TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME

ANNUAL FINANCIAL REPORT

For the Financial Year 1st January - 31st December 2021

In accordance with Article 4, Law 3556/2007 and the relevant Executive Decisions

Of the Hellenic Capital Market Commission Board of Directors

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GENERAL ELECTRONIC COMMERCIAL REGISTRY (GEMI) 140274801000

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I. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

(In compliance with Article 4, Par. 2 of Law 3556/2007)

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

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 TERNA ENERGY FINANCE S.P.S.A. for the annual period from January 1st, 2021, to December 31st 2021, 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

The attached BoD Report depicts in a true manner the development, performance, and position of the Company, including the description of the main risks and uncertainties that the Company faces.

Athens, 14 April 2022

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

II. II. ANNUAL REPORT OF THE BOARD OF DIRECTORS OF TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME ON THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

Dear Shareholders,

The present Annual Report of the Board of Directors which concerns the year from 01/01/2021 to 31/12/2021 has been prepared and is fully aligned with the provisions of Law 4548/2018, article 4, par. 2 (c), 6, 7 & 8 of Law 3556/2007 and article 8 of the decision with number 8/754/14.4.2019 of the Board of Directors of the Hellenic Capital Market Commission.

The Report includes financial and non-financial information of the Company for the year ended 31/12/2021 and describes significant events that took place during that period and after the reporting date of the financial statements, as well as 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 as such were 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." (hereinafter “TERNA ENERGY FINANCE S.P.S.A.) and is a fully owned by 100% subsidiary of the listed on the Athens Exchange company "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY" (hereinafter "parent", "TERNA ENERGY SA").

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.

In case TERNA ENERGY S.A. ceases to assist the Company at the management and operating level or is unable to fulfill 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 fulfill its obligations mainly 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.

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

A. Financial Developments and Performance of FY 2021

Following the initial shock of the pandemic and the emergency measures taken by the authorities, the Greek economy is recovering dynamically after the lifting of restrictions and the resumption of economic activity, a trend that is also being aided by fiscal and monetary policy measures. In 2021 the economic climate index increased to 105.4 points and essentially returned to 2019 levels.

The data announced by ELSTAT (Greece's Statistical Service) on the course of economic activity in the fourth quarter of 2021 form an especially strong basis for what it will follow in the next year, 2022. In particular, the high GDP growth rate in the last quarter of the year (7.7% on an annual basis), combined with the downward revision for the previous two quarters, led to a strong growth estimate for the year 2022, at the order of 1.6 %.

For the entire year of 2021, the growth rate settled at 8.3% and as a result the real GDP is approaching now pre-pandemic levels. However, this momentum - which would support estimates for economic growth of about 5% in year 2022 - is expected to calm down to some extent following the impact of Russia's invasion to Ukraine.

An important component in the continuation of the domestic economy's growth trend in 2022, is expected to come from the contribution of EU's Recovery and Resilience Facility. It is estimated that in the coming years (and up until 2026), this facility will contribute over € 30.0 billion in total, through grants and loans on favorable terms, thus shoring up the Greek banks as well as the Greek economy and its competitiveness in general, given that the largest percentage of funds is expected to be absorbed in the areas of green investments, digital transition and social cohesion.

On 19/01/2022 the Greek government proceeded with the first bond issuance of that particular year. With the issuance of the 10-year bond, Greek authorities raised € 3.0 billion with a coupon rate of 1.75% and a yield of 1.836%, while the issue coverage was more than 5 times. On 14/01/2022, international credit rating agency Fitch kept the country's rating unchanged at "BB" upgrading the outlook to positive.

Recent geopolitical developments in the region of Ukraine are expected to prolong inflationary pressures through a stronger and longer rise in energy and raw material prices, while in combination with any further disruptions in the supply chain are expected to lead to a tightening of the monetary policy that will in turn affect consumption, investment, credit expansion and the wider economic activity.

The main factors of uncertainty regarding the course of domestic economic activity in 2022 can be summarized as follows:

A first factor relates to the impact of rising energy prices on production costs, profitability and investment planning.
Secondly, there is the effect of inflation pressures coming from energy and grain prices, in combination with the energy dependence of Greece, and their relation to the real disposable income and the purchasing power of Greek households.

Thirdly, the impact on the receipts of Greek tourism, due to, on the one hand, the cessation of tourist flows from the countries involved in the above war conflicts and, on the other hand, the aggravation of the disposable income in many countries which the incoming tourists originate from, mainly European ones.
Fourth, the impact of geopolitical developments on foreign direct investment, as increased uncertainty adversely affects the country's risk especially in the case of Greece whose credit rating has not yet reached the level of investment grade.
Fifth, the further expansion and potential extent of fiscal flexibility that will be allowed at European level and the degree of utilization of the EU resources by the Greek government.

Furthermore, it is worth mentioning that the Harmonized Index of Consumer Prices (HICP) increased in February 2022 by 6.3%, compared to the same month of 2021, with most of the increase coming from the energy products. In addition, almost 40% of Greece's natural gas imports in 2020 originated from Russia. Therefore, the energy dependence of the country, in terms of covering the required quantity through imports remained quite high. The latter condition makes the impact of the war conflicts in the region of Ukraine an important factor of uncertainty when it comes to estimating the future trajectory of the Greek economy, as the higher energy prices are expected to affect both domestic companies, via the increased production costs leading to lower profits, and households, through the reduction of disposable income and consumer spending. The presentation by the European Union of a plan aiming at the gradual decoupling of European countries from Russian fossil fuels (REPowerEU), which includes the adoption of additional support measures to tackle to impact from rising energy costs, will be an important factor in mitigating these negative developments.

Despite the prevailing uncertainty due to the above factors, the outlook of the Greek economy remains positive in the medium term, as conditions needed for a change in the pattern of economic growth are already in place, and this is expected to come to a greater extent from investment spending. The increase in investments, in the next period, will be determined by the course of the credit rating of Greek economy's debt towards the investment grade, by the inflow of resources from EU's Recovery and Resilience Facility, as well as by the implementation of structural reforms that create a friendly business environment.

As early as 2021, investments in Greece increased significantly, by 19.6%, while they had the second largest contribution to GDP's expansion (2.3 percentage points), next to private consumption (which achieved 5.5 percentage points). The good performance of exports of services and especially of tourist receipts, in 2021, resulted into the positive contribution of net exports to GDP growth of 0.9 percentage points. Finally, public consumption increased by 3.7% in 2021, compared to 2020, contributing by 0.8 percentage points to GDP growth. In contrast, inventories (including any statistical adjustments) decreased significantly in year 2021, thus deducting 1.1 percentage points from GDP growth.

The effects of recent sanctions on Russia's economy and the changing global economic landscape.

The current geopolitical turmoil is expected to drastically change the dynamics of world trade, as the new conditions will have major effects not only on the Russian economy, but also on the rest of the world. Initially, the sanctions imposed on Russia are expected to lead to a recession in its economy.

At the same time, the strong supply disruption, primarily in the energy sector but also in basic agricultural products (wheat, fertilizers, etc.) is expected to lead to lower rates of economic growth in large economies, compared to what it was initially estimated, due to strong inflationary pressures.

TERNA ENERGY Group, of which TERNA ENERGY FINANCE SPSA is a member, strongly committed to its development strategy and the realization of its vision, constantly improves and modernizes the structures and operating systems, selects with special care the executives personnel that is needed from the market, trains its staff in modern digital systems and in the obligation to comply with the provisions of the corporate governance system, the other provisions of the Internal Regulations, as well as the rules imposed by the competent bodies of the State for the relations of companies with their members of the Board. Also, reacting quickly and sensitively for the health and safety of its human resources, it took all the necessary measures, set up a special committee to deal with the coronavirus and ensured that ALL employees take full care of the current situation in terms of the COVID-19 and its mutations. The Committee systematically monitors the development of the pandemic, is immediately informed of any critical factors of its spread and guides the necessary actions to be taken by the Management and each employee throughout the Group in order to minimize the risks of the phenomenon and the impact on the course of the company.

This policy and the nature of the activities of the Group, have protected the Group from the related risks and have allowed the Management to continue its development course, not directly affected by the spread of the virus. Keeping personnel on standby and limiting their communication with a few external partners, combined with the lack of contact with large groups of customers / consumers provide the Group with the opportunity to focus on its goals and not be directly and greatly influenced by evolution of the pandemic phenomenon. For these reasons, TERNA ENERGY Group continues to invest in the generation of energy through Renewable Sources (RES), fully focused on achieving its goal of exceeding 3,000 MW of installed capacity within the next 5 years.

Basic Financial Figures:
The Company in 2021 realized Interest Income of € 5.352 thousand compared with € 5.366 thousand thousand of the previous year, recording a decrease of 0,26%.

The results of the Company recorded a profit before taxes € 790 thousand compared to a profit of € 823 thousand in the previous year.

Finally, the liquidity ratio of the Company (Current Assets over Current Liabilities) settled at 5,60.

Regarding the allocation of the bond loan of TERNA ENERGY FINANCE SA (CBL) amounting to € 150,000 thousand, it has been decided to use the capital proceeds for the period 22/10/2019 to 31/12/2022 as follows:

(Amounts in Euro thousand unless stated otherwise)

	Area of investment	Amounts in € thous.
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**

Until 31/12/2021, from the above capital proceeds, a total of € 135,865 thousand had been allocated whereas the unallocated balance amounted to € 10,767 thousand. The Report on the Disposal of the Raised Funds from the issuance of the above Joint Bond Loan of TERNA ENERGY SPSA, is presented in section V of the Annual Financial Report for the year 2021.

B. Significant events during the financial year 2021

- **Discontinued activities of TERNA ENERGY GROUP**

Special report on the unprecedented extreme weather conditions in the state of Texas, US, in February 2021 and impact on the Group's activities

Note 7.1 of the Financial Statements of the parent company TERNA ENERGY SA and guarantor of the Common Bond Loan (CBL) describes in detail the unprecedented extreme weather conditions of February 2021 in the state of Texas, US (hereinafter "the Natural Phenomenon") and its direct impact on the activities of the sub-Group TERNA ENERGY USA HOLDING CORP ("TERNA USA") and in particular of TERNA DEN LLC sub-Group (which includes the parent company TERNA DEN LLC and the US subsidiaries that own and operate the three 3 Wind Parks of the Group in Texas - Fluvanna 1, Fluvanna 2 / Gopher Creek and Bearkat with total capacity 510MW).

The previous assessment of the risks (before the occurrence of the natural phenomenon) had been performed with the contribution of the best consultants available in the market without possessing at the time any relevant indications regarding the risk of a corresponding event. At the same time, the insurance contracts that were in place could not cover the above event, as such an event was not foreseen in the risk analysis of the above companies.

In view of the unexpected events, the Management of the Group moved quickly from the first moments of incidence of the Natural Phenomenon. The above presented conditions, as detailed in Note 7.1 to the Financial Statements, created an energy deficit of approximately $ 30 million per day which ultimately amounted to $ 179.4 million. In particular, Hedge Providers under the relevant hedging agreements proceeded to pricing for "Liquidated Damages invoices", which covered the period from 13 to 19 February 2021. The total amount of these claims amounted to $ 179.4 million and was distributed as follows: Fluvanna 1 $32.7 million, Fluvanna 2 / Gopher Creek $69.6 million and Bearkat $77.1 million. These invoices were challenged in writing by the Group on the basis of Force Majeure. Following the above, the Hedge Providers of Fluvanna 1 and Fluvanna 2 / Gopher Creek, sent the relevant event of default notifications, whereas the Hedge Provider of Bearkat I sent a potential event of default notification. For the projects Fluvanna 2 / Gopher Creek and Bearkat 1 "Standstill Agreements" were signed (ending on 21/05/21 & 30/04/21 respectively).

Throughout the onset of the phenomenon, day-to-day discussions with all stakeholders (Hedge Providers, Tax Equity Investors, and Lender) and their legal advisors continued with intensity, in order to minimize the adverse effects on the Group. While these discussions were ongoing, the Management considered the following three possible actions: (a) Conservation of Wind Farms and recourse to the competent courts for the initiation of litigation with the Hedge Providers, over the tariffs for "Liquidated Damages invoices"; (b) finding a commonly accepted commercial settlement with regard to the dispute with Hedge Providers; (c) divestment of the three (3) US Wind Parks (Class B Interests).

As a consequence of all the above, and as a result of the continuous consultations and discussions with all the involved parties which started immediately after the occurrence of the Natural Phenomenon, the Management signed on 19/07/2021, with a date of entry into force of 30/06/2021, a Put & Call Option Agreement with the lending bank CI-II Fluvanna BK/S (hereinafter “CIP”) regarding the sale of Class B Interests held by the Group to the subsidiaries Sponsor Bearkat I Holdco LLC ("Sponsor Bearkat I"), Fluvanna Investments 2 LLC ("Gopher HoldCo") and Fluvanna 1 Investor Inc ("Fluvanna HoldCo") - hereinafter referred to as "the three (3) Wind Farms" or "Disposal Group of Assets".

According to the terms of the signed agreement, CIP (through its affiliated companies) acquired the right to purchase the Class B Interests of the above companies, and the TERNA ENERGY Group acquired the right to sell the above mentioned holdings. The exercise price of the put and call options was set at one US dollar ($ 1.00) plus the theoretical repayment of the Group's borrowings to CIP, i.e. the Group's lending bank that had been used for the financing, through TERNA DEN LLC, of the construction of the three (3) Wind Parks.

On July 23, 2021, the Group, through its subsidiaries SPONSOR BEARKAT I HOLDCO, LLC, FLUVANNA INVESTMENTS 2, LLC, and FLUVANNA I INVESTOR, INC, exercised the put option that had been acquired through the above Put & Call Option Agreement. As result of this exercise, the Contract for the Sale and Purchase of Class B Interests of the three (3) wind parks called as "Disposal Group of Assets" was signed on September 30, 2021. With the signing of this contract, the process of transferring the aforementioned interests (company shares) to CIP was completed.

Following all the events described above and the subsequent loss of control, TERNA ENERGY Group de-consolidated on 30/06/2021 its participation in the three (3) US Wind Parks (Class B Interests) as presented in detail in Note 7.1.5 of the Financial Statements of the parent company TERNA ENERGY S.A. and guarantor of the Common Bond Loan.

As a result of the Management's decision to de-consolidate the investments in the three (3) Wind Parks in Texas, USA, the total loss for the Group was reduced from € 161.99 million to € 94.04 million.

The obligations related to all the above projects in the USA have no impact either on the subsidiary TERNA ENERGY USA HOLDING CORP (parent company of TERNA DEN LLC), nor on the senior parent company

TERNA ENERGY SA. Therefore, the loss that derived from the above investments, apart from the accounting loss which was recognized as a charge on the consolidated results for the year 2021, has not generated any liquidity or financing issues on the level of the Group and the Company for the next 12 months, as this event has no further impact on the cash flows of both the Group and the Company.

The Group, despite the above developments and the termination of activity in the production and sale of energy in the US, remains oriented towards its further activation in the US market. Specifically, the Management's plan is to continue the development of TERNA ENERGY in the US clean energy market, focusing on the further exploitation of investment opportunities that produce significant value for its shareholders.

- **Decisions of the Extraordinary General Meeting of Shareholders of 27/8/2021**

On 27/8/2021, the Extraordinary General Meeting of Shareholders of the Company "TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME" took place. The Meeting was attended by the legally represented sole shareholder, “TERNA ENERGY S.A.”, and elected a new five-member Board of Directors, with a four-year term, consisting of the following:

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, CEO
4. George Mergos of Ioannis, Independent non-executive member
5. Andreas Taprantzis of Velissarios, Independent non-executive member

Γ. Significant events following the closing FY 2021

There were no significant events after the date of the financial position, however the Terna Energy Group, where the company belongs, closely monitors the geopolitical developments in Ukraine, which in any case do not have a direct impact on its size and performance. However, from these events, dangers have already appeared, and new ones are expected to emerge. These include fluctuations in expected government revenues in the tourism sector, inflation in energy and grain prices and uncertainty in the development of foreign direct investment, variables that may affect fiscal flexibility and the wider economic climate inevitably consequences for the Group.

Δ. Risks and Uncertainties

Based on what has been extensively mentioned in the "Introduction" of the present report, the Company is operatively supported by its parent company TERNA ENERGY SA, which fully influences the decisions, the Management and the operation of the Company and exercises control over them. In the event that TERNA ENERGY SA ceases to assist the Company in terms of management and operation or is unable to fulfill its contractual obligations to the Company, under the terms of the Intragroup Loan, this may have substantial negative consequences to the following: a) the ability of the Company to fulfill its obligations, mainly due to insufficient cash flows and revenues, b) the trading price of the Company Bonds on the Athens Exchange, c) the results, the financial position and the prospects of the Company.

Taking into account the above, the main risks and uncertainties in the business activities of the Company are directly related to those of the TERNA ENERGY Group (hereinafter "Group") and for this reason, the report on the Main Risks & Uncertainties of the Company should be combined with section E of the Annual Report of the Board of Directors of the parent company, sole shareholder and Guarantor, TERNA ENERGY SA, with regard to the annual period ending on 31.12.2021, where a detailed reference is made to the risks of TERNA ENERGY SA. The consolidated and separate financial statements of TERNA ENERGY SA for the year ended 31.12.2021 have been approved by the Board of Directors of the Company on 14/04/2022 and have been posted on the internet on its website www.terna-energy.com, as well as on ATHEX website.

In synopsis, we present the main risks and uncertainties in the activities of the TERNA ENERGY SA Group, as described in the published financial statements for the year ended 31/12/2021 and which are summarized in the following:

Credit Risk

All receivables of the energy sector concern the wider Public sector in the domestic (Greek) market (including DAPEEP and HEDNO) and abroad, while the same applies to the concessions sector as well as to most of the receivables of the construction sector.

The Group traditionally, due to the nature of its operations, is not exposed to significant credit risk in terms of trade receivables, except for delays in receipts from DAPEEP, which have been significantly reduced by the application of Law 4254/14, as well as the special levy imposed, for the financial year 2020. The above was imposed in order to deal with the side effects of the coronavirus pandemic, on the electricity producers from Renewable Energy Sources (RES), which have been put into normal or trial operation by 31 December 2015 (Government Gazette 245/09.12.2020). The one-time special levy amounted to 6% of electricity revenues for the year 2020. For the Group, the relevant extraordinary contribution amounted to € 5,252 thousand and burdened the financial results of the year 2020.

Currency risk

The Group operates, in addition to Greece, in the United States of America and in Eastern Europe and therefore may be exposed to foreign exchange risk that may arise from the exchange rate of the Euro against the other currencies.

To address this risk, the Group's financial management department systematically monitors exchange rate changes and ensures that they do not have a negative impact on its cash position.

Interest rate risk

The Group's policy is to minimize exposure to interest rate risk in terms of long-term financing of its operations.

As part of this policy, the long-term loans received by the Group either have a fixed interest rate or are being hedged for almost their entire duration.

Market risk analysis

The Group is not exposed to any risk for its financial assets.

Liquidity risk analysis

The liquidity of the Group is considered satisfactory, as, in addition to the existing cash, the operating wind farms generate continuous, satisfactory cash flows.

Other risks and uncertainties

(a) Special note on the effects of coronavirus COVID-19

The outbreak of the COVID-19 pandemic in 2020 and the measures taken to limit its spread affected significantly the global economic environment and also the Greek economy and disrupted global financial stability. The economic impact will depend on the duration and intensity of the event of recession, as well as on the prospects for recovery. However, the positive course of the vaccination plans as well as the gradual relaxation of the strict restraint measures during the year 2021 resulted into a partial recovery of the domestic economy.

TERNA ENERGY Group, which the Company belongs to, holds a leading position in the field of renewable energy sources. With a portfolio of projects with a total capacity of about 1,300 MW (in operation or under construction), it is one of the largest investors in the Renewable Energy sector in Greece, with a significant presence in the Southeast Europe. Management's position is that the Group operates in sectors that are more defensive during the different phases of the business cycle and which investors recognize as "safe havens" that provide stable recurring cash flows even in times of turmoil and uncertainty, such as the existing one. Furthermore, the Group has already demonstrated during the Greek financial crisis (i.e. the most difficult and longest financial crisis in Europe), its ability to grow and strengthen its market position.

Group Organizational Planning

The Management of the Group with an extremely high sense of responsibility, towards its customers, employees, suppliers, partners and investors, monitors the developments regarding the coronavirus pandemic (COVID-19), evaluating the potential risk factors that could affect the Group's financial position, operations and results.

Employee safety has been and remains an absolute priority. For this purpose, TERNA ENERGY throughout the year 2021 maintained through a special committee, which reports to the Management of the Company, the appropriate plan to ensure business continuity by monitoring all relevant developments. Internal and external protocols for regular and urgent communication with employees and other key stakeholders have been maintained and the actions taken since the beginning of the pandemic continue unabated.

<u>The above-mentioned actions are presented below:</u>

- Creation of a safe working environment for all employees along with the adoption of distance work policies wherever and whenever this is deemed feasible and necessary. The Group has taken a number of precautionary measures, including a large-scale teleworking plan (covering, over this period, more than 50% of the personnel). In addition, the Group provided communication channels for health advice and psychological support for all employees.
- Establishment of a special committee for the treatment of coronavirus and ensuring that ALL employees of the Group have the absolute protection and care against COVID-19 and its mutations. The Committee

systematically monitors the development of the pandemic, is also being immediately informed of any critical factors of its spread and guides the necessary actions to be taken by the Management and each employee throughout the Group in order to minimize the risks of the phenomenon and their impact on the course of the company. At the same time, the Committee has entered into an agreement with a special diagnostic center for the proper and timely examination of all its human resources with the aim of protecting them until the end of the pandemic and bringing social life back to normalcy. Finally, it has safeguarded the workplaces for those employees who continue to work in their offices by implementing the most stringent measures decided by the competent scientific committee of the Greek State.

- Security and utilization of the most modern information technology to limit movement and travel to a minimum, the implementation of teleconferencing (video calls), as well as modern, flexible ways of working depending on the individual or special needs of groups of employees.
- Establishment and adoption of extremely strict operating rules at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of health safety for all.

Impact of the coronavirus pandemic (COVID-19) and mitigation measures

The Group has taken all necessary measures in order to continue the evolution of its core business activities, continuing the utilization of its RES facilities and its investment program in the energy sector, therefore intensifying the efforts to stabilize the Greek economy and employment.

In particular, the Management examined the special circumstances that could have a significant impact on the business activities of the RES business division and the risks to which it is exposed. Based on current events and circumstances regarding the COVID-19 pandemic situation these are analyzed as follows:

In the field of electricity from RES, in Greece there was no interruption or other negative impact on the activities of the Group's facilities that are in operation. As far as the RES facilities under construction are concerned, to date no delays have been caused due to the coronavirus pandemic (COVID-19) and the estimated time of completion and commissioning of the projects has not changed.

With regard to the cash collections of the Group revenues, no delays were observed within the year 2021.

Although estimates regarding the impact of the pandemic on the global and Greek economy vary, Management estimates that the Group's operations, financial performance, cash flows and financial position will not be significantly affected. In any case, the Management ensures the maintenance of the smooth operation both in the Greek territory and in the other countries where the Group operates, applying procedures of continuous identification and evaluation of all risks that may arise in the near future. In direct, continuous and systematic cooperation with the Risk Managers and the executives of the Group, the Management plans and implements measures to deal with any identified risk in order to limit its negative effects to the minimum possible. The organizational efficiency of the Group and the continuous efforts of the Management to use its managers by project and specific issue depending on the required ability and experience, have created a proven capable, flexible and effective mechanism for dealing with any possible crisis in any company of the Group whenever it appears. Due to this fundamental principle is the immediate response of Management and the above mechanism for dealing with the epidemic crisis with prudence, balance and strategic perspective.

The impact from COVID-19 is not expected to be significant for TERNA ENERGY Group and the Management has assessed that there is no substantial uncertainty regarding the continuation of the activity of the Group and the Company.

(b) Special note to the war conflict in the region of Ukraine

TERNA ENERGY Group closely monitors the geopolitical developments in Ukraine which in any case do not have a direct impact on its size and financial performance. However, from these events, risks have already appeared and new ones are expected to emerge. These include: fluctuations in expected state revenues in the tourism sector, inflation pressures on energy and grain prices and uncertainty in the development of foreign direct investment, with all the above being factors that may affect fiscal flexibility and the wider macroeconomic climate and thus have inevitable repercussions on the operations of the Group.

(c) Fluctuations of wind and hydrological data

The Group, regarding its activity in the energy sectors, remains exposed to short-term fluctuations regarding wind and hydrological data, without this affecting the long-term efficiency of its projects, as the implementation of investments is preceded by extensive studies concerning long-term trends of the above factors. From now on, new factors must be incorporated into the models of the relevant calculations, which will allow the consideration of possible events of force majeure, such as the current epidemic, in order to examine in more depth the viability of each planned investment.

Regarding the unprecedented and extreme weather conditions in the State of Texas, USA in February 2021 and their effects on the Group's business activities, a relevant analysis is presented in Note 7.1 of the Financial Statements of the parent company, for the annual period ended 31/12/2021.

E. Prospectives

The Company is a monetary capital, which is intended for the implementation of selected investments indicated by TERNA ENERGY SA (exclusive shareholder and Guarantor of the Bond Loan). As the Company has no other business activity, apart from its investment in the bonds of the Intragroup Loan issued by TERNA ENERGY SA, is not active in any market and has no other assets.

Considering the above, the prospects of the Company should be read in conjunction with section D of the Annual Report of the Board of Directors of the parent company, sole shareholder and Guarantor, TERNA ENERGY SA of the annual period ending 31/12/2021, where a detailed reference is made to the prospects of the TERNA ENERGY SA. The consolidated and separate financial statements of TERNA ENERGY SA for the year ended 31.12.2021 have been approved by the Board of Directors of the company on 14/04/2022 and have been posted on the internet on its website www.terna-energy.com, as well as on the Athens Exchange website.

Prospectives of TERNA ENERGY Group

2021 was a milestone year for the Greek energy market, with the Target Model being fully implemented. The investment interest for new RES projects has been particularly high, a fact that is demonstrated by the significant number of applications and producer certificates issued by RAE (Greece’s Regulatory Authority for Energy).

In the year 2022, TERNA ENERGY is expected to play a leading role in the effort to achieve a sustainable and equitable energy transition in Greece, through the implementation of its fully integrated business plan.

Sustainable development, according to the management of TERNA ENERGY, does not mean a vision without having in place the transition to an era of clean energy and to the circular economy. In these areas, after all, TERNA ENERGY Group has been a pioneer for more than twenty years.

The Chairman of the Company, Mr. George Peristeris, at the Annual General Meeting of Shareholders underlined that currently the Company is in the phase of realizing an even greater growth potential, with the ongoing investment plan of the Group, reaching to about EUR 2 billion, being smoothly and at an intensive pace implemented. It is a unique investment plan that has not been affected by the pandemic and includes investments in key sectors, such as the production and storage of clean energy, the circular economy with integrated waste management projects of high standards, but also innovation, new technologies and the digital transition.
A new generation of investments is already being planned by TERNA ENERGY, which will follow even before the completion of the currently implemented EUR 2 billion investment plan. In this context, the Company is launching an expanded investment program in new wind farms, terrestrial photovoltaic parks, but also in floating photovoltaic and floating marine wind farms, as well as new investments in energy storage, in addition to the pumping and storage project in Amari, Island of Crete. Specifically:

- **Wind farms:** The total capacity of the projects that are constructed or are ready for construction has settled at 400 MW. In addition, there are 63 new projects in the phase of maturity that have already certified production certificates and whose total capacity exceeds 1.8 GW.
- **Photovoltaic Parks:** The total capacity of the projects promoted by the Company amounts to approximately 1.7 GW, of which more than 1.1 GW already possess a production license.
- **Storage projects:** The Group's investment plan in storage mainly through pump storage but also through other technologies reaches approximately 2 GW. The projects in Amfilochia and Amari are the ones in maturity phase.
- **Floating marine wind farms:** In a joint venture with Ocean Winds, floating parks are planned in the Greek seas with a total capacity of 1.5 GW.

In summary, these are new projects with a total capacity of about 7 GW, of which 5 GW have already secured the first licenses, are in maturity phase and will be gradually placed in implementation.
At the same time, the Group is preparing for the new generation of waste management projects, making a bid for every relevant project that has been announced in the areas of Attica, Thessaloniki and in all the other regions of Greece. At the same time, the Group targets to participate in a series of projects related to new technologies, telecommunications and digital transition, while being part together with other dynamic Greek corporate groups in the White Dragon program that concerns the use of hydrogen.
Furthermore, the Chairman of the Company, Mr. George Peristeris, stated that "with the investments that are in progress and with those that will follow, we generate thousands of well-paid jobs, providing the opportunity to the Greek scientific workforce and especially to the younger people to live with dignity and optimism for the future in their homeland, but also making those who left to gradually return back to Greece.

This is the case because without a strong society, there cannot be any proper entrepreneurship in place. If the result of our work does not spread to most of the people, then all this effort will ultimately make no sense. In this context, we intensify our social actions even more, supporting the health system, and by also helping the vulnerable social groups, young scientists and the local communities where we operate. Kindly let me mention two of our typical actions. The conversion of Battle Wing No. 115 of the military airport in Souda, Island of Crete, Greece, to the first green and energy autonomous military airport in the world through a sponsorship of over EUR 3.5 million, but also the work we undertook to transform the Island of Ai Stratis into a green and energy autonomous island.

In combination with the steps we have taken over the years towards an optimal corporate governance and enhanced transparency and protection of the interests of our shareholders and partners, we continue to pay particular attention to the ESG issues, i.e. those related to environmental protection, society and corporate governance".

Taking into consideration all the above, the prospects of TERNA ENERGY Group for the year 2022 are positive despite the difficult period that the world economy and Greece are going through.

TERNA ENERGY, with the consistency as well as the high sense of corporate social responsibility that has been demonstrating in all of its actions, will remain a pioneer in the field of investments and will seek to maintain the growth rate of the Group according to its business plan. This is going to be realized despite the adverse conditions that have emerged from both the outbreak of the coronavirus pandemic Covid-19 as well as from the most recent events of war in the wider region of Ukraine.

ΣΤ. 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 uses Alternative Performance Measurement Indicators ("APMI") in decision-making regarding its financial and operational planning, as well as for the evaluation and publication of its performance. These APMIs serve to better understand the financial and operational results of the Company and its financial position. Alternative Performance Measurement Indicators should always be considered in conjunction with the financial results prepared in accordance with IFRS and in no way replace them.

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

"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 payable in the next fiscal year, less cash and cash equivalents.

Loan Liabilities to Total Capital Employed is a ratio with the Company's Management assesses the Company's financial leverage. As **Loan Liabilities** are defined Long - Term Loans and Long-term liabilities payable in the next fiscal year. The **Total Capital Employed** is defined as the sum of the total equity, plus the Net debt / (surplus).

Gross Profit Margin is an indicator by which the Company's Management evaluates its profitability and is defined as the percentage of net income / (expenses) from interest to interest income.

EBIT (Earnings before Interest & Taxes) - Operating Profit before interest and taxes: is an indicator by which the Company's Management assesses its operating performance. The figure is defined as: Net Profit / (loss) of the year less income tax.

EBITDA (Earnings before Interest Taxes Depreciation & Amortization): It is an indicator by which the management evaluates the operational performance of the Company. The ratio adds to the operating profit before taxes and interest (EBIT), the total depreciation/amortization of tangible and intangible fixed assets and deducts the corresponding amortization of the fixed asset grants, if any.

The following table presents the Alternative Performance Measurement Indicators, which were measured in accordance with the Annual Financial Statements for the fiscal years 2021 and 2020:

Amounts in thousand €	**2021**	**2020 ***
Long-term loans	147.274	146.756
Long-term liabilities carried forward	758	758
Loan Liabilities (a)	**148.032**	**147.514**
Cash and cash equivalents (b)	**2.445**	**1.116**
Net debt/(surplus) (a) - (b)= (c)	**145.587**	**146.398**
Total equity (d)	2.669	2.048
Total Employed Capital (c) + (d) = (e)	**148.256**	**148.446**
Loan Liabilities (a)/Total Employed Capital (e)	**99,85%**	**99,37%**
Financial income (f)	5.352	5.366
Financial expenses (g)	(4.473)	(4.470)
Net financial income (f) - (g) = (h)	**879**	**896**
Gross profit margin (h)/(f)	**16,42%**	**16,70%**
Net profit for the year (i)	621	630
Income tax expense (j)	(169)	(193)
EBIT (i)-(j)	**790**	**823**
EBITDA (i)-(j)	**790**	**823**

** The comparative figures of the results have been revised to reflect the retroactive adjustment due to a change in the accounting policy of IAS 19 (see note 11 of the Financial Statements for details).*

Z. Share Capital Structure, Equity and other information

Since its establishment and until today, the Company has not proceeded with the acquisition of treasury shares.
The share capital of the Company amounts to a total of one million eight hundred and fifty thousand euros (1,850,000 €) divided into one million eight hundred and fifty thousand (1,850,000) common registered voting shares, with a nominal value of one euro (1.00 €) each. .

From each share derive all the rights and obligations defined by the Law and the Company Status

(Amounts in Euro thousand unless stated otherwise)

H. Personnel Management

The Company employed one person during both the present year 2021 as well as the previous year. The Company implements human resource management policies which are the same as the policies implemented by the "TERNA ENERGY SA" Group to which it belongs.

Θ. Transactions with Related Parties

The Company's transactions with related parties in the concept of IAS 24 "Related Party Disclosures" have been carried out according to market norms. The amounts of sales and purchases during the year 2021 well as the balances in terms of receivables and payables as of 31/12/2021 for the Company that have been derived from transactions with related parties are presented in Note 19 of the financial statements.

Transactions and balances for the financial year 2021 are as follows:

	31/12/2021			
	Purchases/Expe	**Sales/Income**	**Receivables**	**Liabilities**
Parent Company	1	5.352	147.688	–
Total	**1**	**5.352**	**147.688**	**–**

Regarding the above transactions the following clarifications are provided:

- Interest income of TERNA ENERGY FINANCE S.P.S.A. from TERNA ENERGY S.A. amounting to € 5,352,083 concern the Intragroup Loan of 2019.
- Receivables of the Company from TERNA ENERGY S.A. amounting to € 147,688,153 relate to the Intragroup Loan of 2019 (capital and interest).

Within the year 2021 no benefits were granted to the Company's members of the management or directors.

Athens, 14 April 2022

The Chairman of the Board of Directors

Vasileios Delikaterinis

III. CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is prepared in application of the provisions of articles 152 and 153 of Law 4548/2018, as a special section of the Management Report of the Board of Directors, providing the following information:

1. Governance documents

1.1 Corporate Governance Code

The Company applies in all its activities and operations all the established rules and procedures by the legislative, supervisory and other competent authorities without exceptions. In addition, it has adopted internal rules and business practices, which contribute to the observance of the principles of transparency, professional ethics and sound management of all resources of the Company at all levels of management for the benefit of its shareholders and related parties.

The Company has adopted the Greek Code of Corporate Governance ("GCCG") of the Hellenic Corporate Governance Council, as revised in 2021 and in force. GCCG can be located at the following address https://www.esed.org.gr/web/guest/code-listed. With the implementation of the GCCG and the individual thematic regulations, the Management ensures the effective management and utilization of the Company's resources and promotes corporate responsibility as a key value of the Group's development course.

Deviations from the GCCG and explanation of the reasons for non-compliance

LOCATION	WORDING OF GCCG	EXPLANATION	FACTS COMMENTS
1.6	The Board of Directors is responsible for defining the values and strategic orientation of the company, as well as the continuous monitoring of their observance. At the same time, it remains responsible for the approval of the company's strategy and business plan, as well as for the continuous monitoring of their implementation. The Board of Directors also regularly reviews the opportunities and risks in relation to the defined strategy, as well as the relevant measures taken to address them. The Board of Directors, seeking to receive all the necessary information from its executive members or from its senior executives, is informed about the market and any other developments that affect the company.	The Company does not employ senior members or executives and the corresponding services are provided by senior executives of its parent company	Where in this code reference is made to senior executives, it means the senior executives of its parent company.
2.2.15.	The company ensures that the diversity criteria apply beyond the members of the Board of Directors and senior executives with specific gender representation goals, as well as timelines for achieving them.	The Company does not employ senior executives and the corresponding services are provided by senior executives of its parent company.	

(Amounts in Euro thousand unless stated otherwise)

2.2.17.	The selection criteria ensure that the members of the Board of Directors can devote sufficient time to the performance of their duties and set limits on the number of positions they hold as members of the Board of Directors of a company to other, unrelated public limited companies.	The selection of senior executives is related to the specific requirements and qualifications that are necessary for each job, depending on the field of activity and the response to the respective demand of executives in the market. The Company always hires the most suitable person taking into account the need for balanced representation by gender given what the market has to offer.	
2.4.14.	The contracts of the executive members of the Board of Directors provide that the Board of Directors may demand the return of all or part of the bonus awarded, due to breach of contract or inaccurate financial statements of previous years or generally based on incorrect financial data, used for the calculation of the bonus paid.	The Company does not pay salaries to the members of the Board of Directors and also does not employ senior executives, therefore the practices no. 2.4.3 - 2.4.5, 2.4.8 - 2.4.9 and 2.4.12 - 2.4.14 cannot be applied.	
3.3.5	The evaluation process is chaired by the President in cooperation with the nominations committee. The Board of Directors also evaluates the performance of its Chairman, a process chaired by the Nominations Committee.	Since the Chairman is not an independent non-executive member, the evaluation process is chaired by the independent non-executive Chairman of the Nominations and Remuneration Committee.	

1.2. Internal Operating Regulations

The Company has an Internal Rules of Operation ("IRL"), which was approved and entered into force by the decision of the Board of Directors of 16.07.2021. IRL is in accordance with the current legislation on corporate governance and specifically with Law 4706/2020, as well as the relevant instructions and decisions of the Hellenic Capital Market Commission. The Internal Rules of Operation of the Company has the minimum content provided in article 14 of Law 4706/2020.

Every new relevant provision, measure, rule, regulation etc. is incorporated in the IRL in order to maintain the required completeness and to adapt immediately to the changing conditions of the economic, social and business environment of the Company.

2. Board of Directors

In order to ensure the transparency and the effective management of business risks, the Board of Directors, through the Committees it has established, facilitates its communication with the competent executives on a daily basis in order to gain an immediate perception of these risks and to proceed in a timely and dynamic manner in taking the necessary decisions and corrective measures.

The operation of the Board of Directors is governed by Rules of Procedure.

The general management of the Company's affairs belongs to the Board of Directors that is responsible for deciding on any action concerning the Company's Management, having as a permanent basis the protection of the general corporate interest.

The Board of Directors, as a collective body, manages the Company and manages its affairs, taking the necessary decisions on all matters falling within its competence based on the Company's Articles of Association, the decisions of the General Assembly and the relevant legislation. It is responsible to the General Assembly of Shareholders for securing their interests and for the overall efficiency and operation of the Company. It decides on all corporate matters, except those for which, based on the legal framework and the Articles of Association of the Company, the General Assembly of Shareholders is responsible.

The operation and responsibilities of the Board of Directors are described in its Rules of Procedure.

In particular, the responsibilities of the Board include:

Convening General Assemblies

• Carries out all the actions for the legal convening of the General Assemblies (regular or extraordinary) and determines the issues of their agenda. It refers to the shareholders of the Company and submits proposals for the increase or decrease of the share capital, the conversion of the Company, as well as for its termination before the expiration of its term provided in the Articles of Association.

Corporate governance

• Defines and supervises the implementation of the corporate governance system of provisions 1 to 24 of Law 4706/2020.
• Monitors and evaluates at least every three (3) financial years the implementation and effectiveness of the corporate governance system and takes appropriate action to address deficiencies.
• Takes the necessary measures to ensure compliance with the conditions of independence for the independent non-executive members of the Board.

Strategic planning

• Defines the values and strategic orientation of the Company, as well as the continuous monitoring of their observance.
• Ensures that the values and strategic orientation of the Company are in line with the corporate culture, as well as that the values and purpose of the Company influence the practices, policies and behaviors within the Company at all levels.
• Decides the entry of the Company in other areas of activity with the acquisition or establishment of companies.

Financial statements

• Approves the annual financial statements and annual reports as well as the interim semi-annual financial statements in accordance with the current provisions of Law 4548/2018 and Law 3556/2007, and submits the annual financial statements to the Ordinary General Meeting for approval, proposing at the same time the depreciation to be made on the installation costs, the necessary deductions for the regular reserve, ensures that the annual financial statements, the annual management report and the corporate governance statement, are prepared and published in accordance with the provisions of the legislation, proposes the dividends to be distributed, supervises the realization of the publicity required by articles 12 and 13 of L. 4548/2018 as in force.

Internal Control System

• Ensures the adequate and efficient operation of the Company's Internal Control System including the risk management system and regulatory compliance.

• Ensures that the functions that make up the Internal Control System are independent of the business sectors they control and that they have the appropriate financial and human resources, as well as the powers to operate them effectively, as required by their role. The lines of reference and the division of responsibilities are clear and properly documented.

Risk management

• Determines the nature and extent of exposure to the risks that the Company intends to undertake in the context of its long-term strategic goals.

•Ensures the existence of policies for the identification, prevention and treatment of conflicts of interest between its Members or between its Members and / or persons to whom the Board has delegated its powers, in the interests of the Company. The policy is based on clear procedures, which define the manner of timely and complete notification to the Board of any interest they have in transactions between related parties or any other potential conflict of interest with the Company or its subsidiaries. The measures and procedures are evaluated and updated to ensure their effectiveness.

Regulatory compliance

• Ensures the existence of a regulatory compliance policy.

• Ensures the compliance of the Company with the current institutional and supervisory framework, as well as the internal regulations governing the operation of the Company.

Internal Audit

• Ensures the efficient organization and operation of the Internal Audit Unit.

• Appoints the head of the Internal Audit Unit upon the proposal of the Audit Committee.

• Approves the operating regulations of the Internal Audit Unit.

The Board of Directors has the possibility to establish collective bodies of temporary or permanent character, whenever it deems necessary, to strengthen the organizational structure of the Company and to facilitate the achievement of its business objectives.

The Boards or Committees are advisory bodies of the Management and process issues, which concern, among others:

•the elaboration of the strategies and general policies of the Company,

• setting out the broad guidelines for the annual action plan,

• the preparation of suggestions to the Management to take important decisions,

• the provision of information on the effectiveness of the Company's operation.

Each collective body is a key link between the Management that sets goals and the executive mechanism that is called to achieve them. The issues processed by each collective body are defined by decisions of the Board of Directors.

(Amounts in Euro thousand unless stated otherwise)

The main mission of each collective body is to suggest taking preventive and / or corrective measures for any important issue facing the Company.

The current Board of Directors of the Company, which was elected at the General Assembly of 27.08.2021 with a five-year term, consists of five (5) members, of which two (2) executive, three (3) non-executive, of which the two (2) are independently non-executive, within the meaning of article 9 of Law 4706/2020.

As a result, the Board of Directors of the Company in its meeting of 27.08.2021 was formed as follows:

2.1. Composition of the Board of Directors

NAME	CAPACITY	AGE	GENDER	YEARS OF TERM
Vasilios Delikaterinis	Chairman - Executive Member	73	M	6
Dimitra Chatziarseniou	Vice Chairman Non Executive Member	50	F	6
Aristotelis Spiliotis	CEO Executive Member	50	M	6
Georgios Mergos	Independent non executive member	74	M	6
Andreas Taprantzis	Independent non executive member	55	M	1/2

During the exercise of their duties and their meetings within 2021, the Members of the Board of Directors showed "diligence of a prudent businessman", devoted all the time required for the effective management of the Company and acted with integrity, responsibility and discretion, avoiding actions that could jeopardize the Company's competitiveness or conflict with its interests. They also maintained the confidentiality of the information they preferentially possessed and ensured the timely and simultaneous information of all shareholders and interested investors on issues that could affect their decision to make any transaction in the company's shares

	Qualifications of BD Members								
NAME	CAPITAL MARKETS	FINANCIAL SECTOR	REGULATORY FRAMEWORK	ACTIVITIES & ACTIONS ESG	ELECTRIC PRODUCTION FROM RES	RISK MANAGEMENT	STRATEGIC PLANNING	GOVERNANCE OF A LISTED COMPANY	CORPORATE GOVERNANCE
Vasilios Delikaterinis	√	√	√	√	√	√	√	√	√
Dimitra Chatziarseniou	√		√	√	√				√
Aristotelis Spiliotis	√	√	√		√	√	√		√
Georgios Mergos	√	√	√	√	√	√		√	√
Andreas Taprantzis	√	√	√	√		√	√		√

(Amounts in Euro thousand unless stated otherwise)

The Board of Directors held five (5) meetings in 2021.

The dates of the meetings were pre - scheduled for ensuring the maximum possible quorum.

NAME	NUMBER OF MEETINGS THAT HAPPENED IN THE DURATION OF THEIR TERM	NUMBER OF MEETINGS IT PARTICIPATED OR WAS REPRESENTED	NUMBER MEETINGS WHERE THE MEMBER WAS ABSENT & NOT REPRESENTED	PERCENTAGE OF PARTICIPATION IN MEETINGS
Vasilios Delikaterinis	**5**	**5**	**0**	**100%**
Dimitra Chatziarseniou	**5**	**5**	**0**	**100%**
Aristotelis Spiliotis	**5**	**5**	**0**	**100%**
Georgios Mergos	**5**	**5**	**0**	**100%**
Andreas Taprantzis (from 27-8-2021)	**3**	**3**	**0**	**100%**
Georgios Kouvaris (until 27-8-2021)	**2**	**2**	**0**	**100%**

During the meetings and the work of the Board, the Members were supported by the Secretary Mrs. Dimitra Chatziarseniou

Chairman of the Board

The Chairman is the main lever for the implementation of the Corporate Governance Principles in the Company, having the responsibility, among other things, for the effective operation of the Board of Directors and the active participation of all its members in making and supervising the implementation of business decisions, as well as for the smooth communication of the Company with its shareholders.

The responsibilities of the Chairman of the Board include convening and directing the work of the Board of Directors on the issues of the agenda that he has composed based on the needs of the Company and relevant requests from all members of the Board of Directors, the exercise of supervision and control over the Company staff, the supervision of the smooth functions, the execution of the decisions of the Board of Directors and to act in accordance with its special authorizations and orders, the preparation of the Annual Report of the Board of Directors and the proposal to the Board of the balance sheet and the report.

The Chairman of the Board of Directors of the Company is Mr. Vasilios Delikaterinis.

(Amounts in Euro thousand unless stated otherwise)

CEO

The Chief Executive Officer monitors and controls the implementation of the Company's strategic goals and the management of the Company's day-to-day affairs and draws up the Company's guidelines. The CEO supervises and ensures the smooth, orderly and efficient operation, in accordance with the strategic objectives, business plans and action plan, as defined by decisions of the Board of Directors and the General Assembly. The CEO participates and reports to the Board of Directors of the Company and implements the strategic choices and important decisions of the Company.

CEO of the company is Mr. Aristotelis Spiliotis.

Vice Chairman of the Board

The non-executive vice-chairman of the board replaces the chairman when the latter is absent or prevented from exercising his duties. The executive vice-president of the Board of Directors may exercise administrative responsibilities, as assigned by the Board of Directors.

Vice President of the Board of Directors is Ms. Dimitra Chatziarseniou.

Independent non-executive members of the Board of Directors

The independent non-executive Members of the Board are the non-executive members of the Board of the Company that during their appointment or election and throughout their term of office meet the criteria of independence provided in article 9 of Law 4706/2020, as in each case.

The following members of the Board of Directors are independently non-executive:

<table>
<tr><th>Name</th><th>Reasons for Independence</th></tr>
<tr><td>Georgios Mergos</td><td rowspan="2">(a) they do not hold shares in excess of 0.5% of the share capital of the Company and (b) they do not have any affiliation with the Company or persons affiliated with it, as such conditions of independence are described in particular on the one hand in Article 4 par. 1 of law 3016/2002 (Government Gazette AD 110 / 17.05.2002), which is still valid until 17.07.2021, and on the other hand in article 9 par. 1 and 2 of law 4706/2020 (Government Gazette A ΄ 136 / 17.07.2020). The Members also meet, in addition to the criteria of Political Suitability, the criteria of independence of par. 1 and 2 of article 9 of L.4706 / 2020.</td></tr>
<tr><td>Andreas Taprantzis</td></tr>
</table>

2.2. Number of bonds held by the members of the Board of Directors and the Executives of the Company

No bonds of the Company are held by members of the Board of Directors or by its Executives.

2.3. BoD evaluation - findings and corrective actions

The Board regularly evaluates its effectiveness, the fulfillment of its tasks, as well as its committees.

The Board collectively, as well as the Chairman and the members of the Board individually, are evaluated annually for the effective performance of their duties. The evaluation process is headed by the independent non-executive Chairman of the Nominations and Remuneration Committee in collaboration with the Nominations and Remuneration Committee and its results are discussed by the BoD. Following the evaluation, the BoD takes measures to address the identified weaknesses. This evaluation must be facilitated by an external consultant at least every three years. The evaluation of the performance of its Chairman is also headed by the Nominations and Remuneration Committee.

3. BoD Committees

The Board is supported by Committees, which have an advisory nature, but a special weight in their decision-making. These Committees are the following:

3.1. Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in carrying out its oversight functions in relation to (i) the Financial Reporting process, (ii) the internal control system, (iii) internal control (iv), the external audit process, (v) the procedures of the TERNA ENERGY Group for the monitoring of the compliance with the laws, the regulations and the Code of Ethics and (vi) the Corporate Governance System. The Committee has been set up and operates in accordance with all applicable laws and regulations.

Composition

The General Assembly of 27.08.2021, after a proposal and evaluation of the Board of Directors, following a proposal of the Nominations and Remuneration Committee, elected a new three-member Audit Committee with a two-year (2) term, consisting of:

1. Nikolaos Kalamaras, who is a third person not a member of the Board, who was appointed as Chairman of the Committee,

2. Georgios Mergos, Independent Non-Executive Member of the Board and

3. Dimitra Chatziarseniou, non-Executive Member of the Board.

The above composition of the Audit Committee is in accordance with the provisions of article 44 of Law 4449/2017, ie all members of the Audit Committee have sufficient knowledge in the field in which the Company operates.

In addition, Mr. Nikolaos Kalamaras has proven sufficient knowledge in the field of auditing and accounting.

Operating conditions

The Audit Committee meets at least 4 times a year in accordance with its action plan to carry out the tasks and responsibilities assigned to it.

The Chairman of the Audit Committee, after contacting the other members of the Committee, the Head of the Internal Audit Unit and other executives or third parties if necessary, sends (himself or another authorized executive) to the members of the committee, the items on the agenda and the relevant invitation with the relevant information material, via e-mail to those who are expected to attend or electronic invitation through a video conferencing platform, if the meeting takes place via video conference.

All members of the Audit Committee are expected to attend the meetings, either in person or by teleconference or video conference.

Decisions are taken by a majority of the members present and the relevant minutes are kept.

The Committee may invite members of the Company's Management, executives of the parent company TERNA ENERGY SA. (the "Parent"), or another person (employee, associate, etc.) to participate in meetings and provide relevant information, where necessary.

It organizes meetings with the external auditors (see below) and meetings with the Executive Directors.

If required, joint meetings may be held with the Audit Committee of TERNA ENERGY SA.

Every six (6) months or more regularly, if necessary, the Committee prepares and submits to the Board of Directors reports on its activities on important issues and once a year, a report of activities (including the evaluation of its work and description of the Sustainable Development Policy implemented by the Company) which is addressed to the annual General aSSEMBLY of shareholders.

The Audit Committee will be evaluated periodically every 3 years.

Responsibilities

The Audit Committee has the following, by section, key responsibilities:

• Supervises the process of production of financial statements and other reports of financial information of the company examining their reliability and ensures the smooth conduct of internal audit work by providing its support and periodically evaluating the adequacy and reliability of internal control and business management mechanisms with criteria the timely detection of the latter and the rapid response to address them.

• Receives the reports of the Internal Audit Unit, evaluates their content, proposes to the Board the head of the Unit, evaluates its efficiency and effectiveness and based on these suggests the continuation or cessation of its duties.

• Monitors the performance of the regular auditor's work and assesses compliance with the relevant legal-regulatory framework, international standards and best practices. It also investigates and evaluates the adequacy of knowledge, professional consistency, independence and effectiveness of the regular auditor and based on these suggests to the Board the continuation or termination of his duties.

Method of evaluation

The evaluation for the selection of the candidate members is carried out by the Board of Directors, following a proposal of the Nominations and Remuneration Committee of the Company.

The Audit Committee met four (4) times during 2021.

(Amounts in Euro thousand unless stated otherwise)

NAME	NUMBER OF MEETINGS THAT HAPPENED IN THE DURATION OF THEIR TERM	NUMBER OF MEETINGS IT PARTICIPATED OR WAS REPRESENTED	NUMBER MEETINGS WHERE THE MEMBER WAS ABSENCT & NOT REPRESENTED	PERCENTAGE OF PARTICIPATION IN MEETINGS
Nikolaos Kalamaras	**4**	**4**	**0**	**100%**
Dimitra Chatziarseniou	**4**	**4**	**0**	**100%**
Georgios Mergos	**4**	**4**	**0**	**100%**

The topics of the meetings included meetings with the Internal Audit Unit, the Heads of Operations and Finance and the Chartered Auditors of Grant Thornton.

More specifically, the activity of the Audit Committee is reflected in the following points:

Financial information

• Examined and confirmed the correctness of the process of preparation of corporate and consolidated financial statements (interim and annual) following the regular information received by the Heads of the Financial Department of Operations and Finance

• Informed by the Certified Auditors about the planning of the audit of the year 2021 and later of the Key Audit Matters and the Audit Report that arose upon the completion of the audit.

• Evaluated the content of the Supplementary Audit Report submitted by the Certified Auditors in accordance with article 11 of Regulation 537/2014 of the European Union and Law 4449/2017 (article 31, par. 1a).

• Was made aware of the purpose and approved the non-audit work assigned to the Certified Auditors, taking into account the ceiling of remuneration (CAP) under Regulation (EU) 537/2014.

• Recommended to the Board of Directors, for the Board to propose to the General Assembly of Shareholders, the approval of the financial statements and the election of Certified Auditors for the audit of the year 2022.

Internal Audit Unit

• Was constantly informed and cooperated with the Internal Audit Unit, which was present informatively in all the meetings of the Committee.

• Approved and monitored the implementation of the Annual Audit Program 2021.

• Evaluated the findings that emerged from the implementation of the audit works and was informed about the implementation of the corrective actions agreed between the Internal Audit Unit and the Heads of the audited units.

• Was informed about the budget of expenses for the year 2022 regarding the operation of the Internal Audit Unit and suggested its approval to the Chief Executive Officer.

• Was informed about each educational activity of the executives of the Internal Audit Unit and evaluated the purpose and results of each educational program.

Risk management

• Monitored the work of the Risk Manager and assessed the impact of risks on the planning and operation of the Company.

• It was informed about any new risks that were included in the Risk Register during the year 2021.

• Evaluated the work of the Risk Management function, taking into account the requirements of L.4706 / 2020.

Regulatory compliance

• Monitored the implementation of the action plan of the person in charge of Regulatory Compliance for the year 2021 and evaluated the course of harmonization of the Company with the current legislation. In particular, it dealt with issues related to Law 4706/2020 on corporate governance of public limited companies.

• Updated on the action plan of the Regulatory Compliance Unit regarding the fiscal year 2022.

Internal Control System

• Examined and evaluated the efficiency and effectiveness of the procedures of the Internal Audit System applied by the Company in the context of its upcoming evaluation from 1.1.2023 to 31.03.2023.

3.2 Nominations and Remuneration Committee

The main purpose of the Nominations and Remuneration Committee is to assist the Board of Directors by proposing to it persons suitable for the acquisition of the status of a member of the Board of Directors based on the principles and criteria, provided in the Eligibility Policy.

The Committee is established following a decision of the Board of Directors, which elects both the members and the Chairman of the Committee.

The operation of the Nominations and Remuneration Committee is governed by articles 10, 11 and 12 of Law 4706/2020 as well as the Corporate Governance Code adopted by the Company, as applicable.

Composition of the Committee

The Board of Directors of the Company in its meeting of 03.09.2021 formed the Nominations and Remuneration Committee with the following members:

1. George Mergos, Chairman of the Committee

2. Dimitra Chatziarseniou, Member

3. Andreas Taprantzis, Member

Operating conditions

The Committee meets at least two (2) times a year and whenever required by the circumstances.

The Chairman of the Committee is responsible for convening it and is responsible for scheduling and conducting the meetings. However, each member of the Committee shall have the right to ask the Chairman to convene a meeting of the Committee.

Meetings are held either in person or remotely, through any technology that enables discussion or written exchange.

In order to make a decision, all members of the Committee are required to be present or represented, in person, either at the meeting place or elsewhere using technology. Decisions of the Committee shall be taken by a majority of at least 75% of the members of the Committee. In case one member of the Committee is absent without justification and without being represented by another member during the above, in two (2) meetings within the same year, this member is considered as resigned.

Each member is notified of the place, time and date of each meeting by invitation. The relevant invitation will contain the items on the agenda of each meeting, while any accompanying material will be attached, otherwise decision-making is allowed only if no member of the Committee objects to the decision-making. The invitation and related documents can also be circulated via e-mail.

In any case, the Committee may meet at any time without invitation, provided that all its members are present and no one objects to the meeting and decision-making.

The minutes of the meetings shall be kept by a person appointed by the Chairman of the Committee as Secretary / Technical Advisor, who, in addition to keeping the minutes of the meetings, assumes the role of technical support and coordination of the Committee's work, performed either internally or outsourced.

The Committee may receive scientific or technical support from executives of the Company or the Group, either by selecting and appointing them as Technical Advisers of the Committee or by invitation for the elaboration of a specific project. The Secretary / Technical Advisor of the Committee, the Technical or Scientific Advisor and the Legal Advisor are appointed by a Decision of the Committee recorded in the Minutes of the relevant meeting.

External experts or special advisers or senior management may be invited to the meetings of the Commission.

The Chairman of the Committee informs the Board of Directors about the work of the Committee, reports important findings and submits proposals to the Board.

The Committee conducts an annual review of its work, a summary report of which it submits to the Board. This includes proposals to the Board to improve its operation and efficiency.

Responsibilities

Remuneration Issues

The Nominations and Remuneration Committee makes proposals to the Board of Directors of the Company regarding the remuneration of the head of the Internal Audit Unit. The members of the Board of Directors are not remunerated and the Company does not employ senior executives.

The obligations deriving from article 11 of law 4706/2020 and articles 110 and 112 of law 4548/2018 do not apply to the Company, as the members of the Board of Directors are not remunerated by the Company and the Company does not employ senior managers.

Nomination of Candidates

The main role of the Nominations and Remuneration Committee is to investigate and highlight the appropriate candidacies for their election to the Board of the Company and to the Audit Committee, as the case may be.

(Amounts in Euro thousand unless stated otherwise)

It determines the Eligibility criteria of the Board members, in order to ensure the individual and collective suitability.

It prepares and updates the Suitability Policy, which it submits for approval to the Board of Directors, and which is then approved by the General Assembly when required.

It investigates, highlights and proposes suitable candidates for the election of the Board of Directors in accordance with the criteria set by the Company in the Suitability Policy it adopts, as well as the Audit Committee, in accordance with the applicable legal framework.

It conducts periodic re-evaluations of the size and composition of the Board of Directors in accordance with the Company's Suitability policy to identify any gaps regarding the suitability of the Board members individually and collectively and submits proposals for improvements, when necessary.

Method of evaluation

The Committee conducts an annual review of its work, a summary report of which it submits to the Board. This includes proposals to the Board to improve its operation and efficiency.

During 2021 the Committee met two (2) times.

NAME	NUMBER OF MEETINGS THAT HAPPENED IN THE DURATION OF THEIR TERM	NUMBER OF MEETINGS IT PARTICIPATED OR WAS REPRESENTED	NUMBER MEETINGS WHERE THE MEMBER WAS ABSENCT & NOT REPRESENTED	PERCENTAGE OF PARTICIPATION IN MEETINGS
Georgios Mergos	2	2	0	100%
Dimitra Chatziarseniou	2	2	0	100%
Andreas Taprantzis (from 27/8/2021)	1	1	0	100%
Georgios Kouvaris (until 27/8/2021)	1	1	0	100%

4. Detailed CVs of the members of the Board of Directors, members of the BoD committees, Secretary of the Board of Directors and senior executives

Vasilios Delikaterinis

He is a graduate of the School of Economics and Political Science of the Aristotle University of Thessaloniki and holds an MBA, from the University of La Verne. He worked in major construction projects of "Hellenic Technical SA" and "Archirodon Construction (Overseas) Co S.A" abroad from 1975 to 1980, first as Accountant, then as

Chief Accountant and finally as Financial & Administrative Director. From 1981 to 2004 he worked as a business consultant, co-founder of Interaction Ltd., Interaction SA, Tria S SA and Partner, Head of Management Consulting Services of Planet Ernst & Young SA. He then takes over as General Manager of Piraeus Real Estate SA. (2004-2007) and then works as a Real Estate Investment Manager. In May 2013 he took the position of Financial Director of TERNA ENERGY SA until 2018. He served as Chairman of the Board of the Association of Management Consulting Companies of Greece, member of the Executive Committee of the European Federation of Management Consulting Associations (FEACO).

Dimitra Chatziarseniou

She is a lawyer, member of the Athens Bar Association since 1998. She is a graduate of the Law School of the University of Athens and holds a Master's degree (LL.M.) in Commercial Law from the same University. She speaks fluently English and French. She holds the position of Legal Advisor and Head of Corporate Governance at TERNA ENERGY SA. and is the Corporate Secretary of GEK TERNA SA and TERNA ENERGY SA. She first joined the GEK TERNA Group in 2000. She has successfully conducted large real estate transactions, mergers and acquisitions, bank financing and financing through new imports, PPP contracts and EPC contracts, with an emphasis on project development and financing in Greece, Southeastern Europe and the USA. She also deals with issues of Capital Market Law and Regulatory Compliance, including corporate governance.

Aristotelis Spiliotis

He studied Business Organization and Management at the Athens University of Economics and Business (formerly ASOEE). He did postgraduate studies in Finance and Investment at Brunel University, London. From 1993 to 2000 he worked in positions in the Financial sector (Portfolio Investments, Venture Capital) as an Investment Analyst. From 2000 to 2003 he worked as Investor Relations Manager at INTRALOT, while in the same year he was hired by the GEK TERNA group, where he assumed the same duties. Since 2009 he has been working for the company as the Deputy Chief Financial Officer and later until recently Finance Director in the field of Finance. Today he is an Investor Relations Advisor and monitors the financing of the Company's investments and informs the Board of Directors of such actions.

George Mergos

He is an Emeritus Professor of Economics at the National and Kapodistrian University of Athens, where he has been teaching since 1986. He studied Economics at the University of Athens, holds an MSc from the University of Oxford and a PhD from Stanford University in the USA. Prior to the University of Athens, he worked at the World Bank. He has served as General Secretary of the Ministry of Finance, Commander of IKA and General Secretary of the Ministry of National Economy. He has collaborated research with institutions in Greece and abroad, as well as consulting as Expert with International Organizations and with the European Commission (DG External Relations), in matters of evaluation of development projects and programs in many countries (China, India, Egypt, other countries South Asia, all the countries of the former Eastern Europe and some countries of the former Soviet Union). He has been, among others, a member of the Board of GEK TERNA, PPC, National Bank, Alpha Bank and member of the Board of Directors of Black Sea Trade and Development Bank. He is a member of the Board of Piraeus Real Estate since 2014 and member of the Board of the Foundation for Economic and Industrial Research from 02/2020.

Andreas Taprantzis

He is the CEO of Avis, from 11/2014. Prior to his current position, he was an Authorized Consultant of the Hellenic Republic Asset Development Fund (HRDF), from the beginning of its operation in August 2011 until

(Amounts in Euro thousand unless stated otherwise)

November 2014. In 2009, he assumed the duties of COO and Managing Director of Retail Banking at the TT Hellenic Postbank. In December 2010, he took over the position of Deputy CEO of T Bank (a subsidiary of TT). From 2005 to 2009, he was the Managing Director of the Hellenic Post (ELTA), while at the same time he was a member of the Board of Directors of the Hellenic Postbank and Chairman of the Audit Committee. In August 2008, he was elected President of the world Postal Council (POC) of the Universal Postal Union (UPU), a UN organization based in Bern, from 192 of the world's postal companies, for the period of 2008 to 2012. From July 2019 is a member of the Board of Directors of Attica Bank, as well as Chairman of the Risk Management Committee. Dr. Taprantzis holds a degree in Chemical Engineering (MSc) and a PhD from the National Technical University of Athens, in the field of automatic system regulation with artificial intelligence (AI) models. He has an MBA and an AMP certificate from INSEAD.

Nikolaos Kalamaras

He has long and extensive experience in accounting, auditing and internal control. He was born in Kallithea, Attica in 1957. He is a graduate of the Athens University of Economics and Business, then the Higher School of Economics and Commercial Sciences (ASOEE) in Business Administration. He has extensive experience as an Accountant and as an Internal Auditor. He was an independent, non-executive member of the Board of Directors of the Company from 2007 to 2018 and Chairman of the Audit Committee until 2017. Since then, he is Chairman of the Audit Committee of Terna Energy Finance SA and member of the Audit Committee of the Company as an Accounting and Auditing Specialist. He has been very active as an Accountant and Tax Consultant for Businesses since the year 1977. He is a Managing Director and sole Shareholder of the company "Taxation Single Member SA Accounting Tax Audit Company ". He is also a member of the Hellenic and American Institute of Internal Auditors (- 1374) - (ID 1521425). Since 1998 he has been a presenter of Tax Seminars and author of accounting books.

5. External professional commitments of the Board members

NAME	EXTERNAL PROFESSIONAL COMMITMENTS
Vasilios Delikaterinis	-
Dimitra Chatziarseniou	-
Aristotelis Spiliotis	-
Georgios Mergos	• MEMBER OF BOD OF PIREUS REAL ESTATE. • MEMBER OF BOD FOUNDATION FOR ECONOMIC AND INDUSTRIAL RESEARCH • MEMBER OF BOD PICAR SA, • MEMBER OF BOD, Minoan Group Plc.
Andreas Taprantzis	CEO OLYMPIC Commercial &Tourist Enterprises S.A.

6. Internal Control and Risk Management

Internal Control System is defined as the set of rules and procedures applied by the Company with the aim of preventive and repressive control of operations and procedures at all levels of its hierarchy and organizational structure, to ensure: the legality and security of management and transactions, the accuracy and reliability of the published financial statements and any other financial information and announcement, as well as the efficiency of the operating systems and operations of the Company.

The Board utilizes the internal control system in order to protect the assets of the Company, to assess the emerging risks of all its operations and to provide accurate and complete information to the shareholders about the real situation and prospects of the Company, as well as the ways addressing the identified risks.

For the implementation of the above, the BoD determines the operating framework of the internal audit, approves the procedures for conducting and evaluating its results and decides on its staffing, observing the requirements of the current legal and institutional framework as well as the Greek Code of Corporate Governance. Establishes a special service unit of internal control, which is independent, does not belong hierarchically to any other organizational unit and is supervised by the Audit Committee of the Company.

With the contribution of the Audit Committee, it evaluates the adequacy and efficiency of the special internal control unit and the degree of utilization of its reports by the Board for the continuous improvement of the Company's operation at all levels and the effective management of business risks. The Audit Committee also maintains direct and regular contact with the external auditors, in order to be systematically informed about the adequacy and reliability of the operation of the internal control and risk management systems, as well as about the correctness and reliability of the financial information.

The assessment and management of risks in the year 2021 is described in the relevant chapter of the Annual Financial Report of the Company.

6.1. Risk Assessment Report - consequences of any findings - Management response

The Company is guided by the contribution to the financing of its parent Company TERNA ENERGY SA to achieve continuous sustainable development and continuous expansion of its portfolio both in RES and in new areas of activity. Values, culture, entrepreneurship, integrity, personal participation and documented decision making are the basic operating principles of the TERNA ENERGY SA Group and govern its business. In this context, the Company for dealing with risk factors from both the national and the international business environment has adopted procedures that regularly identify, evaluate and control the risks that arise.

The Risk Manager of the parent company proposes to the Board of Directors the Risk Management Strategy, the Approval of Risk Management Policies and Procedures, the Approval of the Annual Plan of Activities of the Independent Risk Management Unit.

Risk Management during the preparation of the Financial Statements

Specifically, there are three levels of control and risk management until the preparation of the individual Financial Statements of the company. The financial statements are then forwarded to the Director of Financial and Administrative Services for review and approval.

Then, the Certified Auditors receive the data of the Financial Statements and proceed to their review.

It should be noted that with the recent commissioning of the entire SAP S / 4HANA System Group, a series of controls are automatically implemented and a wide range of risks is ensured.

The Audit Committee oversees the process of preparing the financial statements and other reports of financial information of the Company and examines their reliability. After examining and confirming the correctness of the process of preparation of the corporate and consolidated financial statements (interim and annual) following and informing by the Director of Financial and Administrative Services, he suggests to the Board of Directors their approval and their signing and publication.

6.2. Annual review of corporate strategy, key business risks and internal control systems

The annual review of the corporate strategy is done with reference to the updating of business risks and the review of internal control systems.

In the period 2021 the Audit Committee:

• Monitored the work of the Risk Manager and assessed the impact of risks on the planning and operation of the Company.

• It was informed about any new risks that were included in the Risk Register during the year 2021.

• Evaluated the work of the Risk Management function, taking into account the requirements of L.4706 / 2020.

The Internal Audit Unit submitted to the Audit Committee, and through it to the Board of Directors, the Annual Audit Plan 2022, which was prepared taking into account key corporate risks, prepared based on §5, article 15 of L.4706 / 2020.

7. Remuneration of Board members

The Company does not pay salaries to the members of the Board of Directors and also does not employ senior executives

8. Suitability Policy

The Company has an Eligibility Policy of the Members of the Board of Directors, prepared by the Nominations and Remuneration Committee in accordance with the provisions of article 3 of Law 4706/2020 and the guidelines of Circular no. 60 of the Hellenic Capital Market Commission.

The Policy was approved by the Extraordinary General Assembly of the Company's shareholders from 16.07.2021 and entered into force from the date of its approval by the General Assembly. Individual amendments require re-approval by the Board, while the Policy Review requires a Decision of the General Assembly. A revision is characterized by the adoption of substantial amendments that introduce significant derogations or also significantly alter the content of the policy, in particular as regards the principles and criteria applied, or the rewriting of the Policy from the outset.

In addition, the increased needs of monitoring the framework of Corporate Governance, Risk Management, Regulatory Compliance, as well as the operation of Company Segments such as Human Resources, IT and Technology, Information Security Management, Health and Security, were taken into account, by assigning administrative or supervisory responsibilities to executive members of the Board. At the same time, the possibility of contributing in matters of responsibility and / or technical support of the Committees of the Board was taken into account.

The Suitability Policy aims to ensure quality staffing, efficient operation and fulfillment of the role of the Board based on the general strategy and the medium-term business aspirations of the Company, with the aim of promoting the corporate interest.

The aim of this policy is to have a **highly efficient Board of Directors**. Such is considered a Board of Directors with an established team, which cooperates with a common commitment to protect and enhance the share value, instead of a formal gathering of executives who manage corporate affairs without the ability to cooperate constructively and with a growth perspective.

The Policy takes into account best practices and is harmonized with the corporate culture and what is provided in the Articles of Association, the Internal Rules of Procedure and the Greek Code of Corporate Governance to which the Company belongs. It is clear and sufficiently documented and governed by the principles of transparency proportionality while at the same time promoting diversity, meritocracy and efficiency during the election and during the term of office of the members of the Board.

Furthermore, during the preparation of the Policy, the size, the internal organization, the risk-taking disposition, the nature, the scale and the complexity of the Company's activities were taken into account, including indicatively and not restrictively the sectors of constructions, concessions, energy, real estate management and development, mining, waste management, service provision, PPP projects, operation of major infrastructure projects.

The guiding principles governing this policy are:

• Compliance

• Transparency

•Proportionality

• Diversity

• Merit

• Efficiency

• Experience and historicity

9. Diversity policy

The Company has and implements a diversity policy in order to promote an appropriate level of differentiation in the Board and a diverse group of members. This Policy is based on the belief that a Board of Directors that has a wide range of perspectives and diversity is in a more favorable position than other Boards with limited scope, as the existence of diversity allows the Company to take advantage of market opportunities and effectively manage the dangers.

The Board can be highly efficient if it consists of a wide range of members with diverse but complementary groups of skills or knowledge. Its culture is positively shaped by the different approaches and views and will definitely be quite representative of the values of the Group. In this way, the Board of Directors finally forms a progressive and thoughtful perception of its affairs, while at the same time promoting prudent risk-taking.

Through the accumulation of a wide range of qualifications and skills in the selection of members of the Board, the variety of views and experiences is ensured, in order to make the right decisions.

In this context, the adequate representation by gender is provided, at least as stipulated by the respective legislation as a percentage of all the members of the Board. At the same time, all necessary measures shall be taken to ensure that there is no or absolute exclusion on grounds of discrimination on grounds of sex, age, race, color, ethnic or social origin, religion or belief, birth, disability, age or sexual orientation, property and have the individual eligibility criteria specified in this Policy.

The achievement of substantial and not only formal diversity within the Boards of Directors is an important guarantee for the overall effectiveness of the Board of Directors.

10. Transactions with related parties and making the Board aware

The Company has developed a process for the recognition of related party transactions and compliance with applicable law. The procedure was prepared in the context of transparency and supervision of the Company's transactions with related parties. The purpose of the procedure is to record the actions performed in order to identify the Company's transactions, in which natural or legal persons participate, which fall within the meaning of the related parties and for the Company to comply with the applicable legislation. The procedure provides for the recording and maintenance of a register of related parties and the recognition of transactions of related parties through the control of the counterparty in accordance with articles 99-101 of law 4548/2018.

11. Sustainable development policy

Sustainable Development for the TERNA ENERGY Group is not only a practice of alignment with international good practices but a holistic strategic approach based on the regular evaluation of the most important social, economic and environmental impacts of the Group's activities and their modification if deemed necessary, through a process of dialogue and consultation with stakeholders.

In addition, the TERNA ENERGY Group operates under the auspices of the United Nations (UN) Global Sustainable Development Goals (SDGs) and is an ally in the fight for social equality, prosperity and the development of a sustainable natural environment, given that it has recognized that the seventeen (17) global goals are inextricably linked to the principles of Corporate Governance and Corporate Social Responsibility / Sustainable Development to which it is committed.

The responsible business mode of operation of the Group is reflected in the practices and procedures that have been developed in the Group aiming at the integration of the principles of Sustainable Development in its daily operation. At the same time, it is based on the strategic corporate values that have been established by the Management, ie respect for people and the natural environment, value creation for employees, customers, and shareholders, honesty, reliability and targeted social contribution.

The Group's policy for Sustainable Development is inextricably linked to the essential issues that are regularly recognized through the materiality analysis process in order for the Group to constantly listen to the needs of stakeholders (internal and external) but also to take into account the existing social economic trends in relation to its effects (positive or negative).

In this context, the corporate responsibility of the Group is in line with the criteria / principles ESG (Environmental-Social-Governance), concerns four (4) axes of activity and is developed in eight (8) strategic directions / sub-areas which incorporate the specific approach-policy of the Group regarding the recognized essential issues:

Axis 1: Environmental Protection

Strategic Direction / Area of Activity: Environmental protection and climate change

Achieving sustainable development through the continuous reduction of the environmental footprint of the Group's activities in Greece and abroad, the continuous adaptation to the conditions for Climate Change and the application of the principles of the Circular Economy in combination with the investment in innovative services and technologies and the faithful adherence to the existing environmental management system.

Environmental protection is an integral part of the Group's strategy and becomes visible through its political, strategic and business decisions and actions. The Group acts purposefully and takes measures that lead to the reduction of the environmental and energy footprint through the responsible management of the energy and natural resources it uses (eg water, energy, materials, the response to Climate Change and the protection and preservation of biodiversity). It focuses on the transition to an economy that is less dependent on fossil fuels and will ensure sustainable cities and societies for all its stakeholders.

Axis 2: Promotion of Human Value

Strategic Direction / Area of Activity: Health & safety at work

Recognizing the value of human health and life and ensuring a work environment free of accident risks.

The preservation of Health and Safety is a priority for the Group, which is constantly improving the strategic framework in which the management of issues related to the protection of Health and Safety of all its stakeholders takes place.

Strategic Direction / Area of Activity: Staff development and human rights advocacy

The recognition that surplus value is created by human capital. The goal of developing a balanced and secure work environment of meritocracy, transparency, equal opportunities-benefits, which enhances diversity, guarantees human-labor rights and at the same time invests in the continuous improvement of employees' skills, the development and retention of talents but and strengthening youth entrepreneurship.

The Group implements and respects the international principles and standards of Human Rights and has developed the framework of its principles and values based on the fundamental Human Rights. Respecting all its employees and associates, it takes care to prevent the occurrence of violations of their rights, through the adoption of policies, actions and control mechanisms, which apply and apply to all its activities, to all its subsidiaries and to all the projects it undertakes. The Group actively participates, supports and considers as its highest priority the investment in its people, providing the necessary resources to promote the continuous improvement of the working environment.

Axis 3: Strengthening the Social Footprint

Strategic Direction / Area of Activity: Concern for local communities

Continuous consultation with the social partners and the elaboration of social impact studies with the ultimate goal of maximizing the direct and indirect social benefits, supporting solidarity actions such as donations and sponsorships and the stable cooperation with local suppliers for construction.

Through the adoption of responsible policies that aim to create shared value in all its stakeholders, the Group stands to help the development of local communities in which it operates and with which it interacts, through continuous consultation and efforts to recognize and respond to real needs that occur but also through its very activity.

Strategic Direction / Area of Activity: Dealing with Emergencies

The commitment to take measures and actions to deal with emergencies through the development of risk management plans, the implementation of preparedness exercises and the conduct of periodic internal and external inspections.

Axis 4: Responsible Market Configuration

Strategic Direction / Area of Activity: Creation and distribution of economic value

Creating economic value - the main goal of the Group is to generate and distribute income to stakeholders through the payment of salaries to employees, payments to suppliers and partners, direct and indirect taxes in the operating countries, the distribution of dividends to shareholders and investments in local communities while avoiding financial and non-financial uncertainties and risks, with the aim of preserving economic activity, sustainable development and improving living standards.

Strategic Direction / Area of Activity: Business Ethics and Regulatory Compliance

The Group ensures the business ethics and the regulatory compliance of all its functions and activities with the priority of identifying and combating potential corruption, faithfully implementing the procedures and policies that have been integrated into the corporate operation (Code of Ethics and , Anti-Corruption Management System (ISO 37001), and regular training of human resources.

The fight against corruption is a critical pillar of the Group's operation, which is committed to demonstrating zero tolerance for such incidents, by promoting transparency, ensuring business ethics and regulatory compliance, which are diffused throughout the range of activities and affect the professional behavior of its people. To this end, the Group acts through the establishment of policies and procedures, but also through the creation of control mechanisms and compliance with these policies.

Strategic Direction / Area of Activity: Responsible Supply Chain Management

Responsible management of the supply chain presupposes responsible collaborations. It is therefore mandatory for all suppliers and partners to fully comply with the Regulatory Framework of Principles and Values of the Group, both in matters of corruption and respect for human rights and in matters of Environmental Management and Social Corporate Policy.

First of all, the proper management of the supply chain starts from the responsible attitude of the Group, towards all its interested parties. The Group's business activities throughout its supply chain are carried out once the potential environmental, social and economic impacts have been assessed in order to maximize the positive impact. To address the new challenges posed by supply chain issues, the Group seeks to incorporate new criteria into the supply chain management processes, such as the new terms of cooperation with suppliers and the preference it gives to domestic suppliers.

For the above issues, the Group sets sub-objectives of Sustainable Development, which it evaluates on an annual basis in terms of the course of their achievement and reviews them appropriately when necessary.

In order to achieve the objectives, the Group develops individual management systems, policies, procedures, measurement indicators and implements appropriate action plans / programs that contribute to the increase of positive effects or the reduction of negative ones.

The authorized corporate responsibility team is responsible for the effective management of Sustainable Development and corporate responsibility issues. The team consists of specialized executives from all key divisions of the Group. The Directorate of Strategic Communication, Press Office, CSR and Sustainable Development has taken on the task of coordination.

The President and CEO through the direct reference line of the Strategic Communication Department, Press Office, CSR and Sustainable Development has undertaken the overall management / supervision of Sustainable Development issues sealing the commitment of the Group's senior management to a sophisticated management.

Based on the transparency and the regular information of the interested parties, the results of the Group's performance in matters of Sustainable Development are published to the general public through the annual Sustainable Development Report.

Athens, 14 April 2022

The Chairman of the Board of Directors

Vasileios Delikaterinis

IV. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA ENERGY FINANCE SA

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of "TERNA ENERGY FINANCE SA" ("the Company"), which comprise of the statement of financial position as of December 31, 2021, 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 of 31 December 2021, 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.

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.

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 31/12/2021.

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 SA" 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, 2021 are disclosed in Note 14 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 6 years.

5. Internal Regulation Code

The Company has in effect Internal Regulation Code in conformance with the provisions of article 14 of Law 4706/2020.

6. Assurance Report on European Single Electronic Format

We examined the digital file of the company "TERNA ENERGY FINANCE SA" ("the Company"), prepared in accordance with the European Single Electronic Format (ESEF) as defined by the European Commission Delegated Regulation 2019/815, amended by the Regulation (EU) 2020/1989 (ESEF Regulation), which comprise of the financial statements of the Company for the year ended December 31, 2021, in XHTML format "2138008LK8J3MSMF6S69-2021-12-31-en.xhtml".

Regulatory Framework

The digital file of the ESEF is prepared in accordance with the ESEF Regulation and the Commission Interpretative Communication 2020/C379/01 of November 10, 2020, in conformance with Law 3556/2007 and the relevant announcements of the Hellenic Capital Market Commission and the Athens Stock Exchange (ESEF Regulatory Framework). In summary, this framework includes, inter alia, that all annual financial reports shall be prepared in XHTML format.

The requirements set out in the current ESEF Regulatory Framework constitute the appropriate criteria for expressing a conclusion of reasonable assurance.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and submission of the financial statements of the Company for the year ended December 31, 2021, in accordance with the requirements of ESEF Regulatory Framework, and for such internal controls as management determines necessary to enable the preparation of digital file that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to design and conduct this assurance engagement in accordance with No. 214/4/11-02-2022 Decision of the Board of Directors of the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) and the "Guidelines on the auditors' engagement and reasonable assurance report on European Single Electronic Format (ESEF) for issuers whose securities are admitted to trading on a regulated market in Greece" as issued by the Institute of Certified Public Accountants of Greece on 14/02/2022 (hereinafter "ESEF Guidelines"), in order to obtain reasonable assurance that the financial statements of the Company, prepared by the management in accordance with ESEF are in compliance, in all material respects, with the effective ESEF Regulatory Framework.

We conducted our work in accordance with the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants, as incorporated in Greek legislation and we have complied with the ethical requirements of independence, in accordance with Law 4449/2017 and EU Regulation 537/2014.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and our procedures are limited to the requirements of ESEF Guidelines. Reasonable assurance is a high level of assurance, but is not a guarantee that this work will always detect a material misstatement of non-compliance with the requirements of ESEF Regulation.

Conclusion

Based on the procedures performed and the evidence obtained, the financial statements of the Company for the year ended December 31, 2021, in XHTML format "2138008LK8J3MSMF6S69-2021-12-31-en.xhtml", have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, 14 April 2022
The Certified Auditor Accountant

Dimitra Pagoni
SOEL Reg. No 30821

Grant Thornton
Chartered Accountants Management Consultants
58, Katehaki Av., 115 25 Athens, Greece
Registry Number SOEL 127

TERNA ENERGY FINANCE SINGLE PERSON SOCIETE ANONYME

ANNUAL FINANCIAL STATEMENTS FOR FY ENDED AS AT DECEMBER 31st 2021 (1st January - 31st December 2021)

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. (SINGLE PERSON SOCIETE ANONYME) as of 14 April 2022 and have been published on the Company's website www.ternaenergy-finance.gr , as well as on the Athens Exchange's website.

(Amounts in Euro thousand unless stated otherwise)

STATEMENT OF FINANCIAL POSITION AS OF 31ST DECEMBER 2021

	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Other long-term receivables	6	146.632	146.632
Total non-current assets		**146.632**	**146.632**
Current assets			
Other short term receivables	7	1.069	1.094
Income tax receivables		800	796
Cash and cash equivalents	8	2.445	1.116
Total current assets		**4.314**	**3.006**
TOTAL ASSETS		**150.946**	**149.638**
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1.850	1.850
Reserves		44	12
Retained earnings		775	186
Total equity		**2.669**	**2.048**
Long-term liabilities			
Long-term loans	10	147.274	146.756
Deferred tax liabilities	17	232	65
Total long-term liabilities		**147.506**	**146.821**
Short-term liabilities			
Suppliers		2	–
Long-term liabilities carried forward	10	758	758
Accrued and other short-term liabilities		11	11
Total short-term liabilities		**771**	**769**
Total liabilities		**148.277**	**147.590**
TOTAL LIABILITIES AND EQUITY		**150.946**	**149.638**

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

(Amounts in Euro thousand unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME OF THE FINANCIAL YEAR 2021

	Note	01/01 - 31/12/2021	01/01 - 31/12/2020 *
Financial income	12	5.352	5.366
Financial expenses	13	(4.473)	(4.470)
Net financial income		**879**	**896**
Third party fees and expenses	14	(36)	(26)
Other operating expenses	15	(10)	(3)
Employees remuneration and expenses	16	(43)	(44)
Operating results		**790**	**823**
Profit before tax		**790**	**823**
Income tax expense	17	(169)	(193)
Net profit for the year		**621**	**630**
Other comprehensive income			
Other comprehensive income for the year (after tax)		**–**	**–**
Total comprehensive income for the year		**621**	**630**

Note:

** The items of the Statement of Comprehensive Income have been revised to reflect the retroactive adjustment due to a change in the accounting policy of IAS 19 (see note 11 of the Financial Statements for details).*

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

(Amounts in Euro thousand unless stated otherwise)

STATEMENT OF CASH FLOWS OF THE FINANCIAL YEAR 2021

	Note	01/01 - 31/12/2021	01/01 - 31/12/2020 *
Cash flows from operating activities			
Earnings before tax		790	823
Adjustments for reconciliation of net flows from operating activities			
Financial income	12	(5.352)	(5.366)
Financial expenses	13	4.473	4.470
Operating loss before changes in working capital		**(89)**	**(73)**
(Increase)/Decrease in:			
Prepayments and other short term receivables		26	(38)
Interest and related income collected		5.352	5.308
Increase/(Decrease)\ in:			
Suppliers		2	(333)
Accruals and other short term liabilities		–	(13)
Interest paid		(3.955)	(3.966)
Income tax paid		(7)	(275)
Net cash inflows from operating activities		**1.329**	**610**
Cash flows from investment activities			
Net cash inflows from investment activities		**–**	**–**
Cash flows from financing activities			
Amounts to be allocated as share capital and/ or related expenses		–	(20)
Net cash outflows from financing activities		**–**	**(20)**
Net increase in cash and cash equivalents		**1.329**	**590**
Opening cash and cash equivalents	8	1.116	526
Closing cash and cash equivalents	8	**2.445**	**1.116**

Note:

** The items of the Statement of Cash Flows ended on 31/12/2020 have been revised to reflect the retroactive adjustment due to a change in the accounting policy of IAS 19 (see note 11 of the Financial Statements for details).*

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

(Amounts in Euro thousand unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY OF THE FINANCIAL YEAR 2021

	Share capital	Share premium	Reserves	Retained Earnings	Shareholder deposits	Total
1 January 2020	**50**	**–**	**8**	**(425)**	**1.800**	**1.433**
Adjustments due to retrospective application of change in IAS 19 accounting policy*	**–**	**–**	**4**	**1**	**–**	**5**
1 January 2020, Adjusted balance *	**50**	**–**	**12**	**(424)**	**1.800**	**1.438**
Net earnings for the year	–	–	–	630	–	**630**
Other comprehensive income						
Other comprehensive income for the year (after tax)	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**630**	**–**	**630**
Issue of share capital and other shareholder contributions	1.800	–	–	(20)	(1.800)	**(20)**
Transactions with shareholders	**1.800**	**–**	**–**	**(20)**	**(1.800)**	**(20)**
31st December 2020	**1.850**	**–**	**12**	**186**	**–**	**2.048**
1 January 2021	**1.850**	**–**	**12**	**186**	**–**	**2.048**
Net earnings for the year	–	–	–	621	–	**621**
Other comprehensive income						
Other comprehensive income for the year (after tax)	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**621**	**–**	**621**
Formation of reserves	–	–	32	(32)	–	**–**
Transactions with shareholders	**–**	**–**	**32**	**(32)**	**–**	**–**
31st December 2021	**1.850**	**–**	**44**	**775**	**–**	**2.669**

Note:

** The items of the Statement of Cash Flows ended on 31/12/2020 have been revised to reflect the retroactive adjustment due to a change in the accounting policy of IAS 19 (see note 11 of the Financial Statements for details).*

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

EXPLANATORY NOTES TO THE 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 Notary 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 accompanying Financial Statements as of December 31st, 2021, were approved by the Board of Directors on 15/04/2022 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 at 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 in Greece, listed at ATHEX, and whose participating interest in the Company on 31/12/2021 amounted to 100% (31/12/2020: 100%).

2. RAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for Financial Statements Presentation

The Company's accompanying Financial Statements as of December 31st, 2021 covering the financial year starting on January 1st until December 31st 2021 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 December 31st, 2021.

The Company applies all the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations that apply to its operations. The relevant accounting policies, a synopsis of which is presented in following Note 2.6, have been consistently applied in all the presented periods.

Going Concern

On operational level, the Company is supported by TERNA ENERGY SA which affects to a significant extent the decisions, the management and the broader functioning of the Company exerting at the same time control over the above operations. The Company's management estimates that the Company possesses sufficient resources, which ensure its operation as "Going Concern" in the foreseeable future.

The decision of the Management to use the principle of "going-concern" of the business activity is based on the estimates related to the possible effects coming from both the appearance and spread of COVID-19, the energy crisis, and the war situation in Ukraine, as well as from the extreme weather conditions that hit the State of Texas, USA, in February 2021. These factors have been considered by the Management for the preparation of the financial statements for the year ended 31/12/2021.

2.2 Basis of Measurement

The accompanying financial statements as of December 31st 2021, have been prepared according to the principle of historical cost.

2.3 Currency of Presentation

The currency of presentation is the Euro (meaning the currency of the company's country) and all amounts are expressed in Euro thousand, unless stated otherwise.

2.4 Currency of Presentation

The comparative figures of the Financial Statements have been restated to reflect the retrospective adjustment due to a change in accounting policy IAS 19 (see note 11).

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 of the Financial Statements.

2.6 New Standards, Interpretations and Amendments of 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 on December 31st, 2020, apart from the adoption of several new accounting standards, whose application was mandatory in the European Union for FYs beginning as on January 1st, 2021 (see Note2.6.1 and 2.6.2). The Company implemented the decision of the IFRS Interpretations Committee published in May 2021 on IAS 19 "Distribution of benefits in periods of service". The impact of the change in accounting policy has been applied retroactively since 01/01/2020 and is presented in detail in Note 11.

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 01/01/2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform - Phase II" (effective for annual periods beginning on or after 01/01/2021)

In August 2020, the IASB completed the assessment and response process to the reform of interbank interest rates and other interest rate benchmarks by issuing a series of amendments to five Standards. The amendments complement those issued in 2019 and focus on the impact on the Financial Statements when a company replaces the old reference rate with an alternative reference rate because of the reform. More specifically, the amendments relate to how a company will account for changes in contractual cash flows, how it will account for a change in hedging relationships because of the reform, and related information that it will need to disclose. The Company will consider the impact of all the above on its Financial Statements, although they are not expected to have any. The amendments have no effect on the separate Financial Statements.

Amendments to IFRS 16 "Leases" Related to COVID-19 Lease Concessions after 30th June 2021 (effective for annual periods beginning on or after 01/04/2021)

In March 2021, the IASB issued amendments to the practical application of IFRS 16 extending the period of application by one year to include Covid-19-related lease concessions which reduce lease payments that become payable on or before June 30, 2022. The amendments have no effect on 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

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.

Amendments to IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018 - 2020" (effective for annual periods beginning on or after on 01/01/2022)

In May 2020, the IASB issued a series of amendments, including limited-purpose amendments to three Standards, as well as the Board's Annual Improvements. These amendments have provided clarifications regarding the wording of the Standards or have corrected minor implications, omissions or conflicts between the requirements of the Standards. More specifically:

Amendments to IFRS 3 "Business Mergers" update a reference to IFRS 3 in the Conceptual Framework of the Financial Reporting without amending the accounting requirements relating to business combinations.

The amendments to IAS 16 "Property, Plant and Equipment" prohibit a company from deducting from the cost of fixed assets amounts received from the sale of items produced during the preparation of such fixed assets in order for the latter to be ready for use. Instead, the company recognizes these sales revenues and related costs in the Income Statement.

Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" determine the costs that a company should include in assessing whether a contract is loss-making.

The Annual Improvements of IFRS - Cycle 2018-2020 make minor amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to the Explanatory Examples accompanying IFRS 16 "Leases".

The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to generate any effect. The above have not been adopted by the European Union on 01/01/2022.

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. In addition, in July 2020, the IASB issued an amendment to postpone by one year the date of entry into force of the amendment originally issued in IAS 1, as a result of the spread of the Covid-19 pandemic. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 1 "Presentation of Financial Statements" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued limited-purpose amendments relating to disclosures in accounting policies. The purpose of the amendments is to improve the disclosures of accounting policies in order to provide more useful information to investors and other users of the Financial Statements. More specifically, the amendments require the disclosure of important information relating to accounting policies, rather than the disclosure of significant accounting policies. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (effective for annual periods beginning on or after 01/01/2023)

In February 2021, the IASB issued limited-purpose amendments that clarify the difference between a change in accounting estimate and a change in accounting policy. This distinction is important, as the change in accounting is applied without retroactive effect and only for future transactions and other future events, in contrast to the change in accounting policy that has retroactive effect and applies to transactions and other events of the past. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 12 "Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction" (effective for annual periods beginning on or after 01/01/2023)

In May 2021, the IASB issued targeted amendments to IAS 12 to determine how entities should handle deferred tax arising on transactions such as leases and decommissioning obligations that entities recognize both an asset and a liability at the same time. In certain cases, entities are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. The amendments clarify that this exemption does not apply and entities are required to recognize deferred tax on those transactions. The Company will consider the impact of all of the above on its Financial Statements, although they are not expected to have any. The above have not been adopted by the European Union.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

The 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 based on 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:

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 recognized in the financial statements (further information is provided in Note 17).

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 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 analytically Note 5).

4.2 Cash and Cash equivalents

Cash and cash equivalents include sight deposits 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 de-recognition

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.

4.3.2 Subsequent measurement 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 31.12.2020 financial assets that are classified in the other categories set out in IFRS 9.

4.3.4 Impairment of financial assets

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 Company recognizes 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

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 considering 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.

(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 based on 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, 4093/2012 and the article 8 of L.3198/1995, 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 using the projected unit credit method.

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 several 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 because 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 Income 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 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. If 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 is 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 derecognized 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.

(Amounts in Euro thousand unless stated otherwise)

5. INFORMATION REGARDING OPERATING SEGMENTS

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). 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 31/12/2021 and 31/12/2020, are analyzed as follows:

	31/12/2021	31/12/2020
Receivables from long-term intercompany loans 2019	146.632	146.632
Total	**146.632**	**146.632**

Interest income from the Intra-group Loan 2019 for the fiscal year 2021 amounted to € 5.352 thousand (see Note 12) and is included in the “Interest Income” item of the Statement of Comprehensive Income of year 2021.

Intragroup Loan 2019

The Company ("Issuer") following the decision of 10/10/2019 by which the content of its Prospectus was approved by the Capital Markets Commission, received an amount of € 146,632 thousand, i.e. an amount of € 150,000 thousand that was raised in cash from the coverage of the Common Bond Loan 2019 (CBL 2019, see Note 10), minus the amount of € 3,368 thousand which concerns issue costs, as they have been incorporated without any deviation in the Prospectus. The funds raised were disbursed, as provided in the Prospectus, from the Issuer to TERNA ENERGY SA (sole shareholder and Guarantor of CBL 2019) through an intragroup loan.

Specifically, on 21.10.2019, TERNA ENERGY SA issued a bond loan ("Intragroup Loan 2019"), in accordance with the provisions of Law 4548/2018 and the provisions of Law 3156/2003 that remain in force, which is governed by Intragroup Loan Program and which was covered by the Issuer in the amount of € 146,632 thousand. In this way, the amount of net capital proceeds was transferred to the Guarantor within 2019, in order for the latter to use it for its investment program as analyzed in the section 4.1.2 "Reasons for Issuing the CBL and Utilization of Funds" of the Prospectus dated October 10, 2019.

(Amounts in Euro thousand unless stated otherwise)

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 per bond security, starting from the date of bond issuance, i.e. 3.6%.

The maturity of the Intra-group Loan 2019 was set 5 working days prior to the maturity of CBL 2019.

On 31/12/2021, the long-term component of the aforementioned receivable stood at € 146.632 thousand.

7. OTHER SHORT-TERM ASSETS

The Company's other short-term financial assets comprise essentially the short-term component of the Intra-group Loan 2019 between TERNA ENERGY S.A. and the Company (see Note 6).

Prepayments and other financial receivables	**31/12/2021**	**31/12/2020**
Short-term part of receivables from long-term intercompany loans 2019	1.056	1.056
Other financial receivables	–	25
Total (a)	**1.056**	**1.081**

Prepayments and other non-financial receivables	**31/12/2021**	**31/12/2020**
Prepaid expenses and other transitory asset accounts	13	13
Total (b)	**13**	**13**
Other short term receivables (a) + (b)	**1.069**	**1.094**

8. CASH AND CASH EQUIVALENTS

Cash & cash equivalents as at 31/12/2021 and 31/12/2020, are analyzed as follows:

	31/12/2021	**31/12/2020**
Sight deposits	2.445	1.116
Total	**2.445**	**1.116**

9. SHARE CAPITAL

The share capital of the Company amounts to € 1,850,000 divided into 1,850,000 common voting shares of nominal value one euro (€ 1.00) each. The share capital is fully paid up.

(Amounts in Euro thousand unless stated otherwise)

10. LOANS

As of 31/12/2021 and 31/12/2020, the Company's loans are analyzed as follows:

	31/12/2021	31/12/2020
Long-term loans		
Opening balance	**146.756**	**146.252**
Interest in income statement	518	504
Closing balance	**147.274**	**146.756**

	31/12/2021	31/12/2020
Long-term liabilities carried forward		
Opening balance	**758**	**758**
Interest in income statement	3.954	3.966
Interest paid	(3.954)	(3.966)
Closing balance	**758**	**758**
Total	**148.032**	**147.514**

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 company TERNA ENERGY INDUSTRIAL COMMERCIAL TECHNICAL SOCIETE ANONYME (hereafter called as "TERNA ENERGY S.A." or 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.

(Amounts in Euro thousand unless stated otherwise)

As of 31/12/2021 the outstanding amount of CBL 2019 had settled at € 148.032 thousand

The Company and the Guarantor have the obligation to observe specific financial ratios related to the Common Bond Loan. As of December 31, 2021, the Company and the Guarantor fully met the required covenants in terms of financial ratios, in accordance with the requirements of the loan agreement.

The interest expenses from the CBL for the financial year of 2021 amounted to € 4.472 thousand (Note 13) and are included in the item "Interest and other financial expenses" of the Statement of Comprehensive Income.

11. PROVISION FOR STAFF INDEMNITIES

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.

Impact on the Financial Statements of 31/12/2019 and 31/12/2020 from the retroactive application of the change in the accounting policy IAS 19

Based on the decision of the International Financial Reporting Standards Interpretations Committee (IFRIC) regarding IAS 19 in May 2021, the actuarial liability should now be allocated during the last 16 years of service prior to retirement. Until the issuance of the above decision, the Company applied IAS 19 by distributing the benefits from the time of recruitment until the completion of 16 years of service and by utilizing the scale of Law 4093/2012.

The Committee's Decision is evaluated as a Change in Accounting Policy and not as an accounting error, in accordance with the provisions of paragraphs 19-22 of IAS 8. The change in accounting policy is applied retroactively from 1/1/2020, with a corresponding adjustment of the starting balance of each affected equity item for the oldest of the periods presented and other comparative amounts for each prior period presented as if the new accounting policy had always been in use.

The Company decided to follow the policy of writing-off the accumulated actuarial profits / losses as of 31/12/2019 in the account "Retained earnings or Profits carried forward" and their recalculation from the year 2020 onwards.

Based on the relevant actuarial study, the effect of the changes due to the retrospective application of the change in accounting policy IAS 19 on the Equity, Deferred tax receivables and Provisions for indemnities of Company's personnel on 01/01/2020 and 31/12/2020, is presented below:

	Balance 01/01/2020	**Adjustment**	**Restated balance 01/01/2020**
Long-term liabilities _ Provision for personnel indemnities	6	(6)	–

(Amounts in Euro thousand unless stated otherwise)

Equity _ Reserve from actuarial gains / (losses) from defined benefit plans	(5)	5	–
Equity _ Deferred income tax on actuarial gains / (losses) from defined benefit plans	1	(1)	–
Non-current assets _ Deferred tax receivables	129	(1)	128
Equity _ Balance of profits / (losses) carried forward	(425)	1	(424)

	Balance 31/12/2020	**Adjustment**	**Restated balance 31/12/2020**
Long-term liabilities _ Provision for personnel indemnities	(6)	6	–
Expenditure to be recorded in the income statement	(1)	1	–
Amount recorded in Other comprehensive income	4	(4)	–

The basic actuarial assumptions for the years 2021, 2020 and 2019 are as follows:

	2021	**2020**	**2019**
Interest rate	0.60%	0.60%	1.00%
Salary increase	1.80%	1.25%	1.25%
Inflation	1.80%	1.50%	1.50%
Tables of service	EVK 2000	EVK 2000	EAE 2012P
TurnOver	Table 2	Table 2	Table 1

Table 1

Age	**Percentage of Retirement**
Up to 55 years	1.00%
Over 56 years	0.00%

Table 2

Years in service	**Percentage of Retirement**
From 0-1 years	1.50%
1-5 years	1.00%
5-10 years	0.50%
Over 10 years	0.00%

Valuation Date	**Number of Persons**	**Average Pension Salary**	**Average Price of Years of Service**	**Average Price of Years Until Retirement**	**Actuarial Liability**	**Normal Cost**
31/12/2019	1	1,925	11.29	28.00	–	–
31/12/2020	1	2,917	0.89	23.00	–	–

(Amounts in Euro thousand unless stated otherwise)

31/12/2021	1	2,917	1.89	22.00	–	–

12. INTEREST REVENUES

The Company's income for the year 2021 relates to interest income from the Intragroup Loan 2019 amounting to € 5.352 thousand (2020: € 5.366 thousand), granted to the parent company and which is included in the items "Other Long-Term Receivables" and " Other Current Assets" (see Note 6 AND 7, respectively).

13. INTEREST AND OTHER FINANCIAL EXPENSES

The interest and other financial expenses of the Company for the financial year of 2021 and 2020, respectively, are analysed as follows:

	01/01 - 31/12/2021	01/01 - 31/12/2020
Interest on short-term Loans	4.472	4.469
Commissions, bank charges and other expenses	1	1
Financial expenses	**4.473**	**4.470**

The interest and expenses of long-term loans of the Company for the financial year 2021 amounting to € 4.472 thousand (2020: 4.469 thousand) relate to interest expenses from the Common Bond Loan (see in detail Note 10).

14. THIRD PARTIES FEES AND EXPENSES

The Company's third-party fees and expenses in 2021 and 2020, are analyzed as follows:

	01/01 - 31/12/2021	01/01 - 31/12/2020
Fees and expenses of other third parties	11	12
Subscriptions and contributions	14	4
Auditors' fees	11	10
Total	**36**	**26**

For the year ended December 31st, 2021, "Auditors' Fees" includes fees of ordinary auditors amounting to € 3 thousand (2020: € 4,5 thousand), which relate to authorized non-audit services (excluding the services of statutory audit of the financial statements and the tax audit for the issuance of the tax compliance report).

The respective fees of the authorized non-audit services that have been provided to the parent company are disclosed in Note 36 of the Financial Statements of TERNA ENERGY SA for the year 2021, the Financial Statements are posted on the internet at the website www.ternaenergy.com, as well as on the website of Athens Exchange, Greece.

(Amounts in Euro thousand unless stated otherwise)

15. OTHER OPERATING INCOME - EXPENSES

The Company’s other operating income and expenses for the years 2021 and 2020, are analyzed as follows:

	01/01 - 31/12/2021	01/01 - 31/12/2020
Other tax and duties	10	10
Other expenses	–	2
Other income	–	(9)
Total	**10**	**3**

16. PERSONNEL FEES AND EXPENSES

Personnel fees and expenses of the Company in 2021 are 2020, are analyzed as follows:

	01/01 - 31/12/2021	01/01 - 31/12/2020 *
Salaries and other employee benefits	35	35
Social security contributions	8	9
Total	**43**	**44**

** These amounts have been revised to reflect the retrospective adjustment due to a change in the accounting policy IAS 19 (see Note 11).*

17. INCOME TAX

The tax rate for legal entities in Greece in the year 2021 after the enactment of Law 4799/2021 which amended paragraph 1 of article 58 of Law 4172/2013 is set at 22% while for the year 2020 it was 24%.

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

	01/01 - 31/12/2021	01/01 - 31/12/2020
Current tax	(2)	–
Deferred tax income/ (expense)	(167)	(193)
Total	**(169)**	**(193)**

The actual final tax rate differs from the nominal tax rate. There are several 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 Euro thousand unless stated otherwise)

	01/01 - 31/12/2021	01/01 - 31/12/2020 *
Earnings before tax	**790**	**823**
Nominal tax rate	22%	24%
Income tax based on effective nominal tax rate	**(174)**	**(198)**
Adjustments for:		
Effect of change in tax rate	10	–
Permanent tax differences (results not included in the tax calculation)	–	5
Actual tax expense	**(164)**	**(193)**
Effective tax rate	**20,76%**	**23,45%**

** These amounts have been revised to reflect the retrospective adjustment due to a change in the accounting policy IAS 19 (see Note 11).*

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 2021 and 2020 are analyzed as follows:

	31/12/2021	31/12/2020	01/01 - 31/12/2021	01/01 - 31/12/2020 *
	Asset/ (Liability)	**Asset/ (Liability))**	**Revenue / (expenses)**	**Revenue / (expenses)**
Transitory accounts	(232)	(253)	21	(14)
Recognised tax loss	–	188	(188)	(179)
Total	**(232)**	**(65)**	**(167)**	**(193)**
Deferred tax through income statement			(172)	(193)
Deferred tax through income statement (change in tax rate)			5	–
			(167)	**(193)**

** These amounts have been revised to reflect the retrospective adjustment due to a change in the accounting policy IAS 19 (see Note 11).*

The income tax return is submitted on an annual basis, but the declared profits or losses remain temporary until the tax authorities audit the taxpayer's books and records and the final audit report is issued.

The Company makes an annual assessment of any liabilities that are expected to arise from the audit of previous years, making relevant provisions where necessary.

The Company has not made any provisions for unaudited fiscal years as the Management considers that any tax amounts that may arise will not have a material effect on the Company's equity, results, and cash flows. The unaudited fiscal years are from 2016 to 2021.

The Company has been subject for the years from 2017 to 2021 to the optional tax audit of the Chartered Accountants, as detailed in Note 23.

(Amounts in Euro thousand unless stated otherwise)

18. EARNINGS PER SHARE

Basic earnings per share for the annual period 01/01/2021 – 31/12/2021 and for the respective comparative period of 2020 were calculated by dividing the net earnings attributed to shareholders of the parent company by the weighted average number of outstanding shares as follows:

	31/12/2021	31/12/2020 *
Net profit (in €)	621.000	629.879
Average weighted number of shares	1.850.000	1.694.658
Earnings per share (in Euro)	0,3357	0,3717

** These amounts have been revised to reflect the retrospective adjustment due to a change in the accounting policy IAS 19 (see Note 11).*

There are no diluted earnings per share for years 2021 and 2020

19. TRANSACTIONS 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 period ended on December 31st, 2021.

Transactions and balances with related parties for the year 2021 are depicted in the following table. As mentioned in Notes 6, 7 and 12 above, the sales / revenues of the Company relate to the interest from the Bond Loan granted to the parent company TERNA ENERGY SA. The receivables relate to the above-mentioned Bond Loan. Purchases / expenses refer to the administration expenses for the period 01/01/2021-31/12/2021 that are passed on from the parent company.

	31/12/2021			
	Purchases/Expe	**Sales/Income**	**Receivables**	**Liabilities**
Parent Company	1	5.352	147.688	–
Total	**1**	**5.352**	**147.688**	**–**

	31/12/2020			
	Purchases/Expe	**Sales/Income**	**Receivables**	**Liabilities**
Parent Company	–	5.366	147.688	–
Total	**–**	**5.366**	**147.688**	**–**

20. RISK MANAGEMENT POLICIES AND PROCEDURES

The Company is exposed to multiple financial risks such as credit risk and liquidity risk. The Company does not make use of derivative financial instruments to hedge its exposure to particular risk categories.

(Amounts in Euro thousand unless stated otherwise)

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 composed of deposits in banks, receivables related to bond loans granted to the parent company and liabilities from undertaken bond loans.

20.1 Foreign exchange risk

The operating currency of the Company is the Euro. The Company is not exposed to currency risk as its total transactions are in Euro.

20.2 Interest rate risk

The Company's policy is to minimize its exposure to interest rate related cash flow risk with regards to its long-term financing. The Company's debt concerns the CBL 2019 (see Note 10), i.e. it is in Euro and the interest rate is fixed. Therefore, the Company is not exposed to any risk of interest rate fluctuations.

20.3 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:

	31st December 2021				
Financial Assets	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Other long-term receivables	146.632	–	–		**146.632**
Trade receivables and other receivables	1.056	–	–		**1.056**
Cash and cash equivalents	2.445	–	–		**2.445**
Total	**150.133**	**–**	**–**	**–**	**150.133**

	31st December 2020				
Financial Assets	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Other long-term receivables	146.632	–	–		**146.632**
Trade receivables and other receivables	1.081	–	–		**1.081**
Cash and cash equivalents	1.116	–	–		**1.116**
Total	**148.829**	**–**	**–**	**–**	**148.829**

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 € 147.688 thousand 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).

(Amounts in Euro thousand unless stated otherwise)

On 27/07/2020, the Company announced that the reassessment of the creditworthiness of the Guarantor Company "TERNA ENERGY SA", by the company ICAP SA ranked it in grade 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. On 11/06/2021, ICAP S.A. carried out a periodic re-assessment of the creditworthiness of the Guarantor Company "TERNA ENERGY SA", where it maintained its credit rating in A and classified the Company in a low credit risk category.

The above credit rating reflects:

- the long-term activation of the Group in the RES sector, and the stability and predictability of cash flows,
- the large energy portfolio, the significant market position and the wide geographical spread of the projects,
- the maintenance of a significant and strong investment plan in combination with the available lines of financing and the significant prospects of the sector,
- the maintenance of key metrics at Group level, at very competitive levels for the industry standards,
- the maintenance of a significant amount of liquidity with the cash settling steadily and over time at levels over € 200 million,
- the significant amount of de-leverage at Group level for the year 2021, with the total borrowing dropping because of the US divestment.

As of December 31st, 2021 there are no due financial receivables regarding the Company..

20.4 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 of December 31st, 2021 and December 31st, 2020 is analyzed as follows:

	31/12/2021		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term loans	758	147.274	–
Suppliers	2	–	–
Accrued and other short-term liabilities	11	–	–
Total	**771**	**147.274**	**–**

(Amounts in Euro thousand unless stated otherwise)

	31/12/2020		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**>5 years**
Long-term loans	758	146.756	–
Accrued and other short-term liabilities	11	–	–
Total	**769**	**146.756**	**–**

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.

20.5 Summary Report of Risks of TERNA ENERGY SA (sole shareholder and guarantor of CBL 2019)

The Company is operatively supported by its parent company TERNA ENERGY SA, which fully influences the decisions, management and operation of the Company and exercises control over them. As of 31/12/2021, the Company, apart from its investment in the issued bonds of the Intragroup Loan 2019, has no other business activity, is not active in any market and has no other assets and therefore, the ability of the Issuer to fulfill its contractual obligations from the CBL, depends on the ability of the Guarantor to fulfill its contractual obligations to the Issuer, based on the loan agreement between them, under the terms of the Intragroup Loan 2019.

Taking into account the above, the main risks and uncertainties in the business activities of the Company are directly related to those of the TERNA ENERGY Group (hereinafter "Group") and for this reason, the report on the Main Risks & Uncertainties of the Company should be combined with section E of the Annual Report of the Board of Directors of the parent company, sole shareholder and Guarantor, TERNA ENERGY SA, with regard to the annual period ending on 31/12/2021, where a detailed reference is made to the risks of TERNA ENERGY SA. The consolidated and separate financial statements of TERNA ENERGY SA for the year ended 31/12/2021 have been approved by the Board of Directors of the Company on 14/04/2022 and have been posted on the internet on its website www.terna-energy.com, as well as on ATHEX website.

In synopsis, we present the main risks and uncertainties in the activities of the TERNA ENERGY SA Group, as described in the published financial statements for the year ended 31/12/2021 and which are summarized in the following:

20.5.1 Credit risk

All receivables of the energy sector concern the wider Public sector in the domestic (Greek) market (including DAPEEP and HEDNO) and abroad, while the same applies to the concessions sector as well as to most of the receivables of the construction sector.

The Group traditionally, due to the nature of its operations, is not exposed to significant credit risk in terms of trade receivables, except for delays in receipts from DAPEEP, which have been significantly reduced by the application of Law 4254/14, as well as the special levy imposed, for the financial year 2020. The above was imposed in order to deal with the side effects of the coronavirus pandemic, on the electricity producers from Renewable Energy Sources (RES), which have been put into normal or trial operation by 31 December 2015 (Government Gazette 245/09.12.2020). The one-time special levy amounted to 6% of electricity revenues for the year 2020. For the Group, the relevant extraordinary contribution amounted to € 5,252 thousand and burdened the financial results of the year 2020.

20.5.2 Currency risk

The Group operates, in addition to Greece, in the United States of America and in Eastern Europe and therefore may be exposed to foreign exchange risk that may arise from the exchange rate of the Euro against the other currencies.

To address this risk, the Group's financial management department systematically monitors exchange rate changes and ensures that they do not have a negative impact on its cash position.

20.5.3 Interest rate risk

The Group's policy is to minimize exposure to interest rate risk in terms of long-term financing of its operations.

As part of this policy, the long-term loans received by the Group either have a fixed interest rate or are being hedged for almost their entire duration.

20.5.4 Market risk analysis

The Group is not exposed to any risk for its financial assets.

20.5.5 Liquidity risk analysis

The liquidity of the Group is considered satisfactory, as, in addition to the existing cash, the operating wind farms generate continuous, satisfactory cash flows.

20.5.6. Other risks and uncertainties

(a) Special note on the effects of coronavirus COVID-19

The outbreak of the COVID-19 pandemic in 2020 and the measures taken to limit its spread affected significantly the global economic environment and also the Greek economy and disrupted global financial stability. The economic impact will depend on the duration and intensity of the event of recession, as well as on the prospects for recovery. However, the positive course of the vaccination plans as well as the gradual relaxation of the strict restraint measures during the year 2021 resulted into a partial recovery of the domestic economy.

TERNA ENERGY Group, which the Company belongs to, holds a leading position in the field of renewable energy sources. With a portfolio of projects with a total capacity of about 1,300 MW (in operation or under construction), it is one of the largest investors in the Renewable Energy sector in Greece, with a significant presence in the Southeast Europe. Management's position is that the Group operates in sectors that are more defensive during the different phases of the business cycle and which investors recognize as "safe havens" that provide stable recurring cash flows even in times of turmoil and uncertainty, such as the existing one. Furthermore, the Group has already demonstrated during the Greek financial crisis (i.e. the most difficult and longest financial crisis in Europe), its ability to grow and strengthen its market position.

Group Organizational Planning

The Management of the Group with an extremely high sense of responsibility, towards its customers, employees, suppliers, partners and investors, monitors the developments regarding the coronavirus pandemic (COVID-19), evaluating the potential risk factors that could affect the Group's financial position, operations and results.

Employee safety has been and remains an absolute priority. For this purpose, TERNA ENERGY throughout the year 2021 maintained through a special committee, which reports to the Management of the Company, the appropriate plan to ensure business continuity by monitoring all relevant developments. Internal and external protocols for regular and urgent communication with employees and other key stakeholders have been maintained and the actions taken since the beginning of the pandemic continue unabated.

The above mentioned actions are presented below:

• Creation of a safe working environment for all employees along with the adoption of distance work policies wherever and whenever this is deemed feasible and necessary. The Group has taken several precautionary measures, including a large-scale teleworking plan (covering, over this period, more than 50% of the personnel). In addition, the Group provided communication channels for health advice and psychological support for all employees.

• Establishment of a special committee for the treatment of coronavirus and ensuring that ALL employees of the Group have the absolute protection and care against COVID-19 and its mutations. The Committee systematically monitors the development of the pandemic, is also being immediately informed of any critical factors of its spread and guides the necessary actions to be taken by the Management and each employee throughout the Group to minimize the risks of the phenomenon and their impact on the course of the company. At the same time, the Committee has entered into an agreement with a special diagnostic center for the proper and timely examination of all its human resources with the aim of protecting them until the end of the pandemic and bringing social life back to normalcy. Finally, it has safeguarded the workplaces for those employees who continue to work in their offices by implementing the most stringent measures decided by the competent scientific committee of the Greek State.

• Security and utilization of the most modern information technology to limit movement and travel to a minimum, the implementation of teleconferencing (video calls), as well as modern, flexible ways of working depending on the individual or special needs of groups of employees.

• Establishment and adoption of extremely strict operating rules at all points of presence and operation of the Group in Greece and abroad, to constantly confirm the highest possible level of health safety for all.

Impact of the coronavirus pandemic (COVID-19) and mitigation measures

The Group has taken all necessary measures to continue the evolution of its core business activities, continuing the utilization of its RES facilities and its investment program in the energy sector, therefore intensifying the efforts to stabilize the Greek economy and employment.

In particular, the Management examined the special circumstances that could have a significant impact on the business activities of the RES business division and the risks to which it is exposed. Based on current events and circumstances regarding the COVID-19 pandemic situation these are analyzed as follows:

In the field of electricity from RES, in Greece there was no interruption or other negative impact on the activities of the Group's facilities that are in operation. As far as the RES facilities under construction are concerned, to date no delays have been caused due to the coronavirus pandemic (COVID-19) and the estimated time of completion and commissioning of the projects has not changed.

Regarding the cash collections of the Group revenues, no delays were observed within the year 2021.

Although estimates regarding the impact of the pandemic on the global and Greek economy vary, Management estimates that the Group's operations, financial performance, cash flows and financial position will not be significantly affected. In any case, the Management ensures the maintenance of the smooth operation both in the Greek territory and in the other countries where the Group operates, applying procedures of continuous identification and evaluation of all risks that may arise in the near future. In direct, continuous, and systematic cooperation with the Risk Managers and the executives of the Group, the Management plans and implements measures to deal with any identified risk in order to limit its negative effects to the minimum possible. The organizational efficiency of the Group and the continuous efforts of the Management to use its managers by project and specific issue depending on the required ability and experience, have created a proven capable, flexible, and effective mechanism for dealing with any possible crisis in any company of the Group whenever it appears. Due to this fundamental principle is the immediate response of Management and the above mechanism for dealing with the epidemic crisis with prudence, balance and strategic perspective.

The impact from COVID-19 is not expected to be significant for TERNA ENERGY Group and the Management has assessed that there is no substantial uncertainty regarding the continuation of the activity of the Group and the Company.

(b) Special note to the war conflict in the region of Ukraine

TERNA ENERGY Group closely monitors the geopolitical developments in Ukraine which in any case do not have a direct impact on its size and financial performance. However, from these events, risks have already appeared, and new ones are expected to emerge. These include fluctuations in expected state revenues in the tourism sector, inflation pressures on energy and grain prices and uncertainty in the development of foreign direct investment, with all the above being factors that may affect fiscal flexibility and the wider macroeconomic climate and thus have inevitable repercussions on the operations of the Group.

(c) Fluctuations of wind and hydrological data

The Group, regarding its activity in the energy sectors, remains exposed to short-term fluctuations regarding wind and hydrological data, without this affecting the long-term efficiency of its projects, as the implementation of investments is preceded by extensive studies concerning long-term trends of the above factors. From now on, new factors must be incorporated into the models of the relevant calculations, which will allow the consideration of possible events of force majeure, such as the current epidemic, in order to examine in more depth the viability of each planned investment.

Regarding the unprecedented and extreme weather conditions in the State of Texas, USA in February 2021 and their effects on the Group's business activities, a relevant analysis is presented in Note 7.1 of the Financial Statements of the parent company, for the annual period ended 31/12/2021.

This note summarizes the following:

Regarding the unprecedented and extreme weather conditions in the State of Texas, USA in February 2021 and their effects on the Group's activities, a relevant analysis is presented in Note 7.1 of the Financial Statements of the parent company, for the annual period ended 31/12/2021.

(Amounts in Euro thousand unless stated otherwise)

Based on the above, the Management has estimated that the effects of the loss of the investments under consideration do not create uncertainty regarding the continuation of the business activities and operations of both the Group and the Company.

21. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES CATEGORIES

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.

	31st December 2021				
Financial Assets	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Other long-term receivables	146.632	–	–		**146.632**
Trade receivables and other receivables	1.056	–	–		**1.056**
Cash and cash equivalents	2.445	–	–		**2.445**
Total	**150.133**	**–**	**–**	**–**	**150.133**

	31st December 2021				
Financial Liabilities	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Long-term loans	147.274	–	–		**147.274**
Long-term liabilities carried forward	758	–	–		**758**
Trade and other liabilities	10	–	–		**10**
Total	**148.042**	**–**	**–**	**–**	**148.042**

	31st December 2020				
Financial Assets	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Other long-term receivables	146.632	–	–		**146.632**
Trade receivables and other receivables	1.081	–	–		**1.081**
Cash and cash equivalents	1.116	–	–		**1.116**
Total	**148.829**	**–**	**–**	**–**	**148.829**

	31st December 2020				
Financial Liabilities	**Unamortized cost**	**Fair Value through profit and loss**	**Fair value through other comprehensive**		**Total**
Long-term loans	146.756	–	–		**146.756**
Long-term liabilities carried forward	758	–	–		**758**
Accrued and other short-term liabilities	8	–	–		**8**
Total	**147.522**	**–**	**–**		**147.522**

22. 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 the end of FY 2021 and 2020 the ratio in question was as follows:

Loan Liabilities /Total Capital Employed Ratio

Amounts in thousand €	**2021**	**2020 ***
Long-term loans	147.274	146.756
Long-term liabilities carried forward	758	758
Loan Liabilities (a)	**148.032**	**147.514**
Cash and cash equivalents (b)	**2.445**	**1.116**
Net debt/(surplus) (a) - (b)= (c)	**145.587**	**146.398**
Total equity (d)	2.669	2.048
Total Employed Capital (c) + (d) = (e)	**148.256**	**148.446**
Loan Liabilities (a)/Total Employed Capital (e)	**99,85%**	**99,37%**

** These amounts have been revised to reflect the retrospective adjustment due to a change in the accounting policy IAS 19 (see Note 11).*

23. CONTINGENT LIABILITIES

23.1 Contingent tax obligations

The tax obligations of the Company are not definitive as there are unaudited tax years (2016 to 2021). 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. The Management considers that any amounts of taxes that may arise, will not have a significant effect on the Company's equity, results and cash flows and therefore as at 31/12/2021 the Company has not recognized provisions for tax unaudited years. Upon completion of these tax audits by the competent authorities, if they are finally carried out, the Management does not expect significant tax liabilities to arise.

Tax Compliance Certificate

For the years 2017 to 2020, the Company received a Tax Compliance Report, according to article 65A par. 1 of Law 4174/2013, without 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 2021, 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 of

31/12/2021. At the completion of these tax audits, provided they are finally conducted, the Management does not expect any significant tax liabilities to arise. If additional tax obligations arise, it is estimated that they will not have a material effect on the Financial Statements.

23.2 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.

24. RECONCILIATION OF CHANGE IN FINANCIAL LIABILITIES

The reconciliation of change in liabilities from financial activities for the Company during the fiscal years 2021 and 2020:

Amounts in thousand €	**Long-term loans**	**Long-term liabilities carried forward**	**Total**
01/01/2021	**146.756**	**758**	**147.514**
Cash Flows :			
- Repayments	**–**	**(3.954)**	**(3.954)**
- Proceeds	**–**	**–**	**–**
Non-cash movements			
- Accrued Interest	**518**	**3.954**	**4.472**
31/12/2021	**147.274**	**758**	**148.032**

Amounts in thousand €	**Long-term loans**	**Long-term liabilities carried forward**	**Total**
01/01/2020	**146.252**	**758**	**147.010**
Cash Flows :			
- Repayments	–	(3.966)	**(3.966)**
- Proceeds	–	–	**–**
Non-cash movements			
- Accrued Interest	504	3.966	**4.470**
31/12/2020	**146.756**	**758**	**147.514**

25. SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF THE STATEMENT OF FINANCIAL POSITION

There were no significant events after the date of the financial position of the company. Attention is focused on geopolitical developments in Ukraine which in any case do not have a direct impact on the size and performance of the company and the Group in general since there is no activity in the wider region of Ukraine and Russia

26. APPROVAL OF FINANCIAL STATEMENTS

The Company's Financial Statements for the annual period ended as at 31/12/2021 were approved by the Company's Board of Directors on 14/04/2022.

Athens, 14 April 2022

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

V. REPORT ON ALLOCATION OF THE CAPITAL PROCEEDS

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 collected 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 30/06/2021 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 2019.

The utilization of capital proceeds from the Guarantor up to 30/06/2021 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.

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 31/12/2021		Final Allocation of the Capital Proceeds as at CBL maturity 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 31/12/2021	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)
		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[1]	-	-	-	146,632[2]
Total	**146,632**	**Total**	**146,632**	**146,632**	**-**	**-**	**-**	**146,632**
CBL issue expenses	3,368							
Total Allocated Capital Proceeds	**150,000**							

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

[2] The final allocation of the proceeds will be affected by the issuance of the CBL by the Issuer to the Bondholders as at the maturity date of the Bond Loan.

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 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 (i.e. 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 31/12/2021:

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 31/12/2020**	**Capital proceeds within the period from 01/01/2021 to 31/12/2021**	**Non-allocated Balance as at 31/12/2021**	**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	30,186	15,047	10,767	**(3)**
Total investments (Use of funds by the Guarantor)	**146,632**	**120,818**	**15,047**	**10,767**	**(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 has started the construction of ten (10) MW Wind Farms with total capacity of 155MW at 9 sites in Evia and 1 site in Voiotia, through its subsidiaries. The use of funds, which stood at € 45,233 thous. on 31/12/2021 (2019: € 18,616 thous., 2020: € 11,570 thous. and 2021: € 15,047 thous.), 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 31/12/2021, the Guarantor had covered the amount of € 2,329.6 k under the terms of this contract, of which € 2,316.6 k were paid by the Guarantor to the subsidiary as use of the CBL, which subsequently made payments to third parties for that investment amounting € 2,316.6 k of which € 2,287.2 thousand until 31/12/2019 and € 29.4 thousand in the year of 2020.

- 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 2,000.1 k under the terms of this contract, of which € 1,984.0 k was paid by the Guarantor to the subsidiary as use of the CBL, which subsequently made payments to third parties for that investment amounting € 1,984.0 k of which € 1,928.4 thousand until 31/12/2019 and € 55.6 thousand in the financial year 2020.

- 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 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 2,000.2 k under the terms of this contract, of which € 1,984.2 k was paid by the Guarantor to the subsidiary as use of the CBL, which subsequently made payments to third parties for that investment amounting € 1,984.2 k of which € 1,967.0 thousand until 31/12/2019 and € 17.2 thousand in the financial year 2020.

- 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 project is estimated at € 29,543 k. On 14/11/2019, the Guarantor entered 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 2,477.4 k under the terms of this contract, that was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 2,477.4 k of which € 2,468.7 thousand until 31/12/2019 and € 8.7 thousand in the financial year 2020.

- 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 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 31/12/2021, the Guarantor had covered the first by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 923.4 k of which € 919.9 thousand until 31/12/2019 and € 3.5 thousand in the financial year 2020.

- 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 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 7,100.7 k under the terms of this contract, that was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 7,100.7 k of which € 3,158.0 thousand until 31/12/2019 and € 3,942.7 thousand in the financial year 2020.

- 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 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 2,115.4 k under the terms of this contract, that was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 2,115.4 k of which € 2,111.6 thousand until 31/12/2019 and € 3.8 thousand in the financial year 2020.

- 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 a Common Bond Loan with this subsidiary amounting € 400 k to cover the financing of the construction of the aforementioned Wind Farm. As of 31/12/2021, the Guarantor had covered the first series of bonds amounting € 391.6 k under the terms of this contract, that was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 391.6 k of which € 388.7 thousand until 31/12/2019 and € 2.9 thousand in the financial year 2020.

- 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 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 31/12/2021, the Guarantor had covered the first two (2) series of bonds amounting € 6,839.7 k under the terms of this contract, that was paid by the Guarantor to the subsidiary, which subsequently made payments to third parties for that investment amounting € 6,839.7 k of which € 3,386.9 thousand until 31/12/2019 and € 3,452.8 thousand in the financial year 2020.

- Construction of the Wind Farm at **TARATSA (33.6 MW) of the Municipality of Thebes** by the subsidiary "AIOLIKI PROVATA TRAIANOUPOLEOS MAE". The total budget cost of construction of the project is estimated at € 29,976 thousand. From February to September 2020, the subsidiary received successive payments from the parent company TERNA ENERGY SA as in return for a share capital increase, with a parallel amendment to the articles of association. The increase of € 4,600 thousand originated from the unallocated funds held by the Guarantor and was completed on 19/10/2020. On 30/12/2020, the Guarantor entered into a Common Bond Loan agreement with the said subsidiary in the amount of € 10,000 thousand, of which € 6,000 thousand relates to the coverage of the financing of the construction of the above wind farm. Moreover on 2/7/2021, the Guarantor concluded a Common Bond Loan agreement with the above-mentioned subsidiary for € 2,500 thousand to cover the financing of the construction of the above Wind Farm. Until 31/12/2021, the entire amount has been covered by the Guarantor and has been paid to the subsidiary, which then made payments for this investment to third parties totaling € 19,100.0 thousand of which € 4,052.9 thousand in the financial year 2020 and € 15,047.1 thousand in the financial year 2021.

4. As at 31/12/2021, the remaining amount of capital proceeds to be used amounts to € 10,767 thousand which are included in the cash of the Guarantor.

Athens, 14 April 2022

The Chairman of the BoD	The Vice Chairman of the BoD	Chief Executive Officer	Chief Financial Officer - Operation	The Head Accountant
Vasileios Delikaterinis ID No. AI 036060	Dimitra Chatziarseniou ID No. AA 026025	Aristotelis Spiliotis ID No. AK 127469	Emmanuel Fafalios ID No. AK 082011	Artan Tzanari ID No. AM 587311 License Reg. No A’ CLASS O64937

VI. 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 05.08.2021 we received from the Board of Directors of TERNA ENERGY 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 "Guarantor"), 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 31.12.2020" and "Use of funds in the period from 01.01.2021 to 31.12.2021" 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, 01.01.2020 to 31.12.2020 and 01.01.2021 to 31.12.2021 respectively.

5. We compared the consistency of the amounts recorded in the column "Use of funds in the period from 22.10.2019 to 31.12.2020" and "Use of funds in the period 01.01.2021 to 31.12.2021" 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 arising from the issue of the Common Bond Loan of € 150.000.000 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 31.12.2020" and "Use of funds in the period 01.01.2021 to 31.12.2021" 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, 01.01.2020 to 31.12.2020 and 01.01.2021 to 31.12.2021 respectively.

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 31.12.2020" and "Use of funds in the period 01.01.2021 to 31.12.2021" 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.

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, 2021, for which we have issued a separate Independent Auditor’s Report on 14 April 2022.

Athens, 14 April 2022

The Certified Auditor Accountant

Dimitra Pagoni

SOEL Reg. No 30821

Grant Thornton

Chartered Accountants Management Consultants

58, Katehaki Av., 115 25 Athens, Greece

Registry Number SOEL 127