wholesale gas market in Greece with a regional perspective (a regional "gas hub"), allowing market players to exchange gas commodity on the Virtual Trading Point (VTP) of the NNGTS, either with the TSO for balancing purposes (balancing market) or with any other market participant in the context of usual commercial operations.

The VTP and the Balancing Platform are operational since 2018, therefore the next key step involves the operation of a Trading Platform, where anonymous transactions between gas market participants (including DESFA for operational balancing purposes) will take place. These transactions will be used to calculate the marginal prices for the purchase and sale of gas and also relevant price indexes that allow price discovery and may evolve to reference prices for the region.

DESFA started a cooperation with the Hellenic Energy Exchange S.A. (HEnEx), which has expanded its activities in the spot and derivatives natural gas markets and has the role of Trading Platform Operator (Regulation (EC) 312/2014 - Balancing Network Code), to realize this next stage on the development of the wholesale market.

In order to prepare for the Trading Platform DESFA engaged in the:

- › Conceptual design of the operation of the Trading Platform and establishment of the spot wholesale market, in close cooperation with HEnEx.
- › Development of a proposal for new trading and balancing arrangements in the Network Code and the Balancing Manual, that was approved by RAE in December 2021.
- › Development of all the necessary IT infrastructure and all financial arrangements for clearing DESFA transactions carried out in the platform for balancing purposes.

The go-live date of the wholesale market is expected in March 2022.

2nd phase of the LNG access rules and cargo scheduling review

Following the radical reform of the access regime to the LNG facility in 2020 and the successful implementation of the annual LNG scheduling process the same year, a second stream of re-views was initiated by DESFA in 2021. DESFA's proposal to RAE and the market included:

1. The introduction of a new product to be offered by DESFA in the annual LNG auctions (strips of slots)
2. The introduction of an extra new renomination cycle in the LNG terminal, to provide more flexibility to Users,
3. The shifting of the deadline for the submission of the LNG Annual Scheduling to RAE two (2) months earlier, starting from the LNG Annual Scheduling that will be carried out in 2022,
4. Correction of errata and clarification of certain provisions, as occurred in the first implementation of the new the annual scheduling process for the Year 2021,
5. Amendment of other provisions, to facilitate non-discriminatory access to and the orderly operation of the LNG Terminal.

DESFA's proposal was submitted to RAE in June 2021. Following a public consultation DESFA's proposal was approved by RAE in October 2021 and auctions for the booking of unloading slots were successfully carried out between October and December 2021.

C. Our commitment to the energy transition

The European Commission's proposal to cut greenhouse gas emissions by at least 55% by 2030 sets Europe on a responsible path to becoming climate neutral by 2050, while promoting immediate actions and transition policies. A legislative framework is being developed, through relevant proposals, for EU gas market decarbonization involving renewable and low carbon gases, including biomethane and hydrogen, as well as achievement of net-zero emissions.

Renewable gases

DESFA concluded a study for the company's long-term strategy towards the 2050 decarbonization goals, that included long term supply/demand scenarios for the decarbonized gases in Greece and their expected impact, policy recommendations and the company's long-term strategic roadmap. The results of the study have been presented in internal and external events.

In addition, regarding the transition of DESFA's transmission network towards the renewable gases, DESFA focused on:

- › The assessment of the current system to accommodate blends of hydrogen for admixtures of 5 and 10%; and
- › The development of new specifications so that all extensions of the transmission system will be hydrogen ready.

Regarding R&D, DESFA started a cooperation with Centre for Research and Technology Hellas (CERTH) for the development of an in-house gas pyrolysis project. The project has two phases:

- › The assessment of the current status of Natural Gas pyrolysis technologies and basic lab concept;
- › The construction / operation of lab scale facility at Ptolemais premises

In addition, DESFA set up a project team with the aim to pursue initiatives that promote the use of renewable biomethane, by developing a large scale biomethane production and grid injection plan. The scope is to turn waste into biomethane gas to be used for its own consumption requirements (e.g. the existing and the new Compressor Stations), as well as being injected to the national gas grid to neutralize its emissions footprint.

DESFA participated as a member in the works of the National Committee responsible for the preparation of a proposal for the national strategy towards hydrogen and other renewable gases, and became a member, participating actively in the works of:

- › The European Hydrogen Backbone initiative, a growing group of now 23 European gas infrastructure companies, working together to plan a pan-European dedicated hydrogen transport infrastructure. DESFA's planned project for a dedicated hydrogen pipeline became part of the European Backbone and was presented in various events
- › Gas for Climate initiative, a group of ten leading European gas transport companies and two renewable gas industry associations, committed to achieve Net Zero greenhouse gas emissions in the EU by 2050
- › The European Clean Hydrogen Alliance

and in match-making events for hydrogen projects.

DESFA continued participating in the works of associations like ENTSG, GIE, Hydrogen Europe, contributing in the preparation of position papers and documents that support the role of the gas infrastructure and of the gas TSOs for the energy transition towards a decarbonized economy.

IPCEI projects

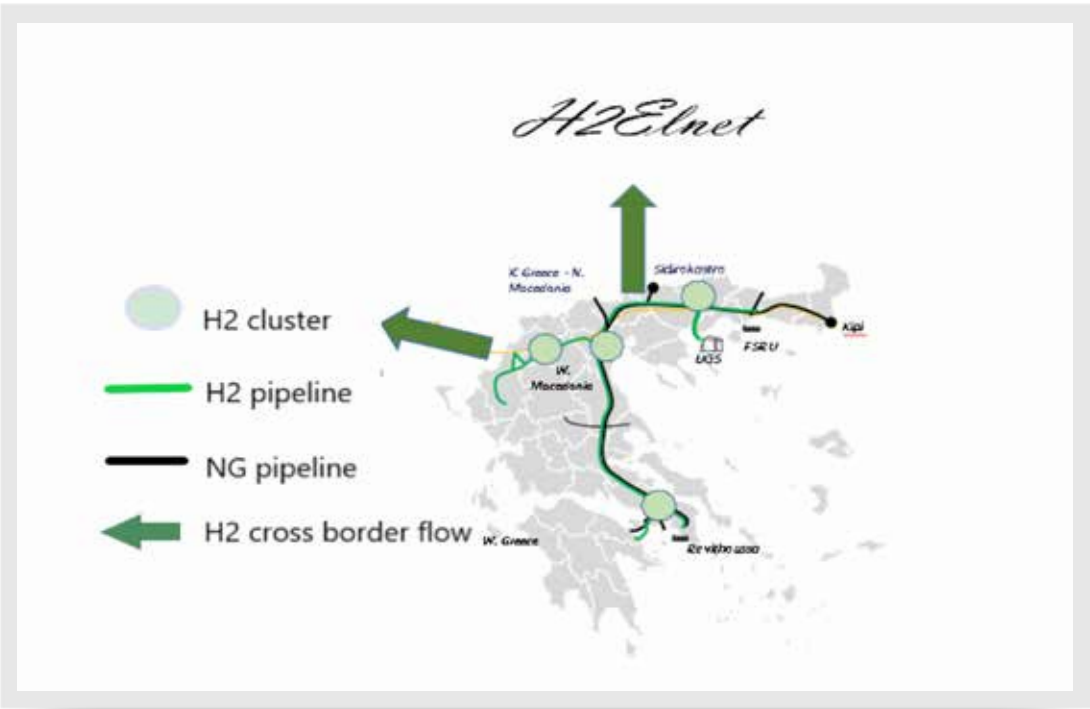
DESFA, together with other nine major energy companies, submitted a project proposal for the call of "Important Projects of Common European Interest (IPCEI) on hydrogen. The proposal, White Dragon cluster project, was based on the utilisation of GW-scale dispatchable renewable electricity, short-term energy hydrogen storage and green combined heat and power (CHP) production through high-temperature fuel cells. The excess of the produced green hydrogen will be injected in the transmission pipelines.

The project was divided in two phases:

- › 1st Phase - Preparation of the existing infrastructure to receive and transport hydrogen blends, as well as the first produced quantities of hydrogen (H₂). In specific, assessment and gap analysis of the NGTS to accept and transport H₂ blends; injecting of excess H₂ produced into the W. Macedonia pipeline - quality control and reverse flow design to main transmission system; adaptation measures for H₂ blending.

- › 2nd Phase – The H2Elnet project - Construction of a regional, open-access, high-pressure hydrogen-network along Greece, connecting supply with demand throughout the country. It will extend from the southern part of Greece, up to the Interconnection location with IGB and possibly even further, to Kavala area where storage facilities and some hydrogen intensive industries are located. Its approximate length will be 540 km, with around 220km long branches. Through its interconnections, this H2 network will start the SE part of the European Hydrogen Backbone.

The system will be expandable and able to transmit up to 50TWh of H2 per year.

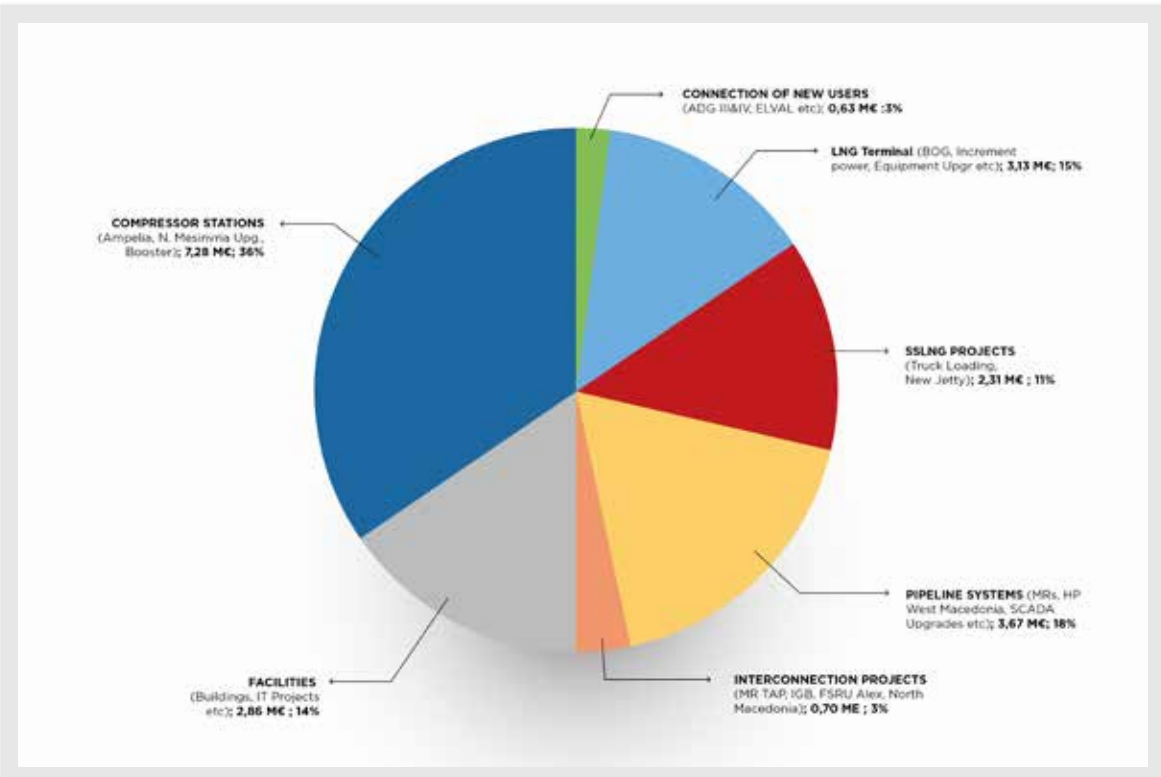


The H2Elnet Project

The project proposal is under evaluation (pre-notification phase) by the European Commission.

D. Network development projects

In 2021, DESFA made notable investments of a total amount of 20,57M€, with own production not included. The graph below demonstrates the distribution of invoices in 2021 per category of project.



CAPEX Invoices Distribution per category of projects in 2021 (not included internal cost)

In 2021, the following projects were completed:

- › the Increment of the backup power availability at the Revithoussa LNG terminal, using the existing Public Power Corporation (PPC) lines. The successful completion of the project increased the power back up system of the upgraded LNG Terminal, enabling its smooth operation.

During 2021, several important projects of compressor stations (CS) entered into the full implementation phase:

- › The “Upgrade of Nea Messimvria CS”. The project is considered necessary, since TAP pipeline is scheduled to be connected to NNGTS upstream, as well as downstream of the existing CS in Nea Messimvria. 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. During 2021, the project has completed most of the Detailed Engineering, as well as critical supply orders (Gas Turbine, gas filters etc.).
- › The LNG Terminal Boil-off Gas (BOG) CS. In line with DESFA's environmental aspiration, this project helps to decrease LNG losses, thus reducing emissions. The EPC contract was signed on September 2021, with main activities including the detailed engineering and critical order placements.
- › The CS in Ambelia. The Ambelia CS will improve NNGS efficiency and ensure hydraulic stability, as it will progressively increase the technical capacity of the NNGS station at the southern part of Greece, which concentrates the larger part of the demand. The EPC contract was signed on December 21st, 2021.
- › The Booster CS in Nea Messimvria. The project will enable full bi-directional flow in the interconnection between NNGS and TAP and will increase efficiency and effective operation of the NNGS. The project's FID was approved by BoD in December 2021.
- › The Construction of the temporary Metering Regulating (M/R) city gate station at the area of Megalopolis, which is going to enhance the acceleration of the connection to the network of Megalopolis city with natural gas, enabling the access to the network for new users

Furthermore, in 2021, DESFA proceeded with all the necessary maturity actions and the FID approval by BoD, for the “High pressure pipeline to West Macedonia” project, which is of major importance and will extend the existing NGTS via a new pipeline branch, up to the region of West Macedonia. The pipeline will supply the district heating installations for several cities, and other consumption in the region through the interconnection with other projects. The pipeline will be constructed to be compatible for H2 transportation up to 100%. Therefore, and in combination with hydrogen production projects in the area, it will initiate actions for hydrogen adaptation. The project is now under engineering, procurement of pipes and EPC tendering phase.

The installation of two Metering and Regulating Stations, in Kavala and in Livadia areas, was also ongoing. The aim of these projects is to supply the city of Kavala and several nearby cities with natural gas, enabling the access to the network for new Users. During 2021, both projects completed the Detailed Engineering, as well as critical supply orders.

Moreover, DESFA is actively involved in the opening of the ssLNG market, with significant environmental benefits. In this context, DESFA implements two significant projects:

- › The new jetty for small-scale LNG in Revithoussa project, which will facilitate the substitution of oil with LNG in marine transport and will lead to the supply of new areas with gas, constituting the first ssLNG refueling point for the local and regional market. During 2021, the procurement of long lead items took place, the EPC contract was signed on July 2021, while the detailed engineering is ongoing.
- › The installation of a truck loading station in Revithoussa Island. The project aims to increase gas penetration to the markets of Greece, to supply 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. During 2021, most of the Detailed Engineering has been completed and the orders for the main equipment have been ongoing.

E. New Business Development

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

DESFA has been awarded the Operation and Maintenance of the LNGI Terminal in Al-Zour which consists of eight (8) LNG tanks of 223,000 m³ each, thus having a total capacity of 1,784 million m³. After 2 postponements due to the pandemic, the project was officially commenced (familiarization phase) on the 24th of May 2021. This familiarization phase is expected to end by 1st of April 2022. It is worth mentioning that DESFA team undertook the operation of the Terminal under the supervision of EPC Contractor since 1st of December 2021, while from 1st of April (commencement of the 1st O&M year of the project), DESFA will undertake the full responsibility of the operation and maintenance of the LNGI Terminal in Al-Zour

“South Kavala” Natural Gas Reservoir

DESFA together with GEK TERNA established the DESFA – GEK TERNA Consortium (51%-49%) and are participating in the tender process run by the Hellenic Republic Asset Development Fund (HRADF) for the award of a Concession Agreement for the Use, Development and Operation of an Underground Storage (UGS) in the “South Kavala” Natural Gas Reservoir.

In March 2020, HRADF announced the Consortium's prequalification (along with ENERGEAN OIL & GAS) to proceed to the next phase of the tender involving the submission of binding offers.

Amidst pending clarity around the regulatory framework for the project the second phase of the tender was not launched within 2021.

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 FRSU

On December 30, 2021 DESFA concluded the acquisition of the 20% of Gastrade SA - the company that develops the Floating Storage and Regasification Unit of LNG in Alexandroupolis. The signing of the agreement came after the clearance by the European Commission earlier in November, confirming that the transaction was compatible with the internal market and with the EEA Agreement. The Final Investment Decision for the project came a few weeks later, in early 2022.

The strategic importance of the Alexandroupolis FSRU is significant as it:

- › Constitutes a key outlet for the supply of the Greek and the SE European Markets
- › Contributes to the country's security of supply, liquidity and efficiency
- › Strengthens Greece's strategic role in SE Europe,
- › Promotes competition among gas suppliers and supports the creation of a transaction hub in the wider region of Southeastern Europe, leading to lower prices that will benefit all final consumers
- › Works in harmony and complementarity with other regional gas projects e.g. IGB, TAP, UGS, IGPMC

The FSRU will be connected to the National Natural Gas Transmission System of Greece with a 28 km long pipeline, through which the LNG will be promoted to the markets of Greece, Bulgaria and the wider region. In this regard, DESFA has signed an Advanced Reservation of Capacity Agreement (ARCA) contract with Gastrade for the Construction of the interconnection of FSRU with the NNGS, which will include the construction of a Metering / Regulating Station and a connection pipeline with FSRU scraper station. The FSRU is expected to be operational by 2023.

FINANCIAL PERFORMANCE

6

A. Key figures & Analysis

In comparison with the results of 2020, operating profit of 2021 decreased by EUR 30,9 million.

- Revenues decreased by EUR -28,3 million, mainly due to the decrease of Regulated Revenues by EUR -32,4 million, while Non-Regulated Revenues increased by EUR 4,1 million, mainly due to the O&M Services contracts including the engagement with KIPIC in Kuwait. The decrease of the Regulated Revenues is primarily attributed to Transmission Services EUR -15,1million; driven by lower tariffs applied as of 01.01.2021, Revenues from the use of LNG Services EUR -9,2 million and Revenues from Securities of Supply EUR -5,3 million.
- Total cost of sales and operating expenses increased by EUR 2,1 million, attributed mainly to: a) increase of energy costs, as a result of higher needs and prices, b) Own Consumption and LNG Losses at the LNG Terminal facility treated as operating expenses since 01.01.2021, c) higher expenses related to the increased Non-Regulated activities, partially offset by d) lower security of supply costs.

FINANCIAL PERFORMANCE

Amounts in thousand €	1/1/2021 -31/12/2021	1/1/2020 -31/12/2020
Revenue	202.697	230.961
Cost of Sales	(117.605)	(110.086)
Gross profit	85.092	120.875
Other income	11.857	12.390
	96.949	133.265
Administrative expenses	(18.573)	(20.830)
Distribution expenses	(945)	(800)
Other expenses	(2.181)	(5.537)
Amortization of fixed asset grants	11.159	11.253
Operating profit	86.410	117.350
Finance costs – net	(6.803)	(7.312)
Profit before income tax	79.607	110.039
Income tax expense	(16.472)	(27.276)
Profit for the year	63.135	82.763
Other comprehensive income		
Actuarial (loss)/profit on retirement benefit obligations	(282)	(232)
Deferred tax relating to these items	63	56
Other comprehensive (loss)/income for the year, net of tax	(219)	(176)
Total comprehensive income for the year	62.916	82.587

The balance sheet of the Company on 31st December 2021, is presented below:

Amounts in thousand €	31/12/2021	31/12/2020
ASSETS		
Non-current assets		
Tangible assets	1.136.216	1.162.456
Intangible assets	13.581	14.164
Investments in associates	14.938	355
Financial assets at fair value through profit or loss	350	350
Other non-current assets	320	266
Total non-current assets	1.165.404	1.177.591
Current assets		
Inventories	20.395	17.199
Trade and other receivables	60.310	47.900
Income tax asset	2.304	0
Cash and cash equivalents	102.724	163.876
Total current assets	185.733	228.975
TOTAL ASSETS	1.351.137	1.406.566
EQUITY AND LIABILITIES		
Equity		
Share capital	564.069	564.069
Reserves	41.111	37.960
Retained earnings	222.250	272.377
Total equity	827.430	874.406

Non-current liabilities		
Employee benefit obligations	3.993	3.980
Borrowings	126.042	140.320
Lease liabilities	5.660	5.044
Provisions	18.860	20.741
State grants	219.086	229.833
Other non-current liabilities	145	145
Deferred tax liabilities	26.754	21.359
Total non-current liabilities	400.540	421.423
Current liabilities		
Trade and other payables	95.065	77.451
Borrowings	14.278	15.362
Lease liabilities	1.009	1.235
State grants	11.205	10.990
Current income tax liabilities	0	2.414
Other taxes payable	1.609	3.284
Total current liabilities	123.167	110.736
TOTAL EQUITY AND LIABILITIES	1.351.137	1.406.566

FINANCIAL PERFORMANCE

Total overall asset level remained stable due to continued investments as per Ten Year Development Plan. A participation was taken at year-end in the company Gastrade. The cash and cash equivalent as of 31.12.2021 are equal to EUR 103 million. Assets were financed in a similar way in 2021 with a stable level of Equity notwithstanding a dividend distribution of EUR 110 million, whereas long term financing was repaid and grants were amortized according to schedule.

The corresponding key financial ratios are:

Ratios		2021	2020
Gearing ratio	= (Total debt)/ (Total debt + total equity)	14.50%	15.11%
Return on Equity	= (PAT)/(Total Equity)	7.63%	9.47%
Return on Assets	= (PAT)/(Total Assets)	4.67%	5.88%
Liquidity ratio	= (Current Assets)/(Current liabilities)	1.51	2.07

B. DESFA Financing – financial instruments used

In September 2021, the Company signed a €505 million Common Bond Loan with the 4 Greek systemic banks (National Bank of Greece, Eurobank, Alpha Bank, and Piraeus Bank) for the financing of its future investments as per Ten Year Development plan. This comprised from a €405 committed Capex facility, a €30 million committed Revolving Facility and an uncommitted accordion option of €70 million. The tenor of the loan agreement is twelve (12) years and its purpose is to finance the ten-year Development Plan of the NNGS which carries the significant investments in infrastructure that will upgrade and expand the NNGS.

Furthermore, in December 2021 the Company signed a €25 million Loan with the EIB for the financing of its North Macedonia Project, with a tenor of 15 years. In this respect the Company has ensured the diversification of funding providers by increasing its number of Lenders and establishing organic relationships with them.



**OPERATING PERFORMANCE
OF BUSINESS ACTIVITIES**

7



According to the legal framework currently in force, DESFA is providing services, under regulated, pre-defined terms, conditions and tariffs, which are approved by the Greek Regulatory Authority for Energy (i.e. regulated services) and non-regulated services under terms, conditions and tariffs which are agreed both with its clients and the Greek Regulatory Authority for Energy. The regulated activities represent the main share of DESFA's operating revenues, which reached the level of appr. 95% for 2021, compared to the revenues that constitute the annual turnover.

Moreover, DESFA's is carrying out profit neutral activities pertaining to the balancing of the National Natural Gas Transmission System and the Security of Supply of the Greek Gas Market.

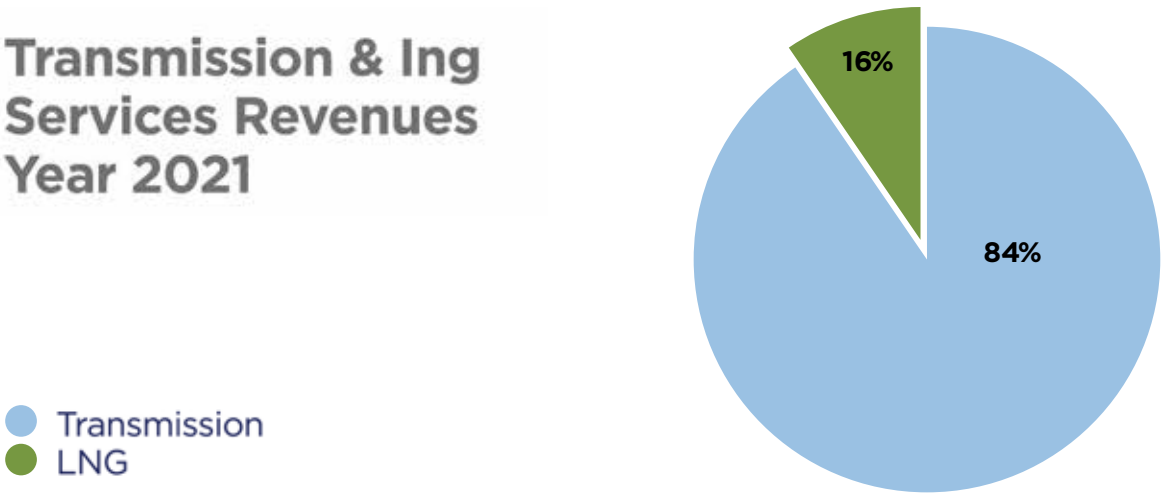
A. Regulated activities

The regulated activities include the use of the National Natural Gas System, as well as the additional services related to its use, including the provision of security of supply in the market, or the provision of services related to balancing and operational gas of NNGTS.

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

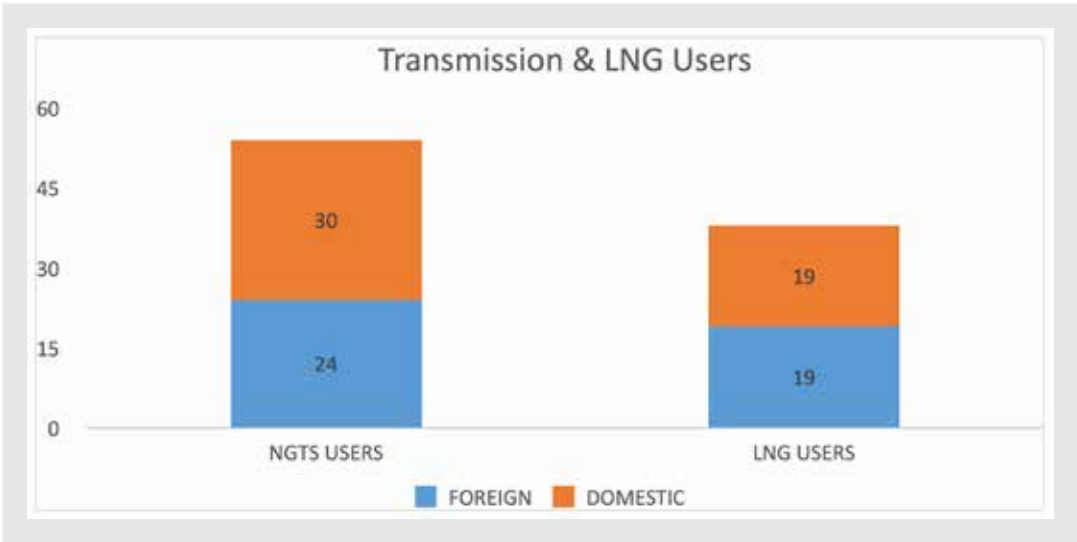
Regulated services include the provision of Third-Party Access to the Greek Natural Gas Transmission System and the Revithoussa LNG facility and are the main source of DESFA's revenues.

Transmission & lng Services Revenues Year 2021



Evolution of Regulated Services Users

In 2021, 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 2021 is shown in the below graph. Key highlights include:

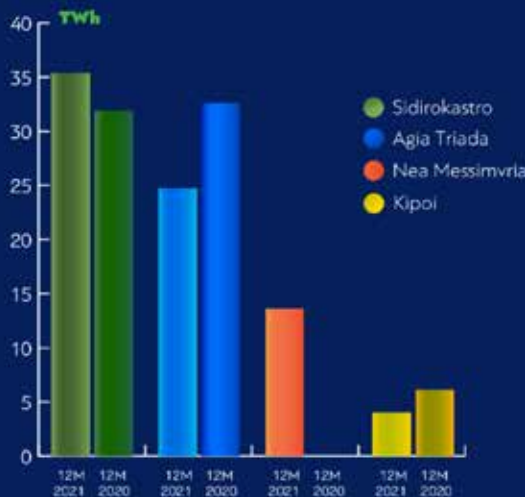
- › Domestic Demand increased by approx. 11% vs 2020, driven mainly by increased consumption for power production.
- › Exports to Bulgaria remained at very high levels, slightly increased vs 2020, (+3%).
- › NG Imports from pipeline Entry Points were increased by 38%, as the new Entry Point from TAP pipeline “Nea Mesimvria” began commercial operation.
- › LNG imports were reduced by 12% compared to 2020, due mainly to LNG price increase compared to the previous year.

NATURAL GAS DATA 2021



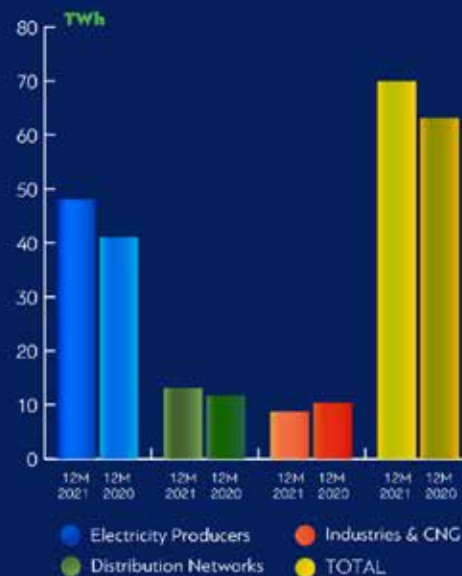
NATURAL GAS ENTRY POINTS

	Sidirokastrou	Agia Triada	Nea Mesimvria	Kipoi
12M 2021	35.37 TWh	24.72 TWh	13.61 TWh	4.02 TWh
12M 2020	31.87 TWh (+ 10.41%)	32.62 TWh (- 27.55%)	0.00 TWh	6.14 TWh (- 41.73%)



CUSTOMER CATEGORIES

	TWh (12M 2021)	Bn. Nm³	Variation (12M 2020)
Electricity Producers	48.03	4.17	+ 15.79%
Distribution Networks	13.13	1.14	+ 11.34%
Industries & CNG	8.78	0.76	- 16.60%
TOTAL	69.96	6.07	+ 10.31%



LNG VESSELS

Total number of Vessels: 35

Country	TTWh (9M 2021)	Variation (9M 2020)
U.S.A.	12.29	- 26.96%
Algeria	5.40	+ 60.24%
Qatar	4.74	- 44.59%
Egypt	1.12	+ 29.74%
Angola	0.94	-
TOTAL	24.51	- 30.70%

12M 2020: 33,40 TWh

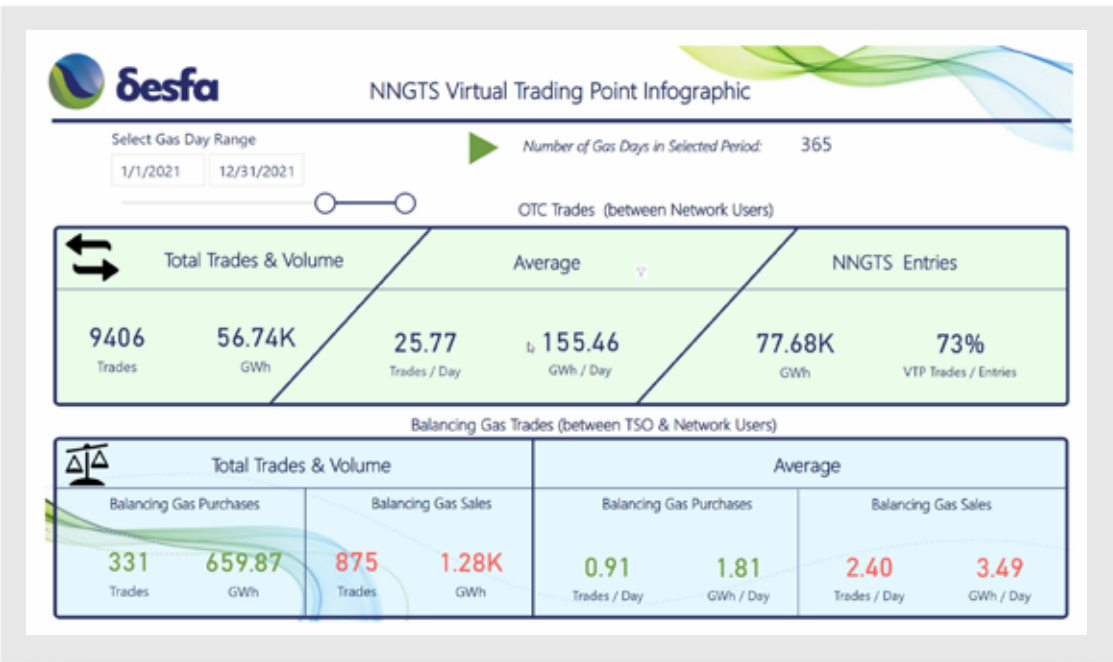


Overview of quantities allocation at NNGTS Entries & Exits in 2021

OPERATING PERFORMANCE OF BUSINESS ACTIVITIES

In addition, the graph below reflects the total volume of trades that took place at the Virtual Trading Point in 2021, (both between pairs of shippers and between TSO and shipper for balancing purposes). Note that:

- › 73% of the imported quantities was traded at the VTP (compared to 60% in 2020).
- › ~9.400 OTC trades held in the VTP (between Network Users).
- › 331 Purchases and 875 Balancing Sales Trades held from DESFA for Balancing purposes.



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

OPERATING PERFORMANCE OF BUSINESS ACTIVITIES

Other sources of revenues under regulated activities

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 2021, the sales of electricity amounted to (approx.) EUR 0,4 mil., much lower than in 2020, due to the rare operation of the CHP unit.

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 97% (in terms of volume) of the total balancing gas purchases in 2021 were conducted on the Balancing Platform (vs 69% in 2020), 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. The movements and balance of the said account are published on our website and a relevant report is prepared and submitted to RAE on a quarterly basis. From this account, DESFA will compensate the power producers for the alternative fuel installations they maintain and their readiness to use this fuel

OPERATING PERFORMANCE OF BUSINESS ACTIVITIES

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 2021, DESFA maintained a registry of interruptible big industrial customers connected to the NNGS.

As of 1st of May 2021 and until 30.04.2022, the unit amount of the security supply levy to be paid by Users for each category of natural gas consumption was adjusted to 0.

Additional Services included in regulated revenues and expenses

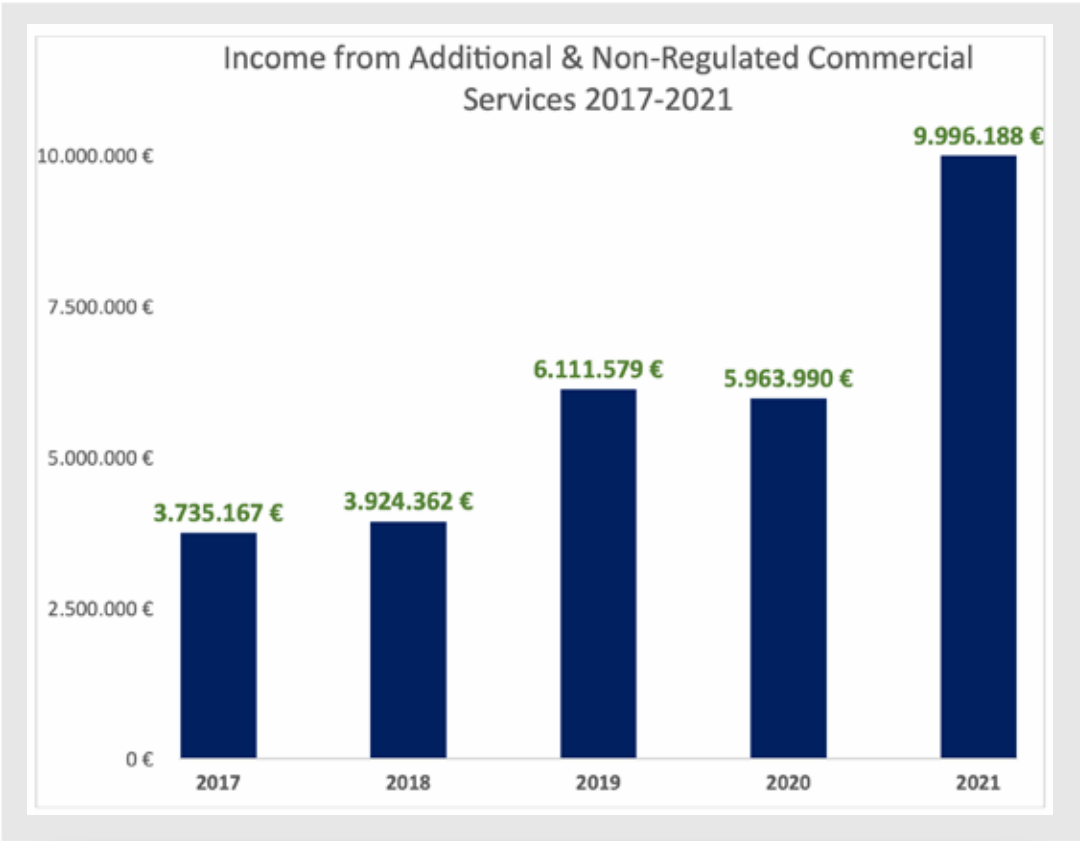
With RAE's letter O-62313 / 13.10.2015 entitled "Guidelines for accounting separation of natural gas companies", revenues (and expenses) of certain activities are considered as income (and costs) of regulated activities for Transportation and use of LNG Facility, respectively, as indicatively for the 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 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.

B. Non-regulated activities

DESFA continued its commitment in providing non-regulated services to its customers in 2021. 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 Commercial Additional and Non-Regulated services during the period 2017-2021. 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 a limited number of customers.

OPERATING PERFORMANCE OF BUSINESS ACTIVITIES



Evolution of non-regulated and non-transmission services

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.

C. Other Important Commercial Activities

Day-to-day Commercial Operations

In 2021, DESFA actively supported and facilitated User activity. Specifically:

- › Provided support, training, and clarifications to potential Users, especially from foreign countries, regarding the regulatory framework.
- › Virtual presentation on 14th Oct 2021 to the Market of the methodology of Annual Scheduling of LNG Unloading for the Years 2022-2026.
- › Managed the users' nominations/re-nominations, confirmed quantities, 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 uninterruptible user access. Moreover, significant updates were made to incorporate all LNG services into the platform, as well as the regulatory changes introduced by the 6th and 7th revisions of the Network Code that both came in effect in 2021.
- › To improve the provided services, DESFA introduced a 24/7 commercial shift mechanism

Furthermore, in 2021 DESFA introduced regular “one-to-one” meetings with Users aiming to strengthen our relationships, improve our understanding of the market issues and to contribute to the improvement of services provided.

Projects of Specific Interest

Projects of Specific Interest

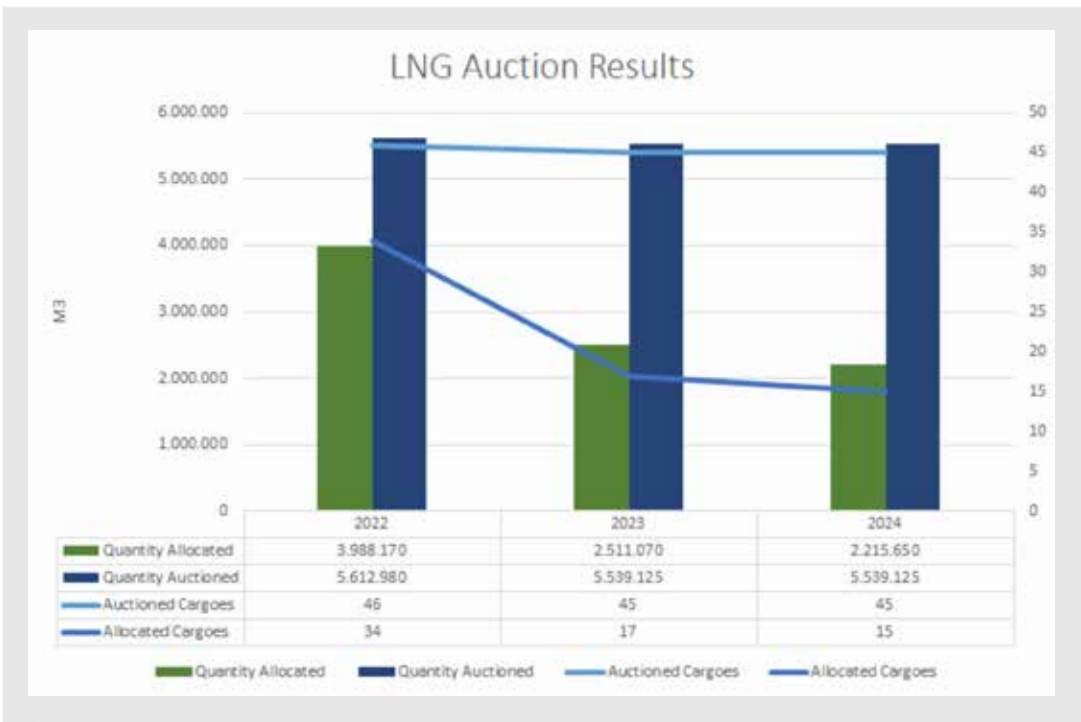
DESFA's Commercial Activities also engaged in several projects of specific interest involving the following

- › The 6th Amendment of the Network Code which was set in force from 01.01.2021 introduced:
 - Bundled Booking of Transmission Capacity at NNGTS Entry Point Agia Triada and Re-gasification Capacity at Revithoussa Terminal
 - Transfer of LNG Slot (part or whole of a LNG Cargo, Regasification and Transmission Capacity) included in the Annual LNG Plan, at any time

- Changes in the compensating LNG Losses (are not withheld in kind from the LNG Users' reserves anymore)
- Changes in LNG Scheduling (a LNG User may cancel a LNG Unloading included in the LNG Annual Plan, new lower fees etc.)

making access to the LNG Terminal easier and providing greater flexibility to the LNG Users.

- › The regime introduced in the previous year for annual LNG unloading scheduling and capacity booking i.e. auctions for booking (a) LNG unloading slots for the year(-s) ahead and (b) yearly bundled regasification and transmission entry capacity, resulted in allocation of LNG unloading slots not only for Year 2022 but also for the next 2 years (2023-2024).

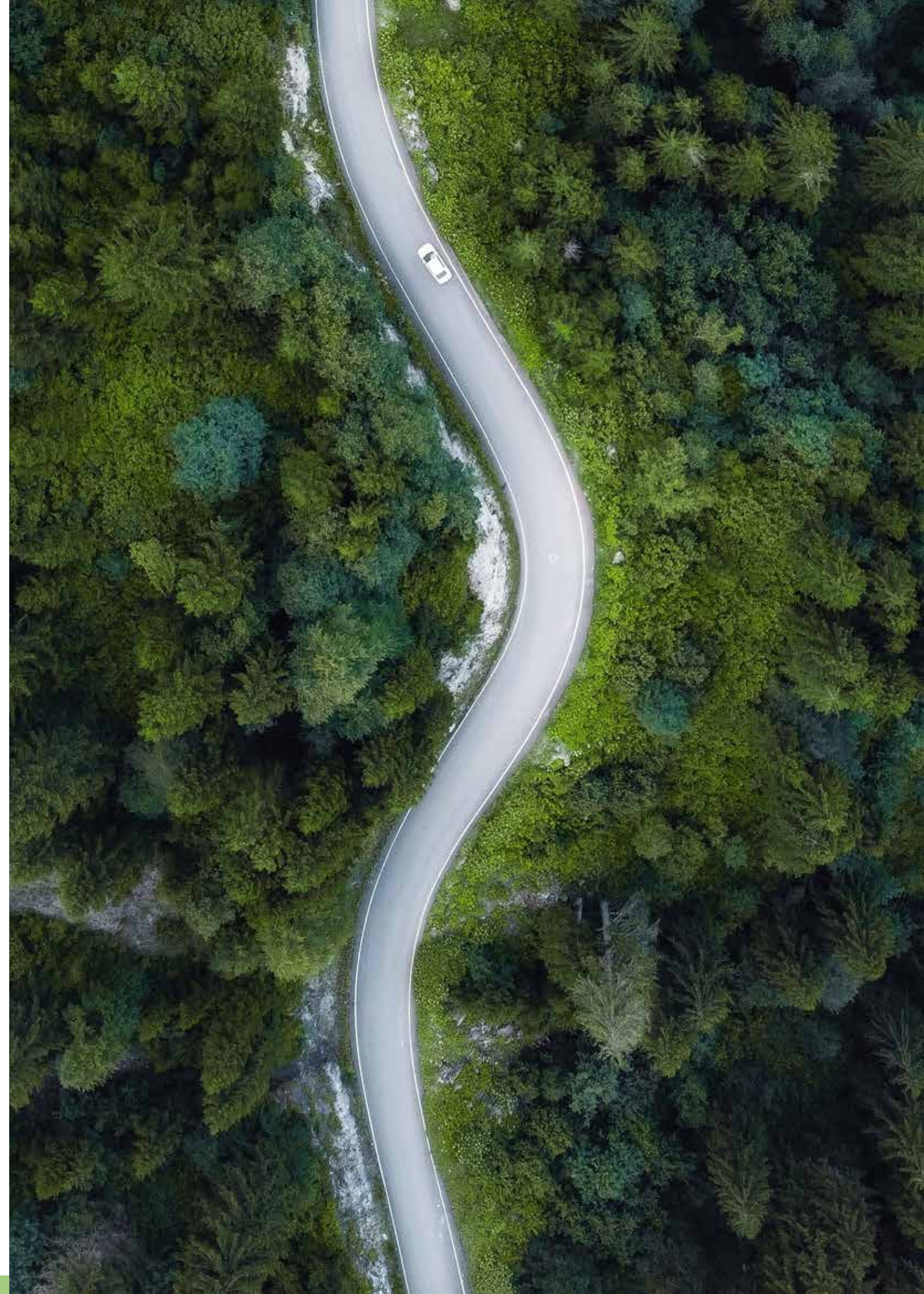


- Almost the total of capacity offered via competing auctions between the Interconnection Point (IP) Nea Mesimvria and the Kipi Entry (Greek-Turkish border) and 24,07% of capacity offered as conditional (of type “bFZK”, meaning Conditionally Freely Allocable Capacity) for the Nea Mesimvria Interconnection Point, were allocated, thus commercially resolving system bottlenecks. the next 2 years (2023-2024).

OPERATING PERFORMANCE OF BUSINESS ACTIVITIES

- › Participated in the process of integration with the Trading Platform that is under development and expected to operate by March 2022. Specifically, the functional requirements for upgrading the commercial data platform were specified, and an extended testing process was carried out in collaboration with HEnEx to ensure proper data exchange with the Trading Platform.

In early 2021, RAE assigned the role of Forecasting Party for the NNGTS Balancing Zone to DESFA, with a timeframe of 18 months for implementation. In order to fulfill obligations stemming from this assignment, DESFA must implement an information system that collects data from DSOs (and other sources) and produces forecasts for each Network User's expected imbalance position. Within 2021, the detailed specifications of the new system were drafted. The tender process to select a contractor for implementation is expected in Q1 2022.



OPERATING MODEL

8

Further to the development of the 3-year transformation plan in 2020, significant effort has been placed on the continuous improvement of the operating model of DESFA. More than twenty (20) transformation initiatives have been implemented within 2021, focusing on the development of the Corporate System Framework (CSF) of the Company, a tool that facilitates the data flow and the definition of roles and responsibilities, the functional reporting for the enhancement of planning and control capabilities for decision making, the second phase of the large-scale Supply Chain optimization program, numerous digital transformation initiatives and many other in multiple areas such as HR, Finance, Commercial, Information and communication technologies (ICT) and others.

Digital initiatives were at the center of the transformation and aimed to:

- › Automate the company's core IT processes in order to increase efficiency and productivity of the business operations of the company
- › Provide a robust operational, managerial and executive reporting for an augmented decision making as an enabler for fast and holistic decisions
- › Work in a secure and resilient environment ensuring data safety and desired outcome from the IT operations
- › Establish a new ICT Governance to enhance the efficiency and responsiveness to business needs and expectations
- › Support the Business Continuity functions

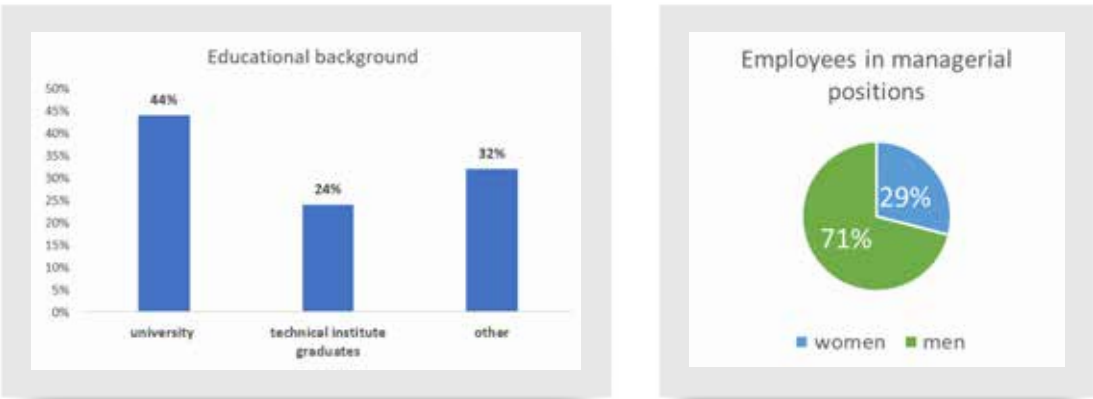
In particular, the following milestones were achieved:

In Managing Business: <ul style="list-style-type: none">• New ERP system• Paperless office Document Management System and Process Automation Strategy• Internal Portal	In Managing Data and Continuity: <ul style="list-style-type: none">• Cloud strategy• Disaster recovery, business continuity and cybersecurity actions plans• ICT Governance• Data Privacy Management Service
In Managing Assets: <ul style="list-style-type: none">• Workforce Management, Mobility• Permit to Work, Isolation Management• Linear Asset Management	In Enterprise Intelligence: <ul style="list-style-type: none">• Bridging & combining data from all systems with the implementation of an Enterprise Data , as well as the Frontier Asset Management Program

Digital Transformation milestones

A. People management & development

By the year-end of 2021, the Company employed a total of 509 people of various educational backgrounds while remained committed in providing equal opportunities to employees regardless of gender, religion, or other aspects. The representation of women in managerial positions reached 29% of the Company's total positions.



DESFA continued investing in its people in 2021 through significant achievements and initiatives, including the negotiation and successful signoff of the new Collective Labor Agreement (CLA), the development of the new Human Resources System, the development and roll-out of the Training Needs Analysis and "2-year Training Plan", as well as other initiatives, such as embarking on a cultural transformation journey,

New Collective Labor Agreement

DESFA's new CLA was agreed with the Union, introducing a more sophisticated, but still clear and simple methodology, while simultaneously addressing the issue of harmonization of salaries that occurred with the inflow of personnel due to DESFA's internalization of selected services starting from end of 2019. The new CLA tackles a number of identified areas of improvement of the current salary structure such as the harmonization of the salary gap between newly hired personnel and the DESFA's existing personnel in each level and the fair distribution of salary adjustments targeting the lower-paid employees of each level.

The successful signoff of the new CLA, which has a duration of three (3) years, was the outcome of productive discussions with the Union and it is found to be of high significance for the Company both in terms of the value of the Employee Relations for the Management and the direction of the new CLA towards a performance-driven culture across the organization.

The Company's employee relations are excellent. The Management respects the aspirations of DESFA employees and is working towards the development of their talents for the better performance of the organization. The dialogue between the two is open and productive, based on common enterprise values and objectives.

DESFA's employees' educational diversity is significant, representing a wide variety of task-relevant knowledge and skills. Furthermore, the representation of women in leadership positions is 29% of the Company's total positions. The company is committed to providing equal opportunities to employees regardless of gender, religion, or other aspects.

A. Quality, Health, Physical Security, 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 Quality, Health, Safety and Environment (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 is 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 promote team-work and collaboration in order to achieve optimal results, to enhance our QHSE culture and strive for excellence;
- › To manage plants, buildings and activities, respecting the protection of health and safety of workers, the environment, and energy savings
- › 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 operations, to manage waste and reduce waste production;
- › To perform controls, inspections and to ensure information, training, on-going consultation and awareness;
- › To promote contractors and 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.

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. Exercises are scheduled and executed frequently, and especially for 2021 and after the forced break the company had due to the pandemic, DESFA returned to the regular regime. QHSE training is provided in a competence-building framework and based on the QHSSE Competence Management System. Additional monitoring mechanisms include the performance of inspections and audits, the investigation and root-cause analysis of all incidents and accidents and the performance of tool-box-talks before the commencement of all field activities. All the above are presented at the annual Management review, along with several KPIs, specifically selected for these processes.

In order to increase awareness in Health and Safety issues, DESFA established in 2021 a Safety Day, an internal event address to all personnel involving acclaimed speakers.

Emissions Trading System

DESFA participates in the European Greenhouse Gas Emissions Monitoring and Management System (ETS). For this purpose, during 2021 the Company:

- › Monitored on a daily basis the relative parameters for calculating CO₂ for each source stream and emission source and submitted to the Ministry of Environment and Energy a Verified Emissions Report, a relative Declaration of Activity Data, and an Improvement Report for each installation.
- › Successfully underwent the Annual Emissions Verification Inspections for the LNG Terminal and the Compressor Unit in New Mesimvria by an independent verification body, maintaining the classification in compliance class A at the European Emissions Register.

Carbon Footprint

DESFA issues a Carbon Footprint Report since 2011, 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 is in-line with the Greenhouse Gas Protocol 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.

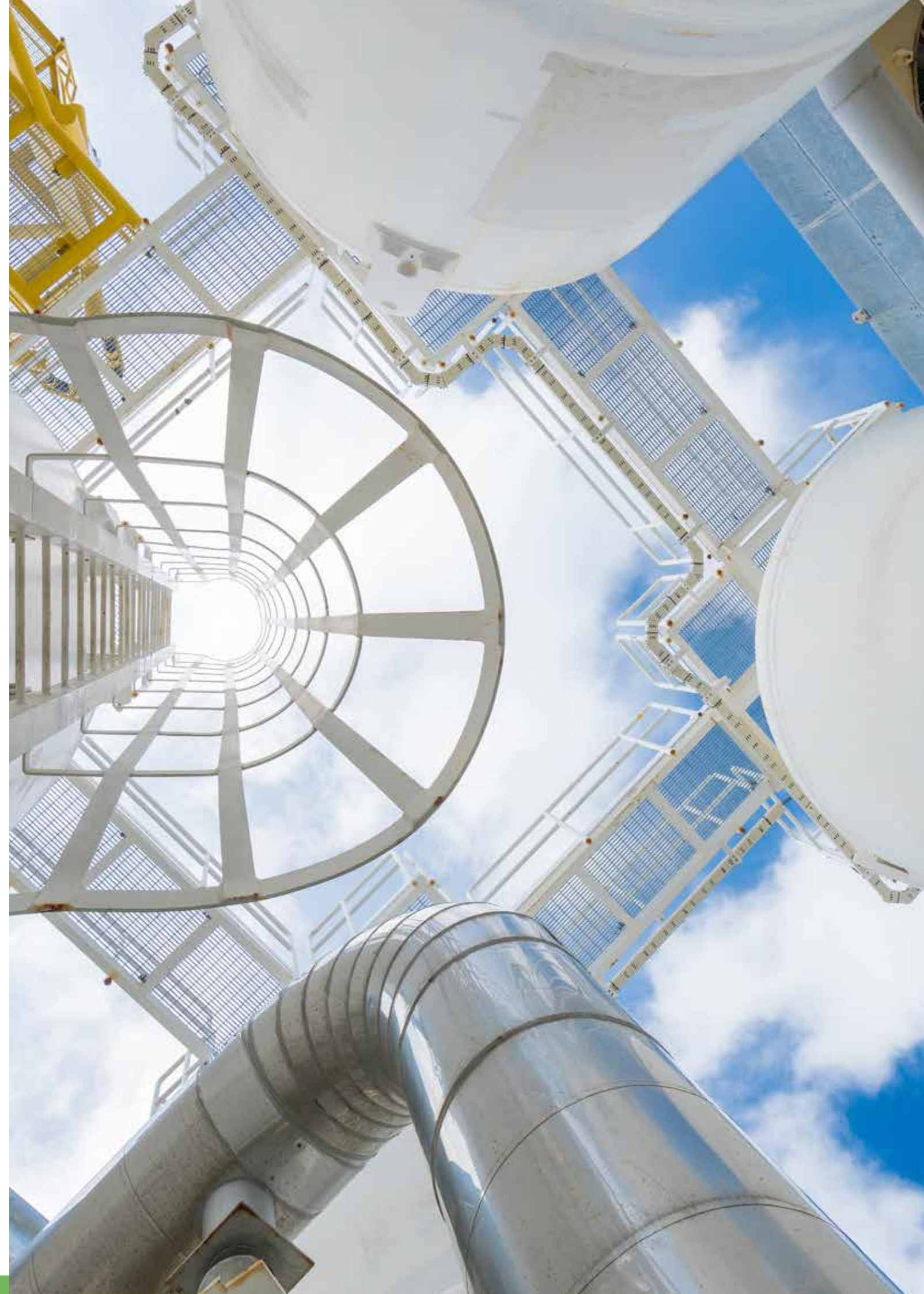
DESFA is committed to the carbon footprint reduction and has set specific goals in this direction including the development of an action plan for achieving Net Zero. For 2021, DESFA emitted 9.15gr of CO₂ per Nm³ of Natural Gas transported. With this performance we've achieved our goal of a reduction compared to the past five years average.

Physical Security

DESFA has set as its goal the protection and mitigation of the impact on its human resources, intangible and tangible assets, the environment, and in all third parties potentially affected by the operation of the equipment and its facilities by manmade actions (threats). Facilities will be continuously monitored by a Physical Security Control Center with modern electronic systems and means of monitoring and decision supporting, following the General Regulation of Personal Data Protection (GDPR). Continuous training and confirmation of the Physical Security Personnel's adequacy shall ensure the effectiveness of the Physical Security management system. The compliance and effectiveness of the above will be monitored and measured regularly through Key Performance Indicators.

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.



**INTERNAL CONTROL
& RISK MANAGEMENT SYSTEM**

9

The Corporate System Framework contributes to the definition and implementation of the Internal Control and Risk Management System, which consists of Compliance, Enterprise Risk Management and Internal Audit.

A. Compliance

In the context of compliance, during 2021 DESFA focused mainly on Data Protection activities and in strengthening the Anticorruption and Business Ethics environment. More particularly, the activities included:

Data Protection:

- › Design of a dedicated organizational structure for Data Protection, enhancing the Record of Processing Activities per Division;
- › Development and implementation of DESFA's Data Protection framework;
- › Support on data protection related issues.

Anticorruption monitoring and Business Ethics:

- › Internal and external communication of the Code of Ethics, Anticorruption Policy, and Whistleblowing Policy;
- › Further development and monitoring of implementation of the Anticorruption Policy;
- › Design of the methodology and the Standards of Control for an organization-wide Anti-corruption Risk Assessment, with dedicated workshops;
- › Support on anticorruption, Anti Money Laundering and other compliance related issues (assurance provision, contractual clauses).

B. Enterprise Risk Management Framework

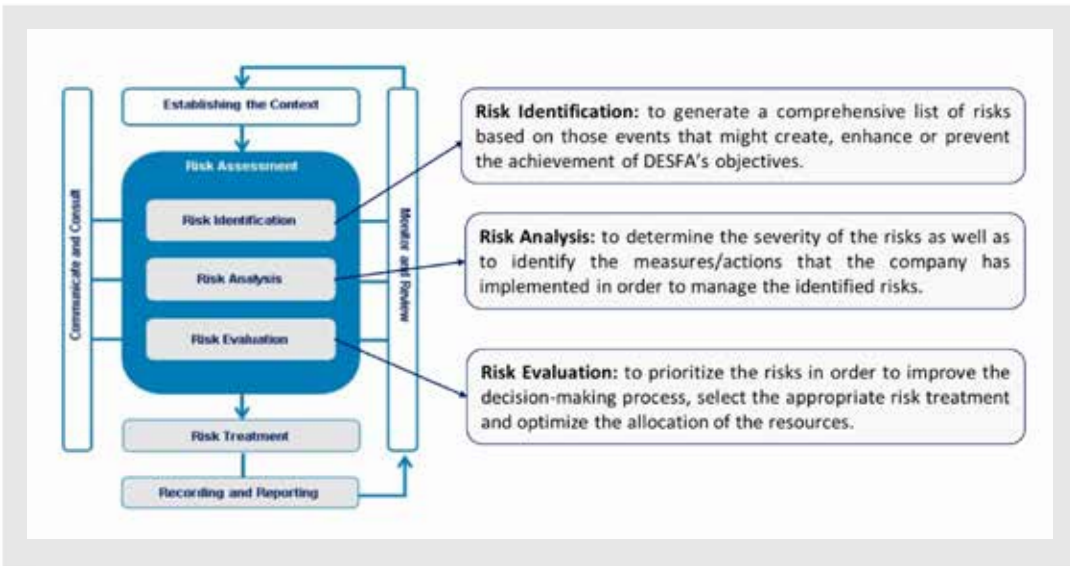
Enterprise Risk Management

DESFA, in line with international best practices, has set up the Enterprise Risk Management (ERM) Unit, for the management of corporate risks.

The ERM function implements an ERM methodology to support management in its strategic decisions, and empower the organization with necessary tools, so that it can adequately identify and mitigate potential risks to fulfill its objectives.

In 2021, with a view to further ensure a structured, augmented approach to ERM, strengthen the related control environment, and allow for adaptation of market best practices and leading trends (i.e. COSO ERM framework, ISO 31000:2018 "Risk Management -Guidelines"), a new ERM methodology (see figure below) was successfully designed and implemented leading to benefits including, but not limited to:

- › optimized support in risk assessment, monitoring, and risk management
- › enhanced, data-informed decision-making
- › identification of over- and under- controlled areas
- › identification of any deviation from policies
- › increased accuracy and reliability of organizational performance data
- › support in reshaping the organization to meet its future strategy.



DESFA's ERM and Risk Assessment Framework

As part of the new ERM methodology, DESFA's new "Risk Management Policy" and "Enterprise Risk Assessment Procedure" were approved and put in force in 2021, contributing to DESFA's updated corporate system framework.

Moreover, 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. In addition, the Risk Management Department is certified according to ISO 9001:2015.

Risk related to suppliers and the rules of cooperation between them

The Company's key suppliers come 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.

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).

Market risk factors

The evolution of demand

In year 2021, COVID-19 pandemic effects in energy demand were minimized. Already from March 2021 an increase in the electricity system load was observed compared to same period in 2020 and this trend continued for the rest of the year. Natural gas demand in Greece increased compared to 2020 by 11%, mainly driven by the gas demand for electricity production.

Focusing on the Greek electricity sector, the domestic demand for electricity in 2021 increased by 4,5%, while net imports decreased by 58% compared to 2020. At the same time, the power production from gas-fired generating units, increased, covering approximately 41,5 % of the system load (compared to 37,4% in year 2020). As a result, gas consumption for electricity production in 2021 was increased by 17% compared to 2020.

During the second half of 2021, unusually high gas prices led to the switch of the merit order of the system with lignite units becoming more competitive than gas units. However, electricity generation from gas was the predominant one.

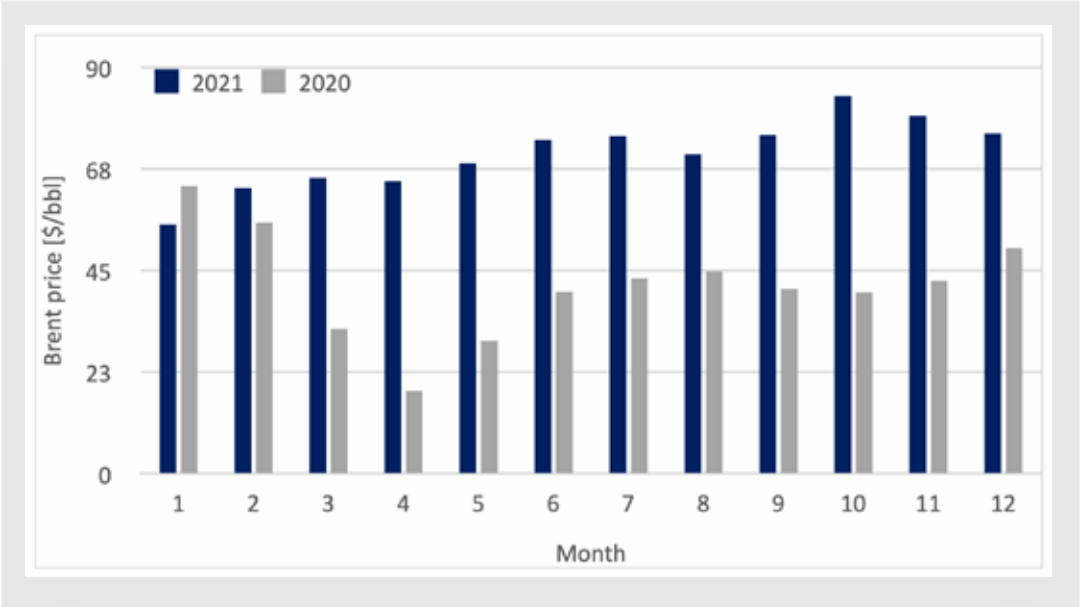
Fuel prices

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.

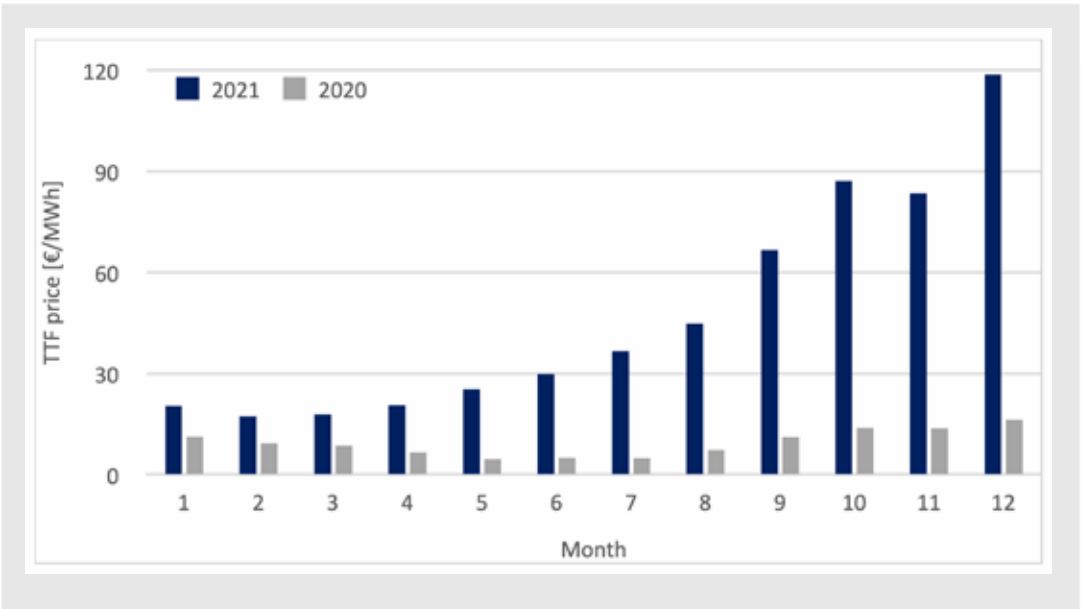
Nevertheless, in recent years, the correlation between natural gas and Brent is decreasing in many long-term contracts, while short-term contracts are increasing in share. As a result, natural gas prices (pipeline and -increasingly- LNG) are more and more correlated with hub prices (TTF prices in EU 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 2021, the overall increase in prices compared to 2020 levels and the surge in TTF prices during the second half of 2021 due to demand and supply mismatch in Europe are presented in the following graphs.

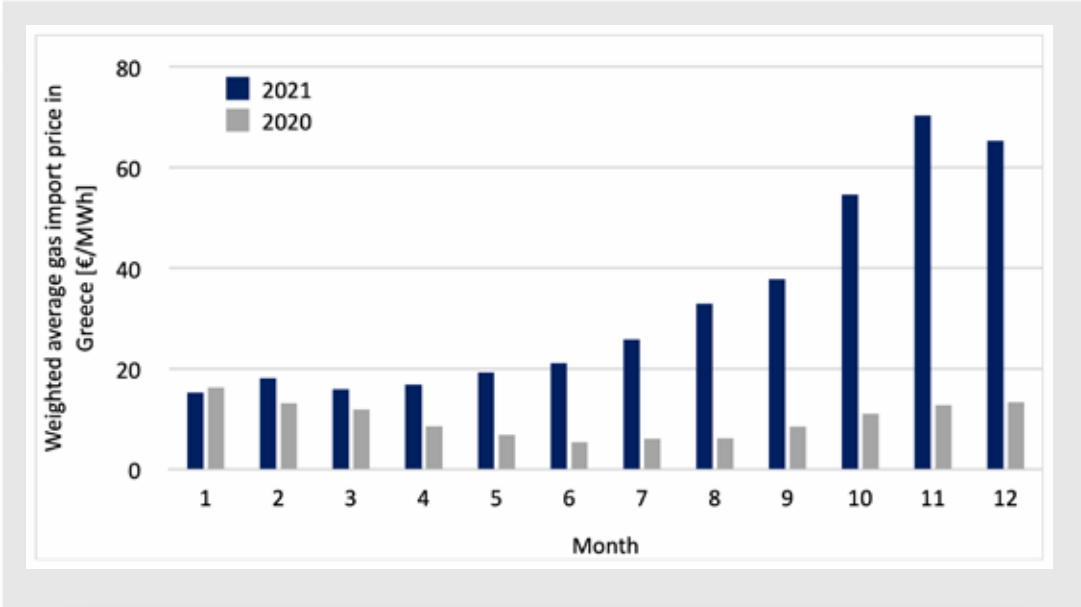
In the final graph the Average gas import price in Greece is presented, showing the high increase in gas prices, especially during the last months of the year. The impact of this increase is highly evident in the drop of big industry category consumption, especially in the last months of 2021.



Monthly average Brent prices during the last two years
(Source: <https://www.eia.gov/dnav/pet/hist/RBRTED.htm>)



Monthly average TTF prices during the last two years
(Source: <https://www.powernext.com/spot-market-data>)



Average gas import price in Greece during the last two years
(Source: <https://www.rae.gr/mesostathmiki-timi-eisagogis>)

CO2 prices

In general, CO2 prices affect the demand for gas twofold: High CO2 prices enhance the competitiveness of gas against lignite, and their effect is accentuated in an environment of high gas prices. However, at the same time, high CO2 prices negatively affect gas's competitiveness 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.

At the end of 2020, CO2 prices showed an upward movement that continued throughout 2021 with a few exceptions, due to seasonality, in the month of July and August.

October, when discussions arose on the matter of security of supply of natural gas at EU level, and when it was revealed that EU's natural gas depots were not sufficiently full for the winter, the price of the EUA followed the big rise of TTF Dutch gas. The price of EUAs set a new all-time record at 88.88 €/EUA on December 8th. Subs fell temporarily to as low as 73.92 €/EUA on December 23rd, returning to above €80 in early 2022. In the graph below the CO2 prices fluctuations throughout 2021 are presented, which are much greater than those of the previous years.



CO2 prices fluctuations

The average price of allowances for 2021 was €53,19/EUA. In terms of own CO2 emissions, in order to manage the price fluctuation, DESFA will continue to apply the approved emission allowances purchase policy to ensure acceptance by RAE of the relative costs.

Impact of COVID-19 on DESFA's business

During 2021 the pandemic continued, but DESFA was fully prepared, with established and tested mechanisms, to deal with the impact of these circumstances. The Company undertook to protect its employees, and ensure the continuous smooth operation of its business, facilities and projects.

DESFA continued its operations following the Emergency Response Plan, which was put in place in 2020 with the COVID-19 outbreak. DESFA employees continued teleworking (almost 100% of the total workforce), while they were regularly informed on any updates on the official instructions regarding social distance, work from home and third-party access, restrictions on personal movements, etc. The employees working at the LNG terminal, dispatching centers, compressor stations and pipeline network premises and plants, followed special guidelines and measures, while special procedures were followed by shift employees.

The three (3) support lines - medical, psychological and QHSE hotline - as well as the online learning platform, continued their successful operation.

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 2021, all essential operations were carried out, taking all the necessary measures to mitigate 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. 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.

Further measures included the provision of diagnostic tests - carried out by contracted laboratories - and antigen self-tests for immediate and rapid diagnosis. Monthly teleconferences were held with the facility managers during which covid 19 issues were the first topic of discussion.

The impact of the Russia/Ukraine crisis

Concerning Russia/Ukraine crisis, the Company is in close cooperation with the parent company, and they are both monitoring on a continuous base the progress of the crisis and the potential effects/risks to the Company. Management has already taken up reasonable measures to address these effects/risks and based on the current state of crisis, no risk of operations' disruption exists and the Company has adequate liquidity to continue its operation in the FY 2022.

Moreover, RAE, with their Decision 63/2022, approved DESFA's proposal regarding the offering of Additional capacity in one or more NNGTS Entry Points in case of crisis level 2 or 3, as a measure of mitigating the consequences of natural gas imports curtailments or disruption, through another NNGTS Entry Point. Finally, DESFA proposed to the Regulator the increase of Revithoussa LNG terminal storage capacity, that would result to a significant increase of its annual throughput, while presented to the Ministry and the Regulator its proposal on the implementation of the draft amendment of the Regulation (EU) 2017/1938, concerning the access to storage facilities located in neighboring countries, for security of supply purposes.

Risk of the development of Macroeconomic Parameters

Financial risk

Interest rate risk: Interest rate risk arises from long-term and short-term borrowings. On 31.12.2021, all long- and short-term borrowings were on a fixed rate basis. Therefore, the Company did not face interest rate risk.

Foreign exchange risk: In 2021, the Company did not face any material currency risk, as substantially most of its assets and 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 102.7 million as of 31.12.2021 without the security of supply account), the Company is exposed to counterparty (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 31.12.2021, was equal to 14.49% (compared to 15.11% in the end of 2020).

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

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 exceeds 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.

Other risks that are related to the activity or industry that the Company is developing

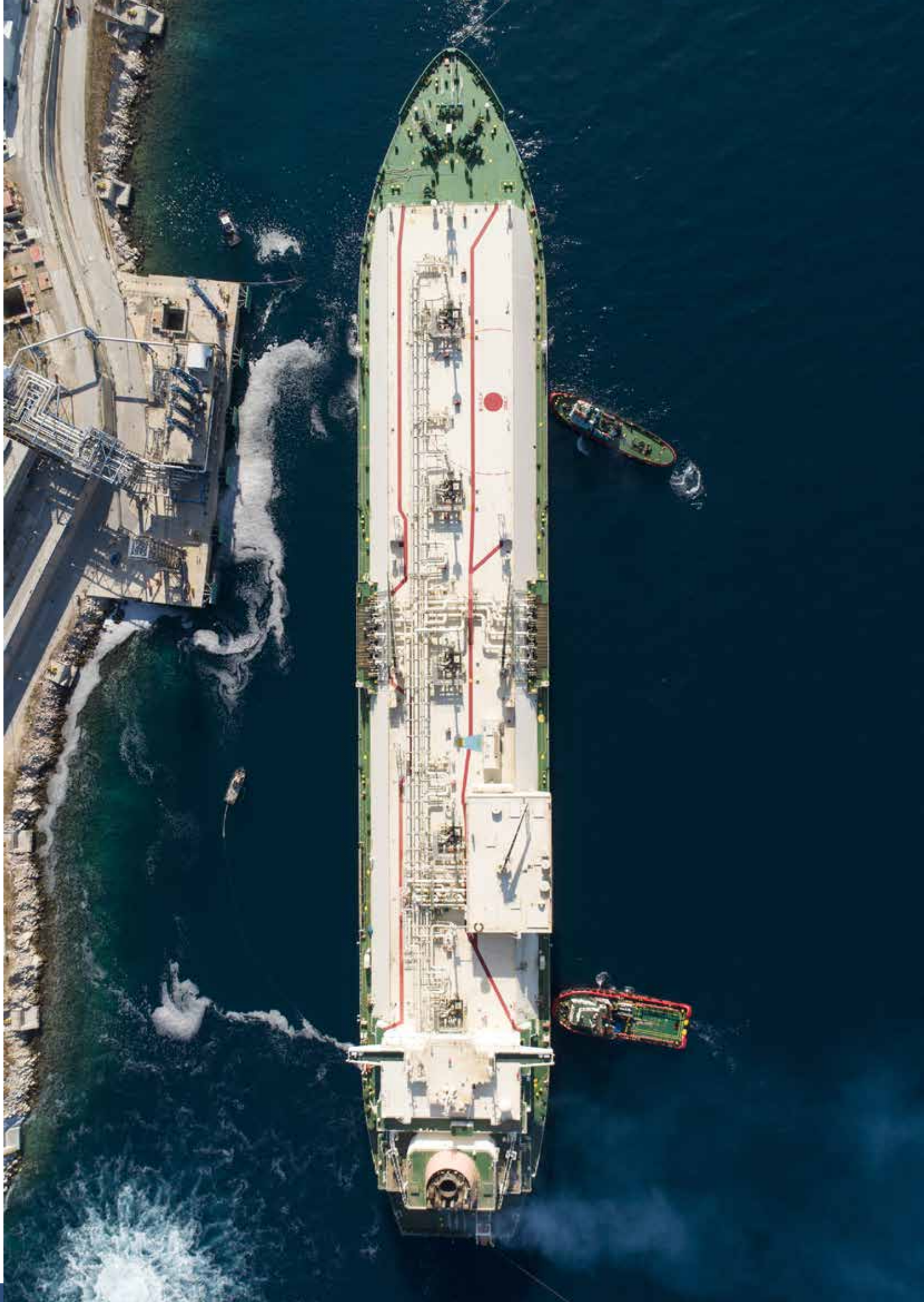
Accident risk

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. There are several communication lines and mechanisms to report Health & Safety Issues, HSE specialists visit frequently each facility and continuous personnel training and awareness raising actions are constantly organized. Especially in 2021 a safe driving training program was organized and executed. It included theoretical and practical training, using DESFA's vehicles, on and off road. Each of the approximately 130 participants were behind the wheel for two hours, driving through a course, passing through and over obstacles while a team of experts were by their side. All training took place outdoors, in all Operations and Maintenance Centers around Greece.

C. Internal Audit

In addition to the above, in 2021 DESFA also strengthened its internal audit capabilities, and carried out extensive risk-based audits to monitor the effectiveness and efficiency of the internal control system and processes according to the new methodology included in the Internal Audit Charter. The activities included the development and execution of the Audit Plan. The 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.



CORPORATE
SOCIAL RESPONSIBILITY

10

ESG Strategy

Today, more than ever, integrating sustainability into the business strategy is important, in order to ensure a futureproof business and maintain our social license to operate. In doing so, we must also consider the broader influences that are changing the way the world works, such as the energy transition to a carbon-free future.

Last year, DESFA had to rethink the way doing things and refocus its Corporate Social Responsibility (CSR) strategy, in order to build a consistent, contemporary and well-established Sustainability Strategy, addressing ESG factors (Environmental, Social, Governance factors) and incorporating them into its business strategy and the overall value chain, in full alignment with the company's new corporate identity and scope of business. Integration begins with the strategic plan, which includes, among other things, initiatives specifically targeting the environment and climate change, human rights protection, engagement with communities, and strengthening of governance.

Good governance, social sensitivity and striving to operate in a greener and more sustainable way, lead DESFA on a journey of developing and implementing a Sustainability Strategy. First, we conducted a Benchmarking Analysis on energy companies in Greece and Europe to understand how they are handling ESG issues and addressing certain sustainability issues, related to their business strategy and based on both existing international standards and best practices.

Consequently, we performed a GAP Analysis to identify which things we were already doing well, and which areas needed further improvement. This analysis included also information on our sustainability approach, the way we engage our stakeholders, what are the material issues for DESFA, and if these are aligned with Sustainable Development Goals (SDG's).

The next step was to identify all those interested groups (Stakeholder mapping) affected by our activities and in turn, those affecting the company directly or indirectly. These groups constitute our internal & external environment and are vital for DESFA's effective operation & growth; their dynamic, either as individuals or as organizations, can have an impact or influence in a positive manner our business development. Following that, we conducted a Sustainability Survey with internal & external stakeholders, as well as one-on-one interviews with our shareholders, aiming to get insights and best practices, while building our sustainability strategy framework.

After assessing all results, we identified 14 material issues that are important for DESFA and conducted a materiality analysis, in accordance with the GRI-Standards, to identify the degree of impact on our sustainability. Then, we created our targets in accordance with the GRI standards and the SDG Goals, set the KPIs for every target and developed an action plan for each of these targets.

However, the most essential component in this journey were the people themselves and the fact that all organizational units were involved. To achieve collaboration, we created a working group of people the so called ESG agents, having representatives from all divisions, who worked hard and collaborated to achieve each one of these milestones. This working group was overseen by a Steering Committee, consisted of the division Directors of the most heavily involved organizational units, who reported directly to the CEO and provided guidance to the working group.

CSR Program

DESFA, in an effort, to create long-term and sustainable value for the society in which it operates, the environment that surrounds us and our people, who are our energy, contributing to the preservation and protection of the social fabric and the environment, provides financial support to organizations, institutions and individuals in the form of sponsorship or donation.

In 2021, we implemented a wide range of donations and sponsorships, in cooperation with local communities and in alignment with our employees, addressing issues, such as environmental protection, food poverty, social care, education, healthcare, innovation and culture. DESFA 2021 CSR activities in numbers are depicted here below:



CO2 prices fluctuations

DESFA contributed to the protection of fire-affected areas, supported the work of the Forestry Offices in a number of regions by providing necessary technical and operational equipment. and sponsored a Greek Initiative teamed up with United Nations for the production of a video that addresses climate change impacts on cultural and natural heritage monuments. In the field of social care, DESFA strongly supported associations dealing with people with special capabilities, and identified institutions focusing on social welfare, as well as educational institutions to further support the local communities around DESFA's facilities. It supported and the improvement of the quality of life at Greece's smallest and most isolated islands, as well as the network for migrant and refugee women living in Greece. DESFA also donated technological equipment to Special Schools and Kindergartens, while it distributed food to poor families and to students, in collaboration with local authorities.

DIn the sector of healthcare, DESFA supported a number of hospitals by donating reagents for the molecular diagnosis of Sars-Cov-2 virus and by undertaking the cost for some restoration projects and operational needs.

DESFA sponsored two students' teams on their innovative projects, while it continued its col-laboration with the Transformable Intelligent Environments Laboratory (TIE Lab) of the School of Architectural Engineering of the Technical University of Crete (TUC), on 3D printing technol-ogy. Further, the company continued to support the para-Olympic athlete Stelios Malakopoulos, while in the field of culture, the Company supported the publication of an edition illustrating pre-industrial traditional lime kilns.

During the year, DESFA organized three (3) volunteering actions, that specifically targeted the environment and climate change, human rights protection, engagement with communities, and fighting poverty.

The Company attaches great importance to the issues of Corporate Social Responsibility 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.

**EXPECTED EVOLUTION OF
THE COMPANY**

11

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 three (3) key pillars – Regulated Business, Business Development, Energy Transition – and enablers (Ongoing Business Transformation & HR; ESG Strategy Implementation), as shown in the following schematic:



DESFA's key strategic pillars focus on the strengthening of the company's core regulated business, the exploration of new business development opportunities and its commitment to foster energy transition. Several key initiatives are planned for 2022, including:

Regulated Business

- › Implementing the TYNDP22/31 key projects to reinforce the existing network, to reach new areas and users, 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 and off-the-grid new customers. Identification of business target model & regulatory framework of attractive regions for DESFA, and utilization of the concepts of Virtual Pipeline and Virtual Liquefaction.
- › Finalizing the discussions with the Regulator on the definition of the new Incentive Based Regulatory Framework, and approval of the new framework and Regulatory Parameters to be applied for the new Regulatory Period.

EXPECTED EVOLUTION OF THE COMPANY

Business Development

- › Underground Storage: participation to tender for development of UGS of South Kavala with GEK TERNA.
- › Establishing a functioning wholesale market, to provide to DESFA users more options to optimize their business in Greece and expand them cross-border, with future expansion in the renew gases market.
- › Developing monitoring mechanism for the project of the FSRU Alexandroupolis and proceed with necessary actions for its smooth implementation.
- › Completing the familiarization phase of the KIPIC project and getting prepared to totally undertake the operation of the KIPIC LNG terminal in Kuwait. Also, acting on further services that could be offered by DESFA to KIPIC.
- › Continuation of the TAP Maintenance Contract.

Energy Transition

- › Engaging with the stakeholders to further develop the role of gas infrastructure and its readiness level 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.
- › Contributing to design of national H2 strategy and to ongoing developments on an EU level on TSO role in H2 value chain.
- › Cooperating with key national and international energy players for assessment of H2 and Carbon capture and storage (CCS) projects.

Considering **transformation initiatives**, several have taken place in 2021 with some still ongoing across various areas. In 2022, a more targeted approach is considered with special focus on the Corporate System and the Culture Transformation of DESFA. Inter alia, key initiatives include:

- › Streamlining business processes, increasing automation, digitalization and enhancing reporting capabilities, in order to increase operational effectiveness, risk optimization and control.
- › Continuation of the initiatives for the optimization of the personnel mix, talent management and succession planning.
- › Implementing the desired culture transformation across the organization through a mid-term cultural transformation path.
- › Implementing DESFA's ESG Strategy.

Towards net-zero

While committed to accelerating energy transition, DESFA paves the way to Net Zero, aiming at reducing the environmental impact of its operation. The decarbonization process the company follows, involves, inter alia, the reduction of energy and greenhouse gas emissions of the company's operation through energy efficiency increase, energy consumption reduction, and fuel shift to achieve Net Zero emissions. With the purpose of achieving the goal of Net Zero CO2 emissions by 2050, DESFA developed a dedicated Project Team - launched in early 2022 - to follow the process and deliver all necessary actions. The scope of work of the Net Zero Project includes:

1. Identification of the greenhouse gas emissions of the facilities and activities (per consumed energy resource, geographical unit, process, unit, equipment);
2. Development of an action plan for the achievement of Net Zero;
3. Possibility (and related costs) assessment to achieving Net Zero by 2040 with a more ambitious scenario;
4. Formulation of proposals for technological and managerial actions for the achievement of Net Zero.

Halandri, May
Under the mandate of the BoD

Mr. Costas Cosmadakis
Chairman of the BoD

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