TERNA ENERGY FINANCE
SOCIETE ANONYME

ANNUAL FINANCIAL REPORT

for the period

from 1st January to 31st December 2019

In accordance with Article 4, Law 3556/2007 and the relevant Executive Decisions of the Hellenic Capital Market Commission Board of Directors

124 Kifisias Avenue & 2 Iatridou Street, 115 26 Athens, Greece

GENERAL ELECTRONIC COMMERCIAL REGISTRY (GEMI) 140274801000

CONTENTS

I. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS
(in compliance with Article 4, Par. 2 of Law 3556/2007)

The below statements are made by the following representatives:

1. Vasileios Delikaterinis, Chairman of the Board of Directors
2. Aristotelis Spiliotis, Managing Director
3. Dimitra Chatziarseniou, The Vice-Chairman of the Board of Directors

The following representatives of the Board of Directors, under our capacity that is presented above, according to the provisions stipulated by law (article 4 of Law 3556/2007), and also as appointed for the specific purpose by the Board of Directors of the Societe Anonyme under the name "TERNA ENERGY FINANCE SOCIETE ANONYME" (henceforth called as the "Company" for brevity reasons), we declare and verify according to the law that to the best of our knowledge:

(i) The attached annual financial statements of the Company for the annual period from January 1st 2019 to December 31st 2019, prepared according to the applicable accounting standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company, and

(ii) The attached BoD Report depicts in a true manner the information required according to the provisions of Paragraph 6, Article 5, Law 3556/2007.

Athens, 02 April, 2020

Chairman of the BoD	Managing Director	Vice-Chairman of the BoD
Vasileios Delikaterinis	Aristotelis Spiliotis	Dimitra Chatziarseniou

II. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of “TERNA ENERGY FINANCE SOCIETE ANONYME”

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of “TERNA ENERGY FINANCE SOCIETE ANONYME” (“the Company”), which comprise the statement of financial position as at December 31, 2019, statements of other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union in compliance with the regulatory requirements of Law 4548/2018.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) incorporated into the Greek Legislation. Our responsibilities under those standards are described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the entire course of our appointment in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) incorporated into the Greek Legislation and ethical requirements relevant to the audit of financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the audited period. These matters, as well as the related risk of significant misstatements, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our conclusion, there are no Key Audit Matters that should be disclosed in our Report.

Other Information

Management is responsible for the other information. The other information is included in the Board of Director’s Report, the reference to which is made in the “Report on Other Legal and Regulatory Requirements” section of our Report and Representations of the Members of the Board of Directors, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our audit, we conclude that there is a material misstatement therein, we are required to report that matter. No such issue has arisen.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management's intention is to proceed with liquidating the Company or discontinuing its operations or unless the management has no other realistic option but to proceed with those actions.

The Company's Audit Committee (Article 44, Law 4449/2017) is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all the relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

a) The Board of Directors' Report includes the Corporate Governance Statement that provides the data and information defined under article 152, Law 4548/2018.

b) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 150 and Paragraph 1 (cases c' and d'), Article 152, Law 4548/2018 and its content corresponds to the financial statements for the year ended as at 31/12/2019.

c) Based on the knowledge we acquired during our audit, we have not identified any material misstatements in the Board of Directors' Report in relation to the Company "TERNA ENERGY FINANCE SOCIETE ANONYME" and its environment.

2. Additional Report to the Audit Committee

Our audit opinion on the accompanying financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

3. Provision of Non-Audit Services

We have not provided to the Company any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.

Authorized non-audit services provided by us to the Company and its subsidiaries during the year ended as at December 31, 2019 are disclosed in Note 15 to the accompanying financial statements.

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 14/10/2016 Company's Articles of Association (Article 34). Our appointment has been renewed by the decision of the annual general meeting of shareholders for a total uninterrupted period of 4 years.

Athens, 02 April 2020
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

III. ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE FINANCIAL STATEMENTS FOR FY 2019

To the Regular General Meeting of Shareholders

Dear Shareholders,

Introduction

The present Annual Report of the Board of Directors, which concerns the FY 2019, was prepared and is in line with the provisions of Law 4548/2018 as well as of the article 4 of Law 3556/2007.

This Report includes financial and non-financial information of the Company for the year ended 31/12/2019 and describes significant events that took place during that period and their impact on the Company's course and prospects. It also describes the main risks and uncertainties that the Company may face in the coming year. Finally, the significant transactions between the Company and the related parties are presented.

The financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

The Company was founded on 14.10.2016 under the title "TERNA ENERGY FINANCE SOCIETE ANONYME" and the distinctive title "TERNA ENERGY FINANCE S.P.S.A.".

The Company’s operations focus on the following:

- investment and financing the operations of the Company and/or its affiliated companies and entities,
- intermediation in financing by third parties of the companies and businesses affiliated with the Company,
- provision of services and consultancy to companies and entities affiliated with the Company regarding the capital structure and in general their financing, and
- in general terms, undertaking any project, service and any activity or any other action which is relevant to the above scope of the Company’s operations or generally is performed in the context of that scope.

The Company is fully supported by TERNA ENERGY S.A., which has a complete influence on the decisions, management and operation of the Company and exercises control over them. Substantially, this is a fund with the objective of implementing selected investments indicated by TERNA ENERGY S.A., sole shareholder of TERNA ENERGY FINANCE S.A. The Company, apart from its investment in the bonds of TERNA ENERGY S.A., has no further business activity, no market activity and no other assets.

In case TERNA ENERGY S.A. ceases to assist the Company at the management and operating level or is unable to fulfil its contractual obligations to the Company under the terms of the Intra-Group Loan, this may have a material adverse effect on: a) Company to fulfil its obligations e.g. due to inadequate cash flows and revenue b) the trading price of the Company's Bonds on the ATHEX, c) the results, the financial position and the prospects of the Company.

Taking into account the aforementioned, the main risks and uncertainties in the Company activities is directly associated with those of TERNA ENERGY GROUP (hereinafter referred to as "the Group"). A detailed report on the risks and uncertainties is provided in section E of the Annual Report of the Board of Directors of TERNA ENERGY S.A.

The operating framework, financial developments and risks / uncertainties, as well as the Company's prospects are described as follows:

Financial Developments and Performance of FY 2019[1]

Throughout 2019, the key sizes and prospects of the Greek economy continued to improve, resulting in a correspondingly positive economic climate. This has become apparent in the operating conditions of the financial system and has contributed substantially to the consolidation of financial stability. The latest restrictions on the movement of funds that came into force in June 2015, which relate to the transfer of funds abroad by businesses and households, were completed in September. This is expected to make a decisive contribution to attracting investment and boosting economic activity.

The same event, in combination with improved financial sizes, led international credit rating firms (such as Standard & Poor's) to upgrade Greece’s ranking to 'BB-' from 'B +' (October 2019) with positive outlook , hoping for a further upgrade in the near term.

The positive prospects for the Greek economy have led to improved financing and liquidity of the financial system, which is a prerequisite for the ongoing transformation of the Greek economy.

The credit conditions of credit institutions have improved, which has a positive effect on the operating of the banking system and its ability to fulfil its intermediary role. It is clarified that the environment of extremely low or even negative interest rates in the Eurozone is an important factor affecting the cost of financing. However, access to money markets for Greek banks is still limited and long-term financing has not been possible without collateral.

At the same time, besides solving the liquidity problem, the Greek banking system is also faced with other more important challenges related to organic profitability, asset quality and regulatory capital. It is worth emphasizing that these challenges are interlinked and, in order to address them effectively, either individually or, account must be taken of the interaction of the effects of each separate approach.

1 Bank of Greece Reports. Special mention is made of the financial system and the role of banks in dealing with the financial crisis.

In this context, banks' organic profitability is inseparably linked to the structure of their assets. The existence of a very high stock of non-performing loans (NPLs) adversely affects profitability, as it holds in high levels the cost of credit risk (June 2019: 1,8%). As a result, these costs limit the banks' net profit margin.

Undoubtedly, efforts to effectively manage the stocks of NPLs have generated positive results. NPLs stock shrank further to € 75,4 billion in June 2019, decreased by 7,9% or € 6,4 billion from December 2018 (€ 81,8 billion) as reported in the balance sheet. It is noteworthy that the overall decline in NPLs from their highest point reached in March 2016, stood at 30% or € 31,8 billion and is undoubtedly proof and a reward for the efforts of all parties involved. However, the ratio of NPLs to total loans (43,6%) remains the highest among European Union countries, well below the European average of 3%.

The adverse relationship between asset quality and high stock of NPLs, in combination with current adverse credit development, shapes the operating framework of profitability and significantly limits its scope for improvement. Unless the current situation changes, the profitability of banks will not easily change.

It is clarified that the high proportion of deferred tax assets in banks' regulatory equity limits their ability to accelerate the depletion of the NPLs stock, as they do not wish to use this portion of their regulatory capital for potential loss absorption. In this context, it is understood that any additional supervisory capital requirements due to the gradual implementation of International Financial Reporting Standard 9 (IFRS 9), the next year stress test, and the implementation of prudential backstop, will cause additional burden.

Under the aforementioned conditions, the Greek economy in the first half of 2019 recorded a growth rate of 1.5%, while based on the economic policy and the available statistics it is estimated that it will continue for the whole year at approximately the same level as in 2018. However, it is worth noting that risks exist, mainly from the external environment, which affect the Greek banking system and the consolidation of financial stability.

A holistic approach is needed in order to support banks transforming their business plan, increasing their profitability and thus ensuring the conditions necessary for creating internal capital. At the same time, the weaknesses of the banking system must be fully addressed, without the strong presence of which it is impossible to make any progress in the national economy.

In this context, the company continued, without interruption, its investment plan, utilizing the amount of € 60 million of its TERNA ENERGY FINANCE S.P.S.A. bond for the implementation of two (2) wind farms in the Central and Western Macedonia Regions, the construction of one (1) Wind Park in the State of Texas USA and the construction of the project " Installation of Urban Solid Waste Processing Plant of Epirus Region". Until 31/12/2019, construction of the project "Integrated Waste Management of Peloponnese Region" had not yet commenced.

(Amounts in thousands Euro, unless otherwise mentioned)

The new bond issuance of TERNA ENERGY FINANCE S.P.S.A. of € 150.000 k was available for the period 22/10/2019 to 31/12/2019 as follows:

Investment segment		Amounts in € thousands
4th quarter 2019		
1	Total repayment of Short-term Bank Loan of the Guarantor (used to repay CBL 2017).	€ 60.000
2	Partial repayment of Short-term Bank Loan of the Guarantor used to repay part of the consideration for acquisition of the wind park "Bearkat I" in Texas, USA	€ 30.632
Period 2019 – 2022		
3	Construction of 14 wind parks in Greece, of a total capacity of 218 MW by the Guarantor or by the Subsidiaries of the Guarantor (either through intra-group loan from the Guarantor to the subsidiaries or through a share capital increase in the Subsidiaries by the Guarantor).	€ 56.000
Total investments		**€ 146.632**
(-) Estimated CBL issuance expenses		€ 3.368
Total capital proceeds by the Issuer		**€ 150.000**

Significant events during the FY 2019

- On 10/05/2019, the Extraordinary General Meeting of the Company's shareholders elected a new Audit Committee consisting of the following members: Mr. Nikolaos Kalamaras, who is not a BoD member and therefore fulfils the independence requirements for assuming the position of the Committee's Chairman, Mr. Georgios Mergos, independent non-executive member, and Ms. Dimitra Chatziarseniou, Vice-Chairman of the BoD and executive member.
- On 05/06/2019, the Ordinary General Meeting of Shareholders of the parent Company TERNA ENERGY S.A. announce that the Company contemplates the issuance of a new Bond Loan, amounting from € 120 million to € 150 million, in order to raise capital needed for the implementation of the Investment Plan.
- On 07/06/2019, the Company announced its intention to fully prepay the nominal value of the bond securities that had previously issued and allocated via a public offering, pursuant to the Ordinary Bond Loan Issuance Program as of 12/07/2017 up to an amount of €60.000 thousand and also pursuant to the Agreement for Appointment of a Bondholders' Representative (the "Program").
- On 17/07/2019, the parent company TERNA ENERGY SA repaid the total nominal value of the bond securities that had issued and had been covered by the Company, based on the Program of Ordinary Bond Loan Issuance up to an amount of € 60.000 thousand according to the provisions of the term 4 of the above Program ("Prepayment"). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Wednesday 17 July 2019: a) The total nominal value of bonds, namely €1.000 per bond security, b) the accrued interest up to 17th July 2019, with the gross amount of interest due for the 4th Compounding Period (17/1/2019-17/7/2019) amounting to € 1.432.470,74 and c) An additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.
- On 17/07/2019, TERNA ENERGY SA deposited an amount of € 1.301 thousand to the Company that was utilized for Share Capital Increase and particularly for the coverage of the Company's cash needs since as of 30/06/2019 the Company presented a negative working capital position.

- On 22/07/2019, and following an announcement made on 7 June 2019, the Company proceeded with the prepayment of the total nominal value of bonds that were issued and allocated via a public offering, pursuant to the Program of Ordinary Bond Loan Issuance up to € 60.000 thousand and the Agreement for Appointment of a Bondholders' Representative (the "Program") according to the provisions of the term 4 of the above Program ("Prepayment"). In the context of the prepayment and according to the provisions of the Program, the following amounts were paid on Monday 22 July 2019: a) the total nominal value of bonds, namely €1,000 per bond security, b) the accrued interest up to 22nd July 2019, with the gross amount of interest due for the 4th Compounding Period (21/1/2019-22/7/2019) amounting to € 1.167.833,33 and c) an additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, namely a gross amount of €10 per bond security.
- On 22/10/2019, the outcome of the Public Offer for the Issuance of Common Bond Loan of € 150.000 k and the listing of the Company's bonds for trading in the Athens Stock Exchange Regulated Fixed Income Class. Specifically, a total of 150.000 common anonymous bonds of the Company were issued at a nominal value of € 1.000 each (the "Bonds") resulting in the raising of funds of € 150 m. The total valid demand expressed by investors who participated in the Public Offer stood at € 684 m. The widespread response of the investing public resulted in the Public Offer being covered 4,56 times and the total number of participating investors stood at 6.673. The final yield of the Bonds was set at 2,60%, the Bond rate at 2,60% and the bond issue price at € 1.000 each, i.e. 100% of its nominal value.
- On 30/12/2019, following the convening of the Extraordinary General Meeting of the Company's Shareholders, it was decided to increase the Share Capital of the Company by € 1.800 k (€ 1.301 k was deposited by the parent on 17/07/2019 in view of the forthcoming increase of the share capital), with the issuance of 1.800.000 new registered shares of nominal value 1,00 Euro each. Certification of the total payment of the aforementioned increase by GEMI was held on 24/01/2020.

Significant events following the closing FY 2019

- On 20/01/2020, the Extraordinary General Meeting of the Company's shareholders elected Mr. George Kouvaris, as a new independent non-executive member of the Board of Directors, who meets the independence criteria of Law 3016/2002, replacing Mr. Konstantinos Baslis for the remainder of his term of office, that is until 30 June 2022 at the latest.
- The Company's Board of Directors, following its meeting on 07/02/2020, decided on the appointment of Mr. Konstantinos Papadakis, father's name Nikolaos, Economist, as the Company's Internal Auditor, replacing Ms Theodora Fetsi, father's name George.

- **COVID-19 Outbreak**

  It is a fact that the outbreak of the coronavirus pandemic found the citizens and political leaders of the whole world completely unprepared to address it, which quickly led to the rapid spread of the disease and to the feelings of insecurity and fear for its ultimate outcome of phenomenon. TERNA ENERGY GROUP, of which the Company is a member and whose operation is directly dependent, despite its surprise, immediately after the first announcements, moved swiftly and decisively, designed and started immediately implementing a plan of measures and actions with key objectives: the safety and health of all of us, the safe repatriation of our executives, where appropriate, utilizing the most up-to-date information technology to minimize movements and travel, as well as modern, flexible ways of working depending on the individual or special needs of groups employees, so that the company can respond promptly to any requirement of any organizational - operating unit of the corporate structure.

  The direct response and effectiveness of the company to the crisis confirmed the correct design and implementation of the Group's organizational model, according to which Management has the ability to delegate ad hoc tasks to a selected senior management, depending on the skill and / or experience that he/she may have in solving a specific problem, regardless of his/her position in the organizational structure of the Group. The assignee acts as Project Manager, with increased authorities and responsibilities, and the Service Mechanism is required to support him / her throughout his / her term of office. The Project Manager is in communication on a daily basis with the Chairman of the Board of Directors and any other executives whose support he / she wishes, briefs in detail on the progress of the task he/she is undertaking, and in particular on the potential risks to be faced, ensuring the speed of decision-making required to achieve the goal pursued.

  At the same time, in order to ensure the Group's going concern, a special remote working plan has been implemented for a significant number of employees and rotational work for those who need to be in the Group's buildings and facilities. Particular care is given to parents of minor children and to those who require increased attention and care. Extremely strict operating rules have been adopted at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of safety for all, which enables them to be in constant contact with all competent bodies.

  Economists, international credit rating agencies, investors and financial analysts estimate that by 2020 world GDP will be around -4%, and that it will require a sustained, high growth rate for at least two years to bring the global economy back to pre-crisis level. TERNA ENERGY already exploits the climate of confidence of markets and investors in the Greek economy and the lifting of restrictions on the movement of capital to eliminate the risk of cancellation or delay in the implementation of the Group's investment plan. In addition, the Group's significant activity in overseas markets, and particularly in North America, contributes to the spread of relative risks and to offsetting the impact on the Group's financial sizes in the event of an ongoing failure of the Greek economy.

Any such development could adversely affect the implementation of the Group's investment plan in Greece and may interfere, inter alia, with the terms of financing its operations, as well as transactions with importing equipment suppliers. The above contingencies, if verified, are likely to temporarily affect the profitability of the Group's domestic activity. This risk is general, applies to all RES producers and does not apply only to TERNA ENERGY.

Management declares the following: 1) any delay in the collection of the Group's revenues by DAPEEP does not currently appear to exceed the six month production value, as it did in the past. Within 2020, a six-month delay in collection will create, even temporarily, a cash issue of particular attention of around € 120 million. The Group's cash flow (€ 299 million - € 257 cash available and € 42 million reserves on 31/12/219) enables Management to manage any potential cash problem with relative ease, without interrupting its pace of implementation investment program. Should the delay exceed 6-8 months of production, Management will reschedule its investment plan, business and cash flow planning to meet increased cash requirements and minimize adverse effects. The controlled slowdown and / or, where appropriate, cancellation of planned investments will prove unavoidable if the delay in recovery goes beyond reasonable limits and market operating practices. However, even in such a case, the Group, due to its size, capability, experience and determined strategy, is ready to strive to maintain its leading position in the RES market and continue its superiority over competition.

Management's view is that it is not possible to predict precisely what the developments in the Greek economy will be and to identify those that will have the greatest impact on the Group's operations, financial performance, cash flow and financial position. However, in view of all the aforementioned, the Management is committed to maintaining its sound operating in the Greek territory, implementing procedures for ongoing identification and evaluation of all risks that may arise in the near future. In direct, ongoing and systematic collaboration with the Risk Manager and the Group's executives, Management plans and implements measures to mitigate any identified risk minimizing its adverse effects. The organizational effectiveness of GEK TERNA and TERNA ENERGY GROUP and the ongoing Management’s concern collaborate with its executives responsible in every project and specific subject matter, depending on the required capability and experience, regardless of which company they formally belong, have created a robust, flexible and effective mechanism for dealing with any potential crisis in any Group company. This basic principle is also due to the immediate response of the Management and the aforementioned mechanism dealing with the epidemic crisis with prudence, calmness and strategic perspective.

Regarding its financial position, the Group, despite the current financial crisis, at the reporting date of the annual Consolidated Financial Statements, but still today, maintains satisfactory capital adequacy, profitability and liquidity and continues to be fully consistent with its liabilities , public, insurance, etc. creditors. In addition, it implements its ambitious investment plan and generates conditions for further development of its activities in Greece and other overseas markets. Moreover, the Management considers that, in 2021, credit risk, in relation to the energy sector requirements for both the TERNA ENERGY SA parent company and for the rest of the Greek companies of the Group, is limited.

Prospects, Risks and Uncertainties

Not only in the international but also in the Greek economic scene, political leaders have recently reaffirmed their interest in the development of Renewable Energy Sources and the faster possible replacement of traditional, thermal (lignite, coal, etc.) sources by wind, photovoltaic etc. to deal effectively with the increasing burden of the natural environment. In this context, TERNA ENERGY SA's management is justified in its strategic decision to invest vigorously in the field of renewable energy sources and to contribute to combating environmental pollution, while at the same time producing satisfactory profits for its investors.

Taking into consideration all the above, we concluded that the main risks and uncertainties of the activities of the Company are directly related to those ones of the Group TERNA ENERGY (henceforth called as the “Group”). A detailed analysis of the risks and uncertainties is provided in Section E of the Annual Management Report of the Board of Directors of TERNA ENERGY S.A.

Particularly in the energy sector, significant developments are expected within 2020, with the rapid adaptation of which will become a critical factor in restructuring the market and redistributing the role and share of key competitors within it. In a recent issue of "energypress", it is predicted that 2020 will be a year of significant disruption for the entire energy sector (electricity, gas, RES, fossil fuels) both at institutional and at operational level. Summary and specifically:

> ***“The end of lignite is the dawn of the RES era***
> *The fuel that backed up the country's electricity is gradually consigned to the dustbin of history. In 2020, the first PPC plants in Amyntaio and Kardia are closed, staff departures are scheduled and the Master Plan is expected to be ready by the summer. A plan with tax and development incentives, focusing on manufacturing, tourism and green energy, to get Western Macedonia and Megalopolis on their feet. At the same time, PPC's first green partnerships with individuals will unfold. In all respects the bet is ambitious but necessary victorious.*
>
> ***DEPA goes private***
> *In January, the privatization of DEPA's Trading, which is of great interest, begins, and the DEPA Infrastructure tender is already underway. In the case of infrastructure, the battle will be between foreign players, and in the case of trading, the game will be played between domestic players. Whoever takes over DEPA Trading, whose big "dowry" is EPA Attikis, with a clientele of over 430.000 households (electricity and gas), plus more than 9.000 businesses, automatically takes the lead in the gas market battle.*

Green investments are speeding up

2020 is the first year of implementation of the grand 10-year National Energy and Climate Plan (EESC). How high the barrier has gone is shown by the fact that in a decade from now, 61% of gross final energy consumption should come from RES, mainly wind and photovoltaics. The green revolution goes first through the simplification of licensing procedures, and the law prepared by the Ministry of Energy, according to which the time required to obtain the necessary licenses will be reduced from 7 years to 2 year now, that is, as long as the European average term. The market bets too much on the new framework, as well as on speeding up the interconnection projects of the Greek islands, and on new storage projects.

The Energy Exchange is in front

However, the year 2020 will be a milestone for the operation of the target model, namely the Energy Exchange. The aim is, after repeated delays, for the target model to be fully operational in the second half of 2020 and to introduce greater transparency in the market over time, largely removing the existing distortions. It is also expected to allow soonest the interconnection with the common European energy market. The first step in this direction is the establishment of the Regional Energy Control Center (RSC) of Southeast Europe in Thessaloniki, which will ensure the coordination of the electricity markets of Greece, Bulgaria, Romania and Italy.

Electric driving is activated

In the first half of the year, electric driving will also be driven by a range of incentives, such as market subsidies, tax exemptions, toll discounts and free parking at selected points in the city center. Depending on how "brave" the motives will be pedestrians and new electric vehicle registrations will open up. PPC is committed to developing the first 1.000 charging stations nationwide in the next 2 to 3 years.

Building energy upgrades

2020 will be the first year for this bet as well. The new ESEK implementation plan projects that annually, approximately 60.000 buildings will have to be upgraded. The launch of new energy upgrading plans for private buildings, public buildings (ELECTRA program) and industries is expected to help. This is a set of measures critical to achieving the ESEK's objectives, which is the key to energy efficiency, as we are committed as a country in 2030 to lower energy consumption than in 2017.

HEDNO privatization, further sale of IPTO OR ADMIE

In the first quarter, decisions will be taken to further privatize the transmission network, i.e. ADMIE, and by summer the decisions to sell 49% of the 239.000km distribution network, i.e. HEDNO, will have been finalized. In both cases, there is evidence of lively interest from foreign investors. In both cases, the hidden "treasure" listens to the name "optical fibers", and how they can tap into networks, enabling providers to offer complex energy and telecommunications (5G) packages.

Mobility around East Med

The agreement between Greece, Cyprus and Israel on the EastMed pipeline, signed 02/01/2020, shows that the project has been "unstuck" by stagnation for many months. If it is eventually built, it will provide the country with a strategic advantage as it will be part of the route to supply Europe with gas. According to reports, the Greek-French consortium IGI Poseidon, which holds 50% of DEPA and Edison, is in talks with the Israeli Natural Gas Lines, while in the beginning of December had signed a memorandum of cooperation with the Israeli TMNG, a member of the Tahal Group. A group specializing in the mechanical design of oil and gas projects and in Engineering, procurement, construction contracts (EPC).

The TAP pipeline is in operation

On November 25, 2019, TAP AG started importing the first quantity of natural gas into a 2 km section of the pipeline in Greece, between the Evros River and the Compression Station in the Kipoi. The next months are pivotal for the pipeline's test run, with the goal being in October 2020, to begin the first deliveries of gas through Greece, Albania to Italy, and from there to Europe.

IGB and FSRU at the final stage

The Greek-Bulgarian pipeline is under construction, with a prospect of being ready in 2021, while the market test for capacity freezing at the LNG and refuelling (FSRU) floating station in Alexandroupolis is directly starting. In December, the acquisition of a 20% of the Gaztrade project company by DEPA was another step towards getting it on track, with corresponding changes pending by Bulgarian state-owned Bulgarian Energy Holding and Romanian state-owned Romgaz.

The bet for the Underground Storage Facility of Kavala

Out of the ice comes the much debated 300- 400m Euro budget investment to convert the depleted South Kavala field into an underground gas storage facility. In the first half of 2020 it is expected to launch a tender to select an investor who will convert the depleted mine into an underground gas infrastructure. Our country is one of the few in Europe that does not have such infrastructure. The project complements the gas infrastructure being developed in Northern Greece, namely the TAP, IGB pipelines and the liquefaction and re-gasification plant in Alexandroupolis.

New research on hydrocarbons

Research on hydrocarbons is in the way that gas is the fuel for the transition to full de-carbonization. The drilling planned for 2020 in Katakolo and Patraikos, Ionian and Western Greece, and those of the major maritime concessions for the period 2025-2028, are part of the country's strategic energy independence plan. "

Under the new circumstances and expected impacts on the market players in 2020, TERNA ENERGY Group's prospects remain positive, as its investment plan is expected to reach Euro 1.5 billion by 2025, if the state speed up to revise the institutional framework, which will rationalize licensing procedures and modernize the structures and institutions for supervising and enhancing the businesses operating in the RES market. It is well known that the Group's position, as conveyed by the Chairman of the Board of Directors, Mr. G. Peristeris, that TERNA ENERGY, since its inception, has been a pioneer in the development and implementation of investments in RES projects, while remaining firmly committed to its core principles and objectives strengthening the national economy, which its potential supports, and demonstrating in practice the belief that market forces should also contribute with the manifestation of the required investment patriotism by making significant investments in Greece. This principle and high domestic value-added production are determined to be the most appropriate path to growth, the generation of many well-paid jobs and, in the long term, the prosperity of society.

TERNA ENERGY, under the consistency and high sense of corporate social responsibility that distinguishes it, will remain a pioneer in the field of investment and will strive to maintain the Group's pace of development in line with its business plan, despite adverse conditions exacerbated by the coronavirus pandemic. The following is a specific brief summary of the potential risks involved:

It is a fact that the outbreak of the coronavirus pandemic found the citizens and political leaders of the whole world completely unprepared to address it, which quickly led to the rapid spread of the disease and to the feelings of insecurity and fear for its ultimate outcome of phenomenon. TERNA ENERGY GROUP, of which the Company is a member and whose operation is directly dependent, despite its surprise, immediately after the first announcements, moved swiftly and decisively, designed and started immediately implementing a plan of measures and actions with key objectives: the safety and health of all of us, the safe repatriation of our executives, where appropriate, utilizing the most up-to-date information technology to minimize movements and travel, as well as modern, flexible ways of working depending on the individual or special needs of groups employees, so that the company can respond promptly to any requirement of any organizational - operating unit of the corporate structure.

The direct response and effectiveness of the company to the crisis confirmed the correct design and implementation of the Group's organizational model, according to which Management has the ability to delegate ad hoc tasks to a selected senior management, depending on the skill and / or experience that he/she may have in solving a specific problem, regardless of his/her position in the organizational structure of the Group. The assignee acts as Project Manager, with increased authorities and responsibilities, and the Service Mechanism is required to support him / her throughout his / her term of office. The Project Manager is in communication on a daily basis with the Chairman of the Board of Directors and any other executives whose support he / she wishes, briefs in detail on the progress of the task he/she is undertaking, and in particular on the potential risks to be faced, ensuring the speed of decision-making required to achieve the goal pursued.

At the same time, in order to ensure the Group's going concern, a special remote working plan has been implemented for a significant number of employees and rotational work for those who need to be in the Group's buildings and facilities. Particular care is given to parents of minor children and to those who require increased attention and care. Extremely strict operating rules have been adopted at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of safety for all, which enables them to be in constant contact with all competent bodies.

The Company's Management, in written communication of Mr. G. Peristeris, Chairman of the Board of Directors of TERNA ENERGY and Chairman and Chief Executive Officer of GEK TERNA, with all employees in the two Groups, confirmed, among other things: We must not forget, however, that our Group is also pillar of economic growth, employment growth and support to the Greek economy. Therefore, we have a debt to meet this challenge as best we can, for the benefit of our employees, our partners, our shareholders and our country. And we will continue to do that under these conditions.

We have already announced the expansion of our investment program by 550 million Euro in RES sector, and we are continuing to implement our planned investments in all areas of our activities (infrastructure, energy, environment, etc.). Our infrastructure and energy investment plan exceeds € 3 billion and we will do everything we can to make it as seamless as possible.

As soon as the public health crisis is over, we will all be urged by the State, businesses and employees to exaggerate ourselves to limit the financial impact of the crisis even more. It is our responsibility for all of us to prepare ourselves now for a dynamic restart of the Greek economy, which has only just begun to recover from the painful effects of the multiannual crisis. Vigilance, preparation, and readiness is required from all of us!

Our country needs us once again and we are once again at the forefront. We did it all together in the ten years of the financial crisis, from which we came out winners. We will continue to do the same in this new adventure, from which I hope and wish we all come out victorious again, always keeping safety and health a top priority for all of us. "

Economists, international credit rating agencies, investors and financial analysts estimate that by 2020 world GDP will be around -4%, and that it will require a sustained, high growth rate for at least two years to bring the global economy back to pre-crisis level. TERNA ENERGY already exploits the climate of confidence of markets and investors in the Greek economy and the lifting of restrictions on the movement of capital to eliminate the risk of cancellation or delay in the implementation of the Group's investment plan. In addition, the Group's significant activity in overseas markets, and particularly in North America, contributes to the spread of relative risks and to offsetting the impact on the Group's financial sizes in the event of an ongoing failure of the Greek economy.

Any such development could adversely affect the implementation of the Group's investment plan in Greece and may interfere, inter alia, with the terms of financing its operations, as well as transactions with importing equipment suppliers. The above contingencies, if verified, are likely to temporarily affect the profitability of the Group's domestic activity. This risk is general, applies to all RES producers and does not apply only to TERNA ENERGY.

Management declares the following: 1) any delay in the collection of the Group's revenues by DAPEEP does not currently appear to exceed the six month production value, as it did in the past. Within 2020, a six-month delay in collection will create, even temporarily, a cash issue of particular attention of around € 120 million. The Group's cash flow (€ 299 million - € 257 cash available and € 42 million reserves on 31/12/219) enables Management to manage any potential cash problem with relative ease, without interrupting its pace of implementation investment program. Should the delay exceed 6-8 months of production, Management will reschedule its investment plan, business and cash flow planning to meet increased cash requirements and minimize adverse effects. The controlled slowdown and / or, where appropriate, cancellation of planned investments will prove unavoidable if the delay in recovery goes beyond reasonable limits and market operating practices. However, even in such a case, the Group, due to its size, capability, experience and determined strategy, is ready to strive to maintain its leading position in the RES market and continue its superiority over competition.

Management's view is that it is not possible to predict precisely what the developments in the Greek economy will be and to identify those that will have the greatest impact on the Group's operations, financial performance, cash flow and financial position. However, in view of all the aforementioned, the Management is committed to maintaining its sound operating in the Greek territory, implementing procedures for ongoing identification and evaluation of all risks that may arise in the near future. In direct, ongoing and systematic collaboration with the Risk Manager and the Group's executives, Management plans and implements measures to mitigate any identified risk minimizing its adverse effects. The organizational effectiveness of GEK TERNA and TERNA ENERGY GROUP and the ongoing Management’s concern collaborate with its executives responsible in every project and specific subject matter, depending on the required capability and experience, regardless of which company they formally belong, have created a robust, flexible and effective mechanism for dealing with any potential crisis in any Group company. This basic principle is also due to the immediate response of the Management and the aforementioned mechanism dealing with the epidemic crisis with prudence, calmness and strategic perspective.

Regarding its financial position, the Group, despite the current financial crisis, at the reporting date of the annual Consolidated Financial Statements, but still today, maintains satisfactory capital adequacy, profitability and liquidity and continues to be fully consistent with its liabilities , public, insurance, etc. creditors. In addition, it implements its ambitious investment plan and generates conditions for further development of its activities in Greece and other overseas markets. Moreover, the Management considers that, in 2021, credit risk, in relation to the energy sector requirements for both the TERNA ENERGY SA parent company and for the rest of the Greek companies of the Group, is limited.

Regarding its activity in the energy sector, the Group remains exposed to the short-term fluctuations of wind and hydrological data, without affecting the long-term profitability of its projects, as long as the implementation of its investments is preceded by extensive studies involving long-term studies of the above factors. From now on, calculation models should incorporate new factors allowing for the occurrence of potential events of force majeure, such as the current epidemic, in order to examine in greater depth, the viability of any projected investment.

During the period between the end of the fiscal year 2019 and the date of approval of the accompanying financial statements, no significant loss has occurred, nor has any possibility of such loss occurred.

Alternative Performance Measurement Indicators ("APMI")

In the context of applying the Guidelines “Alternative Performance Measures” of the European Securities and Markets Authority (ESMA/2015/1415el) which are applied from 3rd of July 2016 in the Alternative Performance Measures Indicators(APMI)

The Company utilizes certain Alternative Performance Measurement Indicators (“Alternative Performance Measures” under ESMA Guidelines on Alternative Performance Measures of 5/10/2015) excluding IFRS arising from its financial statements and in particular the indicators 'Net Debt / (Surplus)', 'Loan Liabilities / Total Capital Employed', 'EBIT (Earnings Before Interest & Taxes),' EBITDA (Earnings Before Interest Taxes Depreciation & Amortization) and "Gross Profit Margin".

When describing the Company's performance, the following indicators are used:

EBIT (Earnings Before Interest & Taxes): It is a ratio by which the Company's Management assesses its operating performance. It is defined as Earnings / (losses) before income tax +/- Net Financial Results.

EBITDA (Earnings Before Interest Taxes Depreciation & Amortization): The ratio adds the total depreciation and amortization (of tangible and intangible assets respectively) to the operating earnings before taxes, interest and other financial results and subtracts grants amortization to earnings before taxes (EBIT). The greater this indicator is, the more efficient the operation of the Company becomes.

“Gross Profit Margin” is a ratio by which the Company’s Management assesses the return level and is defined as “Net Interest Income / Net Financial Income”. The above indicator was calculated for the first time in the interim condensed financial statements of 30/06/2019 and going forward it will be calculated in this particular manner.

“Net debt / (Surplus)” is a ratio by which the Company’s Management assesses each time the respective cash position. The ratio is defined as total long-term loan liabilities, short-term loan liabilities, long-term liabilities carried forward, less cash and cash equivalents (excluding the amounts of grants to be repaid less restricted deposits).

(Amounts in thousands Euro, unless otherwise mentioned)

Loan Liabilities to Total Capital Employed is a ratio, that the Management assesses the Company's financial leverage. As Loan Liabilities are defined Short Term Loans, Long - Term Loans and Long-term liabilities carried forward. The Total Capital Employed is defined as the sum of the total equity, the loan liabilities minus the amount of cash and cash equivalents (excluding the amounts of grants to be repaid and any restricted deposits).

These ratios, which are defined and measured analytically below, are widely used to present the Company's operating performance and debt capability. These ratios for comparability purposes are also presented for the year 2018, to show the development of the Company's profitability and borroing ratio on a comparable basis. Alternative Performance Measurement Indicators should not be considered as a substitute for other sizes measured in accordance with IFRSs.

The following table presents the Alternative Performance Measurement Indicators, which were measured in accordance with the Annual Financial Statements for the fiscal years 2019 and 2018:

Amounts in thousand €	**2019**	**2018**
Long-term loan liabilities	146.252	59.139
Long-term liabilities carried forward	758	1.033
Loan Liabilities (a)	**147.010**	**60.172**
Cash and cash equivalents (b)	**526**	**87**
Net debt/(surplus) (a) - (b) = (c)	**146.484**	**60.085**
Total equity (d)	1.434	283
Total Employed Capital (c) + (d) = (e)	**147.918**	**60.368**
Loan Liabilities (a)/Total Employed Capital (e)	**99,39%**	**99,68%**
Interest income (f)	3.152	2.889
Interest and other financial expenses (g)	(3.630)	(2.562)
Net (expenses)/income from interest (f) - (g) = (h)	**(478)**	**327**
Gross profit margin (h)/(f)	**(15,16%)**	**11,32%**
Net (losses)/profit for the period (i)	(649)	186
Income Tax (j)	243	(93)
EBIT (i)-(j)	**(892)**	**279**
EBITDA (i)-(j)	**(892)**	**279**

Transactions with Related Parties

The Company's transactions with related parties pursuant to the provisions of the IAS 24 have been conducted under normal market conditions. In 2019, the amounts of sales and acquisition as well as the balances of the Company's assets and liabilities as of 31/12/2019, arising from transactions with related parties are presented in note 20 of the financial statements.

(Amounts in thousands Euro, unless otherwise mentioned)

Transactions and balances for the FY 2019 are as follows:

Amounts in Euro	**Interest and other financial expenses**	**Interest income**	**Assets**	**Liabilities**
TERNA ENERGY S.A.	-	3.151.559	147.629.500	319.046

The following clarifications are given on the above transactions:

- TERNA ENERGY FINANCE S.P.S.A. Interest Income of € 3.151.559 relates to the 2017 and 2019 Intra-group Loans.
- The Company's receivables from TERNA ENERGY SA amounting to € 147.629.500 relate to the 2019 Intra-group Loan (capital and interest).
- The Company's liabilities to TERNA ENERGY SA relate to advertising expenses associated with the issue of the € 319.046 Common Bond Loan (Note 12), which were conducted through TERNA ENERGY SA.

No benefits were given to management executives during 2019.

Athens, 02 April 2020

The Chairman of the BoD

Vasileios Delikaterinis

CORPORATE GOVERNANCE STATEMENT

1. Corporate Governance Code

The company applies to all of its activities and operations, the established rules by the legislative, supervisory and other competent authorities to all its activities and functions, without any exceptions. In addition, it has adopted internal rules and business practices that contribute to the compliance with the principles of transparency, professional ethics and good management of all company resources at every level of operation for the benefit of investors while protecting the Company from anyone intending or / and the ability to put his/her personal interest above the corporate. All the above rules and practices are incorporated in the Corporate Governance Code (CED), which the company has made in line with the provisions of Law 3873/2010.

In this context, and in order to further enforce the ethical and ethical principles, rules and practices that should govern the functions and processes of a modern and socially responsible business, the Management has developed a specific Code of Ethics.

2. Corporate Governance Rules and Practices

The following terms and practices of corporate governance are clearly and precisely defined in the CED:

Board of Directors

Its role, duties and responsibility for the design and implementation of the company's strategy are clearly defined with the main objective of protecting the interests of all of its Shareholders. As the highest governing body of the company, it decides on all corporate affairs, other than those that fall within the competence of the General Meeting. In particular, the responsibilities of the Board of Directors included:

- The long-term strategic and medium-term business planning of the company.
- The adoption and implementation of the general policy based on the suggestions and proposals of the managers.
- The integrity of the accounting and financial statements to be disclosed, including the auditors' report and the existence of processes regarding risk control, financial control and compliance abiding with the applicable law.
- The monitoring and settlement of any conflict of interest issues between directors, members of the Board of Directors and shareholders, including cases of mismanagement of assets or transactions with affiliated parties.
- The report of actions to the company's shareholders.
- The Board of Directors enacts the rules governing the procedures of certain and specific types of transactions, such as mergers, acquisitions and major changes in the company's capital.
- The determination of the remuneration of the members of the Board of Directors and the proposal for approval by the General Meeting of Shareholders, as well as the decision on the remuneration of the company's top executives.

The Regular General Meeting of Shareholders of May 11, 2017 elected a five-member Board of Directors to manage the Company for five years, starting from the date of its election (a term which is automatically extended to the Ordinary General Meeting to be convened by 30/6/2022 the latest), composed of the following Members:

1. - Vasileios Delikaterinis of Evangelos, executive Member, Chairman,
2. - Dimitra Chatziarseniou of Nikolaos, non-executive member, Vice-Chairman
3. - Aristotelis Spiliotis of Nikolaos, executive Member, Managing Director
4. - Konstantinos Baslis of Georgios, independent non-executive Member
5. - Angelos Tagmatarchis of Konstantinos, independent non-executive Member

The Board of Directors following the resignation of Mr. Aggelos Tagmatarchis, on 31/7/2018 convened on 2/8/2018 and after an extended discussion among the Members, according to the P.L. 2190/1920 as it was amended and is currently in effect, Law 3016/2002 as it was amended and is currently in effect, as well as article 10, paragraph 3 of the Articles of Association, unanimously approved the election of Mr. Georgios Mergos of Ioannis as independent non-executive member in replacement of Mr. Tagmatarchis for the remaining of his term, meaning up until 30th of June 2022 at the latest

On 10/05/2019, the Regular General Meeting of the Company's shareholders approved the replacement of the member of the BoD, Mr. Aggelos Tagmatarchis by Mr. Georgios Mergos of Ioannis as independent non-executive member, in compliance with the effective provisions of Law 3016/2002.

On 20/01/2020, the Extraordinary General Meeting of the Company's shareholders elected Mr. George Kouvaris, as a new independent non-executive member of the Board of Directors, who fulfils the independence criteria of Law 3016/2002, replacing Mr. Konstantinos Baslis for the remainder of his term of office, that is until 30 June 2022 at the latest.

Therefore, the current composition of the board of Directors is as follows:

1. - Vasileios Delikaterinis of Evangelos, executive Member, Chairman,
2. - Dimitra Chatziarseniou of Nikolaos, non-executive member, Vice-Chairman
3. - Aristotelis Spiliotis of Nikolaos, executive Member, Managing Director
4. - George Kouvaris of Theologos, independent non-executive Member
5. - Georgios Mergos of Ioannis Angelos, independent non-executive Member

In the course of their duties and meetings in 2019, the members of the Board of Directors displayed "businessman due diligence", devoting all the time required for effective management of the company and acted with integrity, accountability and honesty, avoiding actions that could jeopardize the company's competitiveness or conflicts of interests. They also kept the confidentiality of the information that they held in a privileged way, and they made sure that all shareholders and interested investors were informed in a timely and concurrent manner of matters that could affect their decision to make any trading in shares in the company.

Chairman of the Board of Directors

The Chairman represents the basic instrument for applying Corporate Governance Principles in the Company, with responsibility, among others, for the efficient operation of the Board of Directors and the active participation of all its members in making and reviewing the application of business decisions, as well as for the smooth communication between the Company and its shareholders.

The Chairman’s responsibilities include convening and directing the work of the Board of Directors on the daily agenda items he has composed on the basis of the needs of the company and relevant requests from all the other members of the Board, supervises and controls the personnel of the company, supervises its smooth operation and executes the decisions of the Board of Directors and acts in accordance with its specific mandates and mandates, prepares the Annual Report of the Board of Directors and recommends to the Board of Directors the balance sheet and the report.

The Board of Directors is supported by Committees, which carry an advisory role, but which also carry a heavy weight in the decision making process of the Board. The Committees are as follows:

Audit Committee

The Audit Committee supports the Board of Directors in fulfilling its duty to ensure: the compliance of the company's instruments and actions with the requirements of the legal - institutional - regulatory framework and the Principles of Corporate Governance that govern the company’s operation, the completeness and reliability of the company's accounting, information and administrative systems' and the statements and other reports produced through them, the smooth and efficient operation of all the company's control mechanisms, so that all business risks are identified in a timely manner and dealt with in a cautious and efficient way.

It meets at least four times a year and whenever it deems necessary. It invites the statutory auditor at its meeting at least twice a year to provide clarifications on its actions and observations on the financial statements and the company's overall financial information.

The Audit Committee has the following, sector-by-sector, basic duties:

- It supervises the process of producing the financial statements and other financial reports of the company by testing their credibility and ensuring that the internal audit work is carried out smoothly and provides its support and periodically evaluates the adequacy and reliability of the internal control and risk management mechanisms with the criteria of timely identification of the latter and the quick reaction on addressing them.
- It investigates any transactions of the company with any related to it person and submits relevant reports to the Board of Directors, so as the likelihood of conflicting interests to be examined in a transparent manner and a possible damage or loss to the company to be prevented.
- Also, the Audit Committee receives the Internal Audit Service reports, evaluates their content, suggests to the Board of Directors the Head of the Service, assesses its efficiency and effectiveness, and, on this basis, it recommends the continuation or termination of his duties.

- It monitors the performance of the work of the statutory auditor and assesses whether it complies with the relevant legal and regulatory framework, international standards and best practices. It also investigates and assesses the adequacy of the knowledge, professional consistency, independence and effectiveness of the statutory auditor, and, on this basis, proposes to the BoD the continuation or termination of his/her duties.

The Audit Committee consists of at least three (3) members. The Audit Committee is a committee of the Company's Board of Directors. It consists of non-executive members of the Board of Directors and members elected by the General Meeting of the Company's shareholders. The members of the Audit Committee as a whole have sufficient knowledge in the field in which the Company operates and are mostly independent of the Company, within the meaning of the provisions of Law 3016/2002. It is mandatory that at least one (1) of the three members has sufficient knowledge and experience in accounting and auditing.

The members of the Audit Committee elected by the Extraordinary General Meeting of May 10, 2019 are:

- Nikolaos Kalamaras, - Chairman of the Committee, non-member of the BoD – Expert in accounting and auditing
- Dimitra Chatziarseniou – non-Executive member
- Georgios Mergos – independent non-Executive member

The Audit Committee met six (6) times during 2019, it exercised all of its duties and responsibilities, it cooperated with the Internal Audit Service of the company and provided the appropriate instructions for the continuation of audit by subject and priority.

It discussed with the company's internal control officer about his findings and conclusions and confirmed the correctness of the process of preparing its financial statements. It affirmed the latter with the Group's external auditors and examined all the issues they raised on the basis of their knowledge and experience acquired during the performance of their duties.

It collaborated with the auditors on issues of common interest throughout 2019 and thoroughly analyzed their conclusions regarding the correctness and accuracy of the financial statements and the integrity of the information of the Shareholders and the investors in general.

3. Internal Control and Risk Management

The internal control system is defined as the sum of rules and measures applied by the company, which aim at the preventive and restrictive control of operations and procedures at all levels of the company’s hierarchy and organizational structure, in order to ensure: the legality and security of management and transactions, the accuracy and reliability of published financial statements and any other financial information and announcement, as well as the effectiveness of the company’s operational systems and activities.

The Board employs the internal control system so as to protect the company's assets, estimate the evident risks arising from all of its operations and provide accurate and complete information to shareholders with regards to the actual condition and prospects of the company, as well as the manner in which detected risks are handled.

To implement the above, the Board defines the operational context of the internal control, approves the conduct and evaluation procedures of its results and decides on its composition, adhering to the relevant legal and regulatory framework. It establishes a special internal audit division, which is independent, is not subject to any hierarchy in relation to any other organizational division and is supervised by the company's Audit Committee.

With the contribution of the Audit Committee, it evaluates the adequacy and effectiveness of the special internal audit division and the extent to which its reports are utilized by the Board for the continuous improvement of the company's operation at all levels ant the effective management of business risks. Moreover, the Audit Committee maintains direct and regular contact with the external auditors, in order to by systematically informed on the adequacy and reliability regarding the operation of the internal control and risk management systems, as well as the accuracy and reliability of the financial information.

The evaluation and management of risks during 2019 is described in the relevant chapter (III) of the company's Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholders – Investors

The Board of Directors emphasizes on the importance of the protection of the rights of all Company Shareholders and to the servicing of their rights. Servicing of Company Shareholders is done through oral and written communication. The Shareholders' Service Department shall ensure that the company's equity holders are equally informed of the distribution of the Company's securities, distributions, subscriptions, waivers and conversion transactions, the period of exercise of their rights or any changes in the original time limits.

It also provides information regarding the regular or extraordinary General Assemblies and on their performance.

Moreover, the Shareholders' Service Department has the responsibility of keeping the list of holders of corporate titles (record of bondholders) of the Company in accordance with the applicable legislation. For this purpose, the service is responsible for communicating with the Central Securities Depository.

On 6^{th} May 2019, the Company announced that Mr. Giorgos Koufios had undertaken the position of the person-in-charge of Bondholders and Corporate Announcement Service Officer, replacing Mrs. Katerina Mavidou.

5. General Meeting of Shareholders

The company adheres to the total relevant terms and provisions stipulated by the effective legal – regulatory framework as regards to the General Meeting of its Shareholders, with particular dedication on reinforcing their ability to smoothly exercise their rights, based on the completeness, accuracy and clarity of the information such receive promptly by the relevant company bodies, through all means available to the company.

Members of the Board of Directors, the company auditors and any other senior company executive, who are considered essential for the provision of detailed information and clarifications on Shareholders' inquiries, are present at the General Meetings.

6. Disclosure of information required by items (c), (d), (f), (h) and (i) of par. 1 article 10 of the directive 2004/25/EC

The required information is already included in another section of the Management Report that refers to the additional information of article 4 par. 7 of Law 3556/2007.

7. Compliance with the provisions of the Code

The Board of Directors has complied with the provisions of the Corporate Governance Code during the fiscal year 2019.

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS
IN ACCORDANCE WITH ARTICLE 4 OF LAW 3556/2007

The present Explanatory Report of the Board of Directors is submitted towards the Ordinary General Shareholders' Meeting, according to paragraph 8 article 4 of L. 3556/2007 and has been prepared, according to those stipulated in paragraph 7 of article 4 of the same law.

a) Structure of Share Capital
The share capital of the Company amounts to a total of fifty thousand euros (50.000 €) divided into fifty thousand (50,000) common voting shares of nominal value one euro (1,00 €) each.

All the rights and obligations stated by Law and the Company's Articles of Association emanate from each share.

b) Limitations to the transfer of Company shares
The transfer of Company shares takes place according to Law and there is no limitation to their transfer according to the Articles of Association.

c) Significant direct or indirect participation according to the definition of the provisions of L. 3556/2007
The 100% shareholder of the Company is TERNA ENERGY SA.

d) Shares providing special control rights
According to the Company's Articles of Association there are no shares that provide special control rights.

e) Limitations to voting rights
According to the Company's Articles of Association there are no limitations of voting rights emanating from its shares.

f) Agreements between Company Shareholders
To the Company's knowledge, there are no agreements between its Shareholders, which imply limitation to the transfer of its shares or to the exercise of voting rights emanating from its shares.

g) Rules for appointment and replacement of Board Members and amendments of the Articles of Association
The Company's Articles of Association have been conformed to the provisions of Law 3604/2007 and their provisions do not differ from those stipulated by Law 4548/2018, as in effect, both with regards to the appointment and replacement of Board Members and with regards to the amendment of its articles.

h) Authority of the Board of Directors for the issuance of new shares

In accordance with the provisions of article 5 par. 2 of the Articles of Association, the General Meeting may by its decision give the Board of Directors the authority to increase its share capital in accordance with Law 4548/2018, as amended and effective.

In accordance with the provisions of article 113 of Law 4548/2018, as amended and effective, as applicable, the Board of Directors may increase the share capital by issuing new shares in the context of implementation of a stock option plan approved by the General Meeting for the acquisition of Company shares by the beneficiaries.

i) Significant agreements put into effect, amended or terminated in case of change in control following a tender offer

There are no agreements which are put into effect, amended or terminated in case of change in the Company's control following a tender offer.

j) Agreements with the Members of the Board of Directors

There are no agreements of the Company with Members of its Board of Directors, which include the payment of indemnity, specifically in case of resignation or termination without reasonable cause or termination of term or employment due to a tender offer.

Athens, 02 April 2020

The Chairman of the BoD

Vasileios Delikaterinis

IV. ANNUAL FINANCIAL STATEMENTS FOR FY ENDED AS AT DECEMBER 31st, 2019

(1 January – 31 December 2019)

**According to the International Financial Reporting Standards (IFRS)
as adopted by the European Union.**

The attached annual Financial Statements were approved by the Board of Directors of TERNA ENERGY FINANCE S.P.S.A. as of 02 April 2020 and have been published on the Company's website www.ternaenergy-finance.gr, as well as on the Athens Stock Exchange's website.

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st 2019

	Note	31/12/2019	31/12/2018*
ASSETS			
Long-term assets			
Other long-term receivables	6	146.632	58.745
Deferred tax assets	18	129	-
Total Long-term assets		**146.761**	**58.745**
Current assets			
Other short-term financial assets	7	997	1.322
Prepayments and other receivables	18	521	425
Cash and cash equivalents	8	526	87
Total current assets		**2.044**	**1.834**
TOTAL ASSETS		**148.805**	**60.579**
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	9	50	50
Share capital		8	(1)
Retained earnings		(424)	234
Shareholders deposits	9	1.800	-
Total equity		**1.434**	**283**
Long-term liabilities			
Long-term loans	10	146.252	59.139
Provision for personnel indemnity	11	6	5
Deferred tax liabilities	18	-	114
Total long-term liabilities		**146.258**	**59.258**
Short-term liabilities			
Suppliers	12	333	-
Long-term liabilities payable in the next fiscal year	10	758	1.033
Accrued and other short-term liabilities		22	5
Total short-term liabilities		**1.113**	**1.038**
Total liabilities		**147.371**	**60.296**
TOTAL LIABILITIES AND EQUITY		**148.805**	**60.579**

* Under the first implementation of IFRS 16, the Company made no adjustments to the comparative amounts recorded in 2018, since no effect has arisen following the adoption of the Standard (see Note 2.6.1).

The accompanying notes form an integral part of these annual financial statements.

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF COMPREHENSIVE INCOME FOR FY 2019

	Note	01/01 - 31/12/2019	01/01 - 31/12/2018*
Income from interest	13	3.152	2.889
Interest and other financial expenses	14	(3.630)	(2.562)
Net interest (expenses)/income		**(478)**	**327**
Third party fees and expenses	15	(305)	(24)
Other operating expenses	16	(79)	(7)
Personnel fees and Expenses	17	(30)	(17)
Operating Results		**(892)**	**279**
Earnings before income tax		**(892)**	**279**
Income tax	18	243	(93)
Net (loss)/profit for the yea		**(649)**	**186**
Other comprehensive income			
Items not subsequently reclassified in the Income Statement			
Actuarial losses from defined benefit plans plans	11	-	(5)
Corresponding income tax		-	1
Total items not subsequently reclassified in the Income Statement		**-**	**(4)**
Other total loss for the year (after tax)		**-**	**(4)**
Total comprehensive (loss)/income for the year		**(649)**	**182**

* Under the first implementation of IFRS 16, the Company made no adjustments to the comparative amounts recorded in 2018, since no effect has arisen following the adoption of the Standard (see Note 2.6.1).

The accompanying notes form an integral part of these annual financial statements.

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF CASH FLOWS FOR FY 2019

	Note	01/01 - 31/12/2019	01/01 - 31/12/2018*
Cash flow from operating activities			
Earnings before tax		(892)	279
Adjustments for reconciliation of net flows from operating activities			
Depreciation	11	1	-
Interest income	13	(3.152)	(2.889)
Interest and other financial expenses	14	3.630	2.562
Operating losses before changes in working capital		**(413)**	**(48)**
(Increase)/Decrease in:			
Loans Granted (Intra-Group Loan 2019)	6	(146.632)	-
Deposits from loans Granted (Intra-Group Loan 2017)	6	58.745	-
Interest and related income receivable		3.476	2.833
Increase/(Decrease) in:			
Inventories		333	-
Accruals and other short-term liabilities		16	4
Deposits for long-term loans (CBL 2019)	10	146.146	-
Payments for long term-loans (CBL 2017)	10	(60.000)	-
Interest Paid		(2.936)	(2.355)
Income tax payments		(96)	(425)
Net Cash (outflows) / inflows from operating activities		**(1.361)**	**9**
Cash flows from investing activities:			
Cash flows from financing activities			
Shareholders deposits for share capital increase	9	1.800	-
Net cash inflows from financing activities		**1.800**	**-**
Net increase in cash		**439**	**9**
Cash balance at the beginning of the period	8	87	78
Cash balance at the end of the period	8	**526**	**87**

* Under the first implementation of IFRS 16, the Company made no adjustments to the comparative amounts recorded in 2018, since no effect has arisen following the adoption of the Standard (see Note 2.6.1).

The accompanying notes form an integral part of these annual financial statements.

(Amounts in thousands Euro, unless otherwise mentioned)

STATEMENT OF CHANGES IN EQUITY FOR FY 2019

	Share Capital	Share Premium	Reserves	Retained earnings	Shareholders deposits	Total
1st January 2018	**50**	**-**	**-**	**51**	**-**	**101**
Net profit for the year	-	-	-	186	-	**186**
Other comprehensive income						
Actuarial losses from defined benefit plans	-	-	(4)	-	-	**(4)**
Other comprehensive losses (after tax)	**-**	**-**	**(4)**	**-**	**-**	**(4)**
Total comprehensive income	**-**	**-**	**(4)**	**186**	**-**	**182**
Formation of reserves	-	-	3	(3)	-	**-**
Transactions with Shareholders	**-**	**-**	**3**	**(3)**	**-**	**-**
31st December 2018	**50**	**-**	**(1)**	**234**	**-**	**283**
1st January 2019	**50**	**-**	**(1)**	**234**	**-**	**283**
Net loss for the year	-	-	-	(649)	-	**(649)**
Other comprehensive income						
Total comprehensive loss for the year	**-**	**-**	**-**	**(649)**	**-**	**(649)**
Issue of share capital and other shareholders' contributions	-	-	-	-	1.800	**1.800**
Formation of reserves	-	-	9	(9)	-	**-**
Transactions with Shareholders	**-**	**-**	**9**	**(9)**	**1.800**	**1.800**
31st December 2019	**50**	**-**	**8**	**(424)**	**1.800**	**1.434**

* Under the first implementation of IFRS 16, the Company made no adjustments to the comparative amounts recorded in 2018, since no effect has arisen following the adoption of the Standard (see Note 2.6.1). Moreover, under the application of IFRS 9 and IFRS 15 as at 01/01/2018, no effect has arisen on the items of the annual financial statements for the FY ended as at 31/12/2018.

The accompanying notes form an integral part of these annual financial statements.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE COMPANY

"TERNA ENERGY FINANCE S.P.S.A." (henceforth "The Company") was incorporated following No. 19.634/ 14.10.2016 Notarial Act, according to the provisions of Law 2190/1920 and was registered in the General Electronic Commercial Registry (GEMI) of the Athens Chamber of Commerce and Industry on 14/10/2016, under GEMI number 140274801000. It has its headquarters in Athens, 124 Kifisias Str. & 2 Iatridou Str., and its term is set for 110 years.

The Company's operations focus on the following:

- investment and financing the operations of the Company and/or its affiliated companies and entities,
- intermediation in financing by third parties of the companies and businesses affiliated with the Company,
- provision of services and consultancy to companies and entities affiliated with the Company regarding the capital structure and in general their financing, and
- in general terms, undertaking any project, service and any activity or any other action which is relevant to the above scope of the Company's operations or generally is performed in the context of that scope.

The Company is operationally supported by its sole shareholder TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME (hereinafter referred to as "TERNA ENERGY S.A."), which controls decision making, operations and management of the Company to the utmost extent.

The main activities of the Company comprise investment and financing of the Company and/or its affiliated companies and entities, intermediation in financing by third parties of the companies and entities affiliated with the Company and, generally, raising of capital from the above entities, provision of services and consultancy to companies and entities affiliated with the Company regarding the capital structure and in general their financing, and, generally, undertaking any project, service and any activity or any other action which is relevant to the above scope of the Company's operations or generally is performed in the context of that scope.

The accompanying Financial Statements as of December 31st 2019 were approved by the Board of Directors on 02/04/2020 and are subject to the final approval of the General Meeting of the shareholders. They are available to the investor community at the Company's offices (Athens, Greece, 124 Kifisias Avenue and 2 Iatridou Street) and the Company's website.

The accompanying financial statements of the Company are consolidated under full consolidation method in the financial statements of TERNA ENERGY S.A., which is located in Greece, listed at ATHEX, and whose participating interest in the Company on 31/12/2019 amounted to 100% (31/12/2018: 100%).

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for Financial Statements Presentation

The Company's accompanying Financial Statements as of 31/12/2019 covering the financial year starting on January 1st until December 31st 2019, have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until 31/12/2019.

The Company applies all the International Accounting Standards, International Financial Reporting Standards and their Interpretations, which apply to its operations. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all periods presented.

Going concern

The Company is operationally supported by TERNA ENERGY S.A., which controls decision making, operations and management of the Company to the utmost extent. The Company's management estimates that the Company holds sufficient resources, which ensure its operations as a "Going Concern

It is true that the outbreak of the COVID-19 (coronavirus) pandemic found citizens and political leaders around the globe completely unprepared for its response, which quickly led to the rapid spread of the disease and to feelings of insecurity and fear for the final outcome of this unprecedented phenomenon. The Group took action quickly and decisively, immediately designed and started implementing a plan of measures and actions to ensure the health of all employees and ensure its Business Going Concern. Management is committed to maintaining its sound operating in the Greek territory, by applying ongoing identification and evaluation procedures for all risks that may arise in the near future. The organizational effectiveness of the Group has generated a proven, capable, flexible and effective mechanism to deal with any potential crisis in any company of the Group. Regarding its financial position, the Group, despite the current financial crisis, at the reporting date of the annual Consolidated Financial Statements, but also at the date of their adoption, maintains satisfactory capital adequacy and liquidity and continues to be fully consistent with its liabilities to suppliers, State, insurance agencies, etc. creditors. In addition, it implements its ambitious investment plan and creates conditions for further development of its activities in Greece and other overseas markets (see Note XX in detail). It is true that the outbreak of the COVID-19 (coronavirus) pandemic found citizens and political leaders around the globe completely unprepared for its response, which quickly led to the rapid spread of the disease and to feelings of insecurity and fear for the final outcome of this unprecedented phenomenon. The Group took action quickly and decisively, immediately designed and started implementing a plan of measures and actions to ensure the health of all employees and ensure its Business Going Concern. Management is committed to maintaining its sound operating in the Greek territory, by applying ongoing identification and evaluation procedures for all risks that may arise in the near future.

The organizational effectiveness of the Group has generated a proven, capable, flexible and effective mechanism to deal with any potential crisis in any company of the Group. Regarding its financial position, the Group, despite the current financial crisis, at the reporting date of the annual Consolidated Financial Statements, but also at the date of their adoption, maintains satisfactory capital adequacy and liquidity and continues to be fully consistent with its liabilities to suppliers, State, insurance agencies, etc. creditors. In addition, it implements its ambitious investment plan and creates conditions for further development of its activities in Greece and other overseas markets.

2.2 Basis of measurement

The accompanying financial statements as of December 31st 2019 have been prepared according to the principle of historical cost.

2.3 Presentation currency

The presentation currency is Euro (the currency of the Company's domicile) and all the amounts are presented in thousand Euro unless otherwise mentioned.

2.4 Comparability

Comparative sizes recorded in the Financial Statements have not been restated, since no effect have arisen following the implementation of IFRS 16 (see Note 2.6.1).

2.5 Use of estimates

The preparation of the financial statements according to IFRS requires the use of estimates and judgments on the application of the Company's accounting policies. Opinions, assumptions and Management estimates affect the valuation of several asset and liability items, the amounts recognized during the financial year regarding specific income and expenses as well as the presented estimates on contingent liabilities.

The assumptions and estimates are assessed on a continuous basis according to historic experience and other factors, including expectations on future event outcomes that are considered as reasonable given the current conditions. The estimates and assumptions relate to the future and, consequently, the actual results may deviate from the accounting calculations.

The areas requiring the highest degree of judgment as well as the factors mostly affecting the Financial Statements are presented in Note 3 to the Financial Statements.

2.6 New Standards, Interpretations and Amendments to Standards

The accounting principles applied for the preparation of the financial statements are the same as those applied for the preparation of the annual financial statements of the Company for FY ended as at 31 December 2018, apart from the adoption of several new accounting standards, whose application was mandatory in the European Union for FYs beginning as at January 1st, 2019 (see Noted 2.6.1 and 2.6.2).

2.6.1. New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments to IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2019.

IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The Company has examined the impact of the above and none has arisen regarding its Financial Statements, since the Company holds no lease agreements with counterparties.

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)

On June 7th, 2017, the IASB issued a new Interpretation, IFRIC 23, effective for annual periods starting on or after 01/01/2019. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The new Interpretation does not affect the separate Financial Statements.

Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. The amendments do not affect the separate Financial Statements.

Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2019)

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The amendments do not affect the separate Financial Statements.

Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: **IFRS 3 - IFRS 11:** Previously held interest in a joint operation, **IAS 12:** Income tax consequences of payments on financial instruments classified as equity, **IAS 23:** Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The amendments do not affect the separate Financial Statements.

Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods starting on or after 01/01/2019)

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users. The amendments do not affect the separate Financial Statements.

2.6.2. New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union until 31/12/2019

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2020.

Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01/01/2020)

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2020.

Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgments. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Company will examine the impact of the above on its Financial Statements, through it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2020.

Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (effective for annual periods starting on or after 01/01/2020)

In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rate Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest – rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Company will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2020.

Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01/01/2020)

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The Company will examine the impact of the above on its Financial Statements, through it is not expected to have any. The above have not been adopted by the European Union.

IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2021)
In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Standard is not applicable to the Company's operations. The above have not been adopted by the European Union.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (effective for annual periods starting on or after 01/01/2022)
In January 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. The Company will examine the impact of the above on its Financial Statements, through it is not expected to have any. The above have not been adopted by the European Union.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

Preparation of Financial Statements in accordance with the International Financial Reporting Standards (IFRS) requires the Management to make judgments, estimates and assumptions which affect assets and liabilities, contingent receivables and liabilities disclosures as well as revenue and expenses during the presented periods.

In particular, amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that cannot be known with certainty at the time of preparation of the financial statements and therefore actual results may differ from what has been estimated. An accounting estimate is considered significant when it is material to the financial position and income statement of the Company and requires the most difficult, subjective or complex judgments of the Management. Estimates and judgments of the Management are based on past experience and other factors, including expectations for future events that judged to be reasonable in the circumstances. Estimates and judgments are continually reassessed on the basis of all the available data and information.

Key estimates and evaluations referring to data whose development could affect the financial statements items in the upcoming 12 months are the following:

Recognition of Deferred Tax Assets

The extent to which deferred tax assets are recognized for unused tax losses is based on the judgment regarding the extent to which it is probable that sufficient taxable profits will be offset with these tax losses. In order to determine the amount of a deferred tax asset for recognition, significant judgments and estimates are required from the Company's Management, based on future tax profits combined with future tax strategies to be pursued as well as the uncertainties within the tax framework for the Company's operations (for further information please refer to Note 18).

Provision for income tax

The provision for income tax based on IAS 12 is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for every financial year. The final settlement of the income tax might deviate from the respective amounts that have been recorded in the financial statements (further information is provided in Note 18).

4. SUMMARY OF KEY ACCOUNTING PRINCIPLES

The key accounting policies adopted under the preparation of the accompanying financial statements are as follows:

4.1 Operating Segments

The Company's Board of Directors is the principal business decision maker and audits the internal financial reporting reports in order to assess the performance of the Company and make decisions about the allocation of resources. The Management has determined the operation segment based on these internal reports.

As operation segment of TERNA ENERGY FINANCE SA is defined the segment in which the Company operates and on which the Company's internal information system is based (see Note 5).

4.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits, time deposits, overdraft bank accounts, and other highly liquid investments that are directly convertible into specific cash amounts that are subject to a non-significant risk of change in value.

4.3 Financial instruments

4.3.1 Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Company becomes a party to the financial instrument.

The Company ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and the substance substantially transfers all the risks and benefits associated with the specific financial asset. A financial liability is derecognised from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expires.

4.3.2 Classification and initial recognition of financial assets

Financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.

Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income.

The Company, during the periods presented, has not classified financial assets in the category "financial assets at fair value through profit & loss ", nor in the category "financial assets at fair value through other comprehensive income".

The classification of every financial asset is determined by: the Company's business model for the management of the financial assets and the characteristics of their contractual cash flows.

4.3.3 Subsequent measurement of financial assets

Financial assets at amortized cost

A financial asset is measured at amortized cost when the following conditions are met:

I. financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows,
II. contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance (“SPPI” criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.

The amortized cost measured category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

The Company does not hold on 31.12.2019 financial assets that are classified in the other categories set out in IFRS 9.

4.3.4 Impairment of financial assets

Adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit losses. Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.

The Companys recognize provisions for impairment for expected credit losses for all financial assets except those measured at fair value through profit or loss.

The objective of the IFRS 9 impairment provisions is to recognize the expected credit losses over the life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.

To facilitate implementation of this approach, a distinction is made between:

- financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,
- financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2)

Stage 3 refers to financial assets for which there is objective evidence of impairment at the reporting date.

For financial assets included in Stage 1, expected credit losses are recognized for the period of the following 12 months, while for those included in Stage 2 or Stage 3, expected credit losses are recognized over the life of the asset.

The expected credit losses are based on the difference between the contractual cash flows and the cash flows that the Company expects to receive. The difference is discounted using an estimate of the initial effective interest rate of the financial asset.

4.3.5 Classification and measurement of financial liabilities

As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Company’s accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9. The Company's financial liabilities include mainly loan liabilities. Financial liabilities are initially recognized at cost, which is the fair value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as short-term liabilities unless the Company has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the Financial Statements reporting date.

(i) Loan liabilities

The Company's loan liabilities are initially recognized at cost, which reflects the fair value of the amounts receivable minus the relative costs directly attributable to them, where they are significant. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing expenses and the difference between the initial amount and the maturity. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired through the amortization process.

Loan liabilities with early repayment option

In the case of bond loans issued by the Company, which are entitled to early repayment, the management assesses whether this option is closely related to the bond loan. The Option is described as directly related when (a) its exercise price resembles the unamortized cost of the bond at each date on which the option can be exercised; or (b) the exercise price of the option compensates the lender with a similar amount with the present value of the unpaid interest on the remaining maturity of the bond loan.

When the option is designated as directly related to the bond loan, it is recognized in combination with the bond as a combined debt instrument, which is measured at amortized cost based on the effective interest rate. In particular, the aforementioned composite instrument is initially recognized at fair value plus any direct transaction costs.

For the determination of the effective interest rate, the expected cash flows and the estimated duration of the instrument shall be determined taking into account the early repayment right, where:

- If it is initially estimated that the option will be exercised, the estimated cash flows will include capital and interest payments, as at the exercise date, and the exercise price of the option; or
- If the option is not expected to be exercised then the estimated cash flows will include capital and interest payments for the entire contractual period.

In the next year the assessment of the probability of exercising the option may change. This will affect the expected cash flows and the estimated useful life of the financial instrument. The alterations arising from these changes are calculated by discounting the revised flows based on the original effective interest rate and any effect occurring for the net book value is recognized in the income statement of the relevant reporting period. In 2019, the Company exercised the respective early repayment option (see Note 10).

(ii) Trade and other liabilities

Balance from suppliers and other liabilities is initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.

Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

4.3.6 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is shown in the Statement of Financial Position only if there is the present legal right to offset the recognized amounts and intends to clear them on a net basis or to require the asset and settle the liability simultaneously.

4.4 Employee benefits

Short-term benefits: Short-term employee benefits (except for termination of employment benefits) in cash and in kind are recognized as an expense when considered accrued. Any unpaid amount is recognized as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excess as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments' reduction or refund.

Retirement Benefits: Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Company's liabilities for retirement benefits cover both defined contribution plans and defined benefit plans. The defined contribution plan's accrued cost is recognized as an expense in the financial year where it relates. Pension plans adopted by the Company are partly financed through payments to insurance companies or state social security funds.

(a) Defined Contribution Plan

Defined contribution plans pertain to contribution payment to Social Security Organizations and therefore, the Company does not have any legal obligation in case the Fund is incapable of paying a pension to the insured person. The employer's obligation is limited to paying the employer's contributions to the Funds. The payable contribution by the Company in a defined contribution plan is identified as a liability after the deduction of the paid contribution, while accrued contributions are recognized as expenses in the income statement.

(b) Defined Benefit Plan (non-funded)

Under Laws 2112/20 and 4093/2012, the Company must pay compensation upon retirement or termination to its employees. The amount of compensation paid depends on the years of service, the level of wages and the way of leaving service (dismissal or retirement). The entitlement to participate in these plans is usually based on years of service of the employee until retirement.

The liability recognized in the Statement of financial Position for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary through the use of the projected unit credit method.

Regarding FY 2019, the selected rate follows the tendency of the European Bond with a 20-year maturity dated December 31st 2019, which is regarded as consistent with the provisions of IAS 19, i.e. is based on bonds corresponding to the currency and the estimated term relative to employee benefits as well as appropriate for long-term provisions.

A defined benefit plan establishes, based on various parameters, such as age, years of service and salary, the specific obligations for payable benefits. Provisions for the period are included in the relative staff costs in the accompanying Income Statement and comprise of the current and past service cost, the relative financial cost, the actuarial gains or losses and any possible additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting for defined benefit plans, including:

i) recognition of actuarial gains / losses in other comprehensive income and their permanent exclusion from the Income Statement,
ii) non-recognition of the expected returns on the plan investment in the Income Statement but recognition of the relative interest on net liability / (asset) of the benefits calculated based on the discount rate used to measure the defined benefit obligation,
iii) recognition of past service cost in the Income Statement at the earliest between the plan modification date or when the relative restructuring or terminal provision are recognized,
iv) other changes include new disclosures, such as quantitative sensitivity analysis.

4.5 Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Company has present legal or imputed liabilities as a result of past events; their settlement is possible through resources' outflow and the exact liability amount can be reliably estimated. The provisions are reviewed on the date of the Financial Statements and are adjusted accordingly to reflect the present value of the expense expected for the settlement of the liability. Restructuring provisions are identified only if there is a detailed restructuring plan and if Management has informed the affected parties on the plan's key points. When the effect of the time value of money is significant, the provision is calculated as the present value of the expenses expected to be incurred in order to settle this liability.

If it is no longer probable that an outflow will be required in order to settle a liability for which a provision has been formed, then it is reversed.

In cases where the outflow due to current commitments is considered improbable or the provision amount cannot be reliably estimated, no liability is recognized in the financial statements. Potential inflows from economic benefits for the Company which do not meet the criteria of an asset are considered a contingent asset and are disclosed when the inflow of the economic benefits is probable.

4.6 Income Tax

Income taxes charges for the year include current taxes, deferred taxes and tax differences from previous years.

Current Tax

The current and taxes are calculated based on the Financial Statements of each of the companies included in the consolidated Financial Statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. The expenses for current Income tax is calculated based on the earnings of each company as such are reformed on the companies' tax reports and provisions for additional income taxes and is calculated in accordance with statutory or substantially institutionalized tax rates.

Deferred Tax

Deferred taxes are taxes or tax relief that are related to the financial burdens or benefits accruing in the year but have already been accounted for or accounted for by the tax authorities in different uses. Deferred income tax is determined using the liability method that results from the temporary differences between the carrying amount and the tax base of the assets and liabilities.

Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, did not affect either the accounting or the tax profit or loss.

Deferred income taxes are measured using the liability method in all temporary differences at the date of the financial statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used.

Deferred tax assets and obligations are measured at the tax rates that are expected to be in force for the year in which the asset is incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in effect or effectively in force at the date of reporting of the financial statements. In the event that the temporary reversal of temporary differences cannot be clearly identified, the tax rate applicable on the next day of the statement of financial position is used.

Income tax related to items that are recognized in other comprehensive income is also recognized in other comprehensive income.

4.7 Share capital, reserves and distribution of dividends

Common registered share are recorded as equity. Costs, directly attributable to a component of equity net of tax effect, are monitored as a deduction to the Balance of Retained Earnings in equity. Otherwise, this amount is recognized as an expense in the period in question.

Shareholders' contributions for which there is an irrevocable capitalization obligation and the entity's obligation to issue shares or other equity instruments to the contributors within 12 (twelve) months from the date of each contribution, are recognized at their nominal amount in equity, in a special item "Shareholder Deposits". If these conditions are not met, the relevant amounts are classified as liabilities.

In cases when the Company or its subsidiaries acquire part of the Company's share capital (treasury shares), the amount paid, including any expense, net of tax, is deducted from equity until the shares are derecognised or sold.

The number of treasury shares held by the Company does not reduce the number of shares in circulation but affects the number of shares included in the calculation of earnings per share

In particular, the reserves are divided into:

Statutory reserves

In compliance with the Greek Commercial Law, companies shall transfer at least 5% of their annual net profits to a statutory reserve until such reserve equals 1/3 of the paid-up share capital. This reserve cannot be distributed during the Company's operations.

Actuarial profit or loss reserves: Actuarial gains/(Losses) from defined benefit pension plans, derived from (a) empirical adjustments (the result of differences between previous actuarial assumptions and those that ultimately occurred) and (b) changes in actuarial assumptions.

Dividends distributed to the Company's shareholders are recognized in the financial statements as a liability in the period in which the distribution proposal of the Management is approved by the Annual General Meeting of the Shareholders. Also, at the same time, the financial statements reflect the effect of the disposal of the results approved by the General Meeting and the possible formation of reserves.

5. SEGMENT REPORTING

An operating sector is a component of an economic entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses that concern transactions with other components of the same economic entity) and, b) whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess of its performance. The term “chief operating decision maker” defines the function of the Company that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For the application of IFRS 8, this function is assigned to the Managing Director (Chief Executive Officer).

(Amounts in thousands Euro, unless otherwise mentioned)

An entity presents separately the information on each operating segment that meets certain criteria of characteristics and exceeds certain quantitative limits. The above information is presented in the accompanying consolidated statements of financial position, comprehensive income and cash flows according to the IFRS, whereas previously recorded operating segments – as presented in the financial statements of the previous financial year - require no modifications.

The Company recognizes only one operating reporting segment while there are no less significant segments that would be consolidated into the category of other segments. In particular, the only sector in which the Company operates is the Investment and Finance sector in Greece and therefore the total amounts of the Statement of Financial Position and the Statement of Comprehensive Income relate exclusively to the Company's activity in this field.

6. OTHER LONG-TERM RECEIVABLES

The Company's other long-term receivables as at 31/12/2019 and 31/12/2018, are analyzed as follows:

	31/12/2019	31/12/2018
Receivables form Intra-group Loan	146.632	58.745
Total	**146.632**	**58.745**

Interest income from Intra-group Loans for the fiscal year 2019 amounted to € 3.152 k (see Note 13) and is included in the "Interest Income" item of the Statement of Comprehensive Income.

Intragroup Loan 2017

On 12/07/2017, the agreement was signed between the parent TERNA ENERGY S.A. (issuer), TERNA ENERGY FINANCE S.A. (Bondholder A) and IWECO CHONOS LASITHIOU CRETE S.A. (Bondholder B), covering the CBL, amounting to € 60 m (hereinafter "CBL 2017"), for which the outcome of the Public Offer for its issue was announced on 21/07/2017 [see Note 10). In compliance with the terms of the above agreement, Bondholder A provided a loan to the Issuer of up to € 60 m (Intragroup Loan 2017) for the Issuer to use in the way described in the Bondholder Prospectus dated 12/07/2017, prepared in the context of the Common Bond Loan (CBL 2017). The annual interest rate was set equal to that of the CBL 2017 rate (see Note 10), plus a 1% margin on the outstanding nominal capital of every, starting from the date of issue of the bond.

The maturity of the Intra-group Loan 2017 was set 5 working days prior to the maturity of CBL 2017. Finally, it was stated that TERNA ENERGY S.A. was under obligation to prepay any amount of outstanding capital from the Intra-group Loan, together with accrued interest, following the written statements, to the Bondholders of the Bond Loan. As at 31/12/2018, the long-term component of the aforementioned receivable stood at € 58.745 k.

(Amounts in thousands Euro, unless otherwise mentioned)

In 2019, in particular, on 17/07/2019, TERNA ENERGY S.A. prepaid the total nominal value of the bonds it has issued, covered by the Company, under the CBL 2017, as in compliance with the provisions of Case 4 of the CBL Issuance Program (Prepayment). As part of the prepayment and in accordance with the provisions of the CBL Program, the following was paid by the company as at the aforementioned date: (a) the total nominal value of the bonds, i.e. an amount of € 58.745 k., (b) interest accrued until 17 July 2019, amounting to Euro 1.432,5 k, and (c) an additional prepayment amount equal to 1% of the nominal value of the prepaid bonds, i.e. Euro 10 gross amount per bond, standing at € 587,45 k.

Intragroup Loan 2019

On 21/10/2019, the agreement was signed between the parent TERNA ENERGY S.A. (issuer) and TERNA ENERGY FINANCE S.A. (Bondholder) covering the CBL, amounting to € 150 m (hereinafter "CBL 2017"), for which the outcome of the Public Offer for its issue was announced on 22/10/2019 [see Note 10). In compliance with the terms of the above agreement, the Bondholder provided a loan to the Issuer of up to € 150 m (Intragroup Loan 2019) for the Issuer to use in the way described in the Bondholder Prospectus dated 10/10/2019, prepared in the context of the Common Bond Loan (CBL 2019). The annual interest rate was set equal to that of the CBL 2019 rate (see Note 10), plus a 1% margin on the outstanding nominal capital of every, starting from the date of issue of the bond.

The maturity of the Intra-group Loan 2019 was set 5 working days prior to the maturity of CBL 2019. As at 31/12/2019, the long-term component of the aforementioned receivable stood at € 146.632 k.

7. OTHER SHORT-TERM FINANCIAL ASSETS

The Company's other short-term financial assets comprise essentially the short-term component of the Intra-group Loan between TERNA ENERGY S.A. and the Company (see Note 6).

	31/12/2019	31/12/2018
Short-term component of Intra-group Loan	997	1.322
Total	**997**	**1.322**

8. CASH AND CASH EQUIVALENTS

Cash & cash equivalents as at 31/12/2019 and 31/12/2018, are analyzed as follows:

	31/12/2019	31/12/2018
Sight deposits	526	87
Total	**526**	**87**

9. SHARE CAPITAL

The share capital of the Company amounts to € 50.000 divided into 50.000 common voting shares of nominal value one euro (€ 1,00) each. The share capital is fully paid up.

(Amounts in thousands Euro, unless otherwise mentioned)

Shareholders Deposits

- On 17/07/2019, TERNA ENERGY S.A. deposited an amount of € 1.301 k to the Company as an amount determined for the forthcoming Share Capital Increase, to meet the Company's cash needs.
- On 30/12/2019, the Extraordinary General Meeting of the Company's Shareholders decided to increase the Share Capital of the Company by € 1.800 k (an amount of € 1.301 k was deposited by the parent on 17/07/2019 in view of the forthcoming share capital increase), through the issuance of 1.800.000 new nominal shares of nominal value of 1,00 Euro each.
- GEMI verified the total payment of € 1.800 k on 24/01/2020, when the share capital of the Company was increased, consisting of 1.800.000 common nominal voting shares of nominal value 1 euro each.

10. BORROWINGS

As at 31/12/2019 and 31/12/2018, the Company’s loans are analyzed as follows:

	31/12/2019	31/12/2018
Long-term loans		
Opening balance	**59.139**	**58.920**
New loan	146.146	-
Interest in the income statement	870	219
Transfer between long and short-term part of liabilities	(59.903)	-
Closing balance	**146.252**	**59.139**

	31/12/2019	31/12/2018
Long-term liabilities carried forward		
Opening balance	**1.033**	**1.046**
Repayment of loans	(60.000)	-
Interest in the income statement	2.758	2.342
Interest paid	(2.936)	(2.355)
Transfer between long and short-term part of liabilities	59.903	-
Closing balance	**758**	**1.033**
Total borrowing	**147.010**	**60.172**

Common Bond Loan € 60 million (CBL 2017)

In 2017, the Company issued a € 60 m Common Bond Loan with the issuance of sixty thousand common bonds under the corporate guarantee, of nominal value €1 k each, following the decision of its Board of Directors dated as at 27.06.2017 and the decision of the Hellenic Capital Market Commission as of 12.07.2017, approving the contents of the Prospectus. The parent, TERNA ENERGY S.A. (“the Guarantor”) is responsible for the aforementioned issuance regarding the bondholders, in compliance with the provisions of section 3.3.14 “Nature and Objective of CBL Guarantee” of the Prospectus as of 12/07/2017.

On 21/07/2017, the Company's Board of Directors verified the payment of the capital proceeds. Furthermore, sixty thousand (60 k) common anonymous bonds issued were listed for trading on Athens Stock Exchange regulated securities market following as of 05.07.2017 approval of listing of Athens Stock Exchange Regulatory Commission. The characteristics of the above bond loan are the following: (a) The bond yield is 3.85% and is fixed over the term of the loan. (b) Interest is calculated on six-month basis. (c) The term of the loan is five (5) years and its repayment will be realized at the end of the period of five (5) years. After two (2) years from the the Loan Issuance Date, the Company, via a written notice sent to the Bondholders' Representative at least thirty (30) days prior to the due date of prepayment, may prepay part or all of the outstanding nominal value of the Bonds.

Under the terms of the Common Bond Loan Issuance Scheme of up to € 60.000.000 and the Bondholders' Representative Assignment Agreement dated as at 06.07.2017, the capital proceeds of € 60.000 k will be invested by the Issuer to the Guarantor via an Intragroup Loan. On 12/07/2017, the Guarantor issued a bond loan under Law 3156/2003, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 58.745 k. This way, the respective amount of the CBL was transferred to the Guarantor, thus lending the equal amount of the capital proceeds to the Guarantor, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.1. of the Prospectus as of July 12th 2017.

On 22/07/2019, in compliance with its announcement as of 07/06/2019, the Company prepaid the total nominal value of the bonds it has issued and allocated via a public offering, pursuant to the Ordinary Bond Loan Issuance Program as of 12/07/2017 up to an amount of €60.000 thousand and also pursuant to the Agreement for Appointment of a Bondholders’ Representative (the “CBL Plan”), according to the provisions of the term 4 of the above Plan (“Prepayment”).

In the context of the prepayment and according to the provisions of the CBL Plan, the following amounts were paid on Monday, 22 July, 2019:

a) The total nominal value of bonds, namely €1.000 per bond security,
b) The accrued interest up to 22nd July 2019, with the gross amount of interest due for the 4th Compounding Period (21/1/2019-22/7/2019) amounting to € 1.167,8, and
c) An additional amount of prepayment equal with 1% of the nominal value of bonds that are being repaid, standing at € 600, namely a gross amount of €10 per bond security.

Following the aforementioned, the Company’s obligations to Bondholders arising from CBK 2017 were fully settled.

Common bond Loan € 150 million (CBL 2019)

In compliance with the Finance Prospectus as of 10/10/2019 and as of 10/10/2019 Bond Loan Issue Plan up to € 150 million and pursuant to the Agreement for Appointment of a Bondholders' Representative (the "CBL Plan"), between TERNA ENERGY FINANCE S.A. (the Issuer), TERNA ENERGY S.A. (the Guarantor) and ATHEXCSD S.A. (Bondholders' Representative), provisions are made for the issue of a CBL with a term of seven (7) years and amounting to one hundred and fifty million Euro (€ 150.000 k), divided into up to 150.000 intangible, common anonymous bonds with a nominal value of € 1.000 each.

On 22.10.2019, the Board of Directors of TERNA ENERGY MAEX announced that the proceeds of the Public Offer amounted to € 150 million listing the Company's bonds for trading in the ATHEX Regulated Market Securities Category. In particular, 150.000 common, bearer bonds of the Company with a nominal value of €1.000 (the Bonds) each have been allocated and as a result capital of an amount of €150 m. has been raised. The final yield of the Bonds was set at 2,60%, the Bond rate at 2,60% and the Loan Disposal Price at € 1.000 each, i.e. 100% of its nominal value. The final registration of the bonds in the Beneficiary Accounts of the Intangible Securities System was completed on 22.10.2019.

To secure the Company's loan, corporate guarantee was provided by the parent TERNA ENERGY S.A. (the Guarantor).

Under the terms of the Common Bond Loan Issue Plan of up to € 150.000.000 and the Bondholders' Representative Appointment Agreement dated 10/10/2019, the raised funds of € 150.000 k will be invested by the Issuer to the Guarantor through the Intra-group Loan. On 21/10/2019, the Guarantor issued a bond loan under Law 3156/2003, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 146.632 k. This way, the respective amount of the CBL was transferred to the Guarantor, thus lending the equal amount of the capital proceeds to the Guarantor, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.2. of the Prospectus as of October 10th, 2019.

As at 31/12/2019, the outstanding amount of CBL 2019 stands at € 147.010 k.

Interest expenses from CBL for 2019 stood at € 3.628 k (see Note 14) and are included in the item "Interest and other financial expenses" of the Statement of Comprehensive Income".

11. PROVISION FOR EMPLOYEE COMPENSATION

According to Greek labor law, every employee is entitled to a lump-sum compensation in case of dismissal or retirement. The amount of the compensation depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such compensation. The compensation payable in case of retirement in Greece is equal to 40% of the compensation calculated in case of dismissal.

(Amounts in thousands Euro, unless otherwise mentioned)

The estimates in respect of staff compensation liabilities were defined through actuarial study. The following tables present an analysis of the net expenditure for the relevant provision recorded in the Company's Statement of Comprehensive Income as of 2019 and the changes in the relevant provision accounts for employee compensation presented in the accompanying Statement of Financial Position for the year ended on 31/12/2019.

Expenses in respect of employee compensation recognized in the Statement of Comprehensive Income, are analyzed as follows:

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Current service cost	1	-
Financial cost	-	-
Actuarial loss	-	5
	1	**5**

The actuarial study, conducted in 2019, revealed actuarial loss of € 0,3 k (2018: loss of € 5 k) that burdened the other comprehensive income for the year.

Changes in the relevant provision in the Statement of Financial Position are recorded as follows:

	31/12/2019	**31/12/2018**
Opening balance	**5**	**-**
Provision recognized in the income statement	1	-
Provision recognized in other comprehensive income	-	5
Closing balance	**6**	**5**

Key actuarial assumptions for FY 2019 are as follows:

	2019	**2018**
Discount interest	1,00%	1,50%
Future salary increases	1,25%	1,25%
Volatility of salaried/day-waged workers (voluntary withdrawal)	1%	1%
Volatility of salaried employees (dismissal)	6%	6%
Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)		

The following table presents sensitivity analysis of provision for employee compensation:

Change in discount rate +0,5% & Change in salaries – voluntary withdrawals - dismissals 0%	5
Change in discount rate -0,5% & Change in salaries – voluntary withdrawals - dismissals 0%	6
Change in discount rate 0%, Change in salaries +0,25% & Change in salaries – voluntary withdrawals - dismissals 0%	6
Change in discount rate 0%, Change in salaries -0,25% & Change in salaries – voluntary withdrawals - dismissals 0%	6
Change in discount rate 0%, Change in salaries 0%, voluntary withdrawals +1% & dismissals 0%	5
Change in discount rate 0%, Change in salaries 0%, voluntary withdrawals -1% & dismissals 0%	6
Change in discount rate 0%, Change in salaries - voluntary withdrawals 0% & dismissals +1%	6
Change in discount rate 0%, Change in salaries - voluntary withdrawals 0% & dismissals -1%	6

(Amounts in thousands Euro, unless otherwise mentioned)

12. SUPPLIERS

The item "Suppliers' includes the Company's liability to TERNA ENERGY S.A. standing at € 319 k, which relates to transfer of advertising expenses incurred by TERNA ENERGY S.A. on behalf of the Company in the context of the CBL issue.

13. INTEREST INCOME

The Company's income in 2019 relates to interest income from Intra-group loans of € 2.565 k (2018: € 2.889 k) and income of € 587 k related to the additional prepayment amount of 1% of the nominal value of the securities of the Intra-group Loan 2017 which was prepaid on 17 July 2019 (see Note).

14. INTEREST AND OTHER FINANCIAL EXPENSES

Interest expense and other financial expenses are analyzed as follows:

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Long-term loans interest and expenses	3.628	2.561
Banks commission and similar expenses	2	1
Interest and other financials expenses	**3.630**	**2.562**

Interest and expense of the Company's long-term loans in 2019 relate to interest expense from Common Bond Loans, amounting to € 3.028 k (2018: € 2.561 k), and expense of € 600 k related to the additional prepayment amount of 1% of the nominal value of the prepaid bonds (see Note 10).

15. THIRDS PARTIES FEES AND EXPENSES

The Company's third party fees and expenses in 2019 and 2018 are analyzed as follows:

	01/01 - 31/12/2019	**01/01 - 31/12/2018**
Fees and expenses of other third parties	17	17
Subscriptions and contributions	20	1
Promotion and advertising Costs	257	-
Auditors' Fees	11	6
Total	**305**	**24**

For the year ended on 31st December 2019, the item "Auditors' fees and expenses" include fees of statutory auditors amounting to € 7 k (2018: € 2 k), concerning non-prohibited non-audit services (except for the services related to the statutory audit and the tax compliance report).

In 2019, special financial audit services were provided in the context of the issue of the CBL 2019 of € 60 k, deducted from the loan liabilities as issue expenses.

(Amounts in thousands Euro, unless otherwise mentioned)

The corresponding fees for non-prohibited non-audit services provided to the parent are disclosed in Note 37 to the Financial Statements of TERNA ENERGY S.A. as of 2019, uploaded at www.ternaenergy.com.

16. OTHER OPERATING EXPENSES

The Company's other operating expenses are analyzed as follows:

	01/01 - 31/12/2019	01/01 - 31/12/2018
Other taxes and duties	75	6
Other expenses	4	1
Total	**79**	**7**

17. PERSONNEL FEES AND EXPENSES

Personnel fees and expenses of the Company in 2019 and 2018 are analyzed as follows:

	01/01 - 31/12/2019	01/01 - 31/12/2018
Salaries and similar employee benefits	23	14
Contributions for Pension	6	3
Provision for employee compensation	1	-
Total	**30**	**17**

18. INCOME TAX

Under Law 4646/2019, income tax rate for legal entities in Greece has decreased to 24% as from 2019 onwards.

In the Statement of Comprehensive Income, the income tax is analyzed as follows:

	01/01 - 31/12/2019	01/01 - 31/12/2018
Current income tax	-	-
Deferred tax [income/(expenses)]	213	(80)
Deferred tax (effect of change in tax rate) [income/(expense)]	30	(13)
Total [income/(expense)]	**243**	**(93)**

The actual final tax rate differs from the nominal tax rate. There are a number of factors influencing the effective tax rate, where the most notably of which are the non-tax deduction of certain expenses and the ability of companies to make tax exempted deductions and tax exempted reserves.

(Amounts in thousands Euro, unless otherwise mentioned)

	01/01 - 31/12/2019	01/01 - 31/12/2018
(Loss)/Profit before taxes	**(892)**	**279**
Nominal tax rate	24%	29%
Income tax expense based on the effective nominal tax rate	**214**	**(81)**
Adjustments for:		
Effect due to change in tax rate	30	(13)
Fixed tax differences (results not included in the tax calculation)	(1)	1
Effective tax expense	**243**	**(93)**
Effective tax rate	**27,24%**	**33,33%**

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax value of the assets and liabilities. Deferred income taxes are calculated using the Company's effective tax rate at the maturity date of the tax asset/liability.

Deferred tax assets and liabilities for the years 2019 and 2018 are analyzed as follows:

	31/12/2019 Asset/ (Liability)	31/12/2018 Asset/ (Liability)	31/12/2019 Income / (Expense)	31/12/2018 Income/ (Expense)
Transit accounts	(239)	(370)	131	(3)
Deferred tax loss	367	255	112	(91)
Provisions	1	1	-	1
Total	**129**	**(114)**	**243**	**(93)**
Deferred tax through results			213	(81)
Deferred tax through results (change in tax rate)			30	(13)
Deferred tax through other comprehensive income			-	1
			243	**(93)**

In the annual period ended as at 31/12/2019, the tax rate corresponded to 28% versus 29% in 2018. Article 23, Law 4579/2018, states that income tax rates are gradually reduced to twenty-eight percent (28%) for income of tax year 2019, to twenty-seven percent (27%) for income of tax year 2020, to twenty-six per cent (26%) for income of tax year 2021 and twenty five per cent (25%) for income of tax year 2022 and thereafter. The new tax law 4646/2019 was introduced on 12/12/2019, where according to Article 22, the tax rate is 24% for 2019 income.

From fiscal year 2017 onwards, tax returns are subject to the tax compliance reporting process (see Note 24).

Tax Losses, to the extent recognized by the tax authorities, can be used to offset taxable profits for the five subsequent years following the fiscal year in which they were incurred. Deferred tax assets arising from unused tax losses for offsetting in future years are recognized only if they are likely to be offset with future tax profits. The Company has recognized a deferred tax asset of € 367 k, since the Management considers that it is possible to offset tax losses with future tax profits.

(Amounts in thousands Euro, unless otherwise mentioned)

19. EARNINGS PER SHARE

Basic earnings per share were calculated by dividing the net earnings attributed to shareholders of the parent company by the weighted average number of outstanding shares as follows:

	31/12/2019	31/12/2018
Net (losses)/profits attributable to the Company's shareholders	(649)	186
Weighted average number of shares	50.000	50.000
(Losses)/Earnings per share (in Euro)	(0,01298)	0,00372

There are no diluted earnings per share for 2019 and 2018.

20. TRANSITIONS WITH RELATED PARTIES

"TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME" is the main and sole shareholder of the Company owning 100,00% of the Company's share capital for the year ended on December 31, 2019.

Transactions and balances with related parties for the year 2019 are presented in the following table. As it has been presented in the Notes 6, 7 and 14, the above sales/income of the Company mainly concern interest from the Bond Loan that was granted to the parent company TERNA ENERGY SA. Receivables also relate to the above Bond Loan.

Liabilities pertain to advertising expenses rebated to the issue of the CBL, incurred by TERNA ENERGY S.A. on behalf of the Company (Note 12).

	31/12/2019			
	Purchases/Expenses	**Sales/Income**	**Assets**	**Liabilities**
Parent	-	3.152	147.629	319
Total	**-**	**3.152**	**147.629**	**319**

	31/12/2018			
	Purchases/Expenses	**Sales/Income**	**Assets**	**Liabilities**
Parent	-	2.889	60.066	-
Total	**-**	**2.889**	**60.066**	**-**

21. RISK MANAGEMENT POLICIES AND PROCEDURES

The Company is operationally supported by its sole shareholder TERNA ENERGY S.A., which controls decision making, operations and management of the Company to the utmost extent.

As at 31/12/2019, apart from its investment in the bonds of the Intra-group loan 2019, the Company does not have any other business, does not operate in any market and has no other assets. Therefore, the ability of the Issuer to settle its contractual obligations under the CBL depends on the ability of the Guarantor to settle its contractual obligations to the Issuer under the loan agreement between them under the terms of the Intra-group Loan 2019.

Taking into consideration the above, the main risks and uncertainties in respect of the Company's operations are directly related to those of TERNA ENERGY Group (hereinafter "the Group"). A detailed report on the risks and uncertainties is provided in section E of the Annual Report of the Board of Directors of TERNA ENERGY S.A.

The Company is exposed to multiple financial risks such as credit risk and liquidity risk. The risk management plan of the Company aims to limit the negative effect of these risks on financial results of the Company arising from inability to make projections regarding financial markets and variables in respect of costs and sales.

The Company does not make use of derivative financial instruments to hedge its exposure to particular risk categories.

Treasury Department of TERNA ENERGY S.A. is in charge of risk management policy. The procedure followed is described below as follows:

(i) Evaluating the risks related to the Company's activities and operations,
(ii) Scheduling methodology and selecting the necessary financial products for the reduction of risk and
(iii) Implementing risk management procedures in accordance with the approved risk management procedures.

The Company's financial instruments are mainly composed of deposits in banks, receivables related to bond loans granted to the parent company and liabilities from undertaken bond loans.

21.1 Foreign exchange risk

The Company is not exposed to currency risk as its total transactions are in euro.

(Amounts in thousands Euro, unless otherwise mentioned)

21.2 Interest rate risk

The Company's policy is to minimize its exposure to interest rate risk with regards to its long-term financing. The debt is in Euro and under fixed interest rates. Therefore, the Company is not exposed to a risk of interest rate fluctuations.

The Company is not exposed to other interest rate risk, or changes in the prices of securities whose price is traded in financial market.

21.3 Credit risk

Credit risk is the risk when the counterparty in a financial instrument will cause damage to the other party by failing to pay the relevant obligation.

The Company's exposure to credit risk is limited to the financial assets that at the Statement of Financial Position date, analyzed as follows:

	31/12/2019	**31/12/2018**
Non-current assets:		
Loans and receivables - Other long-term receivables	146.632	58.745
	146.632	**58.745**
Current assets:		
Loans and receivables – Other short-term receivables	997	1.322
Cash & cash equivalents	526	87
	1.523	**1.409**
Total	**148.155**	**60.154**

The Company Management estimates that all the aforementioned financial assets are of high credit quality.

None of the Company's financial assets has been secured by mortgage or other form of tangible security.

As stated above, the Company's key risk relates to the risks of its parent company TERNA ENERGY S.A. The amounts representing the maximum exposure to this risk at the end of the current and comparative periods are the present value of those items in the respective periods. The Company's maximum credit risk is the advent of the counterparty's default. In particular, the Company's receivables of € 147.629 k relate to the Intra- group Loan granted to the parent company TERNA ENERGY S.A., so that latter could proceed with its investment plan, in accordance with the provisions of CBL 2019 (see Note 10).

In October 2019, TERNA ENERGY S.A. announced the upgrade of its credit rating to A, in the context of its revaluation by ICAP Group S.A. Rating A indicates a very low credit risk and is attributable to companies that are able to settle their obligations even in adverse economic conditions and therefore their credit rating remains consistently high. A-rated companies are characterized by their significant financial sizes, upward course of development and market position.

(Amounts in thousands Euro, unless otherwise mentioned)

As at 31/12/19, there are no postdated financial receivables regarding the Company.

21.4 Liquidity risk

The Company manages its liquidity needs by carefully monitoring the debts of long-term financial liabilities as well as payments made daily. Liquidity needs are monitored in different time zones, on a daily and weekly basis, as well as in a rolling 30-day period. Liquidity needs for the next 6 months and the following year are determined on a monthly basis. In essence, the Company's basic liquidity needs pertain to the repayment CBL 2019 interest (see Note 10), primarily covered by the interest inflows arising from CBL 2019 (see Note 6).

The Company keeps cash and bank deposits in order to meet liquidity needs for periods of up to 30 days. Funds for medium-term liquidity needs are released from time deposits of the Company.

Maturity of the Company's financial liabilities as 31 December 2019 and 31 December 2018 is analyzed as follows:

	31/12/2019		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term loans	758	-	146.252
Suppliers	333	-	-
Accrued and other short-term liabilities	22	-	-
Total	**1.113**	**-**	**146.252**

	31/12/2018		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term loans	1.033	59.139	-
Accrued and other short-term liabilities	5	-	-
Total	**1.038**	**59.139**	**-**

The aforementioned contractual maturity dates reflect gross cash flows, which may differ from the book values of liabilities as at the financial statements reporting date.

22. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

Financial assets as well as the financial liabilities of the Company per category are analyzed below and are all measured at amortized cost. There are no financial assets or financial liabilities that are measured at fair value.

(Amounts in thousands Euro, unless otherwise mentioned)

Financial assets

	31/12/2019	31/12/2018
Non-current assets:		
Loans and receivables – Other long-term receivables	146.632	58.745
	146.632	**58.745**
Current Assets:		
Loans and receivables – Other short-term receivables	997	1.322
Cash & cash equivalents	526	87
	1.523	**1.409**
Total	**148.155**	**60.154**

Financial liabilities

	31/12/2019	31/12/2018
Long-term liabilities:		
Long-term loans	146.252	59.139
	146.252	**59.139**
Short-term liabilities:		
Suppliers	333	-
Long-term liabilities payable in the next period	758	1.033
Accrued and other short-term liabilities	22	5
	1.113	**1.038**
Total	**147.365**	**60.177**

23. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The objectives of the Company regarding capital management are as follows:

(i) to ensure the ability of the Group to continue as a going-concern, and
(ii) to secure a satisfactory return for its shareholders by pricing products and services according to their risk level, and
(iii) to fulfill its contraction obligations in respect of specific debt agreements.

At closing FY 2019 and 2018, the ratio in question was as follows:

Loan Liabilities /Total Capital Employed Ratio

Amounts in thousand €	**31/12/2019**	**31/12/2018**
Long – term Loans	146.252	59.139
Long-term liabilities carried forward	758	1.033
Loan Liability	**147.010**	**60.172**
Total equity	1.434	283
Loan Liability	147.010	60.172
Subtotal	**148.444**	**60.455**
Less:		
Cash & cash equivalent	526	87
Subtotal	**526**	**87**
Total employed capital	**147.918**	**60.368**
Loan Liabilities / Total employed capital	**99,39%**	**99,68%**

24. CONTINGENT LIABILITIES

24.1 Contingent tax obligations

The tax obligations of the Company are not definitive as there are unaudited tax years (2016 to 2019). For the unaudited tax years there is the possibility of imposing additional taxes and surcharges at the time when they will be examined and finalized. As at 31/12/2019 the Company has not recognized provisions for tax unaudited years. The Management of the Company makes an annual assessment of any contingent liabilities that are expected to arise from the audit of past years, and estimates that any tax amounts that may arise will not have a significant impact on the Company's equity, income statement and cash flows.

Tax Compliance Certificate

For 2018, the Company received a Tax Compliance Certificate according to Article 65A paragraph 1 of Law 4174/2013, without any substantial differences. According to Circular POL. 1006/2016, the companies which have been subject to the above special tax audit are not exempted from the regular tax audit by the competent tax authorities. Furthermore, according to the relevant legislation, for the years 2016 onwards, the audit and issue of the Tax Compliance Certificate is valid on a voluntary basis.

The special audit for the issue of Tax Compliance Certificate for the year 2019 is in progress and the relevant tax certificate is expected to be issued after the publication of the Financial Statements for the year ended as at 31/12/2019. If additional tax obligations arise until the completion of the tax audit, it is estimated that they will not have a material effect on the Financial Statements. At the completion of these tax audits, provided they are finally conducted, the Management does not expect any significant tax liabilities to arise. It should be noted that according to Circular POL. 1192/2017, the right of the State to charge tax until the fiscal year 2013 has been barred unless the special provisions on 10, 15 and 20 years of limitation apply.

24.2 Legal cases

In the course of its operations, the Company may be faced with possible legal claims of third parties. According to both the Management and the Company's Legal Consultant, there are no litigation or arbitration disputes involving judicial or arbitration bodies concerning the Company.

(Amounts in thousands Euro, unless otherwise mentioned)

25. RECONCILIATION OF CHANGE IN FINANCIAL LIABILITIES

The reconciliation of change in liabilities from financial activities for the Company during the fiscal years 2019 and 2018 is presented below:

Amounts in € thous.	Long-term loans	Long-term liabilities payable in the following fiscal year	Total
01/01/2019	**59.139**	**1.033**	**60.172**
Cash flows:			
- Repayments	-	(62.936)	**(62.936)**
- Receipts	146.146	-	**146.146**
Non-cash movements:	(59.033)	62.661	**3.628**
31/12/2019	**146.252**	**758**	**147.010**

Amounts in € thous.	Long-term loans	Long-term liabilities payable in the following fiscal year	Total
01/01/2018	**58.920**	**1.046**	**59.966**
Cash flows:			
- Repayments	-	(2.355)	**(2.355)**
- Receipts	-	-	**-**
Non-cash movements:	219	2.342	**2.561**
31/12/2018	**59.139**	**1.033**	**60.172**

26. POST STATEMENT OF FINANCIAL POSITION REPORTING DATE EVENTS

- On 20/01/2020, the Extraordinary General Meeting of the Company's shareholders elected Mr. George Kouvaris, as a new independent non-executive member of the Board of Directors, who fulfils the independence criteria of Law 3016/2002, replacing Mr. Konstantinos Baslis for the remainder of his term of office, that is until 30 June 2022 at the latest.
- The Company’s Board of Directors, following its meeting on 07/02/2020, decided on the appointment of Mr. Konstantinos Papadakis, father’s name Nikolaos, Economist, as the Company's Internal Auditor, replacing Ms Theodora Fetsi, father’s name George.

- **COVID-19 Outbreak**

  It is a fact that the outbreak of the coronavirus pandemic found the citizens and political leaders of the whole world completely unprepared to address it, which quickly led to the rapid spread of the disease and to the feelings of insecurity and fear for its ultimate outcome of phenomenon. TERNA ENERGY GROUP, of which the Company is a member and whose operation is directly dependent, despite its surprise, immediately after the first announcements, moved swiftly and decisively, designed and started immediately implementing a plan of measures and actions with key objectives: the safety and health of all of us, the safe repatriation of our executives, where appropriate, utilizing the most up-to-date information technology to minimize movements and travel, as well as modern, flexible ways of working depending on the individual or special needs of groups employees, so that the company can respond promptly to any requirement of any organizational - operating unit of the corporate structure.

  The direct response and effectiveness of the company to the crisis confirmed the correct design and implementation of the Group's organizational model, according to which Management has the ability to delegate ad hoc tasks to a selected senior management, depending on the skill and / or experience that he/she may have in solving a specific problem, regardless of his/her position in the organizational structure of the Group. The assignee acts as Project Manager, with increased authorities and responsibilities, and the Service Mechanism is required to support him / her throughout his / her term of office. The Project Manager is in communication on a daily basis with the Chairman of the Board of Directors and any other executives whose support he / she wishes, briefs in detail on the progress of the task he/she is undertaking, and in particular on the potential risks to be faced, ensuring the speed of decision-making required to achieve the goal pursued.

  At the same time, in order to ensure the Group's going concern, a special remote working plan has been implemented for a significant number of employees and rotational work for those who need to be in the Group's buildings and facilities. Particular care is given to parents of minor children and to those who require increased attention and care. Extremely strict operating rules have been adopted at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of safety for all, which enables them to be in constant contact with all competent bodies.

  Economists, international credit rating agencies, investors and financial analysts estimate that by 2020 world GDP will be around -4%, and that it will require a sustained, high growth rate for at least two years to bring the global economy back to pre-crisis level. TERNA ENERGY already exploits the climate of confidence of markets and investors in the Greek economy and the lifting of restrictions on the movement of capital to eliminate the risk of cancellation or delay in the implementation of the Group's investment plan. In addition, the Group's significant activity in overseas markets, and particularly in North America, contributes to the spread of relative risks and to offsetting the impact on the Group's financial sizes in the event of an ongoing failure of the Greek economy.

Any such development could adversely affect the implementation of the Group's investment plan in Greece and may interfere, inter alia, with the terms of financing its operations, as well as transactions with importing equipment suppliers. The above contingencies, if verified, are likely to temporarily affect the profitability of the Group's domestic activity. This risk is general, applies to all RES producers and does not apply only to TERNA ENERGY.

Management declares the following: 1) any delay in the collection of the Group's revenues by DAPEEP does not currently appear to exceed the six month production value, as it did in the past. Within 2020, a six-month delay in collection will create, even temporarily, a cash issue of particular attention of around € 120 million. The Group's cash flow (€ 299 million - € 257 cash available and € 42 million reserves on 31/12/219) enables Management to manage any potential cash problem with relative ease, without interrupting its pace of implementation investment program. Should the delay exceed 6-8 months of production, Management will reschedule its investment plan, business and cash flow planning to meet increased cash requirements and minimize adverse effects. The controlled slowdown and / or, where appropriate, cancellation of planned investments will prove unavoidable if the delay in recovery goes beyond reasonable limits and market operating practices. However, even in such a case, the Group, due to its size, capability, experience and determined strategy, is ready to strive to maintain its leading position in the RES market and continue its superiority over competition.

Management's view is that it is not possible to predict precisely what the developments in the Greek economy will be and to identify those that will have the greatest impact on the Group's operations, financial performance, cash flow and financial position. However, in view of all the aforementioned, the Management is committed to maintaining its sound operating in the Greek territory, implementing procedures for ongoing identification and evaluation of all risks that may arise in the near future. In direct, ongoing and systematic collaboration with the Risk Manager and the Group's executives, Management plans and implements measures to mitigate any identified risk minimizing its adverse effects. The organizational effectiveness of GEK TERNA and TERNA ENERGY GROUP and the ongoing Management's concern collaborate with its executives responsible in every project and specific subject matter, depending on the required capability and experience, regardless of which company they formally belong, have created a robust, flexible and effective mechanism for dealing with any potential crisis in any Group company. This basic principle is also due to the immediate response of the Management and the aforementioned mechanism dealing with the epidemic crisis with prudence, calmness and strategic perspective.

Regarding its financial position, the Group, despite the current financial crisis, at the reporting date of the annual Consolidated Financial Statements, but still today, maintains satisfactory capital adequacy, profitability and liquidity and continues to be fully consistent with its liabilities , public, insurance, etc. creditors. In addition, it implements its ambitious investment plan and generates conditions for further development of its activities in Greece and other overseas markets. Moreover, the Management considers that, in 2021, credit risk, in relation to the energy sector requirements for both the TERNA ENERGY SA parent company and for the rest of the Greek companies of the Group, is limited.

Apart from the above, there are no other subsequent events to the financial statements that relate to the Company, which are to be reported under the International Financial Reporting Standards (IFRS).

27. APPROVAL OF FINANCIAL STATEMENTS

The Company's Financial Statements for the annual period ended as at 31/12/2019 were approved by the Company's Board of Directors on 02/04/2020.

Athens, 02 April 2020

The Chairman of the BoD	The Managing Director	The Chief Accountant
Vasileios Delikaterinis	Aristotelis Spiliotis	Artan Tzanari

VI. REPORT ON ALLOCATION OF THE CAPITAL PROCEEDS CBL € 60.000.000

TERNA ENERGY FINANCE S.P.S.A.
GEMI Num. 140274801000

Report on Allocation of the Capital Proceeds from the issuance of a Common Bond Loan of TERNA ENERGY SINGLE PERSON FINANCE SOCIETE ANONYME under the guarantee of TERNA ENERGY S.A. for the period from 21/07/2017 to 31/12/2019

In accordance with the provisions of paragraph 4.1.2 of Athens Stock Exchange Regulation (hereinafter referred to as ATHEX), decision no. 25 / 17.07.2008 of the Board of Directors of ATHEX and no. Decision 8/754/14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission (hereinafter referred to as "HCMC"), it is hereby disclosed that from the issuance of a Common Bond Loan of sixty million Euro (€60.000 k) with the issuance of sixty thousand common bonds with a corporate guarantee of nominal value € 1 k each, which was conducted in accordance with as of 27.06.2017 decision of the Board of Directors of TERNA ENERGY FINANCE S.A. (hereinafter referred to as "Company" or "the Issuer") and as of 12.07.2017 decision on the approval of the Prospectus' content by the HCMC, an amount of sixty million Euro (€60.000 k) was raised in aggregated, i.e. following the completion of the option exercise period, the issuance in question was fully covered. TERNA ENERGY S.A. (hereinafter referred to as "the Guarantor") is responsible for the aforementioned issuance regarding the bondholders, in compliance with the provisions of section 3.3.14 "Nature and Objective of CBL Guarantee" of the Prospectus as of July 12th, 2017.

On 21.07.2017, the Company's Board of Directors verified the payment of the capital proceeds. Furthermore, sixty thousand (60 k) common anonymous bonds issued were listed for trading on Athens Stock Exchange regulated securities market following as of 05.07.2017 approval of listing of Athens Stock Exchange Regulatory Commission. The characteristics of the above bond loan are the following: (a) The bond yield is 3,95% and is fixed over the term of the loan. (b) Interest is calculated on six-month basis. (c) The term of the loan is five (5) years and its repayment will be realized at the end of the period of five (5) years. After two (2) years from the the Loan Issuance Date, the Company, via a written notice sent to the Bondholders' Representative at least thirty (30) days prior to the due date of prepayment, may prepay part or all of the outstanding nominal value of the Bonds. In case the estimated prepayment date is between the second (2) and third (3) years after from the Loan Issuance Date, an additional prepayment is due, standing at 1% of the prepaid nominal value.

In view of the above, it is hereby disclosed that an amount of **€ 58.744,6 k,** i.e. an amount of € 60.000 k in cash raised from the CBL coverage preference and subscription rights holders, less the amount of € 1.255,4 k related to the issuance expenses, as also incorporated without deviation into the Prospectus, was allocated until 22/07/2019 as follows.

A. Allocation of capital proceeds by TERNA ENERGY FINANCE S.P.S.A. (the Issuer)

The capital proceeds of up to € 60.000 k, less CBL expenses, i.e. the net amount of € 58.745 k, in compliance with the Prospectus, will be available by the Issuer to the Guarantor through the Intra-group Loan 2017. In particular, on 12/07/2017, the Guarantor issued a bond loan under Law 3156 / 2003, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 58.745 k. This way, the respective amount of the CBL was transferred to the Guarantor, thus lending the equal amount of the capital proceeds to the Guarantor, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.1.of the Prospectus as of July 12th 2017. The way the funds were used by the guarantor until 22/07/2019 is analytically presented in section B below.

On 17/07/2019, the Guarantor repaid all the nominal value of the bonds issued and covered by the Company, pursuant to as of 12/07/2017 Common Bond Loan Issue Plan of up to € 60.000 k, in compliance with tern 4 of the CBL Plan ("Prepayment").

On 22.07.2019, in compliance with its announcement as of 07/06/2019, the Company prepaid the total nominal value of the bonds it has issued and allocated via a public offering, pursuant to the Ordinary Bond Loan Issuance Program as of 12/07/2017 up to an amount of €60.000 thousand and also pursuant to the Agreement for Appointment of a Bondholders' Representative (the "CBL Plan"), according to the provisions of the term 4 of the above Plan ("Prepayment").

Following the CBL issue of the Issuer to the Bondholders, the allocation of the proceeds from the CBL issue less the estimated costs of issuing the CBL, is finalized.

(Amounts in thousands Euro, unless otherwise mentioned)

Table of allocation of the Capital Proceeds of the Issuer from the issuance of the Common Bond Loan of € 60.000.000 (amounts in thousand Euro)								
				Provisional Allocation of the Capital Proceeds		Final Allocation of the Capital Proceeds as at 22/07/2019		
	Capital Proceeds	Description	Allocation of Capital Proceeds based on the Prospectus	Provisionally Allocated Capital Proceeds to the Guarantor through Intra-group Loan 2017	Provisionally Non-allocated Balance	Intra-group Loan Collected from the Guarantor	Finally Allocated CBL Repayment Capital Proceeds from the Issues to the Bondholders	Non-allocated Balance
			(a)	(b)	(a - b)	(c)	(d)	(a - d)
Net Allocated Capital Proceeds	58.744,6	Allocation of funds from the Issuer to the Guarantor through Intra-group Loan 2017, so that the Guarantor could proceed with the implementation of its investment plan	58.744, 6	58.744,6[2]	-	58.744,6	58.744,6	-
Total	**58.744,6**	**Total**	**58.744,6**	**58.744,6**	**-**	**58.744,6**	**58.744,6**	**-**
CBL issue expenses	1.255,4							
Total Allocated Capital Proceeds	**60.000**							

[2] The way the capital is used by the Guarantor for the implementation of its investment plan is descried in the following section B “Use of Funds by TERNA ENERGY S.A. (the Guarantor)

(Amounts in thousands Euro, unless otherwise mentioned)

B. Use of funds by TERNA ENERGY S.A. (the Guarantor)

As analytically presented in section A above, on 21/07/2017 the Guarantor issued a bond loan under Law 3156/2003, within the frame of the Intra-group Loan Plan (Intra-group Loan 2017), which was covered by the Issuer by an amount of € 58.744,6 k and, therefore, the corresponding amount of the CBK proceeds was transferred to the Guarantor.

Following the above, an amount of € 58.744,6 k (ie an amount of € 60.000 k in cash, less an amount of € 1.255,4 k related to issue expenses as recorded in the Prospectus), was transferred to Guarantor to be used for the implementation of its investment plan, as analytically recorded in section 4.1.1 of the Prospectus as of July 12, 2017.

The table below shows the allocation of the capital proceeds by the Guarantor until 22/07/2019 or the date of final disposal of the raised funds since the CBL issue (see section A above):

Table of allocation of the Capital Proceeds of the Guarantor from the issuance of the Common Bond Loan of € 60.000.000 of the Issuer (amounts in thousand Euro)							
Area of Investment based on section 4.1.1 of the Prospectus	**Period**	**Allocation of the Capital Proceeds by the Guarantor**	**Capital proceeds in FY 2017**	**Capital proceeds in FY 2018**	**Capital proceeds within the period from 01/01/2019 to 22/07/2019**	**Non-allocated Balance as at 22/7/2019**	**Note**
Construction of two (2) wind farms in the Regions of Central and Western Macedonia	2017-2018	**40.000**	21.537,0	-	-	-	**(1)**
Construction of one (1) wind farm in Texas, USA			-	18.463,0	-	-	**(2)**
Project "Installation of Processing of Urban Solid Waste of the Region of Epirus"	2017-2019	**18.744,6**	6.039,0	-	-	-	**(3)**
Project "Total Waste Management of the Peloponnese Region via public and private partnership – PPP"	2017-2018		-	-	-	12.705,6	**(4)**
Total investments (Use of funds by the Guarantor)		**58.744,6**	**27.576,0**	**18.463,0**	-	**12.705,6**	
Estimated CBL issuance expenses		1.255,4					
Total capital proceeds by the Issuer		**60.000,0**					

Notes

1. The guarantor proceeded with the construction of two Wind Farms in the Regions of Central and Western Macedonia have a capacity of 36 MW and 8 MW respectively through its subsidiaries. The total cost of construction of these wind farms amounted to € 60.924,6 k. The amount of € 21.537,0 k is allocated as follows:

i) Construction of the Wind Farm at the site LEFKES KERASIA by the subsidiary "ENERGY NEAPOLOS LAKONIAS SA". On 16/06/2017, the Guarantor entered into an intra-group loan agreement with the subsidiary and covered the amount of € 2.697,3 k to finance the construction of the above Wind Farm. On 16/06/2017 and 22/06/2017, the Guarantor paid the amount of € 2.223 k and € 474,3 k respectively to the subsidiary. Payments of the total amount of € 2.697,3 k were made by the subsidiary to the main supplier of wind turbines following the disbursement of the intra-group loan in order to comply with the payment schedule under the relevant contracts, for any payments that had to be made prior to issue in order to prevent this subsidiary from defaulting and giving the right to supplier of wind turbines to suspend performance of its obligations.

On 23/11/2017, the Guarantor entered into an intra-group loan with the subsidiary and covered the amount of € 158,4 k, which was used to repay commission to the main supplier of wind turbine on 22/12/2017.

The total capital utilization for this wind farm amounted to € 2.885,7 k. The construction of the wind farm was completed in the first half of 2018.

ii) Construction of the Wind Farm at the site YPSOMA-ERESSOU by the subsidiary "ENERGIAKI PELOPONNISOU SA". On 16/06/2017, the Guarantor entered into an intra-group loan agreement with the subsidiary and covered the amount of € 13.486,5 k to cover part of the financing of the construction of the above Wind Farm by 22/06/2017, the Guarantor had repaid the total amount to the Subsidiary.

On 20/06/2017, the Guarantor entered into an intra-group loan agreement with the subsidiary and covered the amount of € 5.194,8 k to cover part of the financing of the construction of the above Wind Farm. On 22/06/2017, the Guarantor repaid the total amount to the Subsidiary.

Payments totaling € 18.681,3 k were conducted by the subsidiary to the main supplier of wind turbines following the disbursement of the aforementioned intra-group loans in order to comply with the payment schedule under the relevant contracts, for any payments that had to be made before issue, in order to prevent this subsidiary from defaulting and giving the right to supplier of wind turbines to suspend performance of its obligations.

The total capital utilization for this wind farm amounted to € 18.681,3 k. Construction of this Wind Farm was completed in the first half of 2018.

2. Construction of the 158 MW Gopher Creek Wind Farm (Fluvanna II) in Texas, USA. The total construction of the project amounted to approximately € 224 m. On 11/09/2018, the Guarantor paid the amount of € 18.463,0 k to TERNA ENERGY OVERSEAS LTD through its share capital increase and paid through its subsidiaries amount to its subsidiary TERNA DEN LLC, which made the investment in question. In September 2019, the construction of the wind farm was completed and put into commercial operation.
3. Construction of the project "Installation of Urban Solid Waste Processing Plant of Epirus Region" by the subsidiary company "AEIFORIKI EPIRUS MAES", which concerns the construction of a Waste Processing Plant that processes mixed municipal waste and organic waste sorted in the source. On 18/07/2017, the Guarantor entered into a plan and contract for a common bond loan with a subsidiary amounting to € 10.000 k and which is one of the financing agreements of the Partnership Agreement signed on 21/07/2017 between the Region of Epirus and its subsidiary. On 19/07/2017, the Guarantor paid the amount of € 6.039,0 k to its subsidiary company AEIFORIKI EPIRUS MAES, which made this investment. The total construction cost of the project amounted to € 37.187,9 k, which was completed and put into commercial operation on 29/03/2019.
4. The project “Total Waste Management of the Peloponnese Region via public and private partnership – PPP” concerns design, financing, construction, maintenance and operation of infrastructure to be used for integrated waste management in the Peloponnese Region. Based on the provisions of section 4.1.1. of the Prospectus as of July 12th 2017, "Reasons for Issuing the CBL and Use of Capital”, the amount related to this project, should have been made available by the end of 2018. The fact that the amount of € 12.705,6 k was not allocated within the scheduled timeframe does not fall within the responsibilities of the Company or the Guarantor, but is due to delays arising after the signing of the Partnership Agreement on 14.06.2018. These delays are expected to be resolved by the Prefecture of Peloponnese following the completion of all the legal procedures to enable the forced expropriation of real estate so that PERIVALLONTIKI PELOPONNISOU MAE (100% subsidiary of the Guarantor established following the notary act No. 3689/2015, domiciled in Tripoli, whose scope of operations as recorded in its Articles of Association includes construction and operation of Integrated Solid Waste Management System Transitional Management Units of the Peloponnese Region) so that it could legally settle in the expropriated areas. On 27.12.2018, the Guarantor paid an amount of € 12.705,6 k to PERIVALLONTIKI PELOPONNISOU MAE via intragroup loan and as at 31.12.2018, it remained in cash available of the subsidiary in question. On 30.04.2019, the amount in question was returned τo TERNA ENERGY S.A. via intragroup loan and as at 30.06.2019 it is included in its cash available. On 26/02/2020, the Board of Directors of TERNA ENERGY S.A. decided to proceed with the prepayment of the aforementioned loan, which was performed on 28/02/2020.

VI. REPORT ON ALLOCATION OF THE CAPITAL PROCEEDS CBL € 150.000.000

Report on Allocation of the Capital Proceeds from the issuance of a Common Bond Loan of TERNA ENERGY SINGLE PERSON FINANCE SOCIETE ANONYME amounting to € 150.000.000 under the guarantee of TERNA ENERGY S.A. for the period from 22/10/2019 to 31/12/2019

In accordance with the provisions of paragraph 4.1.2 of Athens Stock Exchange Regulation (hereinafter referred to as ATHEX), decision no. 25 / 17.07.2008 of the Board of Directors of THEX and no. Decision 8/754/14.04.2016 of the Board of Directors of the Hellenic Capital Market Commission (hereinafter referred to as “HCMC”), it is hereby disclosed that from the issuance of a Common Bond Loan of one hundred and fifty million Euro (€150.000.000) with the issuance of one hundred and fifty thousand common bonds with a corporate guarantee of nominal value € 1 k each, which was conducted in accordance with as of 24/09/2019 decision of the Board of Directors of TERNA ENERGY FINANCE S.A. (hereinafter referred to as “Company” or “the Issuer”) and as of 10/10/2019 decision on the approval of the Prospectus’ content by the HCMC, an amount of one hundred and fifty million Euro (€150.000.000) was raised in aggregated, i.e. following the completion of the option exercise period, the issuance in question was fully covered. TERNA ENERGY S.A. (hereinafter referred to as “the Guarantor”) is responsible for the aforementioned issuance regarding the bondholders, in compliance with the provisions of section 3.3.13 “Nature and Objective of CBL Guarantee” of the Prospectus as of October 10th, 2019.

On 22/10/2019, the Company's Board of Directors verified the payment of the capital proceeds. Furthermore, one hundred and fifty thousand (150.000) common anonymous bonds issued were listed for trading on Athens Stock Exchange regulated securities market following as of 11/10/2019 approval of listing of Athens Stock Exchange Regulatory Commission. The characteristics of the above bond loan are the following: (a) The bond yield is 2.60% and is fixed over the term of the loan. (b) Interest is calculated on six-month basis. (c) The term of the loan is seven (7) years and its repayment will be realized at the end of the period of seven (7) years.

In view of the above, it is hereby disclosed that an amount of € 146.632 k, i.e. an amount of € 150.000 k in cash raised from the CBL coverage preference and subscription rights holders, less the amount of €3.368 k related to the issuance expenses, as also incorporated without deviation into the Prospectus, was allocated until 31/12/2019 as follows.

A. Allocation of capital proceeds by TERNA ENERGY FINANCE S.P.S.A. (the Issuer)

The capital proceeds of up to € 150.000 k, less CBL expenses, i.e. the net amount of € 146.632 k, in compliance with the Prospectus, will be available by the Issuer to the Guarantor through the Intra-group Loan 2019. In particular, on 21.10.2019, the Guarantor issued a bond loan under Law 4548/2018 and Law 3156 / 2003, effective following the effective date of Law 4548/2018, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 146.632 k. This way, the respective amount of the CBL was transferred to the Guarantor, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.2. of the Prospectus as of October 10th 20190. The way the funds were used by the guarantor until 31/12/2019 is analytically presented in section B below.

The final allocation of the proceeds from the issue of the CBL, less the estimated costs of issuing the CBL, will be effected by the issuance of the CBL by the Issuer to the Bondholders as at the maturity date of the Bond Loan.

(Amounts in thousands Euro, unless otherwise mentioned)

Table of allocation of the Capital Proceeds of the Issuer from the issuance of the Common Bond Loan of € 150.000.000 (amounts in thousand Euro)								
				Provisional Allocation of the Capital Proceeds as at 31/12/2019		Final Allocation of the Capital Proceeds as at CBL matiruty date		
	Capital Proceeds	Description	Allocation of Capital Proceeds based on the Prospectus	Provisionally Allocated Capital Proceeds to the Guarantor through Intra-group Loan	Provisionally Non-allocated Balance as at 31/12/2019	Intra-group Loan Collected from the Guarantor	Finally Allocated CBL Repayment Capital Proceeds from the Issues to the Bondholders	Non-allocated Balance
			(a)	(b)	(a - b)	(c)	(d)	(a - d)
Net Allocated Capital Proceeds	146.632	Allocation of funds from the Issuer to the Guarantor through Intra-group Loan 2019, so that the Guarantor could proceed with the implementation of its investment plan	146.632	146.632[3]	-	-	-	146.632[4]
Total	**146.632**	**Total**	**146.632**	**146.632**	**-**	**-**	**-**	**146.632**
CBL issue expenses	3.368							
Total Allocated Capital Proceeds	**150.000**							

[3]The way the capital is used by the Guarantor for the implementation of its investment plan is descried in the following section B "Use of Funds by TERNA ENERGY S.A. (the Guarantor)
[4] The final allocation of the proceeds will be effected by the issuance of the CBL by the Issuer to the Bondholders as at the maturity date of the Bond Loan.

(Amounts in thousands Euro, unless otherwise mentioned)

B. Use of funds by TERNA ENERGY S.A. (the Guarantor)

As analytically presented in section A above, on 21/10/2019 the Guarantor issued a bond loan under under Law 4548/2018 and Law 3156/2003, still effective, within the frame of the Intra-group Loan Plan, which was covered by the Issuer by an amount of € 146,632 k and, therefore, the corresponding amount of the CBK proceeds was transferred to the Guarantor.

Following the above, an amount of € 146.632 k (ie an amount of € 150.000 k in cash, less an amount of € 3.368 k related to issue expenses as recorded in the Prospectus), was transferred to Guarantor to be used for the implementation of its investment plan, as analytically recorded in section 4.1.2 of the Prospectus as of October 10, 2019.

The table below shows the allocation of the capital proceeds by the Guarantor until 31/12/2019:

Table of allocation of the Capital Proceeds of the Guarantor from the issuance of the Common Bond Loan of € 150.000.000 of the Issuer (amounts in thousand Euro)				
Area of Investment based on section 4.1.2 of the Prospectus	Allocation of the Capital Proceeds by the Guarantor	Capital proceeds within the period from 22/10/2019 to 31/12/2019	Non-allocated Balance as at 31/12/2019	Note
4th quarter 2019				
Total repayment of Short-term Bank Loan of the Guarantor (used to repay CBL 2017).	60.000	60.000	-	**(1)**
Partial repayment of Short-term Bank Loan of the Guarantor used to repay part of the consideration for acquisition of the wind park "Bearkat I" in Texas, USA	30.632	30.632	-	**(2)**
Period 2019-2022				
Construction of 14 wind parks in Greece, of a total capacity of 218 MW by the Guarantor or by the Subsidiaries of the Guarantor (either through intra-group loan from the Guarantor to the subsidiaries or through a share capital increase in the Subsidiaries by the Guarantor).	56.000	18.616	37.384	**(3)**
Total investments (Use of funds by the Guarantor)	**146.632**	**109.248**	**37.384**	**(4)**
Estimated CBL issuance expenses	3.368			
Total capital proceeds by the Issuer	**150.000**			

Notes

1. On 11/07/2019 a short-term bank loan of € 60.000 k (amounting to € 50.000 k from ALPHA BANK and € 10.000.000 from NATIONAL BANK) was used by the Guarantor to repay the Intra-group Loan 2017 to the Issuer. Specifically, on 17/07/2019, the Guarantor repaid all the nominal value of the bonds it had issued and had been covered by the Issuer under the 2017 CBL, in accordance with the terms of the Program. Subsequently, on 22/07/2019, the Issuer repaid the € 60.000 K of 2017 CBL in accordance with the term 4 of the CBL Program ("Prepayment"). On 31/10/2019, the Guarantor repaid the amount of € 50.000 K to ALPHA BANK and € 10.000 k to the National Bank of Greece respectively, resulting in the total repayment of this short-term bank loan.

2. On 16/07/2019, a short-term bank loan of € 52.000 k from the PIRAEUS BANK was used to pay part of the acquisition price of the Bearkat I wind farm "Glasscock County" in Texas, USA, which was conducted by the Group through its 100% subsidiary TERNA DEN LLC (a subsidiary of TERNA ENERGY USA HOLDING CORPORATION) at the conclusion of the transaction. On 29/11/2019, the Guarantor repaid the amount of € 52.000 k to PIRAEUS BANK, of which € 30.632 k was used from the raised funds.

3. The Guarantor started the construction of **nine (9) 121 MW Wind Farms** at 9 sites in Evia, through its subsidiaries. **The use of funds, which stood at € 18.616 k on 31/12/2019,** is analyzed as follows:

   - Construction of the Wind Farm at the site of **PYRGARI DARDIZA (6.3 MW) of the Municipality of Karystos** by the subsidiary company "AIOLIKI MARMARIOU EVIAS MAE". The total budget cost of construction of the project is estimated at € 11.019 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this Subsidiary of € 2.500 k of which € 2.487 k relates to the coverage of the financing of the aforementioned wind farm construction. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 2.304,6 k under the terms of this contract, of which € 2.292 k were paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment until 31/12/2019 amounting € 2.287,2 k.

   - Construction of the Wind Farm at the site of **KARABYLA (19.8 MW) of the Municipality of Karystos** by the subsidiary "AIOLIKI MARMARIOU EVIAS MAE". The total budget cost of construction of the project is estimated at € 21.834 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this Subsidiary of € 2.001 k of which € 1.985 k relates to the coverage of the financing of the aforementioned wind farm construction. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 2.000,1 k under the terms of this contract, of which € 1.984 k was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment until 31/12/2019 amounting € 1.928,4 k.

- Construction of the Wind Park at the site **GALOSI (19.8 MW) of the Municipality of Karystos** by the subsidiary "AIOLIKI MARMARIOU EVIAS MAE". The total budget cost of the project is estimated at € 21.584 K. On 14/11/2019, the Guarantor entered into a Common Bond Loan with its subsidiary amounting to € 2.001 k of which € 1.985 k relates to the coverage of financing of the aforementioned wind farm construction. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 2.000,2 k under the terms of this contract, of which € 1.984 k was paid by the Guarantor to the subsidiary, which subsequently made payments to the third parties for that investment until 31/12/2019 amounting € 1.967,0 k.

- Construction of the Wind Farm at the site of **AGRIACHLADIA (22.5 MW) of the Municipality of Kymi-Aliveri** by the subsidiary "ENERGIAKI DYSTION EVIAS MAE". The total budget cost of the the project is estimated at € 29.543 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting to € 2,500 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 2.477,4 k under the terms of this contract, that is, the amount paid by the Guarantor to the subsidiary, which subsequently made for this investment until 31/12/2019, payments to third parties amounting € 2.468,7 k.

- Construction of the Wind Farm at the site **MESOPIKI (9 MW) of the Municipality of Kimi-Aliveri** by the subsidiary "ENERGIAKI DYSTION EVIAS MAE". The total budget cost of the project is estimated at € 12.782 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting to € 1.500 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first series of bonds amounting to € 923,5 k under the terms of this contract, that is, that amount was paid by the Guarantor to the subsidiary, which subsequently made for this investment until 31/12/2019, payments to third parties amounting € 919,9 k.

- Construction of the Wind Farm at the site **EXOSTIS (18.9 MW) of the Municipality of Karystos** by the subsidiary "ENERGIAKI STYRON EVIAS MAE" The total budget cost of the project is estimated at € 21.224 k. On 12/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting € 7.101 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 7.100,6 k under the terms of this contract, that is, that amount was paid by the Guarantor to its subsidiary, which subsequently made, for that investment until 31/12/2019, payments to third parties amounting € 3.158,0 k.

- Construction of the Wind Farm at the site **PYRGARI II (9.9 MW) of the Municipality of Kimi-Aliveri** by the subsidiary "AIOLIKI EAST GREECE ELLADOS MAE". The total budget cost of the project is estimated at € 12.461 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting € 5.000 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first series of bonds amounting € 2.115,4 k under the terms of this contract, that is, the amount in question was paid by the Guarantor to the subsidiary, which subsequently made for this investment until 31/12/2019, payments to third parties amounting € 2.111,5 k.

(Amounts in thousands Euro, unless otherwise mentioned)

- Construction of the Wind Farm at the site **KOSKINA-LAKKA (7.65 MW) of the Municipality of Kimi-Aliveri** by the subsidiary "AIOLIKI EAST GREECE MAE". The total budget cost of the project is estimated at € 11.473 K. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting € 400 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first series of bonds amounting € 391,6 k under the terms of this contract, that is, that amount was paid by the Guarantor to the subsidiary, which subsequently made for this investment until 31/12/2019, payments to third parties amounting € 388,9 k.

- Construction of the Wind Farm at the site **VOUREZA (7.2 MW) of the Municipality of Kimi-Aliveri** by the subsidiary "AIOLIKI EAST GREECE MAE". The total budget cost of the project is estimated at € 14.718 k. On 14/11/2019, the Guarantor entered into a Common Bond Loan with this subsidiary amounting € 7.000 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2019, the Guarantor had covered the first two (2) series of bonds amounting € 6.839,6 k in accordance with the terms of this contract, that is, that amount was paid by the Guarantor to the subsidiary, which subsequently made for this investment until 31/12/2019, payments to third parties amounting € 3.386,9 k.

4 As at 31/12/2019, the outstanding amount of funds to be used is € 37,384 k and is further analysed in: (a) an amount of € 29.892 k which is included in the Guarantor's cash and cash equivalents and (b) an amount of € 7.492 k which is included in the cash and cash equivalents of the subsidiaries constructing the nine (9) aforementioned Wind Farms.

Athens, 02/04/2020

		Chief Financial Officers		
The Chairman of the BoD	The Vice Chairman of the BoD	Operation	Finance	The Head Accountant
Vasileios Delikaterinis	Dimitra Chatziarseniou	Emmanuel Fafalios	Aristotelis Spiliotis	Artan Tzanari
				License Reg. No A’ CLASS O64937

Report on the Findings from the Conduct of Agreed-upon Procedures on the "Report on Allocation of the Capital Proceeds"

To the Board of Directors of "TERNA ENERGY FINANCE S.A."

Pursuant to the order as of 10.02.2020 we received from the Board of Directors of TERNA ENERGY SINGLE PERSON FINANCE S.A. (hereinafter referred to as the "Company"), we conducted the following agreed-upon procedures within the regulatory framework of the provisions of Athens Stock Exchange and the relevant legislative framework of Hellenic Capital Market Commission regarding the Report on Allocation of the Capital Proceeds of the Issuer regarding the issue of a Common Bond Loan under the guarantee of TERNA ENERGY S.A.((hereinafter referred to as "the Report), pertaining to the issue of the Common Bond Loan performed on 22/10/2019.

The Company's Management is responsible for preparation of the aforementioned Report in accordance with the effective regulations of Athens Stock Exchange and Hellenic Capital Market Commission and the Prospectus as of October 10th 2019.

We undertook this assignment in compliance with the International Standard on Related Services (ISRS) 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information". Our responsibility is to conduct the below agreed-upon procedures and disclose our findings to you.

Procedures

The procedures we conducted can be summarized as follows:

1. We compared the consistency of the data recorded in the column "Allocated Amount" in the Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 150.000.000 included in the Report with the data reported in the Prospectus as of 10th October, 2019.
2. We compared the consistency of the data recorded in the column "Amount Provisionally Allocated to the Guarantor through Intra-group Loan", i.e. an amount of € 146.632 k, pertaining to the amount provisionally allocated by the Company to TERNA ENERGY S.A. (hereinafter referred to as the "Guarantor") recorded in the Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 150.000.000 included in the Report, with the respective amounts, recognized in the key accounting records of the Company and the Guarantor until December 31st 2019 inclusively.
3. We compared the consistency of the content of the Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 150.000.000 of the Issuer in the Report with the data reported in the Prospectus issued by the Company on 10th October, 2019. In particular, we compared the consistency of the data recorded in the columns «Areas of Investment based on section 4.1.2 of the Prospectus" and "Allocation of the Capital Proceeds by the Guarantor" recorded in the Table of Allocation of the Capital Proceeds of the Guarantor in the Report with the data recorded in the Prospectus as of 10th October, 2019.
4. We compared the amounts recorded in the column "Use of funds in the period from 22.10.2019 to 31.12.2019" in the Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 150.000.000 of the Issuer in the Report with the corresponding amounts recognized in the key accounting records of the Guarantor and the related investments of its subsidiaries for the period from 22.10.2019 to 31.12.2019.
5. We compared the consistency of the amounts recorded in the column "Use of funds in the period from 22.10.2019 to 31.12.2019" in the Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 150.000.000 of the Issuer in the Report with the projected usage of the capital proceeds based on the provisions of section 4.1.2 of the Prospectus as of 10th October, 2019, examining, on a sample basis, the supporting documents in respect of the relevant accounting entries.

Findings

We have ascertained the following form the conduct of the aforementioned procedures:

i. Regarding the procedure (1) mentioned above, we have ascertained that the data recorded in the column "Allocated Amount" in the Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 150.000.000 included in the Report is consistent with the data reported in the Prospectus as of 10th October, 2019.

ii. Regarding the procedure (2) mentioned above, we have ascertained that the provisional amounts from the Company to the Guarantor data recorded in the column "Amount Provisionally Allocated to the Guarantor through Intra-group Loan" in the Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 150.000.000 included in the Report, are consistent with the respective amounts, recognized in the key accounting records of the Company and the Guarantor until December 31st 2019 inclusively.

iii. Regarding the procedure (3) mentioned above, we have ascertained that the data recorded in the columns «Areas of Investment based on section 4.1.2 of the Prospectus" and "Allocation of the Capital Proceeds by the Guarantor" recorded in the Table of Allocation of the Capital Proceeds of the Guarantor in the Report is consistent with the data recorded in the Prospectus as of 10th October, 2019.

iv. Regarding the procedure (4) mentioned above, we have ascertained that the amounts recorded in the column "Use of funds in the period from 22.10.2019 to 31.12.2019" in the Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 150.000.000 of the Issuer in the Report are consistent with the corresponding amounts recognized in the key accounting records of the Guarantor and the related investments of its subsidiaries for the period from 22.10.2019 to 31.12.2019.

v. Regarding the procedure (5) mentioned above, we have ascertained that the amounts recorded in the column "Use of funds in the period from 22.10.2019 to 31.12.2019" in the Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 150.000.000 of the Issuer in the Report are consistent with the projected usage of the capital proceeds based on the provisions of section 4.1.2 of the Prospectus as of 10th October, 2019, examining, on a sample basis, the supporting documents in respect of the relevant accounting entries.

Given that the performed procedures do not constitute an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what is mentioned above. If we had conducted additional procedures, or if we had conducted an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention, which we would have disclosed to you.

Grant Thornton
An instinct for growth™

Restrictions on the Use of the Report

The current report is addressed exclusively to the Company's Board of Directors, in compliance with its obligations under the effective Regulatory Framework of Athens Stock Exchange. Therefore, this report shall not be used for any other purpose, as it is limited to the items listed above and does not extend to the financial statements prepared by the Company for FY ended as at December 31st, 2910, for which we have issued a separate Independent Auditor's Report on 02 April 2020.

Athens, 02 April 2020
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821

Grant Thornton
An instinct for growth™
Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

Report on the Findings from the Conduct of Agreed-upon Procedures on the "Report on Allocation of the Capital Proceeds"

To the Board of Directors of "TERNA ENERGY FINANCE S.A."

Pursuant to the engagement letter as of 10.02.2020 we received from the Board of Directors of TERNA ENERGY SINGLE PERSON FINANCE S.A. (hereinafter referred to as the "Company" or the 'Issuer"), we conducted the following agreed-upon procedures in respect of the "*REPORT ON ALLOCATION OF THE CAPITAL PROCEEDS under the quarantine of TERNA ENERGY S.A. for the period from 01.01.2019 to 22.07.2019" (hereinafter referred to as the "Report")* in the context of the issuance of the Common Bond Loan performed on 21.07.2017.

The Company's Management is responsible for preparation of the aforementioned Report in accordance with the effective regulations of Athens Stock Exchange and Hellenic Capital Market Commission and the Prospectus as of July 12th 2017.

We undertook this assignment in compliance with the International Standard on Related Services (ISRS) 4400, "Engagements to Perform Agreed-upon Procedures Regarding Financial Information". Our responsibility is to conduct the below agreed-upon procedures and disclose our findings to you.

Procedures

The procedures we conducted can be summarized as follows:

1. We compared the consistency of the data recorded in the column "Allocated Amount" in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.000"* with the data reported in the Prospectus as of July 12th 2017.
2. We compared the amount of the Intra-group Loan received by the Company from TERNA ENERGY S.A. (hereinafter referred to as the "Guarantor") recorded in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.00"* with the respective amount recognized in the Company's accounting records for the period 01.01.2019 - 22.07.2019.
3. We compared the final allocated capital in the context of CBL repayment by the Company to the Bondholders recorded in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.000"* with the amounts recognized in the Company's accounting records for the period 01.01.2019 - 22.07.2019.
4. We compared the consistency of the content of the *"Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 60.000.000"* with the data recorded in the Prospectus as of July 12th, 2017.
   - In particular, we compared the consistency of the data recorded in the column "Area of Investment based on section 4.1.2 of the Prospectus" and "Allocation of the Capital Proceeds by the Guarantor" recorded in the "*Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 60.000.000"* with the data recorded in the Prospectus as of July 12th, 2017.
5. We examined whether the amounts recorded as allocation of capital proceeds until 22.07.2019 inclusively in the *"Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 60.000.000"* are in compliance with the projected allocation of capital proceeds based on the provisions in section 4.1.1 of the Prospectus as of July 12th, 2017.

Findings

We have ascertained the following from the conduct of the aforementioned procedures:

I. Regarding the procedure (1) mentioned above, we have ascertained the consistency of the data recorded in the column "Allocated Amount" in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.000"* with the data reported in the Prospectus as of July 12th 2017.

II. Regarding the procedure (2) mentioned above, we have ascertained that the amount of the Intra-group Loan received by the Company from the Guarantor) recorded in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.000"* is consistent with the respective amount recognized in the Company's accounting records as of 17.07.2019.

III. Regarding the procedure (3) mentioned above, we have ascertained that the final allocated capital in the context of CBL repayment by the Company to the Bondholders recorded in the *"Table of Allocation of the Capital Proceeds of the Issuer arising from the issue of the Common Bond Loan of € 60.000.000"* is consistent with with the amounts recognized in the Company's accounting records as of 22.07.2019.

IV. Regarding the procedure (4) mentioned above, we have ascertained the consistency of the content of the *"Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 60.000.000"* with the data recorded in the Prospectus as of July 12th, 2017.

V. Regarding the procedure (5) mentioned above, we have ascertained that the amounts recorded as allocation of capital proceeds until 22.07.2019 inclusively in the *"Table of Allocation of the Capital Proceeds of the Guarantor arising from the issue of the Common Bond Loan of € 60.000.00"* are in compliance with the projected allocation of capital proceeds based on the provisions in section 4.1.2 of the Prospectus as of July 12th, 2017, examining, on a sample basis, the supporting documents in respect of the relevant accounting entries.

Given that the performed procedures do not constitute an audit or a review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance beyond what is mentioned above. If we had conducted additional procedures, or if we had conducted an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention, which we would have disclosed to you.

Grant Thornton
An instinct for growth™

Restrictions on the Use of the Report

The current report is addressed exclusively to the Company's Board of Directors, in compliance with its obligations under the effective Regulatory Framework of Athens Stock Exchange. Therefore, this report shall not be used for any other purpose, as it is limited to the items listed above and does not extend to the financial statements prepared by the Company for FY ended as at December 31st, 2019, for which we have issued a separate Independent Auditor's Report on 02 April 2020.

Athens, 02 April 2020
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821

Grant Thornton
An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127