TERNA ENERGY
Industrial Commercial Technical Societe Anonyme
85 Mesogeion Ave., 115 26 Athens, Greece
Societe Anonyme Reg. No. 318/06/B/86/28

ANNUAL FINANCIAL REPORT

for the period

from 1st January to 31st December 2019

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

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I. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS (under article 4, par. 2, Law 3556/2007)

The below statements are made by the following representatives:

1. George Peristeris, Chairman of the Board of Directors
2. Emmanuel Maragoudakis, Chief Executive Officer
3. Vasileios Delikaterinis, Executive Member of the Board of Directors

WHO HEREBY DECLARE AND CERTIFY

to the best of our knowledge that:

i) The attached separate and consolidated annual financial statements of the Company TERNA ENERGY S.A. for the annual period from January 1st 2019 to December 31st 2019 prepared according to the applicable accounting standards, present truly and fairly the assets and liabilities, the equity and the financial results of the Company as well as of the companies included in the consolidation in aggregate, and

ii) The attached BoD Report provides a true view of the Company's evolution, performance and position, as well as of the companies included in the consolidation in aggregate. A description of the main risks and uncertainties to which they are exposed is also encompassed in the Report.

Athens, 02 April 2019

Chairman of the BoD	Chief Executive Officer	Member of the BoD
George Peristeris	Emmanuel Maragoudakis	Vasileios Delikaterinis

II. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the company "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY"

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY" ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2019, separate and consolidated 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 separate and consolidated financial statements present fairly, in all material respects, the financial position of the company "TERNA ENERGY SOCIETE ANONYME COMMERCIAL TECHNICAL COMPANY" and its subsidiary (the Group) as at 31 December 2019, their 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 Separate and Consolidated 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 separate and consolidated 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 separate and consolidated 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 separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matter**
Assessment of non-current assets impairment	
As at 31 December 2019, the Group recognized intangible assets with definite useful life of € 25.3 million (Company: € 2.1 million) and property, plant and equipment of € 1.543,3 million (Company: € 80.4 million) which mostly pertain to "Electricity and RES" segment. Intangible assets and property, plant and equipment are measured at acquisition cost less accumulated amortization/depreciation and any accumulated impairment losses. Also, as at 31 December 2019, the Company holds investments in subsidiaries of € 400,3 million, measured at	The key audit procedures we carried out included, among others: – Evaluation of the Management estimate made in order to identify the extent of indication of impairment in non-current assets. – Regarding CGUs, in respect of which indications of impairment were effective, we assessed: (i) appropriateness of the methods used to determine the recoverable amount; and (ii) the reasonableness of the underlying assumptions and estimates of future cash flows.

acquisition cost less any accumulated impairment losses.

Intangible assets with definite useful life, property, plant and equipment and investments in subsidiaries are tested for impairment whenever the Management estimates that there are relevant indications that require a significant degree of judgment.

An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on value in use of such assets. Calculation of value in use arises from discounted cash flow method, based on business plans that incorporate key assumptions and estimates of the Management, sales prices, expected return on wind farms, their capital and operating expenses and discounted rates used.

Given the significance of the aforementioned items and the degree of objectivity regarding the assumptions used for impairment analysis as well as the use of the Management's estimates, we consider that assessment of impairment of those non-current assets is one of the key audit matters.

The Group’s and the Company’s disclosures regarding the accounting policy and assumptions and estimates used under assessing impairment of these assets are included in Notes 3.1(ii), 3.2 (vii), 4.4, 4.5, 4.7, 8, 10 and 12 of the financial statements.

- Evaluation of the procedures used by the Management in order to prepare reliable business plans. Among other issues, we compared and analyzed previously made estimates/projections with the actual return on CGUs.
- For the aforementioned procedures, where this was deemed appropriate, we used Grant Thornton’s specialist.
- We assessed the adequacy of related disclosures in the accompanying financial statements in relation to this matter.

Revenue recognition

The Group’s revenue arises various operating segments (“Constructions”, “Electricity and Renewables Energy Sector (“RES”)”, “Trade in electric energy” and “Concessions”).

Each operating segment includes various sources of revenue, whose recognition involves a different extent of complexity, judgments and estimates of the Management – the fact that generates a certain degree of uncertainty. Considering the above, in line with the significance of revenue item to the financial statements, we have identified revenue recognition as one of the key audit matters.

In particular, the Group's revenue arising from RES produced electricity and trade in electric energy is recognized within the period when the respective services are rendered. Furthermore, the Group's revenue related to construction contracts is defined by IFRS 15 applying the method of measuring the progress based on inflows, as arising from the balance between the incurred cost and the total estimated cost until the completion of the project. The Group’s revenue related to concession contracts is recognized in accordance with the provisions of IFRIC 12 *“Service Concession Arrangements”* and the management's estimates at construction and operations stages.

The Group’s and the Company’s disclosures regarding revenue recognition accounting policy, judgments and estimates used in respect of revenue recognition are included in Notes 3.2 (i), 4.17 and 6 of the financial statements.

The key audit procedures we carried out included, among others:

- Understanding the internal controls designed by the Management and related to revenue recognition procedures per operating segment.
- We performed, among others, the following substantive procedures in respect of every operating segment: (i) examining, on a sample basis, the correctness of revenue recognition in accordance with the provisions of IFRS and related supporting documents, (ii) regarding revenue from for construction contracts, reviewing, on a sample basis, realized construction costs recognized in the current year in line with the corresponding supporting documents, as well as a recalculating the amount of revenue from construction contracts recognized based on completion percentage as at December 31, 2019. (iii) regarding revenue form concession agreements, understanding and analyzing the terms of concession agreements and verifying correct accounting treatment of revenue recognized under the provisions of IFRIC 12.
- We assessed the adequacy of related disclosures in the accompanying financial statements in relation to this matter.

Business combinations

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As recorded in Note 7 of the financial statements, on 05.09.2019, the Group, through it's by 100% subsidiary, TERNA DEN LLC (a subsidiary of TERNA ENERGY USA HOLDING CORPORATION) acquired 100% of Class B membership interests of BEAT I PARTNERSHIP LLC, which owns and operates "Bearkat I" wind farm of 196.65 MW in Texas (Glasscock County), USA.

The aforementioned acquisition accounted for as a business combination in accordance with the provisions of IFRS 3 "Business Combinations". Under IFRS 3, the acquirer measures in its financial statements the identifiable assets acquired and liabilities assumed at their fair value as at the acquisition date. The presented fair values are provisional, since the finalization of the procedure of allocation the acquisition consideration will be completed within 12 months from the acquisition date.

The measurements, referred to in the previous paragraph, require the use of complex valuation techniques, assumptions and estimates. Given the significance of the acquisition in the financial statements of the Group, as well as the degree of subjectivity in the judgments and assumptions of the Management, we have identified the accounting treatment of the aforementioned acquisition as one of the key audit matters.

The Group's and the Company's disclosures regarding the accounting policy, judgments and estimates used in respect of the above acquisition are included in Notes 3.2(ii), 4.21 and 7 of the financial statements.

The key audit procedures, performed by the component auditor and also reviewed by us, included, among others:

- We assessed the appropriateness of accounting treatment applied to recognize the acquisition in accordance with the provisions of IFRS 3.
- We assessed independence and professional competence of the external independent expert assigned by the Management.
- The audit procedures carried out to measure the assets acquired and the liabilities assumed include: (i) understanding and analyzing the valuation techniques and methodology used by the experts to determine the provisional fair values; (ii) examining the mathematical accuracy of the model used for valuation and (iii) assessing the reasonableness of the key assumptions used.
- For the aforementioned procedures, where this was deemed appropriate, we used Grant Thornton's specialist.
- We assessed the adequacy of related disclosures in the accompanying financial statements in relation to this matter.

Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report includes 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 Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 communicate that matter to those charged with governance. No such issue has arisen.

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

Management is responsible for the preparation and fair presentation of the separate and consolidated 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 separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's and the Group'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 and the Group 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 and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 separate and consolidated 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 separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding financial reporting of entities or business operations within the Group for the purpose of expressing an opinion on the separate and consociated financial statements. Our responsibility is to design, supervise and perform the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all 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 separate and consolidated 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 150-151 and 150-151 and Paragraph 1 (cases c' and d') of 152, Law 4548/2018, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2019.

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

2. Additional Report to the Audit Committee

Our audit opinion on the separate and the consolidated 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 and its subsidiaries any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014.

Authorized non-audit services provided by us to the Company and its subsidiaries during the year ended as at December 31, 2019 are disclosed in Note 37 to the accompanying separate and consolidated financial statements.

4. Auditor's Appointment

We were first appointed the Company's Chartered Accountants following as of 30/06/2007 Decision of the Annual Regular General Meeting of the Shareholders. Our appointment has been renewed by the decision of the annual general meeting of shareholders for a total uninterrupted period of 13 years.

Athens, 02 April 2020

The Certified Auditor Accountant

Dimitra Pagoni

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III. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF "TERNA ENERGY S.A." ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2019

Dear Shareholders,

In compliance with provisions of Law 4548/2018 as well as Law 3556/2007 Article 4 par. 2(c), 6,7 & 8 and the decisions issued by the Hellenic Capital Market Commission under No. 7/448/11-10-2007 Article 2 and the Company's Articles of Association, we are hereby submitting the annual management report by the Board of Directors for the present financial year from 01/01/2019 to 31/12/2019. The present report briefly discloses financial reporting for FY 2019 as well as the most significant events occurred (before and after the financial statements reporting date). It also describes the key risks and uncertainties which the Group might face in 2020 and presents significant transactions between the issuer and its related parties.

A. Financial Developments & Performances for the FY 2019

Throughout 2019, the key sizes and prospects of the Greek economy continued to improve, resulting in a correspondingly positive economic climate that was reflected in both the country's growth rates expected to be 1.9%, according to estimates of the Bank of Greece, as well as government bond yields where the 10-year bond was still below the 1% threshold. This has become apparent in the operating conditions of the financial system and has contributed substantially to the consolidation of financial stability. The latest restrictions on the movement of funds that came into force in June 2015, which relate to the transfer of funds abroad by businesses and households, were completed in September. This is expected to make a decisive contribution to attracting investment and boosting economic activity.
The same event, in combination with improved financial sizes, led international credit rating firms (such as Standard & Poor's) to upgrade Greece's ranking to 'BB-' from 'B +' (October 2019) with positive outlook , hoping for a further upgrade in the near term.

The positive prospects for the Greek economy have led to improved financing and liquidity of the financial system, which is a prerequisite for the ongoing transformation of the Greek economy. The credit conditions of credit institutions have improved, which has a positive effect on the operating of the banking system and its ability to fulfil its intermediary role. It is clarified that the environment of extremely low or even negative interest rates in the Eurozone is an important factor affecting the cost of financing.

The ongoing development of both the Greek economy and the global economy as a whole is being re-tested by the emergence and spread of Covid - 19, whose impact on economic activity cannot be accurately estimated given the duration and the spread of this phenomenon is not visible yet.

(Amounts in thousand Euro unless mentioned otherwise)

2020 is expected to be a pivotal year for Renewable Energy Sources (RES) with the Greek Government announcing the framework of its national energy and climate strategy, which prioritizes the rapid penetration of RES to occupy at least 35% of the energy by 2030. These policies are also in line with the binding goals set by the European Union (EU) for the Member States, thereby aiming to increase the share of RES in energy production and consumption.

In general, the RES industry and business activities related to developing the green economy and protecting the environment contribute effectively to the sustainable development of the global economy, significantly boosting investment interest and expanding prospects for further growth over time. This framework creates favorable conditions for the ongoing development of our Group and the acquisition of a leading position in all markets it chooses to operate.

TERNA ENERGY continues to invest in the renewable energy segment and by the end of 2019 it had operational (maximum delivered) power of 1,361.9 MW and installed capacity of 1.386.5 MW in Greece and abroad. Going beyond the milestone of one (1) GW of installed capacity, Management will set new long-term and short-term investment objectives in relation to its broader business planning.

In particular:

(a) in the energy sector, the increase in installed capacity continued as follows:

	TOTAL	**GREECE**	**USA**	**POLAND**	**BULGARIA**
WIND PARKS	**1.357,6**	577,5	648,1	102,0	30
HYDROELECTRIC	**17,8**	17,8			
PHOTOVOLTAIC	**8,5**	8,5			
BIOMASS	**2,6**	2,6			
TOTAL	**1.386,5**	**606,4**	**648,1**	**102,0**	**30,0**

(b) in the waste management sector, the relevant facilities in the Region of Epirus have been put into operation, with the plant's potential processing capacity exceeding 105 k tonnes annually.

The relevant contract for waste management in the Peloponnese Region has been signed and preparations for the construction of the relevant facilities have already started.

(c) the construction sector continues to decline with its services, as it is not expected to make a significant contribution to the company's development in the near future.

In 2019, the Group's consolidated revenues amounted to € 299.1 million compared to € 292.1 million in 2018, an increase of 2.4%, an increase arising from the renewable energy segment. EBITDA amounted to € 182.0 million compared to € 167.9 million in the prior year, increased by 8.4%, mainly due to the increase in installed capacity. Profit after tax stood at € 69.6m, increased by 11.6% from € 62.4m in 2018, while net profit after tax and non-controlling interest stood at € 51.5m, increased by 14.9% (2018: € 44.9 million).

About the results of the separate operational segments:

- The **energy segment** generated revenue of € 237.3 million, increase by 9.7% compared to 2018, while operating profit (EBITDA) stood at € 177.7 million, increased by 3.7%. This increase is mainly due to the launch of a new wind farm in Greece in the Municipality of Amarynthos-Evia, as well as the improvement of market conditions in Poland and the opening of two new farms in America in the last quarter of 2019.

- The **electricity trading segment** generated revenue of € 37.0 million, increased by 87.7% compared to 2018. Operating profit (EBITDA) of the segment amounted to € 2.2 million, compared to € 1.6 million in 2018.

- TERNA ENERGY turnover in **construction segment** to third parties amounted to € 3.4 million, decreased by 76.4% compared to 2018. Operating Profits (EBITDA) of the segment stood at € 0.9 million against € 5.2 million in 2018. This decrease is due to the gradual decline in the Group's construction business. In particular, the backlog of construction work to third parties amounted to €109.9m at the end of 2019 while the backlog of concessions amounted to € 105.9 m.

- Finally, **concessions segment** revenue amounted to € 21.5 million versus € 41.6 million in 2018, marking a 48.3% decrease due mainly to the completion of the Epirus Waste Treatment Plant (“Epirus ACE”). Operating Profits (EBITDA) amounted to € 1.1 million, compared to € 4.9 million in 2018.

The Group's financial position remains satisfactory, as cash and cash equivalents stood at € 257.5 million, while loan liabilities stood at € 1.013.2 million, resulting in a net debt position (bank liabilities less cash and cash equivalents less restricted deposits) standing at € 716.3 million. It is to be noted that the Group's cash available include amounts to be returned of € 3,0 million related to grants received due to the cancellation of construction or the expiry of the deadlines for decisions of certain wind farms. The aforementioned amounts will be returned as soon as the relevant procedures of the relevant departments of the Ministry of Development have been completed. Additionally, they have been excluded from the total restricted cash foe the above calculation.

As of 31/12/2019, TERNA ENERGY Group's investments amounted to € 205.0 m. The Group's ongoing investment activity generates the conditions for the consolidation of an increased income and profitability inflow on a long-term basis.

Environmental issues

Renewable Energy Sources (RES) and Waste Management (WM) industries, in which the company conducts its operations, are leaders, making sizable contributions to pollution control and environmental protection. The European Union recognizes this contribution, sets out objectives and incentives for national governments to implement environmental protection measures and policies and reward companies operating in their territories and participating in this joint effort with the view to meeting these social and economic objectives.

Our Company holds a leading position in RES and WA industries through its significant contribution and particular social sensitivity to meeting the aforementioned objectives. It has developed and implements a long-term growth strategy in the green economy and demonstrates it through investing and using over 100 million euro a year over the last decade.

Human resources management

On 31/12/2019, the Group's total headcount stood at 311 persons, while on 31/12/2018 the respective number was 257. On 31/12/2019, the Company's total headcount numbered 246 employees, while on 31/12/2018 it stood at 197 employees. The Company's Management possesses all the necessary skills regarding implementation of human resources management policies, such as diversification and equal opportunities, respect for human rights, trade union freedom, health and safety at work, education systems, promotion model, etc.

B. Significant events for FY 2019

- On 27.03.2019, the project "Municipal Solid Waste Treatment Plant of Epirus Region" (hereinafter MEA Epirus) commenced commercial operation. The project was implemented by Epirus Region and "Aeiforiki of Epirus", a 100% subsidiary of TERNA ENERGY Group, with the contribution of the Public & Private Partnerships (PPP) Special Secretariat. With the commercial commencement of the Waste Processing Plant of Epirus, an important part of the Regional Waste Management Plan has been implemented. The maximum annual capacity of MEA Epirus is 105,000 tn. The Waste Processing Plant will be recycling at least 17,000 tons of appropriate materials and will be producing green energy of 10,800 KWh per Green Energy year capable of covering the needs of 3.000 families with savings of 12,000 tons of CO_2.
- In 2019, TERNA ENERGY GROUP started construction of nine (9) new wind farms with capacity of 121MW in Euboea. Specifically, construction started in two wind farms in Pyrgari-Dardiza and Exostis in the first quarter and construction in two wind farms in the areas of Voureza and Pyrgari started in the second quarter. The other farms started construction in the 4th quarter. The total budget of the project is approximately € 150 million. The first four wind farms have already been put into trial and the rest are expected to be completed within the first half of 2020. The total project budget is approximately € 150 million and wind farms are expected to complete in the first and second quarter of 2020. The term of the sales contracts is 20 years with a guaranteed feed-in-premium (FiP) sale price provided that the projects are completed by 31.12.2020.
- On 05.09.2019, the Group through the 100% subsidiary of TERNA DEN LLC (a subsidiary of TERNA ENERGY USA HOLDING CORPORATION) acquired 100% of Class B (membership interests) of BEARKAT I TE PARTNERSHIP LLC. The company owns 100% of BEARKAT WIND I LLC, which owns and operates 196.65 MW of Bearkat I wind farm in Texas (Glasscock County), USA. The above transaction was completed for a total value of € 119,693 k ($ 132,357 k). The wind farm has been in operation since January 2018 and has been co-financed by Tax Equity Investor (TEI).

  After the completion of the acquisition of the new wind farm, the total installed capacity of TERNA ENERGY Group in the USA amounts to 648.1 MW.

- Within the 3rd quarter of 2019, the construction of the 158 MW wind farm in Texas, USA (Fluvanna II), was completed. The total budget of the project is approximately € 224 million. The project has been co-financed by a Tax Equity Investor (TEI) who has contributed to the construction of the project the amount of $140.1
- Under RAE Decision No. 230/2019, "Conducting a Common Competitive Bidding Procedure for Renewable Energy Power Plants" and given the final results of the Tender held as at 15/04/2019, Wind Parks in area of Evritania (and in particular KASTRI - KOKKALIA, TYMPANO - TRYPIRI, KARAVI ALOGOVOUNI, PICROVOUNI), with a capacity of 66.6 MW, have been selected to be included in a support scheme under a form of operational support through a competitive bidding procedure of applying offers and have already secured a fixed price of electricity.
- On 23/07/2019, AEIFORIKI EPIRUS S.A. submitted to the Region of Epirus Arbitration Appeal – Arbitrator Appointment and Arbitrator Referee Appointment Invitation as of 19/07/2019 asking to define as unlawful a fine of € 690 thousand imposed on it and to return the amount to the company with the legally effective default interest, and as well to deposit the amounts of : (a) € 989 thousand as compensation for material damage causing prolongation of the construction period; (b) € 697 thousand as compensation for loss of income during the above period; (c) € 325 thousand as compensation for the cost of carrying out additional MAE Epirus control tests, (d) € 817 thousand as compensation for loss of revenue during the first year of operation of MAE Epirus, (e) € 1,048 thousand as compensation for the loss of revenue during the second year of operation of MAE Epirus.
- On 17/07/2019, the Company repaid the total nominal value of the issued bonds that had been covered by TERNA ENERGY FINANACE SA, pursuant to the Common Bond Loan Issuance Scheme as of 12/07/2017, up to € 60,000 thousand, in compliance with clause 4 of the CBL Program ("Prepayment"). As part of the prepayment and in accordance with the provisions of the CBL Program, the following amounts were paid by TERNA ENERGY FINANACE SA on Wednesday, July 17, 2019:

  (a) the total nominal value of bonds, i.e. € 1,000 per bond;
  (b) interest accrued until 17 July 2019, the gross amount of interest due for the 4th Interest Period (17/1 / 2019-17 / 7/2019) standing at Euro 1,432,5 k; and
  (c) an additional prepayment equal to 1% of the nominal value of the prepaid bonds, i.e. € 10 gross amount per bond.

- On 30/12/2019, following the convening of the TERNA ENERGY FINANCE SA Extraordinary General Meeting of Shareholders, it was decided to increase the Share Capital of the Company by € 1,800 k (€ 1,301 k was deposited by the Company on 17/07/2019 in view of the forthcoming share capital increase), with the issuance of 1,800,000 new registered shares, with a nominal value of € 1.00 each. Certification of the total payment of € 1,800 k by GEMI was held on 24/01/2020, when the share capital of the Company was increased, consisting of 1,800,000 ordinary registered voting shares, with a nominal value of 1 euro each.
- On 22/07/2019, following theJune 7, 2019 announcement, TERNA ENERGY FINANCE repaid the total nominal value of the issued bonds pursuant to the Common Bond Loan Issuance Scheme as of 12/07/2017, up to € 60,000 thousand and the Bondholders' Representatives Appointment Agreement (the "CBL Program"), in compliance with clause 4 of the CBL Program ("Prepayment").

In this context, 17/07/2019, was defined as the last day of trading on the ATHEX of the aforementioned bonds. As part of the prepayment and in accordance with the provisions of the CBL Program, the following amounts were paid on Monday, July 22, 2019:

(a) the total nominal value of bonds, i.e. € 1,000 per bond;
(b) interest accrued until 22 July 2019, the gross amount of interest due for the 4th Interest Period (21/1/2019-22/7/2019) standing at Euro 1.167,8 k; and
(c) an additional prepayment equal to 1% of the nominal value of the prepaid bonds, i.e. € 10 gross amount per bond.

- On 22/10/2019, the outcome of the Public Offer for the Issuance of Common Bond Loan of € 150 m was announced and the listing of the 100%subsidiary's bonds of the Group TERNA ENERGY MAEX for trading in the Athens Stock Exchange Regulated Fixed Income Class. Specifically, a total of 150,000 common anonymous bonds of the Company were issued at a nominal value of € 1,000 each (the "Bonds") resulting in the raising of funds of € 150,000 k. The total valid demand expressed by investors who participated in the Public Offer stood at € 684 m. The widespread response of the investing public resulted in the Public Offer being covered 4.56 times and the total number of participating investors stood at 6,673. The final yield of the Bonds was set at 2.60%, the Bond rate at 2.60% and the bond issue price at € 1,000 each, i.e. 100% of its nominal value.

- In the 4th quarter of 2019, the Minister of Environment and Energy Mr. Kostis Chatzidakis approved the Environmental Terms of the project "Amari Rethymno Hybrid Station" promoted by the Terna Energy Group.

  As indicated in a related Group's announcement, the Amari Hybrid Station is a major model green investment. The total amount is expected to reach 280 m euro and more than 1,000 jobs will be generated during the construction period. It is worth noting that the domestic added value of the investment exceeds 60% and is expected to reach 170 million euro.

  Implementation of the project will be a decisive step towards addressing Crete's energy deficit. At the same time, it will bring a number of accompanying benefits to local communities and Crete in general, as it will deliver to the beneficiary municipalities of Rethymno, Amari, Sitia and their communities, as well as to the Crete Development Organization, of total amount € 4.6 million annually, during the twenty-five year period of the contract.

  More specifically, the Amari Hybrid Station is based on the energy utilization of the River Dam and combines wind power generation with its storage through storage pumps. It is a combination of 89.1 MW installed wind farm, up to 93 MW hydroelectric power plant and 140 MW capacity pump. The project ensures complete flexibility and security of supply, both at this stage and after the interconnection of Crete, providing high quality auxiliary services and the possibility of mass renewable energy storage. Its benefit, according to studies, is more than 300 m euro, protecting the island from risk of blackout. Also, it can fully replace the gas turbine units of Crete, which as of 01/01/2020 are in limited operation.

- In October 2019 the ICAP Group S.A. upgraded its credit rating of "TERNA ENERGY SA" in rating A, which implies a very low credit risk and is attributed to companies that are able to meet their obligations even in adverse economic conditions and therefore their credit rating remains consistently high. A-rated companies are characterized by their very significant financial sizes, their upward course and their significant market position.

C. Significant Events after the end of FY 2019

From 01/01/2020 until the date of the present report, the following significant events occurred:

- **Return of share capital to shareholders of amount € 19,4 m.**
On 18/12/2019, the Extraordinary General Meeting of Shareholders of the Company decided to increase the share capital by € 19.366.219.12 by capitalizing part of the special reserves from the issue of share premium. The increase will be effected by increasing the nominal value of the share from € 0.30 to € 0.47. At the same time, it was decided to simultaneously decrease the share capital by € 19.366.219.12 with a corresponding decrease in the nominal value of each share from € 0.47 to € 0.30 and return of the reduction amount (ie € 0.17 per share) to the Shareholders. On 24/1/2020, it was registered in the Registry of Sociétés Anonymes with Prot. no. 7893 Decision of the Ministry of Development and Investment - General Secretariat of Commerce, which approved the amendment of paragraph 1 of article 5 of the Company's Articles of Association as a result of the increase and decrease of the share capital. The ATHEX Committee of Companies, at its meeting held on 29/01/2020, was informed of the increase and decrease in the nominal value of the Company's shares as a result of which the Company's share capital amounts to thirty-four million one hundred and seventy-five thousand six hundred eighty euro and eighty cents (€ 34,175,680.80) and is divided into one hundred and thirteen million nine hundred and eighty thousand nine hundred and thirty-six (113,918,936) ordinary voting shares with a nominal value of thirty cents (€ 0.30) each one. Following the above, as of Thursday 05/03/2020 (cut-off date) the Company's shares are trading on the ATHEX with the new nominal value of € 0.30 per share and without the right to participate in cash return to shareholders of € 0.17 per share. This obligation of repayment the capital return was completed on 11 March 2020.

- **Grant of € 3.5 million to Hellenic Military Forces**
On 10/02/2020, the Company donated € 3.5 million to Hellenice Military Forces.
The Company will fully cover the cost of the study, design and construction of all required projects to:
a. Turning 115 Military Airport (Souda) into a Net Zero Carbon Emissions facility.
b. Meeting the needs for electricity, heating and cooling facilities at the 115 Military Airport in Souda, 100% from Net Zero Energy Airport and 'electrify' transfers within the Airport.

  115 Military Aiprort in Souda will be one of the first installations in the world to receive the certification, while the annual benefit of fully discharging the Unit from the cost of electricity supply and heating needs, will exceed € 400 k. This way, the 115 Military Airport will make a significant contribution to addressing climate change and will be equipped with state-of-the-art intelligent energy management systems, without reducing its operational capabilities.

For the implementation of the necessary projects, the Company will cooperate with the specialized company Easy Power.
The budget of the proposal exceeds € 3.5 million, while the time required for completion of the project is estimated to be approximately six (6) months from the day of official acceptance of the grant by the Government Gazette and the signing of the relevant contract with the Ministry of National Defense.

- **New investments over € 550 million in the Greek RES market**
In a related announcement dated 16/03/2020, TERNA ENERGY S.A. announced that continuing its investment plan in Greece, it is proceeding with the implementation of new investments in the production of clean energy, with a total budget of € 550 million. In this context, the Company is expected to start the construction of new wind farms in Evia within the next period, as it has completed the acquisition of the portfolio of licensed and under process licensed 270 MW wind farms of the company "RF Omalies S.A." by RF ENERGY S.A.

At this stage, the construction of wind farms with a total capacity of more than 180 MW is projected, resulting in the total power of the new wind farms launched on the Greek RES market by TERNA ENERGY Group, exceeding 400 MW and the total investment value of 550 million euro.

The significant increase in TERNA ENERGY's presence in the Greek RES market brings the Group's goal of approaching the size of 2,000 MW of RES projects in operation in Greece and abroad much earlier than in 2025, which was initially launched. It is worth noting that TERNA ENERGY Group is already operating, constructing or fully licensing 1,512 MW of RES installations in Europe and America. The total installed capacity of the Group amounts to 1,386.5 MW. Specifically, the Group has installed 606.4 MW in Greece, 648,1 MW in the USA and 132 MW in SE. Europe.

In addition to the aforementioned new investments in wind farms in Evia, TERNA ENERGY has already launched additional investments totaling over $ 1 billion euro, which relate to new wind farms in various areas of Greece, environmental projects and clean energy projects, such as the Amari Hybrid Station in Crete and the pumping project in Amfilochia. These are two extremely significant investments of approximately € 800 million, required to balance transmission networks and transition to a carbon-free economy. Already launched investments in conjunction with the new wind farms in Euboea raise TERNA ENERGY Group's total investment program to over 1.5 billion euro.

D . Prospectives

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

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

"The end of lignite is the dawn of the RES era

The fuel that backed up the country's electricity is gradually consigned to the dustbin of history. In 2020, the first PPC plants in Amyntaio and Kardia are closed, staff departures are scheduled and the Master Plan is expected to be ready by the summer. A plan with tax and development incentives, focusing on manufacturing, tourism and green energy, to get Western Macedonia and Megalopolis on their feet. At the same time, PPC's first green partnerships with individuals will unfold. In all respects the bet is ambitious but necessary victorious.

DEPA is going under private property

In January, the privatization of DEPA's Trading, which is of great interest, begins, and the DEPA Infrastructure tender is already underway. In the case of infrastructure, the battle will be between foreign players, and in the case of trading, the game will be played between domestic players. Whoever takes over DEPA Trading, whose big "dowry" is EPA Attikis, with a clientele of over 430,000 households (electricity and gas), plus more than 9,000 businesses, automatically takes the lead in the gas market battle.

Green investments are speeding up

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

The Energy Exchange is starting operations

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

Electric machine driving is activated

In the first half of the year, electric driving will also be driven by a range of incentives, such as market subsidies, tax exemptions, toll discounts and free parking at selected points in the city center. Depending on how "brave" the motives will be pedestrians and new electric vehicle registrations will open up. PPC is committed to developing the first 1,000 charging stations nationwide in the next 2 to 3 years.

Building energy upgrades

2020 will be the first year for this bet as well. The new ESEK implementation plan projects that annually, approximately 60,000 buildings will have to be upgraded. The launch of new energy upgrading plans for private buildings, public buildings (ELECTRA program) and industries is expected to help. This is a set of measures critical to achieving the ESEK's objectives, which is the key to energy efficiency, as we are committed as a country in 2030 to lower energy consumption than in 2017.

HEDNO privatization, further sale of IPTO OR ADMIE

In the first quarter, decisions will be taken to further privatize the transmission network, i.e. ADMIE, and by summer the decisions to sell 49% of the 239,000km distribution network, i.e. HEDNO, will have been finalized. In both cases, there is evidence of lively interest from foreign investors. In both cases, the hidden "treasure" listens to the name "optical fibers", and how they can tap into networks, enabling providers to offer complex energy and telecommunications (5G) packages.

Mobility around East Med

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

The TAP pipeline is in operation

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

IGB and FSRU at the final stage

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

The bet for the Underground Storage Facility of Kavala

Out of the ice comes the much debated 300- 400m Euro budget investment to convert the depleted South Kavala field into an underground gas storage facility.

In the first half of 2020 it is expected to launch a tender to select an investor who will convert the depleted mine into an underground gas infrastructure. Our country is one of the few in Europe that does not have such infrastructure. The project complements the gas infrastructure being developed in Northern Greece, namely the TAP, IGB pipelines and the liquefaction and re-gasification plant in Alexandroupolis.

New research on hydrocarbons

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

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

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

E. Risk and uncertainties

The Group's operations are also subject to other risks and uncertainties, such as market risk (exchange rate fluctuations, interest rates, market prices, etc.), financial risks (credit risk, liquidity risk, etc.) wind and weather conditions.

To address financial risks and reduce their negative impact on the results, the Group monitors the fluctuations of the factors that affect cost and sales and uses appropriate, as per case, products.

The major risks and uncertainties regarding the Group’s operations are presented below as follows:

Credit risk

The Group examines its receivables on an on-going basis and incorporates the arising data in its credit control.

The total of the energy segment receivables relates to the broader domestic (including DAPEEP and DEDDIE) and foreign Public Sector, while the same is effective regarding the main part the receivables of the construction industry.

Given the nature of its operations, the Group is not exposed to significant credit risk from trade receivables except delays in collections from LAGIE, which can be significantly reduced following the application of Law 4254/14.

The credit-transaction risk for cash and other receivables is low, since the parties to transaction are banks of high-quality capital structure, the State or the entities of the broader Public Sector or strong business groups.

Finally, the Group Management estimates that all the aforementioned financial assets, for which the necessary depreciations have been made, are of high credit quality.

Foreign exchange risk

Apart from Greece, the Group operates in Eastern Europe and the United States of America and therefore it may be exposed to foreign exchange risk that may result from the exchange rate of Euro against other currencies. This type of risk may arise only from trade transactions in foreign currency, from financial investments in foreign currency, as well as from net investments in foreign entities. To limit their risk, especially in the US where the amounts of transactions/commissions are significant, the Group uses the cash surpluses generated in dollars. During the operational phase, all related costs and revenues are made in US dollars, thus excluding any possibility of generating currency exchange differences.

To address this risk, the Group's financial management department systematically monitors exchange rate fluctuations and ensures that it does not adversely affect its cash flows.

Regarding the Company’s transactions with foreign entities, such primarily take place with European Groups where the settlement currency is the euro and therefore such transactions are not exposed to foreign exchange risk.

Interest rate risk

The Group’s policy is to minimize its exposure to cash flow interest rate risk with regards to its long-term financing.

In this context, long-term loans received by the Group either bear a fixed interest rate or are hedged for almost the entire duration. Thus, 40% of the Group's long-term borrowing refers to fixed interest rate loans, 21,3% refers to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 38,7 % in floating rate loans on a case by case basis euribor or wibor.

The Group’s total short-term debt is in euro under floating interest rates linked to euribor. Short-term loansare primarily received as bridge financing during the phase of implementation and construction of the Group’s investments.

The relevant loans are repaid either when the relevant government grants are received or through long-term loans during the completion of construction and commencement of operation of the wind parks. These loans are expected to be repaid within one year, while new short-term loans are expected to be received to finance the construction of new wind parks. Therefore, the Group is exposed to interest rate risk arising from short-term debt and the part of long-term debt that is under floating interest rates.

Sensitivity analysis of interest rate risk

The table, presented below, records sensitivity of earnings for the year versus the Group's short-term borrowing and deposits, at a change in the interest rate of + 20% -20% (2017: +/- 20% just as well). Changes in interest rate are estimated to fluctuate on a reasonable basis in relation to the recent market conditions and till currently, they have been stable compared to the previous year.

	2019		2018	
Amounts in thousand €	**20%**	**(20%)**	**20%**	**(20%)**
Earnings for FY after tax – Group	(159)	159	(119)	119
Earnings for FY after tax - Company	(65)	65	(70)	70

The Group is not exposed to other interest rate risks.

Market risk analysis

The Group's financial assets are not exposed to market risk in the segments for Energy, Concessions and Construction.

Liquidity risk analysis

The Group’s liquidity is considered satisfactory, as apart from the effective cash and cash equivalents, currently operating wind farms generate satisfactory cash flows on an on-going basis. In 2019, net cash flows from operating activities amounted to € 168,8 million versus € 137,3 million recorded in 2018. The Group manages its liquidity needs by applying a cautious cash flow planning, by carefully monitoring the balance of long-term financial liabilities as well as by systematically managing the payments which take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are defined monthly. The Company maintains cash and cash equivalents in banks, in order to cover its liquidity needs for periods up to 30 days. The capital for mid-term liquidity needs is released from the Company’s term deposits.

Other risks and uncertainties

The Company remains exposed to short-term fluctuations of wind and hydrologic data, a fact, which, however does not affect the long-term efficiency of its projects, as prior to the implementation of the investments extensive studies take place with regards to the long-term behavior of such factors.

The construction sector of TERNA ENERGY is subject to significant fluctuations, both with regards to turnover and with regards to the profitability of each construction project, because the construction activity, Particularly of specialized companies such as ours, entails increased volatility that is mainly related to the ongoing renewal of the backlog of construction agreements towards third parties, which are mainly Public entities.

Special statement on the COVID-2019 effects
It is a fact that the outbreak of the coronavirus pandemic found the citizens and political leaders of the whole world completely unprepared to address it, which quickly led to the rapid spread of the disease and to the feelings of insecurity and fear for its ultimate outcome of phenomenon. Our Group, despite its surprise, immediately after the first announcements, moved swiftly and decisively, designed and started immediately implementing a plan of measures and actions with key objectives: the safety and health of all of us, the safe repatriation of our executives, where appropriate, utilizing the most up-to-date information technology to minimize movements and travel, as well as modern, flexible ways of working depending on the individual or special needs of groups employees, so that the company can respond promptly to any requirement of any organizational - operating unit of the corporate structure.

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

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

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

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

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

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

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

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

For the purpose of informing the Shareholders, Management declares the following: 1) any delay in the collection of the company's revenue by DAPEEP does not appear today to exceed the production value of six months, as has happened in the past. Within 2020, a six-month delay in payment will create, at least temporarily, a cash issue of around € 120 million. The Group's cash and cash equivalent (€299 million, out of which available cash€ 257 million and €42million restricted deposits on 31/12/219) allows Management to manage any potential cash problem with relative ease without interrupting the pace of implementation of the investment plan. Should the delay exceed 6-8 months, the Management will reschedule its investment plan, business and cash flow planning to meet increased cash needs and minimize adverse effects. The controlled slowdown and / or, where appropriate, cancellation of planned investments will prove unavoidable if the delay in recovery goes beyond reasonable limits and market operating practices. But even in such a case, the company, due to its size, capability, experience and determined strategy, is ready to strive to maintain its leading position in the RES market and to maintain its competitive edge.

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

Moreover, the Management considers that, in 2020, credit risk, in relation to the energy sector requirements for both the TERNA ENERGY SA parent company and for the rest of the Greek companies of the Group, is limited.

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

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

F. 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 Group utilizes Alternative Performance Measurement Indicators ("APMI") in its financial, operational and strategic planning decisions, as well as in evaluating and publishing its performance. These APMI serves to better understanding the Group’s financial and operating results as well as its financial position when describing the Company's performance, the following indicators are used:

Alternative indicators should always be considered in conjunction with the financial results prepared in accordance with IFRSs and in no case should they replace them. The following indicators are used when describing the Group's performance by sector:

EBIT (Earnings Before Interest & Taxes): It is a ratio by which the Company's Management assesses its operating performance. It is defined as Earnings / (losses) before income tax +/- Net Financial Results (including Tax Equity Investor Financial Cost), +/- Valuation Foreign Exchange Differences, +/- Affiliates results, +/- Profits / (Losses) from the sale of participation interests and debt securities, +/- Provision for depreciation of participations, fixed assets, receivables and debt securities, +/- Profits / (Losses) from financial instruments measured at fair value.

EBITDA (Earnings Before Interest Taxes Depreciation & Amortization): The ratio is calculated as Earnings / (losses) before income tax and Net Financial Results adding depreciations and amortizations of tangible and intangible assets and deducting grants depreciations. The greater this indicator is, the more efficient the operation of the Company becomes.

"Gross Profit Margin" is a ratio by which the Company's Management assesses the return level and is defined as Gross Profit to Turnover.

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

"Loan Liabilities to Total Capital Employed" is an indicator, that the Management assesses the Group's financial leverage. Loan Liabilities are the total of Short-term Loans, Long-term Loans and Long-term Loans payable the following year. Total Capital Employed is defined as the total of equity, loan liabilities, securities similar to financial liabilities (Note 29) in the accompanying financial statements), the repayment of which follows the payment of the debt arising from the respective wind farms and is conducted only at the degree where the returns required from their operations, lease liabilities, grants are reduced by the amount of cash available that is not subject to any restriction or commitment, beyond the commitments associated with the borrowing.

(Amounts in thousand Euro unless mentioned otherwise)

The following tables configures the ratios EBIT», «EBITDA», «Gross Profit Margin» και «Net Debt/ (Surplus)»:

Business segment	Construction	Electricity from RES	Electricity trading	Waste management	E-Ticket	Total
31 December 2019						
Turnover	**3.404**	**237.267**	**36.981**	**10.669**	**10.823**	**299.144**
Net Results per Segment	**636**	**48.384**	**1.118**	**(51)**	**3.158**	**53.245**
Depreciations	(52)	(64.366)	(17)	(22)	(17)	**(64.474)**
Amortization of grants	-	7.995	-	-	-	**7.995**
Financial income	-	257	-	1.160	4.132	**5.549**
Financial expenses	(477)	(47.408)	(33)	(1.439)	(960)	**(50.317)**
Finance cost of tax equity investor	-	(15.885)	-	-	-	**(15.885)**
Foreign exchange differences on valuation	-	700	(7)	-	-	**693**
Profit from financial instruments at fair value	-	6.870	-	-	-	**6.870**
Losses from disposal and valuation of equity and other investments	-	(4)	-	-	-	**(4)**
Impairment recoveries/(impairments) of fixed assets	-	(2.053)	-	5	11	**(2.037)**
Impairment recoveries/(impairments) of receivables and inventories	(166)	(477)	(645)	64	14	**(1.210)**
Percentage of results of associates	-	(26)	-	-	-	**(26)**
Income tax	(103)	(14.936)	(427)	11	(936)	**(16.391)**
EBIT	**860**	**121.326**	**2.230**	**148**	**897**	**125.481**
EBITDA	**912**	**177.717**	**2.247**	**170**	**914**	**181.960**

Business segment	Construction	Electricity from RES	Electricity trading	Waste management	E-Ticket	Total
31 December 2019						
Turnover	3.404	237.267	36.981	10.669	10.823	**299.144**
Cost of sales	(1.563)	(114.764)	(34.754)	(9.553)	(9.644)	**(170.278)**
Gross profit	**1.841**	**122.503**	**2.227**	**1.116**	**1.179**	**128.866**
Gross profit margin	**54,08%**	**51,63%**	**6,02%**	**10,46%**	**10,89%**	**43,08%**

Business segment	Construction	Electricity from RES	Electricity trading	Waste management	E-Ticket	Total
31 December 2018						
Turnover	**14.419**	**216.335**	**19.702**	**30.900**	**10.696**	**292.052**
Net Results per Segment	**3.741**	**37.158**	**1.457**	**1.592**	**3.105**	**47.053**
Depreciations	(52)	(55.556)	(3)	(1)	(13)	**(55.625)**
Amortization of grants	-	7.862	-	-	-	**7.862**
Financial income	21	959	1	123	4.049	**5.153**
Financial expenses	(258)	(45.764)	(19)	(2.471)	(1.221)	**(49.733)**
Finance cost of tax equity investor	-	(12.627)	-	-	-	**(12.627)**
Foreign exchange differences on valuation	-	1.931	(10)	-	-	**1.921**
Profit from financial instruments at fair value	-	1.088	-	-	-	**1.088**
Losses from disposal and valuation of equity and other investments	(9)	-	-	-	-	**(9)**
Impairment recoveries/(impairments) of fixed assets	-	(1.147)	-	-	-	**(1.147)**
Impairment recoveries/(impairments) of receivables and inventories	(139)	(2.511)	(13)	(133)	(58)	**(2.854)**
Percentage of results of associates	-	(28)	-	-	-	**(28)**
Income tax	(1.492)	(13.329)	(92)	762	(1.207)	**(15.358)**
EBIT	**5.118**	**108.586**	**1.590**	**3.311**	**1.542**	**120.147**
EBITDA	**5.170**	**156.280**	**1.593**	**3.312**	**1.555**	**167.910**

Business segment	Construction	Electricity from RES	Electricity trading	Waste management	E-Ticket	Total
31 December 2018						
Turnover	14.419	216.335	19.702	30.900	10.696	**292.052**
Cost of sales	(7.838)	(105.960)	(18.190)	(27.461)	(8.996)	**(168.445)**
Gross profit	**6.581**	**110.375**	**1.512**	**3.439**	**1.700**	**123.607**
Gross profit margin	**45,64%**	**51,02%**	**7,67%**	**11,13%**	**15,89%**	**42,32%**

Business segment	Construction	Electricity from RES	Electricity trading	Waste management	E-Ticket	Total
31 December 2019						
Long-term loans	-	860.715	-	27.724	18.079	**906.518**
Short-term loans	-	36.419	34	-	-	**36.453**
Long term liabilities carried forward	-	66.771	-	586	2.857	**70.214**
Cash available	-	(242.222)	(1.505)	(2.404)	(11.333)	**(257.464)**
Grants to return	-	3.024	-	-	-	**3.024**
Restricted deposits	-	(42.460)	-	-	-	**(42.460)**
Net debt / (surplus)	**-**	**682.247**	**(1.471)**	**25.906**	**9.603**	**716.285**

Business segment	Construction	Electricity from RES	Electricity from RES	Waste management	E-Ticket	Total
31 December 2018						
Long-term loans	-	627.240	(1)	20.312	20.858	**668.409**
Short-term loans	-	43.957	32	-	-	**43.989**
Long term liabilities carried forward	-	97.167	-	6	2.868	**100.041**
Cash available	(16.918)	(135.013)	(1.663)	(823)	(11.942)	**(166.359)**
Return of grants	-	3.024	-	-	-	**3.024**
Restricted deposits	-	(42.874)	-	-	-	**(42.874)**
Net debt / (surplus)	**(16.918)**	**593.501**	**(1.632)**	**19.495**	**11.784**	**606.230**

The ratio "**Loan Liabilities to Total Capital Employed"** at the end of 2019 and 2018 is as follows:

Amounts in thousand €	**31.12.2019**	**31.12.2018**
Short-term loans	36.453	43.989
Long-term loans	906.518	668.409
Long term liabilities carried forward	70.214	100.041
Bank liabilities	**1.013.185**	**812.439**
Total equity	438.442	391.132
Bank liabilities	1.013.185	812.439
Equity interests having a substance of financial liability	375.772	160.390
Lease liabilities (Long-term & Short-term portion)	8.732	-
Grants	134.322	141.336
Subtotal	**1.970.453**	**1.505.297**

(Amounts in thousand Euro unless mentioned otherwise)

Less:		
Cash available	257.464	166.359
Restricted deposits (note 20)	42.460	42.874
Grants to be rebated (note 22)	(3.024)	(3.024)
Subtotal	**296.900**	**206.209**
Total employed capital	**1.673.553**	**1.299.088**
Loan Liabilities / Total employed capital	**61%**	**63%**

G. Transactions with Related Parties

The Company's transactions with related parties pursuant to the provisions of the IAS 24 have been conducted under normal market conditions. In 2019, the amounts of sales and acquisition as well as the balances of the Company's and Group's assets and liabilities as of 31/12/2019, arising from transactions with related parties are presented in note 41 of the financial statements.

Transactions with members of the BoD

The total amounts paid to the members of the Group's Board of Directors amounted to Euro 1,964,620 (for the Company: Euro 1,414,640), of which an amount of Euro 748,600 (for the Company: Euro 700,000) relates to BoD fees, and an amount of Euro 1,216,020 (for the Company: Euro 714,640) related to rendering of services.

H. Treasury Shares and other information

During the period 01/01/2019 - 31/12/2019 the Company purchased 340,776 treasury shares of nominal value Euro 102.232.80 and market value Euro 1.926.401.26. The total number of treasury shares held by the Company as at 31/12/2019 amounted to 1,643,251 shares, ie 1,44% of the total capital, with a total acquisition cost of € 9,261,056.30.
As part of its activity, the Company generates Branches, Construction sites and other similar facilities. In 2019, the Company maintained 88 facilities.

Athens, 2 April 2020

On behalf of the Board of Directors,

Georgios Peristeris
Chairman of the Board of Directors

CORPORATE GOVERNANCE STATEMENT

1. Code of Corporate Governance

The Management of TERNA ENERGY S.A. make efforts, on on-going basis, in order to facilitate full compliance with all the measures and regulations, established by legislative, supervisory and other competent authorities regarding all the activities and operations of the Group. Moreover, it systematically prepares, updates and implements internal regulations, guidelines and business practices that complement the current institutional framework and promote a modern corporate governance system.

The aforementioned measures are summarized in the Company's Corporate Governance Code, which constitutes the basis and reference point of the Group's integrated governance system. By implementing the CGS and the individual thematic regulations, Management ensures the efficient management and utilization of the company's resources and promotes corporate responsibility as a core value of the Group's growth path.

The individual thematic regulations and operating instructions of the company are:

1) Corporate Internal Regulation. It includes all the measures, rules and instructions adopted by the Management, in addition to the mandatory provisions and / or regulations imposed by the competent institutions and the respective Authorities.
2) Code of conduct
3) Audit Committee statutory chart and internal regulation
4) Internal Audit Dept. Regulation
5) Nomination and Remuneration Committee internal regulation
6) General Data Protection Regulation
7) Corporate Responsibility
8) Anti-bribery management system.

Any new relevant provision, measure, rule, etc. is incorporated into the CGC and other regulations. in order to maintain the required completeness and to adapt directly to the changing conditions of the company's economic, social and business environment. The Annual Management Report of the Board of Directors gives a more analytical account of all the above provisions and regulations.

CGC, the Code of Ethics, the Corporate Responsibility Report and Data Protection Regulations are published on the company's website www.terna-energy.com

2. Corporate governance regulations and practices

The CGC analytically states, with clarity and accuracy, the following corporate governance regulations and practices, including the role of the company's key management and control bodies.

2.1. Board of Directors

The CGC clearly defined the role, along with its responsibilities and duties to set and apply the Company's strategy with the basic objective of protecting the interest of all Shareholders. In its capacity of the supreme authority in the Company's management, the Board of Directors decides on all the corporate affairs, apart from those falling within the authority of the General Meeting. The responsibilities of the Board of Directors include as follows:

- long-term strategic and mid-term business planning regarding the Company
- decisions of strategic importance, such as acquisitions, mergers, liquidations, high budget investments
- formulating general, as well as specific, key policies in respect of the Company's operation
- approving, monitoring and assessing implementation of annual projects and budgets
- ensuring the reliability and completeness of accounting – financial systems and data and the Company financial statements based on them
- ensuring sound operation of the appropriate systems and mechanisms for the Company's internal audit, compliance with its legal – operational framework, as well as assessing and managing the business risks it faces
- on-going effort, aimed at avoiding or sound treatment of potential conflicts of interest of the Board of Directors or its members or key shareholders with the interests of the Company by adopting transparency regulations and transactions
- appointment of the Chief Executive Officer and other members of the Board of Directors and assessment of their overall activity
- defining remuneration of BoD members and proposing its approval by the General Meeting of Shareholders, as well as deciding on the remuneration of the Company's key executives
- deciding on the Company's organizational structure, management systems and procedures, as well as amending them, when deemed necessary by the Company's internal and external operation conditions
- establishing and monitoring sound operation of the committees, set out in the Corporate Governance Principles (Audit Committee and Nomination and Remuneration Committee)
- establishing collective bodies when deemed necessary for the improvement of the Company's efficiency and operations
- defining and monitoring the implementation of the Company's primary values and principles, including those of corporate governance, throughout its overall relationship with all related parties.

The composition of the nine-member Board of Directors, after the Extraordinary General Meeting of Shareholders held on 18 October 2018, which will manage the company until the Regular General Meeting, which will be held by 30/6/2022 the latest, includes the following Members:

1. George Peristeris, father's name - Theodoros	Chairman – Executive Member
2. George Perdikaris, father's name - Gerasimos	Vice-Chairman – Executive Member
3. Emmanuel Maragoudakis, father's name - Vasileios	Chief Executive Officer – Executive Member
4. George Spyrou, father's name - Symeon	Executive Director – Executive Member
5. Vasileios Delikaterinis, father's name - Evangelos	Executive Director – Executive Member
6. Michael Gourzis, father's name - Alexandros	Non-Executive Member
7. George Mergos, father's name - Ioannis	Independent Non-Executive Member
8. Gagik Apkarian, father's name - Serop	Independent Non-Executive Member
9. George Kouvaris, father's name - Theologos	Independent Non-Executive Member

The CVs of the Board Members are posted on the Company's website.

The Board of Directors held 12 regular meetings in 2019, in accordance with the relevant program, scheduled at the end of 2018. In addition, the members held extraordinary meetings as at 8/3/19, 19/3/19, 21/3/19, 5/4/19, 16/4/19, 5/6/19, 12/7/19, 11/10/19 and 12/12/19, whenever it was requested to deal with extraordinary events that could not be foreseen when establishing the initial programming.

During the exercise of their duties and the Board meetings in 2018, the Board members exhibited "diligence of a prudent businessman", dedicated the sufficient time needed for the efficient management of the Company, acted with integrity, accountability and proper judgment, avoiding actions that could endanger the Company's competitiveness or conflict its interests. Also, they protected the confidentiality of information they had privileged access to and ensured the prompt and simultaneous provision of information to all shareholders and interest investors on issues that could affect their decision to realize any transaction on Company shares.

During the Board meetings and its activities, the Board was supported by the Company Secretary Ms Dimitra Hatziarseniou, whose responsibilities are described in the CGC.

2.2. Chairman of the Board of Directors

The Chairman is the key person behind applying Corporate Governance Principles in the Company, with responsibility, among others, for efficient operation of the Board of Directors and active participation of all its members in making and reviewing implementation, as well as for sound communication between the Company and its shareholders.

The Chairman's responsibilities include convening and guiding the BoD activities in respect of the issues of the daily agenda prepared by the Chairman according to the Company's needs and the relevant requests of other BoD members. Furthermore, the Chairman is in charge of efficient coordination and sound communication among all the BoD members, as well as between the Company and its shareholders – investors.

Lastly, it is the duty of the Chairman to provide timely, clear and reliable information to the members of the Board of Directors on all activities and operations of the company, to ensure smooth integration and cooperation among them, as well as to encourage them to actively participate in corporate affairs and in making business decisions.

The Board of Directors is supported by Committees, which have consulting, through an extremely significant role in the decision-making process regarding the BoD. The Committees include as follows:

2.2.1. Members of the Board of Directors Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members and its role is to examine and propose proper nominees to be elected to the Company's Board of Directors, as well as to propose policies and systems that define remuneration at all the Company levels.

The Committee's responsibilities, in relation to proposing nominees, mainly include defining the Company's requirements as regards to the size and composition of its Board of Directors, defining the role, responsibilities and skills of each position within the Board of Directors, the periodic review of the Board's size and composition and the submission of proposals for changes – improvements when deemed necessary. In relation to its responsibilities on remuneration issues, the Nomination and Remuneration Committee holds meetings at least twice a year and whenever else deemed necessary.

The Committee examines and recommends application of the system that defines remuneration of employees, BoD members and key executives, prepares and submits to the BoD proposals regarding the corporate remuneration policy and assesses its application according to the relevant annual remuneration report. Moreover, the Committee it prepares proposals to be submitted by the BoD to the General Meeting of shareholders for approval.

The composition of the Committee is as follows:
George Mergos - Chairman of the Committee, Independent Non-Executive Member
George Kouvaris - Independent Non-Executive Member
Michail Gourzis - Non-Executive Member

In the current FY, the Committee held two (3) meetings: on April 22, 2019, regarding a) the distribution of allowances and (b) the proposal to the General Assembly for the election of new members of the Audit Committee, on July 23 2019, regarding the submitting of a proposal to the BoD for the new operational structure of the Company and on 27/11/2019 regarding the approval by the BoD of Company's Remuneration Policy plan.

2.2.2. Investment Committee

Mid-long-term strategic planning of the company's development includes, amongst others, the following investment policy, aimed at meeting and maintaining its business objectives through time.

The company's Board of Directors is the body in charges of setting out and applying the investment policy. In this context the Board bases its decisions on the appropriate proposals submitted by the Investment Committee with regards to acquisitions, mergers, strategic alliances, high budget investments, liquidation of assets and any other action of strategic importance that may affect the capital structure and future development of the company. The Investment Committee convenes once every quarter and at any other time deemed necessary for the BoD to make investment decisions.

The Investment Committee (I.C.) consists of five members, three (3) of whom are from the BoD of the company and its parent company and two (2) other members are senior executives or consultants of the company, according to the issue to be discussed.

The present composition of the Committee is as follows:

George Peristeris
Emmanuel Maragoudakis
George Spyrou
and two of the following three members, depending on the issue to be discussed:
Vasileios Delikaterinis
George Agrafiotis
Emmanuel Moustakas.

As is the case of other company committees, the I.C. has the character of providing proposals and not making decisions. Its basic responsibilities include setting out the investment policy and preparing the long-term investment plan of the company, evaluating and approving the implementation of the annual investment plan, as well as any new significant investment that is separately submitted, examining the company's capital adequacy to implement each investment proposal, evaluating the business risks associated with such and evidencing its objective and confirming that its implementation is included in the application measures of the company's approved business strategy.

During the meetings held in 2019, the Investment Committee examined the progress of the Group's investment plan, in particular - the investment in the USA, where the company has expanded. The members of the Committee thoroughly analyzed the prevailing conditions and changes introduced by the new US president in taxation and – generally - in the institutional framework of business operations and assessed the potential risks for the company's investment in America. They were also briefly informed about new investment proposals, assessed by the relevant key executives of the Group and instructed those in charge to prepare a relative proposal by the first quarter of 2019, when the aforementioned framework has been clarified.

2.2.3. Audit Committee

The Audit Committee (EU) role, responsibilities and composition are analytically described in Chapter 4 of the Corporate Governance Code, published on the company's website. Relevant extracts are listed below for the sake of completeness of this report.

The Audit Committee supports the Board of Directors in fulfilling its responsibility to ensure compliance of the Company's bodies and actions with the provisions of the legal – institutional – regulatory framework and the Corporate Governance Principles that govern its operation; completeness and reliability or accounting, IT and administrative systems of the Company and the financial statements prepared based on these systems, as well as the other documents and reports. The AC is also in charge of facilitating effective operation of all the Company's control mechanisms in order to promptly identify, apart from the above, business risks and address them prudently and effectively.

The AC convenes at least four times a year and whenever else it deems necessary. It invites the statutory auditor to its meeting at least twice a year, who provides clarifications – explanations regarding the auditor's notes and conclusions on the financial statements and the Company's general financial reporting.

The AC has the following basic responsibilities, classified per subject:
It oversees the preparation of the Company's financial statements and other financial reports and examines their reliability. It ensures sound implementation of internal audit procedures by providing support to the Internal Audit Division and periodically assesses adequacy and reliability of the methods and procedures it applies in order uses to carry out its work. The key objective is early diagnosis and analysis of business risks, so that the Board of Directors should quickly react and address them.

Moreover, the AC analytically examines potential transactions of the Company with any related party and submits relevant reports to the Board of Directors in order to assess the possibility of conflicts of interest with full transparency and prevent potential damage or loss to the Company.

The AC receives the reports of the Internal Audit Division, assesses their contents and proposes the nomination of the Head of the Division to the Board of Directors, assessing his/her effectiveness and efficiency and - based on the above - proposes continuity or termination of his/her term of office.

The AC monitors the statutory auditor's conduct of activities and assesses whether they are in accordance with the relevant legal – regulatory framework, international standards and best practices. The Committee also examines and assesses adequacy of knowledge, professional consistency, independence and effectiveness of the statutory auditor, and - based on the above - proposes continuity or termination of the aforementioned relationships to the Board of Directors.

The Audit Committee consists of at least three (3) members.
The Audit Committee is composed of non-executive members of the Board of Directors or third independent parties within the meaning of the provisions of Law 3016/2002, not included in the company's human recourses, elected by the General Meeting of Shareholders in accordance with the provisions of Article 44 of Law 4449/2017.

The Audit Committee members, as a whole, have sufficient knowledge in the domain, in which the Company operates.

The Chairman of the Audit Committee is appointed by its members, or elected by the General Meeting of the Shareholders and is independent from the Company. At least one member of the Audit Committee is a statutory auditor, suspended or retired, or has sufficient knowledge of audit and accounting.

At present the compositions of the Audit Committee is as follows:

George Mergos – Independent Non-Executive Member, Chairman of the Committee
Michail Gourzis – Non-Executive Member
Nikolaos Kalamaras – Accounting and auditing expert – non-executive BoD Member

In 2019, the Audit Committee met ten (12) times, performed all its duties and responsibilities, cooperated with the Company's Internal Audit Divisions (IAD), and provided the appropriate instructions for continuing audit per subject and priority.

The AC members discussed with the company's internal auditors the issues in respect of his/her findings and conclusions and confirmed the accuracy of the financial statements preparation process in cooperation with the independent auditors of the Group. They also examined all the issues raised by the latter on the basis of their knowledge and experience in performing their duties. Particular attention was paid to IAD findings and conclusions arising from the audit conducted in the USA, where the Group develops and expands its operations.

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

Finally, the AC members submitted proposals for upgrading systems and procedures that will improve the Company's efficiency at all levels of its organizational structure.

3. Internal Control and Risk Management

Analytical reference to internal control system and its implementation regarding risk assessment and risk management procedures applied by the company is made in Chapter 4 of the CGC, published on the company's website.

Risk assessment and management in 2019 is described in the relevant Chapter D of the Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholders - Investors

The Board of Directors assigns particular significance to protecting the rights of all Company Shareholders, by timely providing them with relative information about development of corporate affairs and by encouraging their participating in General Meetings, where they have the opportunity to directly communicate with Management, submit questions they may have and contribute to the final positioning of the Company's strategic directions.

The Company has a special Investor Relations and Shareholders' Service Department, which ensures direct, responsible and complete provision of information, as well as facilitation of Shareholders in exercising their rights.

In the same context, the Chairman of the BoD and/or the Chief Executive Officer are in position to hold individual meetings with the Company Shareholders that own a significant share of its share capital, with the view to providing them with more detailed information on corporate governance issues.

The Chairman of the BoD and/or the Chief Executive Officer also examine the views expressed by Shareholders, disclose them to the other BoD members and ensure that the principles and procedures of corporate governance and any other information useful for Shareholders and investors id promptly made available and easily accessible to them through modern means of communication.
The Company in its announcement dated May 3, 2019, informed the Investment Public that as of May 6, 2019, Mr George Koufios is in charge of Shareholder Services and Corporate Announcements, in replacement of Ms Katerina Mavidou.

5. General Meeting of Shareholders
The Company adheres to the total relevant terms and provisions established by the effective legal – regulatory framework as regards to the General Meeting (GM) of its Shareholders, with particular dedication to reinforcing their ability to exercise their rights, based on completeness, accuracy and clarity of the information they are promptly provided with by the relevant Company bodies, through all means of communication, available to the Company.

Aiming at the broadest possible attendance of its Shareholders (institutional and private) at the General Meeting, the Company promptly announces, through any appropriate means of communication, the daily agenda issues, the date and location where the General Meeting will convene. To facilitate the active participation of Shareholders in the General Meeting's activities, it provides complete information on the manner and deadline for exercising the right to list issues on the daily agenda, as well as to submit questions. Moreover, it informs Shareholders about the number of shares and voting rights, the voting procedures and offers any other required supplementary document in order to conduct the General Meeting's activities most effectively.

Members of the Board of Directors, the Company auditors and any other key executive of the Company, whose presence is considered essential for the provision of detailed information and clarifications on Shareholders' inquiries can also attend the General Meetings.

6. Disclosure of information required by items (c), (d), (f), (h) and (i) of Par. 1, Article 10 of the directive 2004/25/EC
The required information is already included in another section of the Management Report that refers to the additional information under Article 4, Par. 7, Law 3556/2007.

7. Compliance with the provisions of the Code
Within 2019, the Board of Directors fully complied with the provisions of the Code of Corporate Governance.

(Amounts in thousand Euro unless mentioned otherwise)

INFORMATION AND EXPLANATORY REPORT OF THE BOARD OF DIRECTORS UNDER ARTICLE 4, LAW 3556/2007

This explanatory report of the Board of Directors is being addressed to the Regular General Meeting of the Company's shareholders under Par. 8, Article 4, Law 3556/2007 and has been prepared according to the provisions of Par. 7, Article 4 of the aforementioned Law.

a) Structure of the Company's share capital

The Company's share capital amounts to thirty-four million, a hundred and seventy-five thousand, three hundred and twenty euro and eighty cents (€ 34.175.680,80) divided into one hundred thirteen million, nine hundred eighteen thousand and nine hundred thirty six (113.918.936) nominal shares with voting shares of nominal value of thirty cents (0.30€) each.

The Company's shares are listed and traded on the "Main Market" of the Athens Stock Exchange.

Each share confers all rights as provided by law and by the Company's Articles of Association.

b) Restrictions on the transfer of the Company's shares

The transfer of the Company's shares is effective in accordance with the Law and there are no restrictions on their transfer pursuant to the Company's Articles of Association.

c) Significant direct or indirect holdings within the provisions of Law 3556/2007

The shareholders who directly or indirectly hold more than 5% of the total issued shares of the Company on 31/12/2019 are the following:

Shareholder	Shares	Percentage	
GEK TERNA S.A.	43.211.556	37,932%	Direct
George Peristeris	25.437.109	22,329%	Direct

d) Shares conferring special control rights

According to the Company's Articles of Association there are no shares conferring special control rights.

e) Restrictions on voting rights

No restrictions are imposed by the Company's Articles of Association on the voting rights arising from the Company's shares.

f) Shareholders' agreements in the Company

The Company is not aware of any agreements between its shareholders which might result in restrictions on the transfer of the Company's shares or in the exercise of the voting rights conferred by its shares.

g) Rules on appointment and replacement of the Board members and amendment of Articles of Association
The Company's Articles of Association are in full compliance with provisions of Law 3604/2007 and do not differ from the stipulation recorded in C.L. 2190/20, as effective, regarding both - appointment and replacement of BoD and the amendment of Articles of Association.

h) Competency of the Board of Directors in respect to the issuance of new shares or buyback programs
According to the provisions of Par. 2, Article 5 of the Articles of Association, the General Meeting may, by means of its decision, assign authority to the Board of Directors to increase the share capital in compliance with the provisions of Law 4548/2018 as amended and effective.

According to the provisions of Article 113, of Law 4548/2018, as effective, the Board of Directors may increase the share capital through issuing new shares in the context of implementing the approved by the General Meeting Stock Option Plan, aimed at acquisition of Company shares by the beneficiaries.

According to the provisions of Article 49 of Law 4548/2018, as effective, following the approval of the General Meeting, the Company may, under the responsibility of the Board of Directors, acquire through the Athens Stock Exchange, its treasury shares on condition that the nominal value of shares acquired, including shares previously acquired and maintained by the Company, does not exceed 10% of its paid up share capital.

i) Important agreements that are to come into effect to be amended or expire in case of change of control following a tender offer
There are no important agreements which will come into effect, will be amended or will expire in case of change of control following a tender offer.

j) Agreements with members of the Board of Directors or personnel of the Company
There are no agreements of the Company with members of its Board of Directors or its personnel that provide for a payment of compensation, especially, in case of resignation or unfair dismissal or in case of termination of their term or employment following a tender offer.

IV. ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

FOR FY ENDED AS AT DECEMBER 31st, 2019

(1 January – 31 December 2019)

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

The attached annual separate and consolidated financial statements were approved by the Board of Directors of TERNA ENERGY S.A. as of April 2, 2020 and have been published on the Company's website www.terna-energy.com as well as on the Athens Stock Exchange's website.

The annual financial statements of consolidated subsidiaries in compliance with the Decision of Hellenic Capital Market Commission Board of Directors Num. 8/754/14.4.2016 are posted at www.terna-energy.com.

(Amounts in thousand Euro unless mentioned otherwise)

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st 2019

		GROUP		COMPANY	
	Note	**31.12.2019**	**31.12.2018***	**31.12.2019**	**31.12.2018***
ASSETS					
Non-current assets					
Intangible assets	8	25.344	23.483	2.110	1.967
Tangible assets	10	1.543.307	1.189.515	80.387	85.830
Right of use assets	9	8.401	-	1.153	-
Investment property	11	540	538	540	538
Investment in subsidiaries	12	-	-	400.287	332.595
Investment in associates	14	4.362	-	4.409	47
Investment in joint ventures	13	67	4.233	-	4.188
Other long-term receivables	16	33.117	33.586	89.942	106.531
Receivables from derivatives	25	14.322	3.929	-	-
Financial Assets – Concessions	17	44.408	36.930	-	-
Investement in equity interests	15	2.418	1.823	2.418	1.818
Deferred tax assets	35	6.124	6.666	27	-
Total non-current assets		**1.682.410**	**1.300.703**	**581.273**	**533.514**
Current assets					
Inventories	18	5.293	4.783	3.243	3.064
Trade receivables	19	77.595	77.413	45.588	51.298
Receivables from contracts with customers	21	18.071	16.429	4.881	4.896
Prepayments and other receivables	20	72.709	74.632	13.025	17.139
Income tax receivables		4.856	5.951	1.887	4.843
Cash and cash equivalent	22	257.464	166.359	58.624	39.204
Total current assets		**435.988**	**345.567**	**127.248**	**120.444**
TOTAL ASSETS		**2.118.398**	**1.646.270**	**708.521**	**653.958**
EQUITY AND LIABILITIES					
Equity attributed to the shareholders of the parent					
Share capital	32	34.176	34.176	34.176	34.176
Share premium	32	191.793	191.793	191.793	191.793
Reserves	33	44.138	41.429	11.033	10.788
Retained earnings		156.419	112.493	71.025	53.476
Total equity attributable to the owners of the parent		**426.546**	**379.891**	**308.027**	**290.233**
Non-controlling interest		11.916	11.242	-	-
Total equity		**438.462**	**391.133**	**308.027**	**290.233**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

	Note	GROUP		COMPANY	
		31.12.2019	31.12.2018*	31.12.2019	31.12.2018*
Long-term liabilities					
Long-term loans	23	906.518	668.409	304.086	224.645
Liabilities from lease	24	8.024	-	1.368	-
Equity interests having a substance of financial liability	29	324.407	138.103	-	-
Liabilities from derivatives	25	9.533	9.274	955	1.041
Provision for staff indemnities	26	657	498	550	408
Other provisions	27	21.550	17.236	4.111	3.925
Grants	28	134.322	141.336	18.916	20.175
Deferred tax liabilities	35	27.901	23.010	1.572	1.953
Other long-term liabilities		38	89	-	-
Total long-term liabilities		**1.432.950**	**997.955**	**331.558**	**252.147**
Short-term liabilities					
Suppliers	30	56.835	31.731	14.969	13.373
Short-term loans	23	36.453	43.989	5.165	17.019
Long-term liabilities carried forward	23	70.214	100.041	39.926	23.050
Liabilities from lease	24	709	-	333	-
Equity interests having a substance of financial liability	29	51.365	22.287	-	-
Liabilities from derivatives	25	6.527	-	399	-
Liabilities from contracts with customers	21	2.076	3.946	2.241	9.715
Accrued and other short-term liabilities	31	19.603	49.729	5.903	48.421
Income tax payable		3.203	5.459	-	-
Total short-term liabilities		**246.985**	**257.182**	**68.936**	**111.578**
Total liabilities		**1.679.935**	**1.255.137**	**400.494**	**363.725**
TOTAL LIABILITIES AND EQUITY		**2.118.377**	**1.646.270**	**708.521**	**653.958**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR FY 2019

	Note	GROUP 01.01 - 31.12.2019	GROUP 01.01 - 31.12.2018*	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018*
Continuing operations					
Turnover	36	299.144	292.052	84.047	98.301
Cost of sales	37	(170.278)	(168.445)	(64.383)	(75.486)
Gross profit		**128.866**	**123.607**	**19.664**	**22.815**
Administrative & distribution expenses	37	(22.519)	(16.389)	(12.196)	(9.579)
Research & development expenses	37	(1.936)	(1.060)	(1.465)	(955)
Other income / (expenses)	38	18.516	11.909	2.900	3.520
Operating results		**122.927**	**118.067**	**8.903**	**15.801**
Financial income	39	5.549	5.153	3.556	5.121
Financial expenses	39	(66.202)	(62.360)	(12.713)	(13.697)
Gains / (Losses) from financial instruments measured at fair value	25	6.870	1.088	-	-
Revenue from participating interest and other investments		522	500	23.392	17.014
Loss from valuation of participating interest other investments settlement		(4)	(9)	(1.677)	(2.406)
Associates and joint ventures profit and loss proportion	13	(26)	(28)	-	-
EARNINGS BEFORE TAX		**69.636**	**62.411**	**21.461**	**21.833**
Income tax expense	35	(16.391)	(15.358)	(1.176)	(793)
NET EARNINGS FOR THE PERIOD		**53.245**	**47.053**	**20.285**	**21.040**
Other comprehensive income					
Other comprehensive income subsequently reclassified in the income statement					
Foreign exchange translation differences from incorporation of foreign operation		789	121	-	-
Cash flow hedges		(3.838)	(2.300)	(313)	(119)
Corresponding income tax		428	49	83	(6)
Total		**(2.621)**	**(2.130)**	**(230)**	**(125)**
Items not subsequently reclassified in the Income Statement					
Actuarial losses from defined benefit plans		(57)	(36)	(54)	(35)
Corresponding income tax		4	16	12	15
Total		**(53)**	**(20)**	**(42)**	**(20)**
Other total loss for the year (after tax)		**(2.674)**	**(2.150)**	**(272)**	**(145)**
TOTAL COMPREHENSIVE INCOME		**50.571**	**44.903**	**20.013**	**20.895**

(Amounts in thousand Euro unless mentioned otherwise)

		GROUP	
	Note	**01.01 - 31.12.2019**	**01.01 - 31.12.2019**
Net profit for the period attributed to:			
Shareholders of the parent from continuing operations		51.552	44.864
Non-controlling interests from continuing operations		1.693	2.189
		53.245	**47.053**
Total income attributed to:			
Shareholders of the parent from continuing operations		48.876	42.709
Non-controlling interests from continuing operations		1.695	2.194
		50.571	**44.903**
Earnings per share (in Euro)	34	0,459114	0,398432

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR FY 2019

	Note	GROUP		COMPANY	
		01.01 - 31.12.2019	01.01 - 31.12.2018*	01.01 - 31.12.2019	01.01 - 31.12.2018*
Cash flows from operating activities					
Profit before tax		69.636	62.411	21.461	21.833
Adjustments for reconciliation of net flows from operating activities					
Depreciation/Amortization of assets and rights to use	8, 9, 10	64.493	55.625	7.083	6.188
Amortization of grants	28	(7.995)	(7.862)	(1.259)	(1.259)
Impairment	38	3.247	4.001	2.921	2.350
Provisions		164	138	145	130
Interest and related income	39	(5.549)	(5.153)	(3.556)	(5.121)
Interest and other financial expenses	39	66.202	62.360	12.713	13.697
Gains and losses from intangible and tangible assets, investment property and rights to use		(240)	(1.095)	3	(913)
Revenue from participating interests and other investment		(518)	(491)	(23.392)	(17.014)
Unrealized losses from derivatives		1.131	512	-	-
Gains and losses from derivatives	25	(6.870)	(1.088)	-	-
Percentage in profit after joint ventures income tax (JVs)		26	28	-	-
Foreign currency exchange differences	38	(693)	(1.921)	-	-
Operating profit before changes in working capital		**183.015**	**167.465**	**16.119**	**19.891**
(Increase)/Decrease in:					
Inventories		(535)	(664)	(212)	(82)
Trade and non-invoiced receivables from contracts with		211	(10.920)	4.892	1.167
Prepayments and other short-term receivables		5.695	27.211	1.485	5.726
Increase/(Decrease) in:					
Suppliers and liabilities from contracts with customers		(5.108)	(14.820)	(5.762)	(19.211)
Accruals and other short-term liabilities		2.590	3.223	(8.434)	9.291
Other long-term receivables and liabilities		(1.844)	(17.619)	(2.136)	(835)
Income tax paid		(15.273)	(16.585)	1.467	(4.895)
Net cash flows from operating activities		**168.751**	**137.291**	**7.419**	**11.052**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

		GROUP		COMPANY	
	Note	01.01 - 31.12.2019	01.01 - 31.12.2018*	01.01 - 31.12.2019	01.01 - 31.12.2018*
Cash flow from investing activities:					
Acquisition/Disposal of tangible and intangible fixed assets	8,10	(169.568)	(109.292)	(967)	2.225
Grants subsidies collected		-	2.408	-	2.408
Rebated grants (capital)		-	(21.604)	-	(18.420)
Interest and related income collected		245	952	9.131	1.542
Payments for share capital increase in subsidiaries	7	(53.576)	-	-	-
Payments for acquisition or increase in participating interest in associates and joint ventures (JVs)		(98)	-	(98)	-
Payments for acquisition shares, bonds and other securities		(599)	(68)	(600)	(63)
Dividends collected		522	500	23.392	17.014
Issued loans		(513)	(303)	(33.895)	(18.837)
Proceeds from issued loans		816	1.184	49.294	4.132
Net cash flows from investing activities		**(222.771)**	**(126.223)**	**(46.257)**	**(9.999)**
Cash flows from financing activities					
Proceeds from share capital increases	32	(213)	39.475	(213)	39.475
Share capital return		(33.720)	(25.028)	(33.720)	(25.028)
Acquisition of Treasury Shares		(1.926)	(7.755)	(1.926)	(7.755)
Proceeds from changes in participating interests		204	(1.625)	(69.445)	(47.665)
Proceeds for long term loans		483.865	89.518	225.688	40
Payments for long term loans		(325.664)	(100.624)	(125.495)	(17.758)
Net change in liabilities from derivatives used for risk hedging		2.041	-	-	-
Proceeds from equity interests having a substance of financial liability		120.718	-	-	-
Payments for equity interests having a substance of financial liability		(35.857)	(6.157)	-	-
Payments for lease liabilities	24	(1.544)	-	(466)	-
Net change in short term loans		(11.361)	29.873	(12.000)	17.000
Dividends paid		(1.609)	(5.868)	(500)	(5.543)
Interest paid		(49.673)	(58.946)	(16.179)	(12.397)
Dummy Equity		(126)	-	-	-
Net cash (outflows) /inflows from financing activities		**145.261**	**(47.137)**	**(34.256)**	**(59.631)**
Net increase/(decrease) in cash and cash equivalents		**91.241**	**(36.069)**	**19.420**	**(58.578)**
Effect of exchange rate changes on cash & cash equivalents		(136)	1.100	-	-
Opening cash and cash equivalents	22	166.359	201.328	39.204	97.782
Closing cash and cash equivalents	22	**257.464**	**166.359**	**58.624**	**39.204**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FY 2018

	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Share Capital	Total
January 1st 2018	**32.794**	**213.781**	**43.550**	**79.247**	**369.372**	**9.377**	**378.749**
Adjustments due to IFRS 9 applications *	-	-	-	**(344)**	**(344)**	-	**(344)**
January 1st 2018,, Readjusted balance	**32.794**	**213.781**	**43.550**	**78.903**	**369.028**	**9.377**	**378.405**
Net profit for the year	-	-	-	44.864	**44.864**	2.189	**47.053**
Other comprehensive income							
Foreign currency translation differences from incorporating foreign operations	-	-	117	-	**117**	4	**121**
Cash flows risk hedging	-	-	(2.251)	-	**(2.251)**	-	**(2.251)**
Actuarial losses form defined benefit plans	-	-	(20)	-	**(20)**	-	**(20)**
Other comprehensive losses (after tax)	**-**	**-**	**(2.154)**	**-**	**(2.154)**	**4**	**(2.150)**
Total comprehensive income	**-**	**-**	**(2.154)**	**44.864**	**42.710**	**2.193**	**44.903**
Capitalization of Reserves & Retained Earnings	59.238	(59.238)	-	53	**53**	(53)	**-**
Share Capital Return	(59.238)	-	-	-	**(59.238)**	-	**(59.238)**
Issue of Share Capital	2.850	38.475	-	(1.850)	**39.475**	50	**39.525**
Formation of reserves	-	-	5.097	(5.097)	**-**	-	**-**
Distribution of dividends	-	-	-	(4.373)	**(4.373)**	(325)	**(4.698)**
Treasury Shares	(1.468)	(1.225)	(5.062)	-	**(7.755)**	-	**(7.755)**
Transfers / other movements	-	-	(2)	(7)	**(9)**	-	**(9)**
Transactions with owners	**1.382**	**(21.988)**	**33**	**(11.274)**	**(31.847)**	**(328)**	**(32.175)**
December 31st 2018	**34.176**	**191.793**	**41.429**	**112.493**	**379.891**	**11.242**	**391.133**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3). Moreover, under the application of IFRS 9, the Group and the Company recognized its cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018 01/01/2018, while no effect has arisen under the application of IFRS 15 as at 01/01/2018. The effect of IFRS 9 implementation on the financial statements for FY 2018 is analyzed in Note 2.6.3 to the annual financial statements ended as at 31/12/2018 posted at the websites of the Company and Athens Stock Exchange.

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019

	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Share Capital	Total
January 1st 2019	**34.176**	**191.793**	**41.429**	**112.493**	**379.891**	**11.242**	**391.133**
Net profit for the year	-	-	-	51.552	**51.552**	1.693	**53.245**
Other comprehensive income							
Foreign currency translation differences from incorporating foreign operations	-	-	789	-	**789**	-	**789**
Cash flows risk hedging	-	-	(3.410)	-	**(3.410)**	2	**(3.408)**
Actuarial losses form defined benefit plans	-	-	(53)	-	**(53)**	-	**(53)**
Other comprehensive losses (after tax)	**-**	**-**	**(2.674)**	**-**	**(2.674)**	**2**	**(2.672)**
Total comprehensive income	**-**	**-**	**(2.674)**	**51.533**	**48.878**	**1.695**	**50.573**
Capitalization of Reserves & Retained Earnings	-	-	-	(213)	**(213)**	204	**(9)**
Share Capital Return	-	-	6.889	(6.893)	**(4)**	3	**(1)**
Distribution of dividends	-	-	-	(500)	**(500)**	(1.105)	**(1.605)**
Treasury Shares	-	-	(1.506)	-	**(1.506)**	-	**(1.506)**
Discontinuing subsidiary's consolidation	-	-	-	-	**-**	(123)	**(123)**
Transactions with owners	**-**	**-**	**5.383**	**(7.606)**	**(2.223)**	**(1.021)**	**(3.244)**
December 31st 2019	**34.176**	**191.793**	**44.138**	**156.439**	**426.546**	**11.916**	**438.462**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

(Amounts in thousand Euro unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR FY 2018

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
January 1st 2018	**32.794**	**213.781**	**15.574**	**39.298**	**301.447**
Adjustments due to IFRS 9 applications *	**-**	**-**	**-**	**(219)**	**(219)**
January 1st 2018, Readjusted balance	**32.794**	**213.781**	**15.574**	**39.079**	**301.228**
Net profit for the year	-	-	-	21.040	**21.040**
Other comprehensive income					
Cash flows risk hedging	-	-	(125)	-	**(125)**
Actuarial losses form defined benefit plans	-	-	(20)	-	**(20)**
Other comprehensive losses (after tax)	**-**	**-**	**(145)**	**-**	**(145)**
Total comprehensive income	**-**	**-**	**(145)**	**21.040**	**20.895**
Capitalization of Reserves & Retained Earnings	59.238	(59.238)	-	-	**-**
Share Capital Return	(59.238)	-	-	-	**(59.238)**
Issue of Share Capital	2.850	38.475	-	(1.850)	**39.475**
Formation of reserves	-	-	420	(420)	**-**
Distribution of dividends	-	-	-	(4.373)	**(4.373)**
Treasury Shares	(1.468)	(1.225)	(5.061)	-	**(7.754)**
Transactions with owners	**1.382**	**(21.988)**	**(4.641)**	**(6.643)**	**(31.890)**
December 31st 2018	**34.176**	**191.793**	**10.788**	**53.476**	**290.233**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3). Moreover, under the application of IFRS 9, the Group and the Company recognized its cumulative effect in the item “Retained Earnings Balance” as at 01/01/2018 01/01/2018, while no effect has arisen under the application of IFRS 15 as at 01/01/2018. The effect of IFRS 9 implementation on the financial statements for FY 2018 is analyzed in Note 2.6.3 to the annual financial statements ended as at 31/12/2018 posted at the websites of the Company and Athens Stock Exchange.

(Amounts in thousand Euro unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR FY 2019

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
January 1st 2019	**34.176**	**191.793**	**10.788**	**53.476**	**290.233**
Net profit for the year	-	-	-	20.285	**20.285**
Other comprehensive income					
Cash flows risk hedging	-	-	(230)	-	**(230)**
Actuarial losses form defined benefit plans	-	-	(42)	-	**(42)**
Other comprehensive losses (after tax)	**-**	**-**	**(272)**	**-**	**(272)**
Total comprehensive income	**-**	**-**	**(272)**	**20.285**	**20.013**
Issue of Share Capital	-	-	-	(213)	**(213)**
Formation of reserves	-	-	2.023	(2.023)	**-**
Distribution of dividends	-	-	-	(500)	**(500)**
Equity shares	-	-	(1.506)	-	**(1.506)**
Transactions with owners	**-**	**-**	**517**	**(2.736)**	**(2.219)**
December 31st 2019	**34.176**	**191.793**	**11.033**	**71.025**	**308.027**

The accompanying notes form an integral part of these Annual Separate and Consolidated Financial Statements.

* Under the implementation of IFRS 16, the Group and the Company made no adjustments to the comparative amounts recorded in 2018 (see Note 2.6.3).

NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION ABOUT THE GROUP

TERNA ENERGY S.A. Group of companies (hereinafter "the Group" or "TERNA ENERGY") is a Greek Group of companies operating in the sectors of renewable energy sources, construction, trading of electric energy and concessions. The key operations of the Group pertain to construction and exploitation of installations of renewable sources of wind and hydroelectric energy, photovoltaic parks as well as other renewable energy sources (RES).

TERNA ENERGY holds Class 6 contractor certificate and its operations whiten the construction sector include construction of private and public projects as a main contractor or subcontractor or through joint ventures. In full complained with the effective legislation, companies, holding Class 6 certificate, undertake public works at an initial contracting price up to €44.00 million or up to €60.00 million through joint ventures and private or self-financed independently budgeted ventures, either as main contractors or as sub-contractors or through joint ventures.

TERNA ENERGY has succeeded the Technical Constructions Company (ETKA S.A.), established in 1949 (Gov. Gaz. 166/21.06.1949), which TERNA ENERGY S.A. absorbed in 1999 and which was established in 1997 (Gov.Gaz.6524/11.09.1997). TERNA ENERGY is domiciled in Athens, Greece, 85 Mesogeion Ave. The Company has been listed on ATHEX since 2007.

The Group's operations are mainly performed in Greece, while the Group also has a strong presence in the Balkans, Eastern Europe and North America. The Group's operations focus on the following operating segments:

- **Constructions:** almost exclusively, contracts regarding technical works.
- **Electric energy from RES:** production of electricity through wind farms, solar energy and biomass.
- **Trade:** trade in electric energy.
- **Concessions:** construction and operation of public sector works (Unified Automatic Collection System and municipal waste treatment facility) in exchange for their long-term exploitation rendering services to the public.

The companies of TERNA ENERGY Group included in the consolidated Financial Statements and their unaudited FYs are analytically recorded Note 5 to the Financial Statements.

The parent company of TERNA ENERGY, which is also listed on Athens Stock Exchange, is GEK TERNA S.A., which on 31/12/2019 held 37,932% (31/12/2018: 37,932%) of the Company's issued share capital and voting rights. The financial statements of TERNA ENERGY GROUP are consolidated in the financial statements of GEK TERNA S.A. under full consolidation method, since in compliance with the provisions of IFRS 10, it has been assessed that GEK TERNA S.A. exercises control over TERNA ENERGY S.A.

The accompanying separate and consolidated Financial Statements as of 31 December 2019 were approved by the Board of Directors on 02/04/2020 and are subject to the final approval of the General Meeting of Shareholders. The Financial Statements in question are available to the investing public at the Company's premises (Athens, 85 Mesogeion Ave.) and the Company's website on the Internet.

2 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for Financial Statements Presentation

The Company's consolidated and separate Financial Statements as of 31/12/2019 covering the financial year starting on January 1st until December 31st 2019, have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until 31/12/2019. The Group applies all the International Accounting Standards, International Financial Reporting Standards and their Interpretations, which apply to the Group's activities. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all periods presented.

Going concern

The Group's management estimates that the Company and its subsidiaries hold sufficient resources, which ensure their ability to operate as a going concern in the foreseeable future.

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

2.2 Basis of measurement

The accompanying separate and consolidated financial statements as of December 31st 2019, have been prepared according to the principle of historical cost, apart from investment property, financial derivatives and financial assets measured at fair value through profit or loss, carried at fair value.

2.3 Presentation currency

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

2.4 Comparability

Comparative sizes recorded in the Financial Statements for FY ended as at 31/12/2018 have not been restated in order to present the effect of IFRS 16 implementation (see Note 2.6.3).

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 aspects requiring the highest degree of judgment as well as the aspects mostly affecting the consolidated Financial Statements are presented in Note 3 to the Financial Statements.

2.6 New Standards, Interpretations and Amendments to Standards

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

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

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

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

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The Group has examined the effect of the new Standard on its consolidated and separate Financial Statements. Analytical reference is presented in Note 2.6.3.

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

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The amendments do not affect the consolidated and separate Financial Statements.

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

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

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

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

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

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

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

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users. The amendments do not affect the consolidated and 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 as till 31/12/2019

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

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

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

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

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

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

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

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

In September 2019, the IASB issued amendments to some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interest Rate Benchmark reform. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest – rate benchmarks such as interbank offered rates (IBORs). It requires companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

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

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

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (effective for annual periods starting on or after 01/01/2022)

In January 2020, the IASB issued amendments to IAS 1 that affect requirements for the presentation of liabilities. Specifically, they clarify one of the criteria for classifying a liability as non-current, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments include: (a) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (b) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (c) clarifying how lending conditions affect classification; and (d) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

2.6.3 Effect of implementation of IFRS 16 "Leases" on the Financial Statement as of 31/12/2019

First implementation of IFRS 16 as of 01/01/2019

Following the changes to accounting policies, as described above (Note 2.6.1), as at January 1st, 2019, the Group and the Company adopted IFRS 16, applying the modified retrospective approach. Based on this approach, the Group recognized a liability measured at its present value, as arising from discounting the remaining leases through the incremental borrowing cost effective on the date of the Standard's initial application, i.e. on 01/01/2019.

Furthermore, recognized a right to use an asset by measuring that right at an amount equal to the corresponding liability that will be recognized, adjusted for any lease payments immediately effective prior to the date of initial application. Comparative information was not reworded, and no effect has arisen following the application of the new Standard on Equity under the first time adoption, i.e. on 01/01/2019.

Moreover, the Group has applied the exemption provided in the Standard with respect to determination of leases, and, in particular, the applicable practices under IFRS 16, according to which the Entity does not need to reassess whether a contract is or contains a lease at the first transition date. This practically means that IFRS 16 was applied to contracts that have already been recognized as leases under the application of IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement contains a Lease".

Finally, the Group also made use of exemptions to the Standard in respect of short-term leases and low value fixed assets leases. With respect to the discount rate, the Group has decided to apply a single discount rate to every category of leases with similar characteristics and depending on the residual duration of every lease.

Adoption of IFRS 16 has the following significant results for the Group:

- The Group holds operating leases in respect of land, buildings, machinery and vehicles. The Standard has mainly affected the accounting treatment of the Group's operating leases, which, in accordance with IAS 17, should be disclosed in the Notes to the financial statements - are presented as assets (rights to use) and liabilities from leases in the statement of financial position. The increase in the lease obligations has led to a corresponding increase in the Group's net borrowings.
- The nature of the expenses associated with these leases has changed, since following the application of IFRS 16, operating cost of lease is depreciated at amortized cost for the rights-related assets and interest expense on the arising liabilities. This has led to an improvement in "Operating Profit before Financial and Investment Activities, Depreciation and Amortization".
- No effect has arisen on the statement of changes in equity under the first implementation since the Group has decided to recognize an equal liability.
- In the statement of cash flows, the component relating to repayment of lease payments has reduced the cash flows from financing activities and will no longer be included in net cash flows from operating activities. Only interest payments continue to be included in net cash flows from operating activities.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group has not recorded any significant changes for leases where they are acting as a lessor.

Effect of IFRS 16 implementation is analytically recorded in Notes 9 and 24.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

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

In particular, amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that can not 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 Group and requires the most difficult, subjective or complex judgments of the Management. Estimates and judgments of the Management are based on past experience and other factors, including expectations for future events that judged to be reasonable in the circumstances. Estimates and judgments are continually reassessed on the basis of all the available data and information.

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

3.1 Significant judgments of the Management

Key judgments carried out by the Management, applied while implementing the Group and the Company accounting policies, (besides the judgments associated with estimates, outlined in Note 3.2) which have the most significant impact on the financial statements mainly relate to the following:

i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets are recognized for unused tax losses is based on the judgment regarding the extent to which it is probable that sufficient taxable profits will be offset with these tax losses. In order to determine the amount of a deferred tax asset for recognition, significant judgments and estimates are required from the Group’s Management, based on future tax profits combined with future tax strategies to be pursued, as well as the uncertainties domination various tax frameworks, within which the Group operates (for further information please refer to Note 35).

ii) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in the effective conditions demonstrate that their book value may not be recoverable in accordance with the accounting policy described in Note 4.7). (for further information please refer to Notes 8 and 12)

iii) Evaluation of contracts containing lease data

In the context of electricity sale contracts, signed by the Group with an electric energy provider company, the Group undertakes the obligation to sell all the electricity generated at a particular premises. The Group examines the sale of electricity contracts in order to assess whether they include lease items to recognize the related proceeds in accordance with IFRS 16 "Leases". Lease terms are considered to be included in a contract when all production of a particular wind farm is sold to the provider and the contractual price is neither fixed nor represents the current market price at the time of production. The estimate of income from rentals recognized under the straight-line method depends on the future production of the wind farm according to its capacity and wind measurements.

3.2 Uncertainty of estimates and assumptions

Specific amounts that are included or affect the Financial Statements and the related disclosures are estimated through requirement to make assumptions about values or conditions that can not be known with certainty at the Financial Statements preparation date. An accounting estimate is considered significant when it is material to the financial position and results of the Group and requires most difficult, subjective or complex management judgments. The Group assesses such estimates on an ongoing basis, based on historical results and experience, while meetings with specialists, applying trends and other methods considered reasonable in the circumstances, as well as projections retrograding potential changes in the future.

i) Recognition of revenue from construction contracts

Managing the revenue and costs of a construction contract, depends on whether the final result from the execution of the contract work can be reliably estimated (and is expected to bring profit to the manufacturer, or the result from execution is loss-making). When the outcome of a construction contract can be reliably estimated, then the revenue and expense of the contract are recognized over the life of the contract, respectively, as revenue and expense.

The Group uses the completion stage to determine the appropriate amount of income and expense which he will recognize in a specific period. Specifically, based on the IFRS 15 input method, the manufacturing cost at each reference date, is compared to the total budgeted cost to be determined at the integration rate. The completion stage is measured on the basis of the contractual costs incurred by the reference date in relation to the total estimated cost of each project. The Group therefore makes significant estimates regarding the gross result with which the executed construction contract will be executed (total budgeted cost of the construction contract)

ii) Business combinations

Under the initial recognition, assets and liabilities of the acquiree are included in the consolidated financial statements at their fair values. When measuring fair values, the Management uses estimates of future cash flows, but actual results may differ. Any change in measurement after initial recognition will affect the measurement of goodwill (further information is provided in Note 7).

iii) 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 and a provision for additional taxes that might emerge in tax audits.

The Group's companies are subject to various income taxation legislations. To determine the total provision for income tax, as presented in the Statement of Financial Position, significant estimates are required. For specific transactions and calculations, the final tax determination is uncertain. The Group recognizes liabilities for the forecasted tax issues based on calculations as to the extent to which additional tax will arise. In cases where the final tax amount differs from what had been initially recognized, the differences affect the provisions for income tax and deferred tax for the period when it had been determined (for further information please refer to Note 35).

iv) Provision for personnel compensation

Based on IAS 19, the Group, makes estimates of the assumptions underlying the actuarial valuation of provision for personnel compensation. The provision amount for personnel compensation is based on an actuarial study. The actuary's study includes specific assumptions on discount rate, employees' remuneration increase rate, consumer price index increase and the expected remaining working life. The assumptions used are imbedded with significant uncertainty and the Group's Management continuously reassesses these assumptions (for further information please refer to Note 26).

v) Fair value measurement

The Management uses valuation techniques to determine the fair value of financial instruments (when no active market prices are available) and non-financial assets. This procedure involves making estimates and assumptions about the price that market participants would pay to acquire these financial instruments. The Management bases its assumptions on observable data, but this is not always feasible. In such cases, the Management uses the best available information for its estimates, based on its past experience and taking into account available information. Estimated fair values may differ from the actual values that would be made in the ordinary course of trade at the reporting date of the financial statements (further information in Note 42).

The Group uses derivative financial instruments to manage a range of risks including interest rate, foreign exchange and commodity prices risks. For the purpose of establishing an effective hedging relationship, the Group requires both to declare its hedging strategy and to assess that the hedge will be effective throughout the hedging instrument (derivative). Further information regarding the use of derivatives is provided in Note 25.

vi) Inventory

To facilitate valuation of inventories, the Group estimates, based on statistical valuation reports and market conditions, the expected selling prices and the costs of processing and disposing them, per inventory category.

vii) Estimates when calculating value in use of Cash Generating Units (CGU)

The Group conducts a related impairment test of investments in subsidiaries and associates whenever there is evidence of impairment in accordance with the provisions of IAS 36. If it is established that there are reasons for impairment, it is necessary to calculate value in use and fair value less costs to sell regarding every CGU. Recoverable amounts of CGUs are determined for impairment tests purposes, based on the value in use calculation, which requires making estimates. For the purpose of calculating value in use, estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money as well as the risks associated with particular CGU. Estimation of future operating results is based on wind farm efficiency estimates based on wind data and historical data of comparable units. The key assumptions used to determine the recoverable amount of various CGUs are reported in Note 12 to the Financial Statements.

viii) Useful lives of depreciated assets

For the purpose of calculating depreciation, the Group examines the useful life and residual value of tangible and intangible assets in each reporting period in the light of technological, institutional and economic developments as well as the experience of their exploitation. As at 31/12/2019, the Management estimates that useful lives represent the expected usefulness of assets.

ix) Provisions for rehabilitation of environment

The Group makes provision for its related obligations to dismantle the technical equipment of wind farms and other productive facilities and restoration of the environment resulting from the applicable environmental legislation or from binding practices of the Group. Provision for rehabilitation of environment reflects the present value (based on the appropriate discount rate) of the rehabilitation obligation less the estimated recoverable amount of the materials, estimated to be disposed of and sold (further information is recorded in Notes 4.16 and 27).

x) Equity instruments having a substance of financial liability

The Group has issued equity interests in the United States in the context of the Tax Equity Investment plan, whose payments depend on the future returns of specific investments (wind farms) of the Group. This financial liability is measured at amortized cost, applying the effective interest method. Calculation of the effective interest rate is based on the management's estimates of future cash flows of those investments over their expected life. (see Notes 4.11.5 and 29).

xi) Contingent liabilities and receivables

The existence of contingent liabilities and receivables requires the management to make assumptions and judgments on on-going basis about the probability that future events will occur or not occur as well as the possible consequences that these events may have on the Company's and the Group's operations. Determining contingencies and requirements is a complex process that includes judgments about future events, laws, regulations, etc. Changes in crises or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future. When additional information becomes available, the Group's Management reviews the facts on which it may also be led to review its estimates (see Note 46).

xii) Provisions for expected credit losses from receivables from clients

The Group and the Company apply the simplified approach under the provisions of IFRS 9 for calculation of expected credit losses. Under the aforementioned approach, provision for impairment is measured at an amount equal to the expected lifetime loss for the receivables from customers and the contractual assets. The Group and the Company have made provisions for bad debts in order to adequately cover the loss that can be reliably estimated and arises from these receivables. At every reporting period date, the provision that has been made is adjusted and potential changes are recognized in the income statement (further information is presented in Notes 16, 19, 20 and 21).

4 SUMMARY OF KEY ACCOUNTING PRINCIPLES

4.1 Basis fro consolidation

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

The accompanying consolidated financial statements include the financial statements of TERNA ENERGY and its subsidiaries as at 31/12/2019. The date of preparation of the financial statements of the subsidiaries coincides with that of the parent.

Intra-group transactions and balances have been eliminated in the accompanying consolidated financial statements. Where required, the accounting policies of subsidiaries have been amended to ensure consistency with the accounting policies adopted by the Group. Note 5 provides a complete list of consolidated subsidiaries in line with the participating interest, held by the Group.

Subsidiaries are consolidated from the date the Group acquires control over them and cease to be consolidated at the date of termination of this control.

Non-controlling interests constitute the component of equity of a subsidiary not directly or indirectly attributable to the parent. Losses relating to non-controlling interests (minority interests) of a subsidiary may exceed the rights of non-controlling interests in the subsidiary's equity. Gains or losses and each component of other comprehensive income are accounted for both by the owners of the parent and the non-controlling interests, even if as a result, such non-controlling interests present deficit.

(a) Subsidiaries

Subsidiaries are all the companies, which the Parent has the power to control directly or indirectly through other subsidiaries and they are fully consolidated (full consolidation). The Company has and exercises control through its ownership of the majority of the subsidiaries' voting rights. In order to define the control, the following conditions are examined, as defined in IFRS 10:

1. The parent company has authority over the investee, since it can direct the related (operational and financial) activities. This is achieved through appointing the majority of the members of the Board of Directors and the directors of the subsidiary by the Management of the parent.
2. The parent company holds rights with variable returns from its investment in the subsidiary. Other non-controlled investments are greatly dispersed and therefore can not materially influence decision-making.
3. The parent company may exercise its authority over the subsidiary to influence the amount of its profits. This is the result of decision-making on affiliate matters through controlling decision-making bodies (Board of Directors and Directors).

Changes in a parent's ownership interest in a subsidiary

In case of changes in a parent's ownership interest in a subsidiary, it is examined whether the changes result in a loss of control or not.

- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
- In case the parents' ownership interest changes in such a way that there is loss of control, then the parent shall record the necessary accounting entries and recognize the result from the sale (derecognition of the assets, goodwill and liabilities of the subsidiary as of the date of loss of control, derecognition of the book value of non-controlling interests, determination of the result from the sale). When determining the sale result, any amount previously recognized in other comprehensive income in respect of that company is accounted for using the same method as would be applied by the Group in the event of direct sale of its assets or liabilities. That is to say, the amounts previously recognized in other comprehensive income are reclassified to the income statement. Following loss of control of a subsidiary, any investment in the former subsidiary is recognized according to the provisions of IFRS 9.

Investments in subsidiaries in the separate financial statements

Investments of the parent in its consolidated subsidiaries are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

(b) Joint arrangements

The Group applies IFRS 11 to all its joint arrangements. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Jointly controlled entities are consolidated using the proportionate consolidation method (if it is a joint operation) or the equity method (if it is a joint venture).

Joint operations: Joint operations are accounted for using the proportional consolidation method. In particular, the Group recognizes in the consolidated financial statements: (i) its assets (including its share in any of its assets it holds jointly), (ii) its liabilities (including its share of any jointly held liabilities), (iii) its share in the proceeds of the sale from disposal of joint venture, and (iv) its expenses (including its share in any jointly incurred expenses). Essentially, these are tax joint operations, which are do not constitute a separate entity within the framework of the IFRS. Their assets and liabilities are incorporate according to the effective proportions in the financial statements of the Company or its subsidiaries.

Joint ventures: Joint ventures are accounted for using the equity method, under which participating interests in joint ventures are initially recognized at cost and subsequently readjusted in compliance with the Group's share of the profits (or losses) and other comprehensive income of the joint ventures. Under the joint venture model, joint venture schemes are the ones in which members have rights over the net assets of the investments and are liable up to the extent of their contribution to the capital of the company. If the Group's participating interest in joint venture losses exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has entered into commitments or has made payments on behalf of the joint venture. Allocation of operating results and other comprehensive results is proportional to the participating interest. Unrealized gains on transactions between the Group and joint ventures are eliminated according to the Group's interest in joint ventures. Unrealized losses are also eliminated unless there is evidence of the transaction for impairment of the asset transferred.

Consolidation takes into account the percentage held by the Group and is effective as at consolidation date. The structure of the business scheme is the key and determining factor in determining accounting control. The accounting policies of jointly controlled entities have been differentiated where deemed necessary to be consistent with those adopted and applied by the Group. The date of preparation of the financial statements of jointly controlled entities coincides with that of the parent Company.

Investments in jointly controlled operations in the separate financial statements

Investments of the parent in joint operations are included in the separate financial statements in proportion. In particular, assets and liabilities are proportionally incorporated in the Company's financial statements.

Investments in joint ventures in the separate financial statements

Investments of the parent in joint ventures are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

c) Associates
Associates are entities over which the Group exercises significant influence, but does not exercise control. The Group's investments in associates are accounted for using the equity method. The assumptions used by the Group suggest that holding participating interest of between 20% and 50% of a company's voting rights implies a significant influence over the investee unless it can be clearly demonstrated that this is not the case. Investments in associates are initially recognized at cost and then consolidated using the equity method. According to this method, investments in associates are recognized at cost less any changes in the Group's participating interest after the initial acquisition date, less any provisions for impairment of those participating interests.

Consolidated statement of comprehensive income includes the proportion of the Group in the total income of associates. If the Group's participating interest in an Associate's loss exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has settled liabilities or made payments on the part of the affiliate and, in general, settled the payments arising from shareholding. If the associate subsequently produces profits, the investor starts recognizing its share of profits only if its share of profits equals the share of losses it had not recognized.

Unrealized gains on transactions between the Group and associates are eliminated according to the Group's participating interest in associates. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset.

Accounting policies followed by associates do not differ from those used by the Group and the date of preparation of the financial statements of associates is the same as that of the parent.

Investments in associates in the separate financial statements
Investments of the parent in consolidated associates are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

4.2 Foreign currency conversion

Functional and reporting currency
The consolidated financial statements are presented in Euro, which is the functional currency and the Group's and Parent Company's reporting currency.

Transactions in Foreign Currency
Foreign currency transactions are converted into the functional currency by using the exchange rates applicable on the date when the said transactions were performed. The monetary assets and liabilities which are denominated in foreign currency are converted into the Group's functional currency on the Statement of Financial Position reporting date using the prevailing exchange rate on that day. Any gains or losses due to translation differences that result from the settlement of such transactions during the period, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates on the Statement of Financial Position reporting date, are recognized in the Income Statement.

The non-monetary assets which are denominated in foreign currency and which are measured at fair value are converted into the Group's functional currency using the prevailing exchange rate on the date of their fair value measurement. The FX translation differences from non-monetary items measured at fair value are considered as part of the fair value and thus are recorded in the same account as the fair value differences.

Gains or losses deriving from transactions in foreign currency as well as from the end of period valuation of monetary assets, denominated in foreign currency, which meet the criteria for cash flow hedges are recognized in other comprehensive income and cumulatively in equity.

Foreign operations

The functional currency of the Group's foreign subsidiaries is the official currency of the country in which every subsidiary operates. For the preparation of consolidated financial statements, assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments due to business combinations, are translated into Euro at the exchange rates effective at the Statement of Financial Position reporting sate. Revenue and expenses are translated into the presentation currency of the Group based on the average exchange rates for the reported period. Any differences arising from this procedure are charged / (credited) to the balance sheet of foreign currency subsidiaries' transition balance sheet reserves, equity, and recognized in other comprehensive income in the Statement of Comprehensive Income. Upon the disposal, write off or derecognition of a foreign subsidiary, the above reserves are transferred to profit or loss for the period.

4.3 Operating segments

The Company's BoD is the main corporate body responsible for business decision-making. The BoD reviews all of the internal financial reports in order to assess the Company's and Group's performance and resolve upon the allocation of resources. The Management has set the operating segments based on the said internal reports. The BoD uses different criteria in order to assess the Group's activities which vary according to the nature of each segment, taking into consideration the risks involved and their cash requirements.

TERNA ENERGY's operating segments are defined as the segments in which the Group operates and on which the Group's management information systems are based (please refer to Note 6).

4.4 Intangible assets

The Group's intangible assets pertain to forestry use licenses where wind farms have been located, acquired licenses for Wind Farms operations, rights to invoice the other services arising PPPs concession contacts (see Note 4.12) and acquired software.

Upon initial recognition, the intangible assets acquired separately are recorded at cost. Intangible assets acquired as part of business combinations are recognized at fair value at the acquisition date.

Following initial recognition, the intangible assets are measured at cost less accumulated amortization and any impairment loss. Amortization is recorded based on the straight-line method during the useful life of the said assets. The Group's intangible assets have a definite useful life.

The period and method of amortization is redefined at least at the end of every reporting period. Changes in the expected useful life of each intangible asset are accounted for as a change in accounting estimates.

Methods of amortization and useful lives of the Group's intangible assets can be summarized as follows:

Category	Methods of amortization	Useful life in years
Software	Fixed	3
Generation and energy units installation and operation licenses	Fixed	25
Forestry plots use rights	Fixed	25-27

Gains or losses arising from the write-off due to disposal of an intangible asset are calculated as the difference between the net proceeds of the divestment and the current value of the asset and are recognized in profit or loss for the period.

(a) Software

The maintenance of software programs is recognized as an expense when the expense is realized. In the contrary, the costs incurred for improving or prolonging the return of software programs beyond their initial technical specifications, or respectively the costs incurred for the modification of the software, are incorporated in the acquisition cost of the intangible asset, only if they can be measured reliably.

(b) Forestry plots use rights

The value of the land use rights of the forestry land where the Wind Farms are installed includes the acquisition cost of these items less the amount of accumulated depreciation and any impairment of their value.

(c) Generation and energy units installation and operation licenses

Various types of licenses held by the Group enable it to construct energy units or generate the right to produce and sell energy. Effective market conditions provide the required indications regarding the recoverable amount of these licenses.

Upon acquisition, the Group recognizes these licenses as intangible assets at fair value and then measures them applying the cost model, according to which the asset is measured at cost (which is the acquisition fair value) less accumulated depreciation and any accumulated provisions for impairment. Amortization is carried out on a straight-line basis over the useful life of those assets, which is 25 years for electricity generation from renewable energy sources. Regarding the impairment tests, please refer to Note 4.7.

4.5 Property, plant and equipment

Tangible fixed assets are recognized in the financial statements at cost, less accumulated depreciation and any potential impairment losses. The acquisition cost includes all direct costs stemming from the acquisition of the assets. Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial gains anticipated from the use of the fixed asset and their cost can be measured reliably.

The cost of repair and maintenance works is recognized in the Income Statement when the said works are realized.

Tangible assets are written off when they are sold or withdrawn or when no further economic benefits are expected from their continued use. Profit or loss arising from the write-off of tangible fixed assets are included in the income statement for the year in which the asset is written off.

Assets under construction include fixed assets and are carried at cost. Assets under construction are not depreciated until the fixed asset is settled and put into operation.

Depreciation of tangible fixed assets (excluding land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Property, plant and equipment	Useful life (in years)
Building and technical works	8 – 30
Machinery and technical installations	3 – 25
Vehicles	5 – 12
Furniture and fixtures	3 – 12

The useful life of the tangible fixed assets are re-assessed at least at the end of every FY.

When the book values of the tangible fixed assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the Income Statement. Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profits or losses in the Income Statement.

Interest accrued on loans specifically or generally issued in order to finance the construction of tangible fixed assets is capitalized in the year when tangible assets are incurred when the recognition criteria are met (please refer to Note 10).

4.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which will require considerable time until the asset is ready for the suggested use or disposal, form part of the acquisition cost of that asset until the asset it ready for the suggested use or disposal. In other cases, the borrowing costs burden profit or loss of the period when incurred.

4.7 Impairment of non-current assets (intangible and tangible assets/investments in consolidated companies)

In respect of tangible and intangible fixed assets subject to amortization/depreciation, an impairment test is performed when events or changes in circumstances indicate that their carrying amount may no longer be recoverable. When the net book value of tangible and intangible fixed assets exceeds their recoverable amount, then the excess amount relates to an impairment loss and is recognized directly as an expense in the income statement. Respectively, financial assets that are subject to impairment testing (if indicated) are assets measured at cost of acquisition or equity method (investments in subsidiaries and associates). The recoverable amount of investments in subsidiaries and associates is determined in the same way as that in respect of non-financial assets.

For the purpose of impairment testing, assets are grouped to the lowest level for which cash flows can be separately identified. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and value in use. For the purpose of calculating value in use, Management estimates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of future cash flows.

An impairment loss is recognized for the amount where the book value of an asset or a Cash Generating Unit exceeds its recoverable amount, which is the highest between fair value less sale costs and value in use. In order to define value in use, the Management defines the estimated cash flows for every Cash Generating Unit, defining a suitable discount rate in order to calculate the current value of these cash flows. Discounting factors are determined individually for each Cash Generating Unit and reflect the corresponding risk data that has been determined by the Management for each of them.

Further assumptions are made that prevail in the energy market. The period considered by the management exceeds five years, a period that is encouraged by IAS 36, especially as for renewable energy units, even a longer period will be judged to be quite satisfactory.

Impairment losses of Cash Generating units first reduce the book value of goodwill allocated to them. The residual impairment losses are charged pro rata to the other assets of the particular Cash Generating Unit. With the exception of goodwill, all assets are subsequently reviewed for indications that their previously recognized impairment loss is no longer effective.

An impairment loss is reversed if the recoverable value of a Cash Generating unit exceeds its book value.

In such a case, the increased book value of the asset will not exceed the book value that would have been determined (net depreciation), if no impairment loss had been recognized, in the asset in the previous years.

4.8 Investment property

Investment property relates to investments in properties which are held (either through acquisitions or through leasing) by the Group, either to generate rent from its lease or for the increase in its value (increased capital) or for both purposes and are not held: a) to be used for production or distribution of raw materials / services or for administrative purposes; and b) for the sale as part of the company's usual operations.

Investment property is initially valued at purchase cost including transaction expenses. Subsequently, it is measured at fair value. Independent appraisers with adequate experience in the location and in the nature of investment properties measure the fair value.

The book value recognized in the Group's Financial Statements reflects the market conditions on the date of the reporting date of the Statement Financial Position. Every profit or loss derived from the fair value revaluations of the investment is recognized in the Income Statement for the period in which it has been recognized. Repairs and maintenance are recognized as expenses in the period in which they are incurred. Significant subsequent expenses are capitalized when they increase the useful life of the property and its production capacity or reduce their operating costs.

Property transfers from investment property to fixed assets take place only when there is a change in the use of the said property which is proven by the Group's own use of the property or by the Group's commencement to develop this property for sale.

An investment property is derecognized (eliminated from the Statement of Financial Position) when it is sold, it is permanently retired or when the investment is not expected to generate future economic benefits from its sale. The profits or losses from the retirement or sale of investment properties are derived from the difference of the net proceeds from the sale and the book value of the asset and are recognized in the Income Statement for the period in which the asset was sold or withdrawn.

4.9 Inventory

Inventory includes spare parts and raw and auxiliary materials of Wind Farms. Inventories are measured at the lower of cost and net realizable value. The cost of raw material, semi-finished and finished products is determined using the weighted average cost method.

Appropriate provisions are made for obsolete inventory, if necessary. Impairment of inventory in net realizable value and other losses from inventory are recognized in profit or loss for the period in which they are incurred

4.10 Cash available

Cash and cash equivalents include cash in hand, sight deposits, term deposits, bank overdrafts and other highly liquid investments that are directly convertible into particular amounts of cash equivalents which are not subject to significant value change risk.

The Group considers term deposits and other highly liquid investments less than three months maturity as cash available, as well as time deposits over three months maturity for which it has the right to early liquidation without loss of capital.

For the purposes of preparing the Statements of Cash Flows, cash and cash equivalents consist of cash in hand, bank deposits as well as cash equivalents as defined above.

The Group's restricted deposits, irrespective of the nature of their commitment, are not included in the cash and cash equivalents but are classified in the item "Prepayments and other receivables" (please refer to Note 20).

4.11 Financial instruments

4.11.1 Recognition and derecognition

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

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

4.11.2 Classification and initial recognition of financial assets

With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other 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 without recycling cumulative profit and losses on derecognition (equity instruments)

Classification of every asset is defined according to:

- the Group's business model regarding management of financial assets, and
- the characteristics of their conventional cash flows.

All income and expenses related to financial assets recognized in the Income Statement are included in the items "Other financial results", "Financial expenses" and "Financial income", except for the impairment of trade receivables included in operating results.

4.11.3 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.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at initial recognition at fair value through profit or loss, or financial assets that are required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for trading, unless defined as effective hedging instruments.

Financial assets with cash flows that are not only capital and interest payments are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets classified at fair value through total income (equity interests)

In accordance with the relevant provisions of IFRS 9, at initial recognition, the Group may irrevocably choose to disclose to other profit or loss directly in equity the subsequent changes in the fair value of an equity investment that is not for trading.

Profits and loss from these financial assets are never recycled to the income statement. Dividends are recognized as other income in the income statement when the payment entitlement has been proved, unless the Group benefits from such income as a recovery of part of the cost of the financial asset, then such profit is recognized in the statement of comprehensive income. Equity interests designated at fair value through total income are not subject to an impairment test. This option is effective for each security separately.
The Group has chosen to classify investments in this category (please refer to Note 15).

4.11.4 Impairment of financial assets

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

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

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

- 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). For these financial assets, the expected credit loss is recognized up to their maturity.
- financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

Trade receivables, other receivables and receivables from contracts with customers

The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables. The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables as well as to receivables from on construction contracts and receivables from leases, estimating the expected credit losses over the life of the above items. In this case, the expected credit losses represent the expected shortfalls in the contractual cash flows, taking into account the possibility of default at any point during the life of the financial instrument.

In calculating the expected credit losses, the Group uses a provisioning table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment. Further analysis is presented in Note 19, 20 and 21.

4.11.5 Classification and measurement of financial liabilities

As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Group's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9.

The Group's financial liabilities include mainly borrowings, suppliers and other liabilities, as well as derivative financial instruments. They include additional financial liabilities recognized in US Wind Farms in the form of equity investments having a substance of financial liabilities for Tax Equity Investments. 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, with the exception of derivatives that are subsequently measured at fair value with changes recognized in profit or loss (except derivatives that are hedging instruments, see Note 4.11.6).

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

In particular:

(i) Loan liabilities

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

Loan commitments with early repayment option

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

When the option is designated as directly related to the bond loan, it is recognized in combination with the bond as a combined debt instrument, which is measured at amortized cost based on the effective interest rate. In particular, the aforementioned composite instrument is initially recognized at fair value plus any direct transaction costs. For the determination of the effective interest rate, the expected cash flows and the estimated duration of the instrument shall be determined taking into account the early repayment right, where:

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

In the next year the assessment of the probability of exercising the option may change. This will affect the expected cash flows and the estimated useful life of the financial instrument.

The alterations arising from these changes are calculated by discounting the revised flows based on the original effective interest rate and any effect occurring for the net book value is recognized in the income statement of the relevant reporting period.

(ii) Trade and other liabilities

Balance from suppliers and other liabilities is initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method. Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

(iii) Equity instruments having a substance of financial liabilities

The Group has entered into agreements with "Tax Equity Investors" investors in the USA. According to these agreements, the cash flows and tax benefits generated by wind farms are distributed conventionally amongst investors (tax equity investors, hereinafter "TEI") and the Group. Tax benefits include Production Tax Credits (PTCs) and accelerated depreciation. In fact, based on these figures, TEIs acquire a form of participation in the scheme by paying cash and agreeing on the expected return (estimated internal degree of return) that they will achieve during the period in which wind farms produce these tax benefits. Expected return is calculated based on the total expected benefit that Tax Equity Investors will receive and includes the value of PTCs of distributed taxable income or loss and cash proceeds.

Control and management of these wind farms according to the provisions of IFRS 10 falls within the responsibility of the Group and is fully consolidated in its financial statements using the full consolidation method. The initial investment of TEIs is initially recognized at fair value in the account “Equity instruments having a substance of financial liabilities” and then measured at amortized cost. This financial liability is reduced by the value of tax benefits and tax distributions to Tax Equity Investors, such as these distributions are conventionally defined during the period in which the TEI is to achieve its expected return. The value of accelerated depreciation is recognized as "Amortization of tax benefits" on a pro-rata basis according to the estimated period of the investor's stay in the investment scheme.

The value of the "PTCs" transferred to the investor is recognized when they are generated by the project, in return for turnover. The financial liability is increased by a financial expense determined by the balance of liabilities and the effective interest rate resulting from the discounted total cash inflows (TEI initial investment) and expected outflows (distribution of cash flows and tax benefits to the TEI) over the contract duration, as calculated on the date of payment of the initial investment by TEI.

There are no contractual obligations of TERNA ENERGY Group and its subsidiaries to provide any form of financial assistance in case of financial difficulty or any form of failure to fulfill the obligations of TERNA ENERGY USA Holding Corporation, including contractual obligations to the TEI. The main features of these transactions are as follows:

- Irrespective of the shareholding held by the counterparties, the TERNA ENERGY SA maintains control over the management of wind farms, according to the provisions of IFRS 10, and therefore are fully consolidated in the Group's financial statements under full consolidated method.

- Counterparties receive a significant portion of the profits, tax losses and PTCs generated by wind farms, as well as a part of cash flow, until they achieve a predetermined (at the start of investment) rate of a non-guarantee return.
- Counterparties remain shareholders in wind farms until they have achieved a predetermined return on their investment.
- When the return on the investment of the counterparties reaches the predetermined level, the Group has the option to redeem the counterparty's rights in the return on the investment.
- The return on the investment of the counterparties depends solely on the performance of wind farms. Although the TERNA ENERGY GROUP undertakes to operate these parks in the best possible way and to take all appropriate measures for their smooth operation, it is not obliged to pay cash to the counterparties beyond what is required to achieve the predetermined non-guarantee return on their investment.

After the date when TEI has achieved its contractually agreed performance and if the Group decides not to acquire the rights of TEI, TEI still maintains an insignificant percentage of the wind farm's return for the remaining contractual maturity.

The Group, based on the substance of these transactions, classifies the initial investment of the counterparty as a "financial liability" in the consolidated statement of financial position. The financial liability is measured at net book value using the effective interest method. This obligation shall be reduced by the cash distribution received by TEI and, depending on the terms of the contract and the value of the tax benefits.

4.11.6 Derivative financial instruments and hedge accounting

At the date of the initial application of IFRS 9, all existing hedging relationships of the Group can be classified as continuing and therefore the application of the new Standard has no impact on the financial statements. The Group's risk management policies are in line with the provisions of the new standard and hedge accounting continues to apply.

In the context of risk management, the Group uses:

- derivative financial instruments for the exchange of interest rates to hedge the risks associated with the future fluctuation of variable loan interest rates,
- derivative financial instruments to hedge the risk of change in electricity prices (options, forward contracts for the sale of electricity)
- derivative financial instruments to hedge the risks associated with the future fluctuation of variable income.

These derivative financial instruments are initially recognized at their fair value at the date of the contract and are subsequently measured at their fair value. Changes in the fair value of financial derivative instruments are recognized at each reporting date either in the Statement of Comprehensive Income or in other comprehensive income, depending on whether the derivative financial instrument meets the requirements of hedge accounting and, if so, according to the nature of the hedging object.

On the transaction date, the Group records the relationship between the hedging instrument and the hedging item, as well as the risk management objective and hedging transaction strategy. The Group also records both when creating the hedging transaction and then whether the tools used in these changes are effective in offsetting fluctuations in the cash flows of hedging items.
Derivative financial products are measured at fair value at the reporting date and the changes are recognized in profit or loss. The fair value of these derivatives is determined primarily on a market value and is confirmed by the counterparty credit institutions. Exceptions are derivatives that act as hedging instruments in cash flow hedges, for which special accounting is required. A hedging relationship is appropriate for hedge accounting when all the following criteria are met:

- the hedging relationship includes only eligible hedging instruments and eligible hedged items.
- at the inception of the hedging relationship there is a formal determination and documentation of the hedging relationship and the entity's risk management objective and its hedging strategy. The documentation includes the determination of the hedging instrument, the hedged item, the nature of the hedged risk, and the manner in which the entity will assess whether the hedging relationship meets the effectiveness requirements (including an analysis of the sources of inefficiency of the hedge and how determination of the hedging factor).
- The hedging relationship covers all the following efficiency requirements: (a) there is an financial relationship between the hedged item and the hedging instrument, (b) the effect of the credit risk does not override the changes in value arising from this financial relationship, and (c)), the hedging factor of the hedging relationship is the same resulting from the amount of hedged item actually hedged by the entity and the amount of the hedging instrument the entity actually uses the entity to offset this amount of hedging item.

Future cash flows hedging
The part of changes in fair value that is attributable to effective risk hedging is recognized in equity. Any gain or loss arising from changes in fair value attributable to non-effective risk hedging is recognized directly in the statement of comprehensive income in the item "Earnings from financial instruments measured at fair value". Cumulative amounts in equity are recycled through the Statement of Comprehensive Income to the income statement in the periods in which the hedged item affects the result (when the hedged transaction is taking place).

Hedge accountancy is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the hedge accountancy criteria. The cumulative amount of profit or losses recognized directly in equity until that date remains in the reserve until the hedged item affects the Statement of Comprehensive Income. In the event that a hedged transaction is no longer expected to be realized, the net accumulated profits or losses entered in the reserves are immediately transferred to the Statement of Comprehensive Income.

4.11.7 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.

4.12. Service concession agreements

Under the terms of the contracts, the operator acts as a service provider. The operator constructs or upgrades an infrastructure (manufacturing or upgrading services) used to provide a service of general interest and deals with the operation and maintenance of that infrastructure (operating services) for a specified period of time.

According to IFRS, such infrastructure is recognized as a financial asset or as an intangible asset, depending on the contractually agreed terms. The Group companies recognize both an intangible asset from the concession and a financial asset (bifurcated model) or recognize a financial asset only.

Intangible Assets

Group companies operating as concessionaires recognize an intangible asset and an income to the extent that they acquire the right to charge the users of utilities. Revenue recognition is based on the integration rate method. Furthermore, the intangible asset is amortized on the basis of the time of the concession and an impairment test, while the revenues from the infrastructure users are recognized on the accrual basis.

For more information on the concession of right, see Note 8.

Financial asset (Financial contribution of the State)

Group companies that act as concessionaires recognize a financial asset as they have an unconditional contractual right to receive cash or other financial asset from the grantor for the construction services.

In the case of concessions, the concessionaire has an unconditional right to receive cash if the concessioner contractually guarantees to pay to the concessionaire:

(i) specific or fixed amounts, or
(ii) the deficit which may arise between the amounts received by the users of the public service and the specific or fixed amount provided for in the Concession Agreement.

The Group recognizes the Financial Contribution of the State as a financial asset under the provisions of IFRIC 12 "Agreements for the Grant of a Service Provider". In particular, the Group recognizes a financial asset receivable and income based on the rate of completion method and the asset is measured at amortized cost less any impairment losses. More information can be found in Note 17.

4.13 Employee benefits

Short-term benefits: Short-term benefits to personnel (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 Group'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 Group 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 Group 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 Group in a defined contribution plan is identified as a liability after the deduction of the paid contribution, while accrued contributions are recognized as expenses in the income statement.

(b) Defined Benefit Plan (non-funded)

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

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

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

A defined benefit plan establishes, based on various parameters, such as age, years of service and salary, the specific obligations for payable benefits.

Provisions for the period are included in the relative staff costs in the accompanying separate and consolidated Income Statements and comprise of the current and past service cost, the relative financial cost, the actuarial gains or losses and any possible additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting for defined benefit plans, including:

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

4.14 Leases

Until 2018, leases were classified as finance or operating in accordance with the requirements of IAS 17 “Leases”. Finance leases were capitalized at the commencement of the lease at the lower value that arises between the fair value of the asset and the present value of the minimum lease payments, each of which were identified at the commencement of the lease. Every lease payment was allocated as liability and interest. Operating lease payments were recorded in the income statement on a straight-line basis over the term of the lease.

As of 01/01/2019, under IFRS 16 “Leases”, leases are no longer classified as operating leases and finance leases, and all leases are accounted for as items in the "Statement of Financial Position", through recognition of a " right-of-use asset" a "lease liability".

4.14.1 Recognition and initial measurement of the right-of-use asset

At the lease period commencement date, the Group recognizes a right-of-use asset and a lease liability, measuring the right-of-use asset at cost.
The cost of the right-of-use asset comprises:

- the amount of the initial measurement of the lease liability (see below),
- any lease payments made at or before the commencement date, less any lease incentives received,
- the initial direct costs incurred by the lessee, and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

4.14.2 Initial measurement of the lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. When the interest rate implicit in the lease can be readily determined, the lease payments shall be discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

i. fixed payments less any lease incentives receivable,

ii. any variable lease payments that depend on the future change in index or a rate, initially measured using the index or rate as at the commencement date

iii. amounts expected to be payable by the Group under residual value guarantees,

iv. the exercise price of a purchase option if the Group is reasonably certain to exercise that option and

v. payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

4.14.3 Subsequent measurement

Subsequent measurement of the right-of-use asset

After the commencement date, the Group shall measure the right-of-use asset applying a cost model.

The Group shall measure the right-of-use asset at cost:
i) less any accumulated depreciation and any accumulated impairment losses, and
ii) adjusted for any subsequent measurement of the lease liability.

The Group applies the depreciation requirements in IAS 16 in depreciating the right-of-use asset, which it examines for potential impairment.

Subsequent measurement of the lease liability

After the commencement date, the Group shall measure the lease liability by:

i. increasing the carrying amount to reflect interest on the lease liability,

ii. reducing the carrying amount to reflect the lease payments made, and

iii. remeasuring the carrying amount to reflect any reassessment or lease modifications.

Financial cost of a lease liability is allocated over the lease term in such a way that it results in a constant periodic rate of interest on the remaining balance of the liability.

After the commencement date, the Group shall recognize in profit or loss, (unless the costs are included in the carrying amount of another asset applying other applicable Standards), both:

i. financial cost of the lease liability, and

ii. variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

4.15 Government grants

Government grants related to grants for assets are recognized at fair value when there is reasonable assurance that the grant will be received and that all the relevant conditions attached will be met.

Government grants related to the grants of tangible fixed assets and they are recognized when there is reasonable assurance that the grant will be collected and all relevant conditions will be met. These grants are recognized as deferred income, which is recognized in the profits or loss of each reporting period in equal instalments based on the useful life of the asset after deducting all related depreciation expenses.

Grants relating to expenses are recorded in transit accounts and recognized in the income statement over the period necessary to balance the expenses they are intended to compensate.

4.16 Provisions, Contingent Assets and Liabilities

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

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

In cases where the outflow due to current commitments is considered improbable or the provision amount cannot be reliably estimated, no liability is recognized in the financial statements. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of an outflow of resources incorporating financial benefits is minimal. Potential inflows from economic benefits for the Group 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.

Provisions for rehabilitation of natural landscape

In the restoration of natural landscapes, the Group recognizes the provisions made by the entities of the Group's energy sector for the decommissioning of wind turbines from Wind Farms and the restoration of the surrounding area.

Decommissioning and remediation provisions reflect the present value at the reporting date of the estimated cost less the estimated residual value of the recoverable materials. Provisions are reviewed at each reporting date in the Statement of Financial Position and they are adjusted to reflect the present value of the expense that is expected to be disbursed for the disposal of the decommissioning and remediation obligation. The related provision is recognized in an increase in the acquisition cost of wind turbines and is depreciated on a straight-line basis over the 25-year term of the energy contract.

The amortization and disposal of the capitalized decommissioning and restoration costs is included in the Statement of Comprehensive Income together with depreciation of Wind Farms. Any changes in estimates with respect to the estimated cost or the discount rate are added or deducted respectively in the cost of the asset. The effect of discounting the estimated cost is recognized in profit or loss as an expense.

Furthermore, these provisions include certain provisions of the Group's industrial entities in order to cover the costs of rehabilitation of the natural landscape where the power plants and quarry operators are installed at the end of the holding, which lasts 20- 30 years, according to the licenses received by the state. .

4.17 Revenue

IFRS 15 established the core principle by applying the following steps for identifying revenue from contracts with customers:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the amount by which an entity expects to have in exchange for the transfer of the goods or services to a counterparty. When awarding a contract, account shall be taken of the additional costs and the direct costs required to complete the contract. Income is defined as the amount that an entity expects to be entitled to in exchange for the goods or services it has transferred to a customer. If the promised consideration in a contract includes a variable amount, the entity estimates the consideration amount that would be entitled to the transfer of the promised goods or services to customer.

The consideration amount may vary due to discounts, price subsidies, refunds, credits, price reductions, incentives, additional performance benefits, penalties or other similar items. Promising consideration may also change if the entity's entitlement to the consideration depends on the occurrence or non-occurrence of a future event. For example, a consideration amount will be variable if the product has been sold with a refund or if a fixed amount promise has been given as an additional performance benefit to achieve a specific milestone.

The volatility associated with the consideration promised by a customer may be expressly stated in the contract. An entity shall measure the amount of the variable consideration using one of the following methods, whichever method it considers best suited to the amount of consideration to which it will be entitled to:

(a) Estimated value - the estimated value is equal to the sum of the probability-weighted amounts in a range of possible consideration amounts. Estimated value is an appropriate estimate of the variable amount if the entity has a large number of contracts with similar characteristics.

b) Potential amount - the most probable amount is the only most probable amount in a range of possible consideration amounts (i.e., the only likely outcome of the contract). The most probable amount is an appropriate estimate of the variable amount if the contract has only two possible outcomes (for example, the entity provides additional performance or not).

The Group and the Company recognize income when it satisfies the performance of the contractual obligation by transferring the goods or services on the basis of this obligation. Acquisition of control by the client occurs when it has the ability to direct the use and to derive virtually all the economic benefits from this good or service. Control is passed over a period or at a specific time. Revenue from the sale of goods is recognized when the goods are transferred to the customer, usually upon delivery to the customer, and there is no obligation that could affect the acceptance of the good by the customer.

Commitments for implementation performed over time

The Group recognizes revenue for a performance obligation that is performed over time only if it can reasonably measure its performance in full compliance with the obligation. The Group is not in a position to reasonably measure progress in meeting a performance obligation when it does not have the reliable information required to apply the appropriate method of measuring progress. In some cases (eg during the initial stages of a contract), the entity may not be able to reasonably measure the outcome of a performance obligation, but at least expects to recover the costs incurred to meet it. In such cases, an entity shall recognize revenue only on the extent of the cost incurred until it is able to reasonably measure the outcome of the execution obligation.

Income from of services is recognized in the accounting period in which the services are provided and measured according to the nature of the services to be provided. The receivable from client is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the client.

A conventional asset is recognized when the Group or the Company has satisfied its liabilities to the counterparty before it pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the right of the Group or the Company to issue an invoice. The contractual obligation is recognized when the Group or the Company receives a consideration from the counterparty as an advance or when it reserves the right to a price which is postponed before the performance of the contractual obligations and the transfer of the goods or services. The contractual obligation is derecognized when the contract obligations are met and the income is recorded in the income statement.

Commitments for implementation performed at a specific time

When an implementation commitment is not met over time (as outlined above), then the entity enforces the implementation commitment at a particular time.

In determining when the client acquires control of a promising asset and the entity performs an implementation commitment, the entity examines the requirements for the acquisition control, as analytically recorded in IFRS 15.

(i) The main categories of income recognized from implementation commitments fulfilled over time for the Group are as follows:

(i) Revenue from contracts with customers related to construction operations

It relates to revenue from contracts with customers and results from implementation commitments that are fulfilled over time. Subsidiaries and joint ventures engaged in the implementation of constructions recognize revenue from construction contracts in their tax records on the basis of customer invoices resulting from relevant sectional project implementation certifications issued by accredited engineers and responsive to the work carried out until the closing date. For the purpose of complying with IFRS, the proceeds from the construction activity are accounted for in the accompanying financial statements progressively during construction, based on the imput method of measurement in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

The imput method recognizes revenue based on the entity's efforts or inflows towards fulfilling an implementation commitment (for example, the resources consumed, the hours worked, the costs incurred the time spent or the hours of operation of the machines consumed) in relation to the total expected inputs to fulfill this implementation commitment.

(ii) Sale of goods

Revenue from the sale of goods, after deduction of sales discounts, sales incentives and related VAT are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer.

(iii) Revenue from sale of Electric Energy

It relates to revenue from contracts with customers and results from implementation commitments that are fulfilled over time. Revenues from the Sale of Electric Energy are accounted for in their intended use.

In the preparation of the financial statements, revenues accrued unbilled, revenues from electricity purchased by LAGIE or another client not yet priced are considered. In addition, the expected collections from energy production under energy sales contracts that, according to IFRIC 4, include lease receivables are recognized in income on a straight-line basis over the life of the contract to the extent that those receivables relate to the lease. An energy sales contract is considered to contain lease terms when it concerns all the energy produced by a specific plant in the Group and the unit price per unit is neither stable over the lifetime of the contract nor represents the market price at the date production.

For wind farms operating in the USA and selling electricity to specific US energy markets (ERCOT) at spot prices, revenue from the sale of electricity is recognized on the basis of the amount of electricity delivered at market prices for transactions on where all the revenue recognition criteria are met. In order to reduce its exposure to changes in energy prices in these markets. The Group, in order to reduce its exposure to changes in energy prices in these markets, uses the derivative instruments described in Note 4.11.6 above. The proceeds from the liquidation of these derivatives are included in the proceeds from the sale of electricity.

For derivatives that do not meet the cash flow hedge accounting criteria but which are nonetheless used to reduce exposure to the risk of a change in earnings, the Turnover also includes unrealized gains/losses from valuation.

Renewable Energy Credits ("RECs") and/or Green Certificates form an economic benefit achieved through the operation of a wind farm. RECs are generated by the wind power generation of wind farms and can be sold either through REC's organized markets or directly to individual buyers under contracts. RECs held for sale are generally classified as inventories that are recognized at fair value. Revenue from the sale of RECs is recognized in the Turnover.

(iv) Revenue from tax benefits
The value of tax benefits is recognized in the income statement. The value of tax losses attributable to Tax Equity Investor is recognized in other income of FY, on proportional basis in compliance withy the estimated period, during which the investor remains in the investment scheme, while the value of Production Tax Credits (PTCs) associated with its annual energy production wind farm is recognized for each use on the basis of actual production for the benefit of turnover.

(v) Income from rentals
The income in question pertains to revenue from contracts with customers and arises from implementation commitments that are fulfilled over time. Rental income (operating leases) is recognized using the straight-line method according to the terms of the lease.

(vi) Dividends
Dividends are accounted for when the right of recovery is finalized by the shareholders by decision of the General Meeting of Shareholders.

(vii) Interests
Interest income is recognized on an accrual basis.

(viii) Revenue from concession contracts
At the construction stage, revenue is recognized based on the integration rate, in accordance with the Group's accounting policy for recognizing revenue from construction contracts.

During the operating phase, the revenue is recognized in the period in which the related services are provided by the Group. In the case that a concession agreement includes revenue for more than one service, the consideration is allocated to the different services based on the relative fair values of the services provided.

4.18 Income Tax
Income taxes charges for the year consists of current taxes, deferred taxes and tax differences from previous years.

Current Tax

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

Deferred Tax

Deferred taxes are taxes or tax relief that are related to the financial burdens or benefits accruing in the year but have already been accounted for or accounted for by the tax authorities in different uses. Deferred income tax is determined using the liability method that results from the temporary differences between the carrying amount and the tax base of the assets and liabilities. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, did not affect either the accounting or the tax profit or loss.

Deferred income taxes are measured using the liability method in all temporary differences at the date of the financial statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.
Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used.

Deferred tax assets and obligations are measured at the tax rates that are expected to be in force for the year in which the asset is incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in effect or effectively in force at the date of reporting of the financial statements. In the event that the temporary reversal of temporary differences can not 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.

4.19 Earnings per share

Basic earnings per share are calculated by dividing net earnings by the weighted average number of ordinary shares outstanding during the period, excluding the average number of the ordinary shares acquired by the Group as treasury shares.

Earnings per share are measured by dividing the net profit attributable to shareholders by the weighted average number of shares outstanding during the year.

4.20 Share capital, reserves and distribution of dividends

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

In cases when the Company or its subsidiaries acquire part of the Company's share capital (treasury shares), the amount paid, including any expense, net of tax, is deducted from equity until the shares are derecognised or sold. The number of treasury shares held by the Company does not reduce the number of shares in circulation but affects the number of shares included in the calculation of earnings per share. Treasury shares held by the Company do not incorporate a right to receive a dividend. At 31/12/2019 the Group held a total of 1.643.251 treasury shares.

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 can not be distributed during the Company's operations.

Development and tax legislation reserves

These reserves refer to profits not taxed at the applicable tax rate in accordance with the applicable tax framework in Greece and include reserves arising from taxable profits and pertaining to the company’s participation in development laws. These reserves will be taxable at the tax rate applicable at the time of their distribution to the shareholders or their conversion into equity under certain circumstances.

Cash flows risk hedging reserves

The risk hedge reserve is used to record profits or losses on derivative financial products, which can be classified as future cash flow hedges and are recognized in other comprehensive income.

Foreign currency translation differences from incorporation of foreign operations

Foreign exchange differences arising on foreign currency translation are recognized in other comprehensive income and accumulated in other reserves. The cumulative amount is transferred to the income statement of the year when the amounts were transferred.

Treasury shares reserves

The Company has proceeded with successive acquisitions of treasury shares through implementing the approved share buy-back plan in accordance with article 16, CL 2190/1920. The total value of these acquisitions is presented in reserves as a deduction from Equity.

Other reserves

Other reserves mainly include actuarial losses of pension schemes.

The category of other reserves comprises:

i. Actuarial gains/(losses) from defined benefit pension schemes arising from (a) actual adjustments (the effect of differences between previous actuarial assumptions and those eventually occurring) and (b) changes in actuarial assumptions.
ii. Changes in fair value of investments classified as equity investments.

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.

4.21 Business combinations

Subsidiaries are fully consolidated (full consolidation) applying the acquisition method from the date when control over them has been acquired and cease to be consolidated from the date when such control is no longer effective. The acquisition of a subsidiary by the Group is accounted for using the acquisition method. As at the acquisition date, the acquirer recognizes the goodwill arising on the acquisition transaction as the excess between:

• the aggregation of (i) the transferred consideration, measured at fair value; (ii) the amount of any non-controlling interests in the acquiree (measured at fair value or the proportion of non-controlling interests in its net identifiable assets (iii) in a business combination that is completed in stages, the fair value at the date of acquisition of the acquirer's shareholding previously acquired in the acquiree, less

• the net fair value of the acquiree's identifiable assets and liabilities as at the acquisition date.

Goodwill is tested for potential impairment on annual basis and the balance between its carrying amount and recoverable amount is recognized as an impairment loss, burdening the income statement for the period.

The costs arising under acquisition of investments in subsidiaries (eg fees of consultants, lawyers, accountants, appraisers and other professional and advisory fees) are recognized as expenses and burden the income statement for the period when they are incurred.
Otherwise, when the acquiree acquires participating interest, in which, at the acquisition date, net value of assets and assumed liabilities exceeds the transferred consideration, then the issue is classified as a market opportunity. Following the necessary reviews, the excess arising from the above balance is recognized as profit in the income statement for the period.

(Amounts in thousand Euro unless mentioned otherwise)

5 CONSOLIDATED COMPANIES AS AT 31/12/2019

The following table presents the consolidated companies of TERNA ENERGY as at 31/12/2019, their headquarters, business activity, the Company's direct and indirect participating interest in their share capital, method of consolidation and tax non-inspected years.

A) Separate Financial Statements

The separate financial statements include the joint venture GEK TERNS – TERNS ENERGY, at a percentage of 50%, under proportional consolidation method.

5.1 Group Structure

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION%	INDIRECT PARTICIPATION%	TOTAL PARTICIPATION %	CONSOLI-DATION METHOD	Indirect participation subsidiary	TAX UNAUDITED YEARS
CONSTRUCTION SEGMENT – JOINT VENTURES							
J/V GEK TERNA – TERNA ENERGY (INSTALLATION & OPERATION ATS)	Greece	50,00	0,00	50,00	Proportional consolidation	-	2015-2019

B) Consolidated Financial Statements

As at 31/12/2019, the Group structure is as follows:

5.2 Group Structure

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION%	INDIRECT PARTICIPATION%	TOTAL PARTICIPATION %	CONSOLI-DATION METHOD	Indirect participation subsidiary	TAX UNAUDITED YEARS
HOLGIND & FINANCING- SUBSIDIARIES							
TERNA ENERGY M.A.E FINANCING	Greece	100,00	0,00	100,00	Full Consolidation	-	2016-2019
TERNA ENERGY OVERSEAS LTD	Cyprus	100,00	0,00	100,00	Full Consolidation	-	2012-2019
TERNA ENERGY USA HOLDING CORPORATION	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	2011-2019
TERNA ENERGY TRANSATLANTIC sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2013-2019
TERNA ENERGY TRADING LTD	Cyprus	0,00	51,00	51,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2019
GALLETTE LTD	Cyprus	0,00	100,00	100,00	Full Consolidation	ENERGIAKI SERVOUNIOU SA	2013-2019
RES ENERGY SEGMENT - SUBSIDIARIES					Full Full Consolidation		
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
PPC RENEWABLES - TERNA ENERGY SA	Greece	51,00	0,00	51,00	Full Consolidation	-	2014-2019
ENERGIAKI SERVOUNIOU SA	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
IWECO HONOS LASITHIOU CRETE SA.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ENERGY EVROU SA	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AIOLIKI RACHOULAS DERVENOCHORION S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
ENERGIAKI DERVENOCHORION S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019

(Amounts in thousand Euro unless mentioned otherwise)

TERNA ENERGY SA & CO AIOLIKI ROKANI DERVENOCHORION G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
AIOLIKI MARMARIOY EVVOIAS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ENERGY SA & CO ENERGIAKI PETRION EVIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
ENERGIAKI DYSTION EVVOIAS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AIOLIKI KARISTIAS S.A.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
TERNA ENERGY AVETE & SIA ENERGY KAFIREOS EVIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
ENERGIAKI STYRON EVIAS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AIOLIKI MALEAS LAKONIAS. S.A	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ENERGY SA & CO ENERGEIAKI VELANIDION LAKONIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
AEOLIKI EAST GREECE SA***	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AEOLIKI PASTRA ATTICA S.A.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
ENERGIAKI PELOPONNISOU S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ENERGIAKI AVETE & SIA AIOLIKI PROVATA TRAINOYPOLEOS	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
AIOLIKI DERVENI TRAINOYPOLEOS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
ENERGIAKI FERRON EVROU S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ENERGIAKI AVETE & SIA ENERGIAKI ARI SAPPON G.P	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
TERNA ENERGIAKI AVERE & SIA AIOLIKI POLIKASTROY G.P	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
ENERGIAKI KSIROVOUNIOY S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AIOLIKI ILIOKASTROU S.A.	Greece	0,00	100,00	100,00	Full Consolidation	ΤΕΡΝΑ ΕΝΕΡΓΕΙΑΚΗ ΈΒΡΟΥ Α.Ε.	2014-2019
EUROWIND A.E.	Greece	0,00	100,00	100,00	Full Consolidation	ENERGIAKI SERVOVOUNIOY S.A.. GALLETTE LTD	2014-2019
DELTA AXIOU ENERGEIAKI S.A.	Greece	66,00	0,00	66,00	Full Consolidation	-	2014-2019
TERNA ENERGY ABETE VECTOR WIND PARKS GREECE-WIND PARK TROYLOS G.P.	Greece	90,00	0,00	90,00	Full Consolidation	-	2014-2019
TERNA ENERGY THALASSIA WIND PARKS S.A.	Greece	77,00	0,00	77,00	Full Consolidation	-	2014-2019
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	Greece	77,00	0,00	77,00	Full Consolidation	-	2014-2019
VATHYCHORI PERIVALLONTIKI S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
VATHYCHORI ENA PHOTOVOLTAIC S.A.	Greece	0,00	100,00	100,00	Full Consolidation	VATHYCHORI PERIVALLONTIKI S.A.	2014-2019
ALISTRATI ENERGEIAKI LTD	Greece	80,00	0,00	80,00	Full Consolidation	-	2014-2019
MALESINA ENERGEIAKI LTD	Greece	80,00	0,00	80,00	Full Consolidation	-	2014-2019
ORHOMENOS ENERGEIAKI LTD	Greece	80,00	0,00	80,00	Full Consolidation	-	2014-2019
DIRFYS ENERGEIAKI S.A.	Greece	51,00	0,00	51,00	Full Consolidation	-	2014-2019
CHRYSOUPOLI ENERGEIAKI LTD	Greece	80,00	0,00	80,00	Full Consolidation	-	2014-2019
TERNA ENERGY AI-GIORGIS S.A.	Greece	99,40	0,60	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2014-2019
TERNA AIOLIKI XEROVOUNIOU S.A.	Greece	0,00	100,00	100,00	Full Consolidation	AIOLIKI PANORAMATOS DERVENOXORION S.A.	2014-2019
GEOTHERMAL ENERGY DEVELOPMENT S.A.	Greece	50,00	0,00	50,00	Full Consolidation	-	2014-2019

(Amounts in thousand Euro unless mentioned otherwise)

TERNA AIOLIKI AITOLOAKARNANIAS S.A.	Greece	0,00	100,00	100,00	Full Consolidation	AIOLIKI MALEAS LAKONIAS S.A.	2014-2019
TERNA AIOLIKI AMARYNTHOU S.A.	Greece	0,00	100,00	100,00	Full Consolidation	ENERGIAKI SERVOVOYNIOU S.A..	2014-2019
TERNA ILIAKI PANORAMATOS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ILIAKI PELOPONNISOU S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
TERNA ILIAKI VIOTIAS S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
AIOLIKI SOLID GREECE S.A.	Greece	100,00	0,00	100,00	Full Consolidation	-	2014-2019
VATHYCHORI DYO ENERGIAKI S.A.	Greece	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
VALE PLUS LTD	Cyprus	100,00	0,00	100,00	Full Consolidation	-	2014-2019
HAOS INVEST 1 EAD	Bulgaria	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
ECO ENERGY DOBRICH 2 EOOD	Bulgaria	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
ECO ENERGY DOBRICH 3 EOOD	Bulgaria	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
ECO ENERGY DOBRICH 4 EOOD	Bulgaria	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
EOLOS NORTH sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
EOLOS NOWOGRODZEC sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
EOLOS POLSKA sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
EOLOS EAST sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2014-2019
JP GREEN sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2019
WIRON sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2019
BALLADYNA sp.z.o.o.	Poland	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2019
AEGIS RENEWABLES, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOUNTAIN AIR ALTERNATIVES LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOUNTAIN AIR WIND, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOUNTAIN AIR PROJECTS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOUNTAIN AIR RESOURCES LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
COLD SPRINGS WINDFARM LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
DESERT MEADOW WINDFARM LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
HAMMETTHILL WINDFARM LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MAINLINE WINDFARM LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
RYEGRASS WINDFARM, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
TWO PONDS WINDFARM, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019

(Amounts in thousand Euro unless mentioned otherwise)

MOUNTAIN AIR INVESTMENTS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOUNTAIN AIR HOLDINGS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2019
MOHAVE VALLEY ENERGY LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
TERNA RENEWABLE ENERGY PROJECTS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
TERNA DEN LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
FLUVANNA INVESTMENTS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
FLUVANNA HOLDINGS LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
FLUVANNA WIND ENERGY LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2015-2019
FLUVANNA I INVESTOR, INC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2019
FLUVANNA I HOLDING COMPANY, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2019
FLUVANNA WIND ENERGY 2, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2019
FLUVANNA HOLDINGS 2, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2019
FLUVANNA INVESTMENTS 2, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2019
CI-II BEARKAT QFPF, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019
CI-II BEARKAT HOLDING B, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019
SPONSOR BEARKAT I HOLDCO, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019
BEARKAT I TE PARTNERSHIP, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019
BEARKAT WIND ENERGY I, LLC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019
TERNA HOLDCO INC	USA	0,00	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2019
ENERGY PRODUCTION FROM RES OPERATING SEGMENT – JOINT VENTURES							
EN.ER.MEL. S.A.	Greece	50,00	0,00	50,00	Total equity	-	2014-2019
OPTIMUS ENERGY A.E.	Greece	51,00	0,00	51,00	Total equity	-	2017-2019
RES ENERGY SEGMENT - ASSOCIATES							
CYCLADES ENERGY CENTER S.A.	Greece	0,00	45,00	45,00	Total equity	IWECO CHONOS LASITHIOU S.A.	2014-2019
HARMONY ENERGY COMMUNITY	Greece	12,50	0,00	12,50	Total equity	-	2019
AMALTHIA ENERGY COMMUNITY	Greece	0,00	14,29	14,29	Total equity	IWECO CHONOS LASITHIOU S.A.	2019

(Amounts in thousand Euro unless mentioned otherwise)

ELECTRIC ENERGY TRADING SEGMENT - SUBSIDIARIES							
TERNA ENERGY TRADING EOOD	Bulgaria	0,00	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2014-2019
TERNA ENERGY TRADING DOOEL SKOPJE	North Macedonia	0,00	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2015-2019
TERNA ENERGY TRADING D.O.O BEOGRAD	Serbia	0,00	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2015-2019
TERNA ENERGY TRADING SHPK	Albania	0,00	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2018-2019
CONCESSIONS SEGMENT - SUBSIDIARIES							
HELLAS SMARTICKET A.E.	Greece	100,00	0,00	100,00	Full Consolidation	TERNA ENERGY AVETE	2014-2019
PERIVALLONTIKI PELOPONNISOU S.A.	Greece	100,00	0,00	100,00	Full Consolidation	TERNA ENERGY AVETE	2015-2019
AEIFORIKI IPEIROU MAEES	Greece	100,00	0,00	100,00	Full Consolidation	TERNA ENERGY AVETE	2017-2019
WASTE CYCLO A.E.	Greece	51,00	0,00	51,00	Full Consolidation	TERNA ENERGY AVETE	2014-2019

The percentage of voting rights of TERNA ENERGY S.A. in all the above participations coincide with the percentage held on companies’ free float.

On 31/12/2019, the company GEOTHERMIKI ENERGIAKI ANAPTYXIAKI S.A. is in liquidation. The liquidation has been completed by the date of approval of the accompanying Financial Statements of the Group and the relevant announcement is expected from GEMI.

The company HELLAS SMARTICKET SA ("HST") is fully consolidated as a subsidiary, as the Group exercises control in accordance with the provisions of IFRS 10. In particular, the Company held 70% of its share capital (HST) until 28 / 11/2017 during which it sold 35% of its participating interest to its parent company GEK TERNA. In compliance with the provisions of IFRS 10, the Management exercises control through the majority of its BoD members and key management personnel.

The company TERNA Energy S.A. & Co EE, as well as the J/V EMPEDOS-PANTECHNIKI-ENERGY have essentially completed the projects they had undertaken and their final dissolution is imminent. Therefore, they are not included in the consolidation.

__Changes within 2019__

On 05.09.2019, TERNA ENERGY Group finalized the acquisition of Bearkat I wind farm in Texas (Glasscock County), USA, of total capacity city 196,65 MW, belonging to the company BEARKAT I TE PARTNERSHIP LLC , operating in producing electricity from RES (see Note 7).

The company EN.MEL. is consolidated as at 31/12/2018 and as at 31/12/2019 using the equity method. On 04/09/2019, the Company purchased from MEL-MAE 5,430 shares of EN.ER.MEL S.A., of nominal value of € 10 each, which corresponds to 0.82% of the total share capital of EN.ER.MEL S.A. This resulted in a change in the percentage of EN.ER.MEL S.A. in the Group, from 49.18% to 50.00% (see Note 14).

In 2019, the Group holds participating interest in two newly established Energy Communities under Law 4513/2018. In particular, TERNA ENERGY S.A. participates in the Energy Community under the title ARMONIA ENERGY COMMUNITY and the company IWECO CHONOS LASITHIOU CRETE S.A. in AMALTHIA ENERGY COMMUNITY. Their objective is production, storage, self-consumption or sale of electricity from RES stations. From the evaluation carried out, the Group consolidates these companies as associates applying the equity method (see Note 13).

In November 2019, after signing the relevant shareholder agreement, there was reassessed the exercise of control over the company OPTIMUS ENERGY S.A., which was classified as a joint venture and is now consolidated under the equity method (see Note 14.1).

Within 2019, the company TERNA ENERGY UK PLC was liquidated.

In 2019, the transformation of the four subsidiaries of the Group into the legal form of a Societe Anonyme was completed. The companies have now been renamed ENERGIAKI DYSTION EVIAS S.A., AIOLIKI EAST GREECE S.A. AIOLIKI MARMARIOU EVIAS S.A. and ENERGIAKI STYRON EVIAS S.A. Further, the company TERNA ILIAKI ILIOKASTROU S.A. renamed to AIOLIKI CENTRAL GREECE S.A.without change in its shareholder composition and the method of consolidation.

6 SEGMENT REPORTING

Under the provisions of IFRS 8, 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 Group 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).

The Management separately monitors the operating results of the Group’s business segments in order to make the necessary decisions, allocate the sources and evaluate their performance.

For management reporting purposes, the group is organized in the following operating segments:

i. **Constructions:** The segment refers to development of wind farms and other units for electricity production from renewable energy sources, and also to the construction of the necessary infrastructure (road works, substations, interconnection with the national electric energy grid). Furthermore, the construction segment of the Group offers services to third parties mainly in small scale infrastructure works under the capacity of the main contractor or subcontractor, or through joint ventures.

ii. **Electricity from RES:** The segment mainly concerns production of electricity through wind energy. The portfolio also includes a number of photovoltaic projects, hydroelectric projects, and related energy projects with the use of biomass in various development stages.

iii. **Trade in electric energy:** The segment refers to trade in electric energy and includes as follows: Supply and sale of electric energy from and to the neighboring markets and the markets of Southeastern Europe/Development of the network of subsidiaries in the neighboring countries (North Macedonia, Serbia) with the objective to access the respective markets of electric energy/Participation in tenders for the purchase of rights for cross-border electric energy transmission. The acquisition of such rights is a requirement for the transmission of electric energy among the neighboring countries/ Continuing operations and analysis of options offered in the international markets of electric energy (on a daily, monthly and annual basis).

iv. **Concessions:** The segments concerns the construction and operation of infrastructure and public sector projects (such as Unified Automatic Collection System and the municipal waste treatment facility in Epirus Region) in exchange for long-term operation of the above projects through provision of services to the public.

(Amounts in thousand Euro unless mentioned otherwise)

Business segment	Construction	Electricity from RES	Trade in electric energy	Waste management	E-Ticket	Consolidation Write-offs	Total
31 December 2019							
Income from external customers							
Sales of products	3	237.267	36.981	1.740	8.692		**284.683**
Income from construction services	3.401	-	-	8.929	2.131		**14.461**
Total turnover from external customers	**3.404**	**237.267**	**36.981**	**10.669**	**10.823**	**-**	**299.144**
Intra-segment income	33.400					(33.400)	-
Total Turnover	**36.804**	**237.267**	**36.981**	**10.669**	**10.823**	**(33.400)**	**299.144**
Net Results per Segment	**636**	**48.384**	**1.118**	**(51)**	**3.158**		**53.245**
Depreciations	(52)	(64.366)	(17)	(22)	(17)		**(64.474)**
Amortization of grants	-	7.995	-	-	-		**7.995**
Financial income	-	257	-	1.160	4.132		**5.549**
Financial expenses	(477)	(47.408)	(33)	(1.439)	(960)		**(50.317)**
Finance cost of tax equity investor	-	(15.885)	-	-	-		**(15.885)**
Foreign exchange differences on valuation	-	700	(7)	-	-		**693**
Profit from financial instruments at fair value	-	6.870	-	-	-		**6.870**
Income from participation and other investments	522	-	-	-	-		**522**
Profit from sale from valuation of participation and other investment	-	(4)	-	-	-		**(4)**
Impairment recoveries/(impairments) of fixed assets	-	(2.053)	-	5	11		**(2.037)**
Impairment recoveries/(impairments) of receivables and inventories	(166)	(477)	(645)	64	14		**(1.210)**
Percentage of results of associates	-	(26)	-	-	-		**(26)**
Income tax	(103)	(14.936)	(427)	11	(936)		**(16.391)**
EBIT	**860**	**121.346**	**2.230**	**148**	**897**	**-**	**125.481**

(Amounts in thousand Euro unless mentioned otherwise)

Business segment	**Construction**	**Electricity from RES**	**Trade in electric energy**	**Waste management**	**E-Ticket**	**Consolidation Write-offs**	**Total**
31 December 2019							
Segment assets	12.538	2.021.754	8.733	32.345	42.961		**2.118.331**
Investments in associates	-	67	-	-	-		**67**
Total assets	**12.538**	**2.021.821**	**8.733**	**32.345**	**42.961**	**-**	**2.118.398**
Segment liabilities	**3.914**	**1.609.132**	**4.105**	**32.869**	**29.916**		**1.679.936**
Long-term Loans	-	860.715	-	27.724	18.079	-	**906.518**
Short-term Loans	-	36.419	34	-	-	-	**36.453**
Long term liabilities carried forward	-	66.771	-	586	2.857	-	**70.214**
Cash available	-	(242.222)	(1.505)	(2.404)	(11.333)	-	**(257.464)**
Grants to return	-	3.024	-	-	-	-	**3.024**
Restricted deposits	-	(42.460)	-	-	-	-	**(42.460)**
Net debt / (surplus)	**-**	**682.247**	**(1.471)**	**25.906**	**9.603**	**-**	**716.285**
Lease liabilities	2	8.669	41	16	5	-	**8.733**
Equity interests having a substance of financial liability	-	375.772	-	-	-	-	**375.772**
Capital expenditures for the year	12	206.449	-	(1.448)	-	-	**205.013**

(Amounts in thousand Euro unless mentioned otherwise)

Business segment	Construction	Electricity from RES	Trade in electric energy	Waste management	E-Ticket	Consolidation Write-offs	Total
31 December 2018							
Income from external customers							
Sales of products	-	216.335	19.702	3	10.621	-	**246.661**
Income from construction services	14.419	-	-	30.897	75	-	**45.391**
Total income from external customers	**14.419**	**216.335**	**19.702**	**30.900**	**10.696**	**-**	**292.052**
Inter-segment income	40.069					(40.069)	**-**
Total Turnover	**54.488**	**216.335**	**19.702**	**30.900**	**10.696**	**(40.069)**	**292.052**
Net Results per Segment	**3.741**	**37.158**	**1.457**	**1.592**	**3.105**	**-**	**47.053**
Depreciations	(52)	(55.556)	(3)	(1)	(13)	-	**(55.625)**
Amortization of grants	-	7.862	-	-	-	-	**7.862**
Financial income	21	959	1	123	4.049	-	**5.153**
Financial expenses	(258)	(45.764)	(19)	(2.471)	(1.221)	-	**(49.733)**
Finance cost of tax equity investor	-	(12.627)	-	-	-	-	**(12.627)**
Foreign exchange differences on valuation	-	1.931	(10)	-	-	-	**1.921**
Profit from financial instruments at fair value	-	1.088	-	-	-	-	**1.088**
Income from participation and other investments	500	-	-	-	-	-	**500**
Profit from sale from valuation of participation and other investment	(9)	-	-	-	-	-	**(9)**
Impairment recoveries/(impairments) of fixed assets	-	(1.147)	-	-	-	-	**(1.147)**
Impairment recoveries/(impairments) of receivables and inventories	(139)	(2.511)	(13)	(133)	(58)	-	**(2.854)**
Percentage of results of associates	-	(28)	-	-	-	-	**(28)**
Income tax	(1.492)	(13.329)	(92)	762	(1.207)	-	**(15.358)**
EBIT	**5.118**	**108.586**	**1.590**	**3.311**	**1.542**	**-**	**120.147**

(Amounts in thousand Euro unless mentioned otherwise)

Business segment	**Construction**	**Electricity from RES**	**Trade in electric energy**	**Waste management**	**E-Ticket**	**Consolidation Write-offs**	**Total**
31 December 2018							
Segment assets	26.942	1.541.534	7.959	23.944	41.658	-	**1.642.037**
Investments in associates	-	4.233	-	-	-	-	**4.233**
Total assets	**26.942**	**1.545.767**	**7.959**	**23.944**	**41.658**	**-**	**1.646.270**
Segment liabilities	**10.928**	**1.190.244**	**3.185**	**21.137**	**29.643**		**1.255.137**
Long-term Loans	-	627.240	(1)	20.312	20.858	-	**668.409**
Short-term Loans	-	43.957	32	-	-	-	**43.989**
Long term liabilities carried forward	-	97.167	-	6	2.868	-	**100.041**
Cash available	(16.918)	(135.013)	(1.663)	(823)	(11.942)	-	**(166.359)**
Return of grants	-	3.024	-	-	-	-	**3.024**
Restricted deposits	-	(42.874)	-	-	-	-	**(42.874)**
Net debt / (surplus)	**(16.918)**	**593.501**	**(1.632)**	**19.495**	**11.784**	**-**	**606.230**
Equity interests having a substance of financial liability	-	160.390	-	-	-	-	**160.390**
Capital expenditures for the year	35	108.068	21	1.806	9	-	**109.939**

(Amounts in thousand Euro unless mentioned otherwise)

Geographic segments	**Greece**	**Eastern Europe**	**USA**	**Total consolidated**
31.12.2019				
Turnover from external customers	185.919	52.087	61.138	**299.144**
Non-current assets	731.727	133.067	817.597	**1.682.391**
Capital expenditure	82.884	64	122.065	**205.013**
31.12.2018				
Turnover from external customers	212.641	34.169	45.242	**292.052**
31.12.2018				
Non-current assets	586.204	222.271	492.228	**1.300.703**
Capital expenditure	38.221	46	71.672	**109.939**

The turnover in the energy sector, due to its nature, depends on the legislative framework which is locally in effect with regard to the energy administrators, in both the domestic market as well as in Bulgaria, Poland and the USA.

In FY ended as at December 31st 2019, an amount of 153.8 million (51,4 %) %) [2018: € 141,0 million (48,3%)] of the Group’s turnover has arisen from an external customer (Customer A) from electric energy segment.

7 BUSINESS COMBINATIONS

Acquisition of «Bearkat I» wind farm through TERNA DEN LLC (subsidiary of TERNA ENERGY USA HOLDING CORPORATION)

On 05.09.2019, the Group, through its by 100% subsidiary, TERNA DEN LLC (a subsidiary of TERNA ENERGY USA HOLDING CORPORATION) acquired 100% of Class B membership interests of BEAT I PARTNERSHIP LLC. The aforementioned company owns 100% of BEARKAT WIND I LLC, which owns and operates "Bearkat I" wind farm of 196.65 MW in Texas (Glasscock County), USA. The aforementioned transaction was carried out against the total consideration of € 119,693 k ($ 132,357 k) which was settled in cash by € 58,780 k ($ 65,000 k) and by € 60,913 k ($ 67,357 k) through a long-term loan from the seller bank.

The procedure of determining the Purchase Price Allocation in accordance with IFRS 3 "Business Combinations" will be finalized within 12 months of the acquisition date. Accordingly, the provisional fair values of the assets acquired and liabilities assumed in September 2019 are as follows:

Amount in '000s €	**Provisional values as at the date of obtaining control**
Assets	211.550
Tangible fixed assets	7.470
Receivables from derivatives	2.682
Trade receivables	3.255
Prepayments and other receivables	5.204
Cash and cash equivalents	**230.161**
Total current assets	
Liabilities	113.685
Equity interests having a substance of financial liability	1.370
Other provisions	3.050
Deferred tax liabilities	6.613
Short-term loans	1.819
Suppliers	1.335
Accrued and other short-term liabilities	571
Income tax payable	**128.443**
Total short-term liabilities	**101.718**
Net assets	
	119.693
Acquisition Cost	(17.975)
Borrowing Interest Rate Impairment Benefit	(101.718)
Less: value of net assets at the acquisition date	-
Consideration from acquisition	

(Amounts in thousand Euro unless mentioned otherwise)

Analysis of outflows as at the date of obtaining control:	
Cash settled consideration	58.781
Consideration settled in bank borrowings	60.913
Total consideration from acquisition	**119.694**
Less: Consideration settled in bank borrowings	(60.913)
Less: Cash available acquired	(5.204)
Total cash outflows as at date of obtaining control	**53.577**

The above table presents the temporary fair values of the acquired assets and liabilities at the date of acquisition, on 05/09/2019. The fair values of tangible fixed assets of € 211,550 k ($ 233,932 k) have been based on a temporary report by an independent appraiser, which is expected to be finalized within 12 months of the acquisition date. The item "Equity instruments similar to financial liabilities" was determined using a technical valuation based on the wind farm financing model, which projects future cash flows before taxes, production tax credits and applying the Equity Tax discount rate, IRR Investor Investment Rate (see Note 29 for details).

Furthermore, in the process of finalizing the consideration of the acquisition, an amount of € 17,975 k ($ 19,878 k) was recognized, which relates to the reduction in interest rates of the Group's existing loans by the seller Bank (for Fluvanna I and Gopher Greek), and which was agreed in the context of the transaction. The new terms set a reduction, specifically, based on the new reduced interest rates and in accordance with the requirements of IFRS 9, the Group derecognized a previous loan of € 125,550 k ($ 138,833 k) and recognized a new loan of € 107,574 k ($ 118.955 k). The loans were recognized at their fair value, which was provisionally assessed by Management discounting the new cash flows at the initial discount rate of the loans (10.38%). The difference between the nominal amount of the loans and their fair value amounted to a total amount of € 17,975 k. According to the provisions of IFRS 9, this amount is recognized as profit or loss. However, and since this benefit arose in the acquisition transaction, in the process of allocating the acquisition price, that amount was considered to constitute an element of the transaction price and was recognized as a deduction in accounting.

In the context of all the above calculations and as presented in the above table, the Group has not recognized goodwill from the above acquisition in the consolidated financial statements as at 31/12/2019.

On 31/12/2019, the acquisition of "Bearkat I" resulted in an increase in the Group's assets and liabilities by € 220,903 k (10.4% of the Group's total assets) and € 108,896 k (6.5% of the Group's total liabilities) respectively. The above acquisition contributed to the Group's turnover and profit for the period 05/09 - 31/12/2019, amounting to € 6,299 k and € 1,452 k (loss) respectively.

(Amounts in thousand Euro unless mentioned otherwise)

8 INTANGIBLE ASSETS

The Group's and the Company's intangible assets and changes their movements taking place for the periods from 1 January to 31 December 2019 and 2018, presented in the accompanying financial statements, are analyzed as follows:

	GROUP		
	Concessions & Rights	**Software**	**Total**
Cost			
January 1st 2018	**34.007**	**442**	**34.449**
Additions	1.850	136	**1.986**
Sales/Write-offs	(49)	**-**	**(49)**
Foreign currency translation differences	372	-	**372**
December 31st 2018	**36.180**	**578**	**36.758**
January 1st 2019	**36.180**	**578**	**36.758**
Additions	3.678	319	**3.997**
Sales/Write-offs	(349)	(4)	**(353)**
Change in consolidation percentage	(97)	(17)	**(114)**
Foreign exchange differences	164	**-**	**164**
December 31st 2019	**39.576**	**876**	**40.452**
Accumulated Amortization			
January 1st 2018	**(11.282)**	**(314)**	**(11.596)**
Amortization	(1.278)	(49)	**(1.327)**
Amortization of write-offs	(251)	-	**(251)**
Foreign exchange differences	(101)	-	**(101)**
December 31st 2018	**(12.912)**	**(363)**	**(13.275)**
January 1st 2019	**(12.912)**	**(363)**	**(13.275)**
Amortization	(1.177)	(77)	**(1.254)**
Amortization of write-offs	74	4	**78**
Impairments	(612)	-	**(612)**
Foreign exchange differences	(45)	-	**(45)**
December 31st 2019	**(14.672)**	**(436)**	**(15.108)**
Net book value			
31st December 2018	**23.268**	**215**	**23.483**
31st December 2019	**24.904**	**440**	**25.344**

(Amounts in thousand Euro unless mentioned otherwise)

	COMPANY		
	Concessions & Rights	Software	Total
Cost			
January 1st 2018	**3.426**	**441**	**3.867**
Additions	-	119	**119**
December 31st 2018	**3.426**	**560**	**3.986**
January 1st 2019	**3.426**	**560**	**3.986**
Additions	7	319	**326**
Sales/Write-offs	-	**(4)**	**(4)**
December 31st 2019	**3.433**	**875**	**4.308**
Accumulated Amortization			
January 1st 2018	**(1.551)**	**(312)**	**(1.863)**
Amortzation	(106)	(50)	**(156)**
December 31st 2018	**(1.657)**	**(362)**	**(2.019)**
January 1st 2019	**(1.657)**	**(362)**	**(2.019)**
Amortzation	(106)	(77)	**(183)**
Amortzation of write-offs	-	4	**4**
December 31st 2019	**(1.763)**	**(435)**	**(2.198)**
Net book value			
December 31st 2018	**1.769**	**198**	**1.967**
December 31st 2019	**1.670**	**440**	**2.110**

The category “Concessions and Rights” includes the cost of obtaining licenses for the production, installation and operation of power stations, the cost of the rights of intervention and use of forest land where Wind Farms are installed. Furthermore, in the respective account it is included the value of the licenses obtained by the Group during acquisition of companies.

The Group has not recognized non-amortized intangible assets and therefore, the Management of the Group conducts impairment tests in accordance with the provisions of IAS 36, only when and where relevant evidence of impairment arises (see note 4.7 and Note 12.3).

In the year ended on December 31st 2019, an impairment loss of € 612 k was recognized in the licenses of a wind farm of a subsidiary company in Bulgaria (2018: € 251 k impairment loss in the licenses of two wind farms of subsidiary companies in Greece and Bulgaria). Impairment loss is included in the line “Other income/(expenses) in the consolidated income statement.

Amortization of intangible assets of the Group in FY 2019 have been recorded in Cost of Sales by € 1.134 k (€ 1.232 k in 2018) and in Administrative and Distribution Expenses by € 120 k (€ 95 k in 2018).

(Amounts in thousand Euro unless mentioned otherwise)

9 RIGHT – OF – USE ASSETS

Right-of-use assets were recognized as a result of the first implementation of IFRS 16 (see Note 2.6.3). The amounts recognized as at 01/01/2019 following the provisional recognition of the Standard and analysis of changes within 2019 for the Group and the Company are as follows:

Group right-of-use

	GROUP			
	Land -Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
1 January 2019	-	-	-	-
Adjustments from changes in accounting policies and implementation of new standards	4.961	1.962	86	**7.009**
1 January 2019, Readjusted Balance	**4.961**	**1.962**	**86**	**7.009**
Additions	2.775	2	6	**2.783**
Foreign exchange differences	38	10	-	**48**
31 December 2019	**7.774**	**1.974**	**92**	**9.840**
Accumulated amortisation				
1 January 2019	-	-	-	-
Depreciation	(367)	(1.036)	(34)	**(1.437)**
Foreign exchange differences	(2)	-	-	**(2)**
31 December 2019	**(369)**	**(1.036)**	**(34)**	**(1.439)**
Book Value				
31 December 2018	-	-	-	-
31 December 2019	**7.405**	**938**	**58**	**8.401**

(Amounts in thousand Euro unless mentioned otherwise)

Company right-of-use

	COMPANY			
	Land -Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
1 January 2019	-	-	-	-
Adjustments from changes in accounting policies and implementation of new standards	102	1.365	40	**1.507**
1 January 2019, Readjusted Balance	**102**	**1.365**	**40**	**1.507**
Additions	575	2	6	**583**
31 December 2019	**677**	**1.367**	**46**	**2.090**
Accumulated amortisation				
1 January 2019	-	-	-	-
Amortisation	(31)	(883)	(23)	**(937)**
31 December 2019	**(31)**	**(883)**	**(23)**	**(937)**
Book Value				
31 December 2018	-	-	-	-
31 December 2019	**646**	**484**	**23**	**1.153**

(Amounts in thousand Euro unless mentioned otherwise)

10 PROPERTY, PLANT AND EQUIPMENT

The Group's and the Company's tangible fixed assets and their movements for the periods from 1 January to 31 December 2019 and 2018, in the accompanying financial statements, are analyzed as follows:

	GROUP						
	Land - Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Furniture and fixtures	Assets under construction	Total
Acquisition Cost							
1 January 2018	**4.824**	**102.739**	**1.245.171**	**1.894**	**4.915**	**70.837**	**1.430.380**
Additions	309	3.514	32.493	138	361	68.693	**105.508**
Borrowing Cost	-	-	98	-	-	1.323	**1.421**
Sales/Write offs	-	(397)	(3.274)	(14)	(6)	-	**(3.691)**
Provisions for restoration	-	-	1.024	-	-	-	**1.024**
Impairments	-	-	6	-	-	(9)	**(3)**
Transfers	-	14.044	35.017	-	-	(49.061)	-
Foreign exchange differences		1.252	14.571	10	(2)	2.606	**18.437**
31 December 2018	**5.133**	**121.152**	**1.325.106**	**2.028**	**5.268**	**94.389**	**1.553.076**
1 January 2019	**5.133**	**121.152**	**1.325.106**	**2.028**	**5.268**	**94.389**	**1.553.076**
Additions	85	1.687	151.077	92	220	41.012	**194.173**
Borrowing Cost	-	-	4.946	-	-	-	**4.946**
Sales/Write offs	(167)	(1.300)	(921)	(181)	(351)	(10)	**(2.930)**
Provisions for restoration	-	-	1.897	-	-	-	**1.897**
Transfers	-	23	84.113	-	-	(84.136)	-
Foreign exchange differences	-	683	5.044	6	2	1.880	**7.615**
Change due to acquisition of new company (Note 7)	-	-	227.031	-	-	-	**227.031**
31 December 2019	**5.051**	**122.245**	**1.798.293**	**1.945**	**5.139**	**53.135**	**1.985.808**
Accumulated depreciations							
1 January 2018	**-**	**(27.919)**	**(274.647)**	**(1.199)**	**(3.781)**	**-**	**(307.546)**
Depreciations for the period	-	(4.512)	(49.451)	(115)	(220)	-	**(54.298)**
Depreciation of Write offs	-	27	1.192	12	6	-	**1.237**
Write offs	-	-	(896)	-	-	-	**(896)**
Foreign exchange differences	-	(140)	(1.914)	(4)	-	-	**(2.058)**
31η December 2018	**-**	**(32.544)**	**(325.716)**	**(1.306)**	**(3.995)**	**-**	**(363.561)**
1 January 2019	**-**	**(32.544)**	**(325.716)**	**(1.306)**	**(3.995)**	**-**	**(363.561)**
Depreciations for the period	-	(4.542)	(56.935)	(124)	(201)	-	**(61.802)**
Depreciation of written off	-	168	679	158	304	-	**1.309**
Impairment	-	(620)	(824)	-	-	-	**(1.444)**
Foreign exchange differences	-	(102)	(1.435)	(2)	(2)	-	**(1.541)**
Change due to acquisition of new company (Note 7)	-	-	(15.481)	-	-	-	**(15.481)**
31 December 2019	**-**	**(37.640)**	**(399.712)**	**(1.274)**	**(3.894)**	**-**	**(442.520)**
Net Book Value							
31 December 2018	**5.133**	**88.608**	**999.390**	**722**	**1.273**	**94.389**	**1.189.515**
31 December 2019	**5.051**	**84.605**	**1.398.581**	**671**	**1.245**	**53.135**	**1.543.288**

(Amounts in thousand Euro unless mentioned otherwise)

	COMPANY						
	Land - Plots	Buildings and Installations	Technological and Mechanical equipment	Vehicles	Furniture and fixtures	Assets under construction	Total
Acquisition Cost							
1 January 2018	**896**	**11.210**	**154.129**	**1.132**	**4.308**	**9.686**	**181.361**
Additions	-	27	75	22	307	226	**657**
Sales/Write offs	-	-	(3.155)	(1)	(6)	-	**(3.162)**
31 December 2018	**896**	**11.237**	**151.049**	**1.153**	**4.609**	**9.912**	**178.856**
1 January 2019	**896**	**11.237**	**151.049**	**1.153**	**4.609**	**9.912**	**178.856**
Additions	-	4	65	42	149	276	**536**
Sales/Write offs	-	(35)	(383)	(155)	(304)	(10)	**(887)**
31 December 2019	**896**	**11.206**	**150.731**	**1.040**	**4.454**	**10.178**	**178.505**
Accumulated Depreciations							
1 January 2018	**-**	**(6.494)**	**(77.213)**	**(904)**	**(3.545)**	**-**	**(88.156)**
Depreciations for the period	-	(339)	(5.486)	(41)	(166)	-	**(6.032)**
Depreciation of written off assets	-	-	1.155	1	6	-	**1.162**
31 December 2018	**-**	**(6.833)**	**(81.544)**	**(944)**	**(3.705)**	**-**	**(93.026)**
1η January 2019	**-**	**(6.833)**	**(81.544)**	**(944)**	**(3.705)**	**-**	**(93.026)**
Depreciations for the period	-	(340)	(5.433)	(43)	(147)	-	**(5.963)**
Depreciation of written off assets	-	35	383	149	304	-	**871**
31 December 2019	**-**	**(7.138)**	**(86.594)**	**(838)**	**(3.548)**	**-**	**(98.118)**
Net Book Value							
31 December 2018	**896**	**4.404**	**69.505**	**209**	**904**	**9.912**	**85.830**
31 December 2019	**896**	**4.068**	**64.137**	**202**	**906**	**10.178**	**80.387**

The item "Technological and mechanical equipment", totalling € 1,398,600 k for the Group and € 64,137 k for the Company, includes Wind Park Wind Turbines that have been pledged to banks for securing long-term loans. During fiscal year 2019, the Group recognized an impairment loss of € 1,445 k related to the biomass power plant facilities of a subsidiary in Greece (2018: impairment losses of € 896 k were recognized) (see Note 4.7 and 12.3 for details).

The categories "Land-Plots", "Buildings and Installations" and "Technological and mechanical equipment" include fixed assets at amortized cost of € 78,672 k and € 83,181 k at 31 December 2019 and 2018, respectively, relating to Installations Distribution Networks built by the Company and as provided for in contracts with HEDNO are transferred to HEDNO free of charge at the commencement of operation of each Wind Park. However, even after their transfer, these installations continue to serve the purpose for which they were constructed, i.e. the sale of electricity generated to HEDNO and DAPEEP, remaining in the exclusive use of the Company and therefore the unamortized cost, at the date of the transfer, it continues to be depreciated, as before, until the 25-year depreciation period of the Wind Parks has expired.

In 2019, the Group's additions to Technological and Mechanical Equipment mainly relate to additions of amount:

- € 118,501 k for the Fluvanna II wind farm (158 MW) through the subsidiary FLUVANNA WIND ENERGY 2, LLC,
- € 1,732 k and € 4,348 k related to wind farms in the site of MESOPIKI (9 MW) and AGRIACHLADIA (22.5 MW), respectively, of the Municipality of Kymi - Aliveri through the subsidiary company ENERGIAKI DYSTION EVIA S.A.

- € 10,009 K for the wind farm at the site EXOSTIS (18.9 MW) of the Municipality of Karystos through its subsidiary ENERGIAKI STYRON EVIA S.A.,

- € 5,398 k and € 6,631 k related to wind farms in the site VOUREZA (7.2 MW) and PYRGARI II (9.9 MW), respectively, of the Municipality of Kymi - Aliveri through its subsidiary AIOLIKI EAST GREECE S.A.,

- € 1,569 k and € 1,255 k related to the wind farms in the site VORINA LITHARIA and CALOGERIKI RACHI, respectively, of the subsidiary TERNA AEOLIKI AMARINTHOS S.A.,

The additions to the Group's assets under construction for the fiscal year 2019 amount to € 41.012 k mainly related to additions:

- € 4.831 k, € 5.893 k and € 3.449 k for the wind parks in the site GALOSSI (19.8 MW), KARABYLA (19.8 MW) and PYRGARI DARDIZA (6.3 MW), respectively, of the Municipality of Karystos through the subsidiary AEOLIKI MARMARIOY EVIA S.A.,

- € 3,130 k and € 6,839 k related to wind farms in the site of MESOPIKI (9 MW) and AGRIACHLADIA (22.5 MW), respectively, of the Municipality of Kymi-Aliveri of the subsidiary company ENERGIAKI DYSTION EVIA S.A.

- € 8,158 k for the wind farm in the site Exostis (18.9 MW) of the Municipality of Karystos through its subsidiary ENERGIAKI STYRON EVIA S.A.,

- € 6,071 k, € 1,251 k and € 3,200 k for wind farms in the site VOUREZA (7.2 MW), KOSKINA-LAKKA (7.65 MW) and PYRGARI II (9.9 MW), respectively, of the Municipality of Kimi-Aliveri of the subsidiary company AEOLIKI EASTERN GREECE S.A.

The item "Change due to new business acquisition" of unamortised cost € 211,550 k relates to the acquisition, within the third quarter of 2019, of "Bearkat" wind farm in Glasscock County, Texas (capacity of 200 MW (see Note 7 in detail).

Transfers from 'Assets under Construction" of € 84,136 k are due to completion of the construction of Fluvanna II wind farm in Texas , USA, of capacity 158MW in the third quarter of 2019.

(Amounts in thousand Euro unless mentioned otherwise)

Depreciation of tangible fixed assets of the Group for the year 2019 is recorded at Cost of Sales by € 61.625 k (€ 54.118 k in 2018), Administrative and Distribution Expenses by € 120 k (€ 109 k in 2018) and Research and Development Expenses by € 37 k (€ 69 in 2018).

11 INVESTMENT PROPERTY

For the period from January 1st to December 31, 2019 and 2018, the Group's and the Company's investment property is analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Opening Balance	**538**	**509**	**538**	**509**
Change in fair value of investment property	2	29	2	29
Closing period	**540**	**538**	**540**	**538**

Investment property is determined using the fair value method of IAS 40. Measurement at fair value has been determined taking into account the Company's ability to achieve its maximum and best use by assessing the use of each item that is legally permissible and economically possible. The Group made a revaluation of the fair value of its property portfolio in the year 2019 by assigning its valuation work to independent property appraisers. Revaluation of fair value of investment property resulted in a profit of € 2 k (2018: profit of € 29 k).

12 INVESTMENTS IN SUBSIDIARIES

12.1 Analysis of changes of investments in subsidiaries for the year 2019

The subsidiaries of the Company are presented in details in Note 5.

The change in the book value of investments in subsidiaries in the Company's financial statements is as follows:

	Company data	
	31.12.2019	31.12.2018
Opening Balance	**332.595**	**288.641**
Additions	97.355	46.397
Company liquidation	-	(13)
Capital Return	(27.910)	-
Impairment of investments	(1.630)	(2.393)
Transfer to joint ventures (see Note 14.1)	(123)	(37)
Closing Balance	**400.287**	**332.595**

Additions standing at € 97.355 k, performed in 2019, pertain mostly increases of share capital conducted at existing subsidiary companies. In particular:

- Share capital increases amounting to € 63.900 k in the subsidiary company TERNA ENERGY OVERSEAS LTD. In particular, on 25/07/2019 and on 17/12/2019 share capital increases were conducted of € 60.400 k and € 3.500 k respectively.
- Share capital increases amounting to € 14.194 k in the subsidiary company AIOLIKI MARMARIOU EVIAS S.A. In particular, on 02/09/2019 and 20/09/2019 share capital increases were conducted of €4 k and €14.190 k respectively. Furthermore, on 09/10/2019, pursuant to a private agreement of the shareholders of the aforementioned subsidiary, the shareholder "IWECO CHONOS CRETE S..A" disposed the total of its shares, i.e. 31 shares of value of € 3.1 k, to the Company, which, following this sale, now holds 100% of AEOLIKI MARMARIOU EVIA S.A.
- Share capital increases amounting to € 7.532 k in the subsidiary company ENERGIAKI DYSTION EVIA S.A. In particular, on 29/8/2019 and 20/09/2019 share capital increases were conducted of €232 k and €7.300 k, respectively. Furthermore, on 09/10/2019 pursuant to a private agreement of the shareholders of the aforementioned subsidiary, the shareholder "IWECO CHRONOS CRETE SA" SA sold all of its shares, namely 30 shares and a value of € 3.0 k, to the Company, which, following this sale, now holds 100% of ENERGIAKI DYSTION EVIA S.A.
- Share capital increases amounting to € 6.141 k in the subsidiary company ENERGIAKI STYRON EVIAS S.A. In particular, on 01/06/2019, 29/08/2019 and 20/09/2019 share capital increases were conducted of € 2 k, € 239 k and € 5,900 k, respectively. Further, on 09/10/2019, pursuant to a private agreement of the shareholders of the aforementioned subsidiary, the shareholder "IWECO CHONOS CRETE S.A." disposed the total of its shares, i.e. 30 shares of value € 3 k, to the Company, which, following this sale, now holds 100% of the share capital of ENERGIAKI STYRON EVIA S.A.
- On 20/09/2019 share capital increase amounting to € 5.180 k was conducted in the subsidiary company AIOLIKI ANATOLIKI ELLADOS S.A. Furthermore, on 09/10/2019, under the private agreement of the shareholders of the aforementioned subsidiary, the shareholder "IWECO HONOS CRETE SA" SA disposed the total of its shares, i.e. 32 shares of value € 3.2 k, to the Company, which, following this sale, now holds 100% of AEOLIKI EASTERN GREECE S.A.
- Share capital increases amounting to € 396 k in the subsidiary company DELTA AXIOU ENERGIAKI S.A. at 20/09/2019.

The share capital decrease amounting to € 27.910 k performed in 2019, relates to the share capital decreases of the subsidiary TERNA ENERGY OVERSEAS LTD.

Furthermore, an amount of € 123k relates to the Company's investment in OPTIMUS ENERGY S.A. (holding 51% of its share capital). The company was consolidated in the consolidated financial statements of the Company as a subsidiary in accordance with the provisions of IFRS 10. In November 2019, following the signing of a relevant shareholders' agreement, Management reassessed the existence of the control and concluded concluded that, in accordance with the provisions of IFRS 11, joint control is exercised and, as a result, transferred to the line "Participations in joint ventures" and is now consolidated using the equity method (see Note 14.1 for details). This company started operations in November 2019 and has no significant financial sizes.

12.2 Assessment of control under IFRS 10

The company HELLAS SMARTICKET AE («HST») is fully consolidated as a subsidiary, since the Group exercises control over it according to the provisions of IFRS 10. More specifically, the Company owned 70% of the share capital of (HST) until 28/11/2017 inclusively, when it sold off 35% of its holding to its parent company GEK TERNA. According to the Management assessment, the Company exercises control over that subsidiary as IFRS 10 criteria are met, since it directs the related operations of the subsidiary through the majority of BoD members and key management personnel.

A reassessment of the above judgments was conducted within the current reporting period, and no change was made with respect to the existing approach.

12.3 Impairment test

In accordance with the applied accounting policies and in line with provisions of IAS 36, the Company performs an impairment test on the assets at the end of each annual reporting period if there is any indication of impairment. The test can be performed earlier if any evidence of impairment arises. The arising evaluation focuses on both - extrinsic and intrinsic factors.

Regarding the impairment test, every wind farm constitutes a Cash Generating Unit (CGU). The recoverable amounts of the above GTUs were determined using the value in use method. Value in use was calculated applying the discounted cash flow method, i.e. projections for cash flows, based on the Management calculations and projections until the end of the useful life of each wind farm.

Assumptions used to determine value in use

The key assumptions applied by Management relate to the determination of the present value of estimated future cash flows expected to be generated by each CGU (discounted cash flow method) and are as follows:

- Projected sales: Projected sales include management assumptions and estimates that have taken into account historical measurements of electricity generation and electricity sales prices.
- Pre – calculated EBITDA: Operating profit margins and EBITDA are calculated on the basis of the latest years' actuarial data. For the projected period, EBITDA margin for RES is estimated fluctuate between 17% and 73%, while for the biomass - between 12% and 29%.
- Discount rate from 5.07% to 10.04% per case (for Greece 5.54% - 8.17%, for Poland 5.07% - 10.04% and for Bulgaria 8.58%).

Impairment test outcome

Based on the results of the impairment test performed on December 31, 2019, the comparison of the recoverable amount of the investment costs of the wind farms of the subsidiaries with their book value resulted in a decrease in the item of investment in subsidiaries by € 1.630 k which relates the company DELTA AXIOU ENERGIAKI S.A.

(Amounts in thousand Euro unless mentioned otherwise)

The arising loss was recorded in the item of the Statement of Comprehensive Income in the item "Loss from disposal and valuation of participating interests and other investments". The impairment recognized during the year was mainly attributable to increased projected project costs.

12.4 Subsidiaries with significant percentage of non-controlling interests

The following tables summarize financial data of subsidiaries in which non-controlling interests hold a significant percentage.

Condensed items of the statement of financial position

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A		DELTA AXIOU S.A.	
Non-controlling interest (%)	**65,00%**	**65,00%**	**49,00%**	**49,00%**	**34,00%**	**34,00%**
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Non-current assets	24.545	25.002	10.065	10.750	3.724	5.502
Current assets	16.796	14.486	10.360	2.522	1.240	1.256
TOTAL ASSETS	**41.341**	**39.488**	**20.425**	**13.272**	**4.964**	**6.758**
Long-term liabilities	18.158	20.862	13.402	5.350	3.845	1
Short-term liabilities	11.638	8.600	489	1.298	2.015	6.065
Total liabilities	**29.796**	**29.462**	**13.891**	**6.648**	**5.860**	**6.066**
Equity	**11.545**	**10.026**	**6.534**	**6.624**	**-896**	**692**
Non-controlling interests	7.504	6.517	3.202	3.246	(305)	235

Condensed items of the statement of comprehensive income

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A		DELTA AXIOU S.A.	
	1-Ιαν		**1-Ιαν**		**1-Ιαν**	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Turnover	9.407	8.877	1.967	3.034	1.265	1.402
Net earnings / (losses) for the year	**2.720**	**2.390**	**577**	**1.322**	**(2.181)**	**(716)**
Other comprehensive expenses for the year (net, after taxes)	(1)	3	(3)	9	-	-
Total Comprehensive Income / (Expenses) of year	**2.719**	**2.393**	**574**	**1.331**	**(2.181)**	**(716)**
Earnings / (losses) of year attributed to non-controlling interests	1.767	1.555	281	652	(742)	(243)

Condensed items of the statement of cash flows

	HST S.A		DEI RENEWABLES-		DELTA AXIOU S.A.	
	1-Ιαν		**1-Ιαν**		**1-Ιαν**	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Total inflows / (outflows) from operating activities	4.509	17.412	1.126	1.617	(688)	555
Total inflows / (outflows) from investment activities	-	(18)	-	-	1	(96)
Total inflows / (outflows) from financing activities	(4.973)	(16.761)	6.957	(1.565)	588	(537)
Net increase / (decrease) in cash and cash	**(464)**	**633**	**8.083**	**52**	**(99)**	**(78)**

Note: *Financial data prior to write-offs with the broader Group.*

The Group has no holdings in non-consolidated structured entities.

(Amounts in thousand Euro unless mentioned otherwise)

13 INVESTMENTS IN ASSOCIATES

The Group has participations in affiliated companies that are classified as associates because of their significant influence and are consolidated in the consolidated financial statements on the basis of the equity method (the object of the activity and the Group's shareholdings in these investments are presented in Note 5 of the financial statements).

The Group, based on the associate's contribution to the Group's profits / (loss) before taxes, considered that each of the associates individually is immaterial and therefore it discloses in the table below only its aggregate share in these associates:

	GROUP	
	31.12.2019	**31.12.2018**
Net losses	(2)	(28)
Total comprehensive losses	**(2)**	**(28)**
Total participating interest of the Group in the carrying	**67**	**4.233**

Change in investments in associates in 2019 and 2018 is as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening Balance	**4.233**	**4.261**	**4.188**	**4.188**
Initial acquisition of investments	1	-	-	-
Transfer to joint ventures (note 14.1)	(4.165)	-	(4.188)	-
Share of results from associates	(2)	(28)	-	-
Closing Balance	**67**	**4.233**	**-**	**4.188**

In 2019, the Group acquired 12.50% of the cooperative share capital of the newly established Energy Community by Law 4513/2018 under the title ARMONIA ENERGIAKI COMMUNITY as well as 14.29% of the cooperative share capital of its newly established Energy Community by Law 4513/2018 under the name AMALTHIA ENERGY COMMUNITY.

The existence of significant influence over these entities is presumed through the representation on the Board of Directors, the evaluation of their operation and their Articles of Association, as well as the Group's substantive participation in their policy-making procedures.

On 04/09/2019, the Company purchased from MEL-M.A.E. 5,430 shares of EN.ER.MEL S.A. of nominal value € 10 each, which corresponds to 0.82% of the total share capital of EN.ER.MEL. S.A. Following the acquisition, the total percentage of the investment amounted to 50% and the Company's investment in EN.ER.MEL S.A. has been transferred from the item "Participations in Associates" to the item "Participations in Joint Ventures".

(Amounts in thousand Euro unless mentioned otherwise)

This reclassification did not have any impact on the Group's equity and results as the investment was consolidated and continues to be consolidated using the equity method in accordance with the requirements of IAS 28.
In 2019, the Company did not proceed with any impairment of its holdings.

14 INVESTMENTS IN JOINT ARRANGEMENTS

14.1. Investments in joint ventures

The Group holds rights in joint ventures, consolidated under equity method in accordance with the provisions of IAS 28 and presented in Note 5 to the Financial Statements.

Changes in investments in joint ventures are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening Balance	**-**	**-**	**47**	**119**
Additions	98	-	98	-
Impairment of investment	-	-	(47)	-
Clearing costs due to settlement of participations	-	-	-	(72)
Transfer from subsidiaries (note 12.1)	123	-	123	-
Transfer from associates (note 13)	4.165	-	4.188	-
Share of results from joint ventures results	(24)	-	-	-
Closing Balance	**4.362**	**-**	**4.409**	**47**

As at 31/12/2019, the Company impaired its investment in J/V EMPEDOS-PANTECHNIKI-ENERGEIAKI, standing at € 47 k. The aforementioned joint venture has essentially finished the undertaken project and is to be liquidated.

14.2. Investments in joint operations

The company, accounted for using the proportionate consolidation method in the Company's consolidated and separate financial statements is thoroughly presented in Note 5. This company named “Joint Venture GEK TERNA – TERNA ENRGY S.A. pertain to joint operations, which do not constitute a separate entity under IFRS. Their assets and liabilities are consolidated, in accordance with the proportion of the participating interest, in the Group and Company financial statements.

The following amounts are included in the consolidated and separate Financial Statements for FYs 2019 and 2018 and represent the Group's share in assets and liabilities and profit after tax of the jointly controlled entities:

(Amounts in thousand Euro unless mentioned otherwise)

	31.12.2019	31.12.2018
Non-current assets	145	5
Cash	808	1.076
Other current assets	1.232	1.323
Total Assets	**2.185**	**2.404**
Long-term liabilities	84	64
Suppliers	47	237
Other short-term liabilities	373	202
Total Liabilities	**504**	**503**
Total equity	**1.682**	**1.901**
Turnover	1.355	2.356
Gross earnings	339	1.890
Earnings before tax	292	686
Earnings after tax	219	369
Total income after taxes	221	345

15 INVESTMENTS IN EQUITY INTERESTS

Investments in equity interests in 2019 and 2018 are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening balance	**1.823**	**1.755**	**1.818**	**1.755**
Additions	600	68	600	63
Sales	(5)	-	-	-
Closing balance	**2.418**	**1.823**	**2.418**	**1.818**

Additions within 2019 standing at € 600 k pertain to the increase in investment in EOS HELLENIC RENAISSANCE FUND.

The disposal performed in 2019 standing at € 5 k pertains to the sale of participating interest in the company DRYMARI ENERGEIAKI S.A. The accounting value of the aforementioned investments approaches their fair value.

In 2019, the investments in question are analyzed as follows:

Title	Accounting Value	% Participation	Operations/Information
J/V EUROIONIA	1.075	5,00%	Construction and maintenance of motorways
J/V MOTORWAY	680	5,00%	Construction and maintenance of motorways
EOS HELLENIC RENAISSANCE FUND	663	3,37%	Investment fund
	2.418		

(Amounts in thousand Euro unless mentioned otherwise)

16 OTHER LONG-TERM RECEIVABLES

Other Long-term receivables are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Loans to subsidiaries & other related companies	660	1.049	86.701	105.033
Guarantees granted	1.478	1.536	1.268	1.308
Withholding of invoiced receivables	1.973	-	1.973	-
Other long-term financial receivables	29.809	31.043	811	198
Impairment of other long-term receivable	(803)	(42)	(811)	(8)
Total	**33.117**	**33.586**	**89.942**	**106.531**

The Company participated in bond loan issues of subsidiaries. The loans will be repaid either at their maturity date or through premature repayments and carry an interest rate within the range of 3,5%-3,75%.

During 2019, loans amounting to € 33,895 k were provided to subsidiaries, while loans amounting to € 15,875 k repaid from subsidiaries..

The remaining amount of Other Long-term Receivables consists mainly of accrued income from the sale of electricity contracts containing leases.

Provision for impairment of long-tern financial assets in 2019 and 2018 is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2018	-	-	-	-	-	-	-	-
Adjustments from change in accounting policies and application of new standards	-	106	-	**106**	-	-	-	-
1 January 2018	-	**106**	-	**106**	-	-	-	-
Provision for credit loss	-	56	-	**56**	-	8	-	**8**
Recovered provisions for credit loss	-	(123)	-	**(123)**	-	-	-	-
Foreign exchange differences	-	3	-	**3**	-	-	-	-
31 December 2018	**-**	**42**	**-**	**42**	**-**	**8**	**-**	**8**

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2019	**-**	**42**	**-**	**42**	**-**	**8**	**-**	**8**
Provision for credit loss	-	820	-	**820**	-	811	-	**811**
Recovered provisions for credit loss	-	(59)	-	**(59)**	-	(8)	-	**(8)**
31 December 2019	**-**	**803**	**-**	**803**	**-**	**811**	**-**	**811**

17 FINANCIAL ASSETS – CONCESSIONS

The Group constructs and operates two contracts:

A. Unified Automatic Fare Collection System: On 29/12/2014, a partnership agreement (PPP) for the study, financing, installation, maintenance and technical management of a Unified Automatic Fare Collection System was signed between the OASA (Athens Transport) Group and the subsidiary Company "HST SA" for the companies of the OASA Group. The total duration of the contract is 12 years and 6 months. The construction and installation was completed in the third quarter of 2017, and during the first half of 2017, the operation started, which is expected to last 10 years and 4 months.

B. Urban Waste Treatment Plant of the Region of Epirus: On 21/07/2017 a partnership agreement (PPP) was signed between the EPIRUS REGION and the subsidiary company "AEIFORIKI EPIRUS MONOPROSOPI SPECIAL PURPOSE SOCIETE ANONYME", for the implementation of the project for the urban waste treatment plant of the Region of Epirus. The contract is executed in two periods, the period of project and the service period and is of a duration of 27 years. The construction of the project was completed in the 1st quarter of January 2019 when the start of the service period applied.

C. Urban Waste Treatment Plant of Region Peloponnisos: On 14/06/2018, a partnership agreement was signed between the Region of Peloponnisos and the subsidiary company "PERIVALLONTIKI PELOPO PELOPONNISOU SINGLE MEMBER S.A. for the implementation of the project for the urban waste treatment plant of the Region of Peloponnisos. The Partnership Agreement includes study, licensing, financing, construction, insurance, operation and maintenance of the Project for the next 28 years. The construction term is 24 months, and from the 10th month after the contract enters into force, a transitional waste management plant is projected to alleviate the major problem of the Region. The construction of the project is expected to begin within the 2nd quarter of 2020 with the start of the service period.

Detailed information on the accounting policy followed and the concessions mentioned above is presented in Note 4.12.

The analysis of the changes of the generated Concession Financial Statements as well as the revenue per category are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

Financial Assets - Concessions	Unified Automated System for Ticket Collection	Installation of civil waste processing Epirus Region	Installation of civil waste processing Peloponnese Region	Total
Opening balance as at 1st January 2018	**26.463**	**-**	**-**	**26.463**
(Decreases)/Increases in financial item	(5.674)	12.113	-	6.439
Effective interest on receivables	4.049	123	-	4.172
Impairment under IFRS 9	(20)	(124)	-	(144)
Closing balance as at 31st December 2018	**24.818**	**12.112**	**-**	**36.930**
Opening balance as at 1st January 2019	**24.818**	**12.112**	**-**	**36.930**
(Decreases)/Increases in financial item	(4.496)	3.309	3.308	2.121
Effective interest on receivables	4.132	1.154	-	5.286
Impairment under IFRS 9	(13)	84	-	71
Closing balance as at 31st December 2019	**24.441**	**16.659**	**3.308**	**44.408**
Analysis of revenues per category 01/01/2018-31/12/2018				
Income from construction services	75	29.673	-	**29.748**
Income from operation services	8.802	-	-	**8.802**
Effective interest on receivables	4.049	123	-	**4.172**
Total	**12.926**	**29.796**	**-**	**42.722**
Analysis of revenues per category 01/01/2019-31/12/2019				
Income from construction services	2.131	5.621	3.308	**11.060**
Income from operation services	7.276	1.740	-	**9.016**
Effective interest on receivables	4.132	1.154	-	**5.286**
Total	**13.539**	**8.515**	**3.308**	**25.362**

Impairment of Financial Asserts – Concessions in 2019 ad 2018 is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2018	-	-	-	-	-	-	-	-
Provision for credit loss	-	144	-	**144**	-	-	-	-
31 December 2018	**-**	**144**	**-**	**144**	-	-	-	-

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2019	**-**	**144**	**-**	**144**	-	-	-	-
Provision for credit loss	-	2	-	**2**	-	-	-	-
Recovered provisions for credit loss	-	(73)	-	**(73)**	-	-	-	-
31 December 2019	**-**	**73**	**-**	**73**	-	-	-	-

(Amounts in thousand Euro unless mentioned otherwise)

18 INVENTORIES

Inventories in the accompanying consolidated financial statements, are analyzed as follows:

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Raw and Auxiliary Materials	594	561	410	379
Spare-parts of Fixed Assets	4.206	3.883	2.949	2.768
Finished and semi-finished products	641	455	32	33
Impairment	(148)	(116)	(148)	(116)
Total	**5.293**	**4.783**	**3.243**	**3.064**

Inventory is not burdened with liens.

19 TRADE RECEIVABLES

The trade receivables of the Group and the Company in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Trade receivables	78.347	76.827	42.565	47.404
Withholding clients' guarantees	3.198	3.752	3.992	4.033
Impairment of trade receivables	(3.950)	(3.166)	(969)	(139)
Total	**77.595**	**77.413**	**45.588**	**51.298**

The above trade receivables also include trade receivables from the Energy segment amounting to € 55.917 k on 31 December 2019 which are pledged to banks as security against provided long-term and bond loans to finance the construction of Wind Farms.

Trade receivables are measured at fair value.

The table below presents the total of trade receivables and the maturity of open trade receivables that were due:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Non oustanding balances	73.643	67.480	36.831	27.010
Outstanding balances	7.902	13.099	9.726	24.427
Total trade receivables	**81.545**	**80.579**	**46.557**	**51.437**

The maturity of the balances is depicted as follows:

(Amounts in thousand Euro unless mentioned otherwise)

GROUP 2019

	Non oustanding balances	< 6 months	6 - 12 months	> 12 months	Totals
Total amount of receivables	73.643	4.723	250	2.928	81.544
Expected credit loss	(750)	(550)	(48)	(2.602)	(3.950)

GROUP 2018

	Non oustanding balances	< 6 months	6 - 12 months	> 12 months	Totals
Total amount of receivables	67.480	7.691	1.528	3.880	80.579
Expected credit loss	(272)	(1.070)	(1.513)	(311)	(3.166)

COMPANY 2019

	Non oustanding balances	< 6 months	6 - 12 months	> 12 months	Totals
Total amount of receivables	36.831	2.310	2.028	5.388	46.557
Expected credit loss	(94)	(550)	(48)	(277)	(969)

COMPANY 2018

	Non oustanding balances	< 6 months	6 - 12 months	> 12 months	Totals
Total amount of receivables	27.010	6.447	8.057	9.923	51.437
Expected credit loss	(104)	-	-	(35)	(139)

In every reporting date, the Group reviews any impairment losses in accordance with the provisions of IFRS 9 as well as expected credit losses. The maximum exposure to credit risk at the reporting date of the financial statements is the carrying amount of each category of receivables as aforementioned reported.

The Company's trade receivables that are over one year past due relate to receivables from subsidiaries of the Group. These receivables mainly arise from the construction of power plants and, as usual, the subsidiaries expect to obtain bank loans. Some of these debts have either been paid off at the date of approval of the Financial Statements or are due to be settled in the near future.

The Group applies the simplified approach of IFRS 9 and calculates the expected credit losses over the life of its receivables. To measure expected credit losses, trade receivables, receivables from contract with customers, prepayments and other receivables have been grouped on the basis of their credit characteristics and maturity (days of delay) on the reference date. The measurement of expected credit losses is based on specific parameters including:

- the probability of default which is estimated on the basis of historical data, assumptions and future estimates and calculated on the basis of Days Sales Outstanding in relation to the limit for each counterparty to determine whether it is default or not,
- Loss Given Default which represents the estimate of the loss that will occur on the date of the Default
- Exposure at default which represents the amount of the Group's exposure at the reporting date

(Amounts in thousand Euro unless mentioned otherwise)

The provisions for impairment of the trade receivables in 2019 and 2018 are analyzed as following:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2018	**-**	**-**	**275**	**275**	**-**	**-**	**-**	**-**
Adjustments from change in accounting principles and application of new Standards	-	132	-	**132**	-	111	-	**111**
January 1st 2018	**-**	**132**	**275**	**407**	**-**	**111**	**-**	**111**
Provision for credit loss	-	179	2.618	**2.797**	-	1	35	**36**
Recovery of provisions for credit loss	-	(40)	-	**(40)**	-	(8)	-	**(8)**
Foreign exchange differences	-	1	1	**2**	-	-	-	**-**
December 31st 2018	**-**	**272**	**2.894**	**3.166**	**-**	**104**	**35**	**139**

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2019	**-**	**272**	**2.894**	**3.166**	**-**	**104**	**35**	**139**
Provision for credit loss	-	401	840	**1.241**	-	197	840	**1.037**
Recovery of provisions for credit loss	-	(459)	-	**(459)**	-	(207)	-	**(207)**
Foreign exchange differences	-	2	-	**2**	-	-	-	**-**
December 31st 2019	**-**	**216**	**3.734**	**3.950**	**-**	**94**	**875**	**969**

20 PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables are analyzed as follows:

Prepayments and other financial receivables

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Accrued income	2	4	-	-
Short term component of long term intragroup bond	-	-	3.465	6.107
Restricted deposits	42.460	42.874	3.904	4.282
Receivables from related companies and other associatess	71	680	2.613	2.905
Other financial receivables	2.846	6.964	289	750
Impairments of prepayments and other financial receivables	(8)	(24)	(13)	(27)
Total	**45.371**	**50.498**	**10.258**	**14.017**

(Amounts in thousand Euro unless mentioned otherwise)

Prepayments and other non-financial receivables

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Prepayments to Suppliers	3.017	3.123	1.644	1.753
Prepayments to insurance funds (Social Security Organization of technical works)	375	346	334	325
VAT for rebate- offsetting	15.743	13.113	-	-
Receivables form other taxes other than income tax	-	101	-	70
Prepaid expenses and transit debit accounts	6.724	5.972	789	974
Receivables form grants	1.479	1.479	-	-
Total	**27.338**	**24.134**	**2.767**	**3.122**
Total prepayments and other receivables	**72.708**	**74.632**	**13.025**	**17.139**

The grants concern investments in Wind Farms and are expected to be received with the approval of completion of the relevant investment plans.

The change in "Receivables from VAT" is mainly due to the VAT (to be returned or to be offset) which derives from the development of new projects by the Group's subsidiaries.

Provisions/recovery of impairment of other financial and non-financial receivables in 2019 and 2018 are analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2018	-	37	-	37	-	33	-	33
Adjustments from change in accounting principles and application of new Standards	-	-	107	**107**	-	-	105	**105**
1 January 2018	-	37	107	144	-	33	105	138
Provision for impairment loss	-	2	-	**2**	-	-	-	-
Recovery of provision of credit loss	-	5	(101)	**(96)**	-	-	(87)	**(87)**
Provision for impairment used	-	(24)	-	**(24)**	-	(24)	-	**(24)**
Other transfers	-	(2)	-	**(2)**	-	-	-	-
31 December 2018	-	18	6	24	-	9	18	27

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2019	-	18	6	24	-	9	18	27
Provision for impairment loss	-	3	-	**3**	-	-	-	-
Recovery of provision of credit loss	-	(17)	(2)	**(19)**	-	-	(14)	**(14)**
31 December 2019	-	4	4	8	-	9	4	13

(Amounts in thousand Euro unless mentioned otherwise)

21 RECEIVABLES/(LIABILITIES) FROM CONTRACTS WITH CUSTOMERS

Receivables/ liabilities from contracts with customers are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Receivables from construction contracts with customers	1.164	1.660	2.427	2.182
Receivables from other contracts with customers	16.934	14.769	2.456	2.714
Less: Impairments of receivables from contracts with customers	(27)	-	(2)	-
	18.071	**16.429**	**4.881**	**4.896**

The provisions for impairment of receivables from contracts with customers are analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2018	-	-	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-	-	-

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1 January 2019	-	-	-	-	-	-	-	-
Provisions for credit loss	-	26	-	**26**	-	2	-	**2**
Recovered provisions for credit loss	-	1	-	**1**	-	-	-	-
31 December 2019	-	**27**	-	**27**	-	**2**	-	**2**

Liabilities from contracts with customers are analyzed as follow:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Liabilities from construction contracts with customers	1.827	3.843	2.016	9.294
Liabilities from other contracts with customers	249	103	225	421
	2.076	**3.946**	**2.241**	**9.715**

(Amounts in thousand Euro unless mentioned otherwise)

The changes in receivables/ liabilities from contracts with customers are analyzed as follows:

Receivables from contracts with customers	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Opening Balance	**16.429**	**21.393**	**4.896**	**7.903**
Effect of changes on estimate of comprehensive income in opening balance	413	-	427	1
Revenue for the period from existing contracts	2.392	15.130	2.658	3.531
Revenue for the period from new contracts	-	-	26.258	9.428
(Invoices for the period)	(1.242)	(19.535)	(29.493)	(14.112)
Transfer to liabilities from contracts with customers	77	(559)	137	(1.855)
Impairments of assets from contracts with customers	(27)	-	(2)	-
Foreign exchange differences	29	-	-	-
Closing Balance	**18.071**	**16.429**	**4.881**	**4.896**

Liabilities from contracts with customers	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Opening Balance	**3.946**	**16.043**	**9.715**	**26.271**
Effect of changes in estimate of comprehensive income in opening balance	(167)	(121)	(168)	(47)
Revenue from period new contracts	(2.648)	(13.482)	(8.486)	(43.740)
(Invoices for the period)	868	6.063	1.043	40.520
Transfer for receivables from contracts with customers	77	(559)	137	(1.856)
Foreign exchange differences	-	(3.998)	-	(11.433)
Closing Balance	**2.076**	**3.946**	**2.241**	**9.715**

The Group's contractual obligations stand at € 2.076 k (€ 3.946 k as at 31/12/2018). The revenue, recognized in 2019 in respect of the contractual obligations effective as at 31/12/2018, stands at € 3.946 k.

22 CASH AND CASH EQUIVALENT

The cash and cash equivalents on December 2019 and 2018 in the accompanying financial statements are analyzed as follows:

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Cash in hand	2	10	-	-
Sight deposits	257.390	166.217	58.624	39.135
Term deposits	72	132	-	69
Total	**257.464**	**166.359**	**58.624**	**39.204**

Term deposits have a usual duration of 3 months and their carrying interest rates ranged during 2019 between 0,45%-0,8% (0,7%-1,2% for 2018).

(Amounts in thousand Euro unless mentioned otherwise)

The Group's cash and cash equivalents include amounts for repayment, of € 3.024 k. (2018: € 3.024 k) (for the Company: € 0 k (2018: € 0 k), relating to subsidies received due to the cancellation of the construction or the expiry of the time limits of the inclusion decisions of certain wind farms. The aforementioned amount of the grant to be refunded has not been returned until the date of approval of the accompanying financial statements, as the relevant audit by the competent authorities has not been completed.

In addition, on 31/12/2019, the Group and the Company maintain restricted deposits amounting to € 42.460 k and € 3.904 k respectively (2018: € 42.874 k for the Group and € 4.282 k for the Company), which are held in specific bank accounts for the servicing of its short-term operating and financial liabilities. These restricted deposits are classified under the item "Advances and other receivables". (Note 20).

23 BORROWINGS

Loans in the accompanying consolidated and separate financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Long-term loans				
Bank loans	301.270	263.858	766	2.301
Bond loans	605.248	404.551	303.320	222.344
Total long-term loans	**906.518**	**668.409**	**304.086**	**224.645**
Long-term liabilities payable in the following year				
Bank loans	23.579	41.706	1.575	1.594
Bond loans	46.635	58.335	38.351	21.456
Total Long-term liabilities payable in the following year	**70.214**	**100.041**	**39.926**	**23.050**
Long-term loans				
Bank loans	36.419	43.957	5.165	17.019
Other intra-company loans	34	32	-	-
Total short-term loans	**36.453**	**43.989**	**5.165**	**17.019**
Total borrowing	**1.013.185**	**812.439**	**349.177**	**264.714**

The analysis of changes in the aforementioned loan liabilities of the Group and the Company in 2019 and 2018 is presented below as follows:

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		COMPANY	
Long-term loans	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening balance	**668.409**	**670.152**	**224.645**	**241.332**
New borrowing	540.461	89.519	225.688	40
Loan repayment	(54.502)	(27.703)	(11.595)	-
Capitalization of interest	5.537	5.738	(642)	1.109
Transfer between long-term and short term components of liabilities	(239.797)	(76.704)	(134.010)	(17.836)
Change due to acquisition of new entity	(17.976)	-	-	-
Foreign exchange differences	4.386	7.407	-	-
Closing balance	**906.518**	**668.409**	**304.086**	**224.645**
Long-term liabilities payable in the following year				
Opening balance	**100.041**	**97.971**	**23.050**	**22.028**
New borrowing	3.573	-	-	-
Loan repayment	(271.162)	(72.922)	(113.900)	(17.758)
Capitalization of interest	(2.220)	(1.313)	(3.234)	944
Transfer between long-term and shortterm components of li abilities	239.797	76.704	134.010	17.836
Foreign exchange differences	185	(399)	-	-
Closing balance	**70.214**	**100.041**	**39.926**	**23.050**
Short-term loans				
Opening balance	**43.989**	**13.836**	**17.019**	**-**
New borrowing	257.573	32.559	142.000	17.000
Loan repayment	(272.118)	(2.685)	(154.000)	-
Capitalization of interest	437	171	146	19
Change due to acquisition of new entity	6.613	-	-	-
Foreign exchange differences	(41)	108	-	-
Closing balance	**36.453**	**43.989**	**5.165**	**17.019**
Total borrowing	**1.013.185**	**812.439**	**349.177**	**264.714**

The Group’s long-term loans mainly concern the financing of its business activities and mainly concern the financing of the construction and operation of installations in relation to renewable energy sources. The Group’s short-term loans pertain to bank borrowings received at regular intervals and renewable in proportion to the Group’s needs. Collected amounts are mainly used in order to cover liquidity needs during the Wind Farms construction period of the Group’s energy sector.

All loans are recognized at amortized cost. The Group estimates that the fair value of the above loans does not differ significantly from their carrying amount.

To secure all Group loans, Wind Farms generators are collateralized, as well as cash while insurance contracts, receivables from the sale of electric energy to DAPEEP or/and DEDDIE and equity interests (subsidiaries’ bonds owned by the parent company and subsidiaries’ shares) are pledged to banks. In the context of this form of financing, the Group’s companies maintain a series of blocked bank accounts, which serve the above liabilities. The submitted collaterals exceed the amount of the Group's loan liabilities.

Regarding the Group's long-term borrowings totaling € 976,732 k (long-term liabilities plus long-term liabilities payable in the following year), in Greece it consists in Euro 69,1% of the total, in the United States - in USD 26,6% of the total, in Poland - in PLN 3,5% of the total and in Bulgaria - in EUR 0,8% of the total. Of the total long term debt, as reported at the end of the fiscal year 40,0%, are at a fixed interest rate, 21,3%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 38,7% are floating-rate loans based on euribor or wibor, as the case may be each time.

The weighted average interest rate for long-term loans for the financial years 2019 and 2018 was 5,4% and 5,0% respectively. The weighted average interest rate for short-term loans was 4,8% and 5,6% for the financial years 2019 and 2018, respectively.

During the fiscal year 2019, the Group refinanced part of its bank loan liabilities in Greece and the USA, improving its financing conditions regarding the borrowing costs. The Management has amended or derecognised the related borrowings, in accordance with IFRS 9, recognizing in the income statements for the year a total benefit of € 2.193 k. The renegotiation of interest rates on part of the Group's loan liabilities in the USA was carried out as part of the acquisition of Bearkat I wind farm in September 2019 and a gain of € 17,976 k was recognized as a reduction of the acquisition price (see Note 7).

Moreover, in July 2019, a 5% haircut due on the unamortized balance of € 6,213 thousand of EOLOS POLSKA sp.z.o.o's loans was decreased. The loan balance was repaid on 02/08/2019. Respectively, in December 2019, the subsidiary EOLOS NOWOGRODZEC, following an agreement with the affiliated banks for a 10,4% haircut on the unamortized balance of € 2,941 thousand, made early repayment of part of its two loans. The total repayment amounted to € 1,123 thousand.

In 2019 and 2018, the total interest on the above loans stood at € 44,707 k and € 44,833 k respectively for the Group, and € 11,205 k and € 12,376 k respectively for the Company (see Note 39).

The Company's long-term loans include loans from its subsidiaries, amounting to € 200,612 k as at 31 December 2019.

Of the total loan liabilities of the Group standing at € 1,013,185 k an amount of € 123,648 k corresponds to bank loans of the parent company, of which an amount of € 68,972 k concerns loans guaranteed by subsidiaries of the Group. Regarding the other loan liabilities of the group, an amount of € 654,950 k corresponds to loan liabilities, for which no guarantee has been provided by the parent or other company of the Group and an amount of € 87,577 k corresponds to bank loan liabilities, for which the guarantee has been provided by the parent company or other of the Group's subsidiaries. The parent company has also provided a guarantee for the common bond loan of TERNA ENERGY FINANCE issued in 2019, of a total non-depreciable value on December 31 amounting to € 147,010 k.

The Group has the obligation to maintain specific financial ratios relating to bond loans. As at 31 December, June 2019, the Group was in full compliance with the required limits of these ratios, apart from long-term loans held by its subsidiaries, totaling € 12.050 k. These loans were reclassified to Short-term Liabilities, under IAS 1, in the item "Long-term liabilities carried forward" since the financial ratios of the relevant loan contracts were not complied with as at 31.12.2019. The Group Management of the subsidiaries has taken all necessary steps to eliminate the reasons for non-compliance by providing the necessary "waivers".

Significant changes in the Group and the Company loan liabilities as at 31/12/2019 are recorded in the following paragraphs..

New Borrowings

In 2019, a new loan of € 801.607 k was issued by the Group, of which € 146.146 k. was raised from the market (CBL 2019) and the amount of € 655,461 - from financial institutions. The liquidity received was mainly used for financing investments in wind farms of subsidiaries, and repayment of short-term bank loans that issued in order to finance the timely implementation of their construction schedule, namely:

Bank borrowings:

- A long-term bond loan of nominal value Euro 38.869 k was issued in respect of the wind farm "Eresos – Ypsoma Furka" of the subsidiary ENERGIAKI PELOPONISSOU, of which a short-term loan of Euro 38.869 was repaid. The term of the loan was set at 14 years, maturing in 2032. The interest rate was set at 6-month Euribor plus a gradually decreasing margin.
- A long-term bond loan of nominal value Euro 8.541 k was issued in respect of the wind farm "Lefkes - Kerasia" of the subsidiary ENERGIAKI NEAPOLEOS LAKONIAS, of which a short-term loan of Euro 4.223 was repaid. The term of the loan was set at 14 years maturing in 2032. The interest rate was set at 6-month Euribor plus a gradually decreasing margin.
- A bond loan of nominal value Euro 33,000 k was issued in respect of the wind farms "Rahoula I, II and III" of the subsidiary AEOLIKI RAHOULAS DERVENOCHORION S.A., of which a short-term loan of Euro 17.983 was repaid. The term of the loan was set at 12 years maturing in 2030. The interest rate was set at 6-month Euribor plus margin.
- A bond loan of nominal value Euro 116.881 k was issued in respect of the wind farm "Ai- Giorgis" of the subsidiary TERNA ENERGY AI-GIORGIS S.A. This long-term bond loan refinances, under more favorable terms, the construction of the wind farm "Ai-Giorgis" of an unamortized amount of Euro 81.881 k of the bond loan obtained in 2016. The term of the loan was set at 12 years maturing in 2030. The interest rate was set at 6-month Euribor plus margin.
- A short-term loan of € 19.396 k. was issued as part of the bridge financing for "SERVUNIA" wind farm of TERNA AEOLIKI AMARINTHOU S.A. subsidiary. The specific amount of short-term borrowing will be replaced by the long-term borrowing for the needs of the farm.

- For the wind farms "Mavrovouni I and Mavrovouni II" of the subsidiary AEOLIKI PANORAMATOS DERVENOCHOREION SA, a long-term bond loan of € 35,000 k was issued. The loan maturity is that of ten years ending in 2030. The interest was defined as that of Euribor 6 months plus margin. In addition, for the above mentioned subsidiary, a loan repayment of € 11,610 k was made.
- For the wind farm in the location "Vrachaki-Mytoula-Kefali" of the subsidiary TERNA ENERGY EVROS SA, a long-term bond loan amounting to € 31,500 k was obtained. The interest rate was fixed at 6-month Euribor plus margin. In addition, for the aforementioned subsidiary, a loan repayment of € 13,875 k thousand was made.
- For the wind farm in the locaiton "Stavroti-Vigla-Katavia" of the subsidiary EUROWIND SA, a long-term bond loan of € 17,500 k was issued. The loan term was set at 10 years with maturity in 2030. The interest rate was set at 6-month Euribor plus margin. In addition, for the aforementioned subsidiary, a loan repayment of € 9,312 k was made.
- For the hydroelectric power station at the location "Eleousa" of the subsidiary PPC RENEWABLES - TERNA ENERGY SA, a long-term bond loan amounting to € 10,500 k was was issued with an interest of 6-month Euribor plus margin. In addition, for the aforementioned subsidiary, a loan repayment of € 2,800 k was made.
- For the wind farm at "Luzes-Agkathaki-Rigani" and the hydroelectric station at "Dafnonzonara-Sanidi" of the parent company Terna Energy AVETE, a long-term bond loan of € 41,500 was issued of ten year maturity, ending in year 2030. The interest rate was determined on a 6-month Euribor plus margin.
- A short-term loan of Euro 91,316 k was issued for the tender regarding completion of the construction of "Fluvanna II" wind farm in Texas USA of the subsidiary FLUVANNA WIND ENERGY 2, which was repaid in the third quarter of 2019, with the completion of construction and financing by Tax Equity Investor (Berkshire Hathaway).
- Total loan of € 60,913 k was received from the subsidiary TERNA DEN LLC, which is distinguished by long-term loan of € 57,296 k and short-term loan of € 3,617 k, used in order to finance the takeover. The short-term debt was repaid in 2019. The remaining amount was covered by the short-term loan issued in 2019 by the parent company TERNA ENERGY amounting to € 52,000 k. The short-term loan of the parent was filly repaid before the year end, making use if an amount of € 30,632 k of the proceeds of CBL 2019.
- The parent's short-term loan t was fully repaid before the end of the year, using € 30,632 k of the allocated proceeds of the CBL 2019.
- A short-term domestic bank loan of € 60,000 k was issued by the Company, which was used to repay the Intra-Mortgage Loan 2017 to TERNA ENERGY FINANCE on 17/07/2019, with the ultimate amount due from the repayment of 2017 that was fully repaid through the capital proceeds from CBL 2019.
- A short-term loan of 30.000 k was issued by the Company, while short-term loan of Euro 42.000 was repaid.

Common Bond Loans of TERNA ENERGY MAEX guaranteed by TERNA ENERGY S.A.

- **Common Bond Loan of TERNA ENERGY MAEX amounting to € 60 m. (CBL 2017) and Intragroup Loan of TERNA ENERGY S.A. (Intragroup Loan 2017)**

  In 2017, TERNA ENERGY MAEX issued a € 60.000.000 Common Bond Loan with the issuance of sixty thousand common bonds under the corporate guarantee, of nominal value €1 k each, following the decision of its Board of Directors dated as at 27.06.2017 and the decision of the Hellenic Capital Market Commission as of 12.07.2017, approving the contents of the Prospectus. The parent, TERNA ENERGY S.A. (“the Guarantor”) is responsible for the aforementioned issuance regarding the bondholders, in compliance with the provisions of section 3.3.14 “Nature and Objective of CBL Guarantee” of the Prospectus as of 12/07/2017. To secure the Company’s loan, corporate guarantee was provided by the parent TERNA ENERGY S.A. (the Guarantor).

  On 21/07/2017, the Board of Directors OF TERNA ENERGY MAEX conducted the certification of payment of the capital raised. Following, sixty thousand (60 k) dematerialized, common, bearer bonds issued were listed for trading on the Fixed Income Securities of the Organized Market of the Athens Exchange with the approval of the Athens Exchange Board of Directors as of 05/07/2017. The characteristics of this loan are the following: (a) The bond yield is 3.85% and is fixed over the term of the loan, (b) Interest is calculated on six-month basis, (c) The term of the loan is five (5) years and its repayment will be realized at the end of the period of five (5) years. After two (2) years from the Loan Issuance Date, the Company, via a written notice sent to the Bondholders' Representative at least thirty (30) days prior to the due date of prepayment, may prepay part or all of the outstanding nominal value of the Bonds.

  Under the terms of the Common Bond Loan Issue Plan of up to € 60.000.000 and the Bondholders’ Representative Appointment Agreement dated 06/07/2017, the raised funds of € 60,000 k were projected to be invested by TERNA ENERGY MAEX to TERNA ENERGY S.A. through the Intra-group Loan. On 12/07/2017, TERNA ENERGY S.A. issued a bond loan under Law 3156/2003, within the frame of the Intragroup Loan Scheme, which was covered by the Issuer for an amount of € 58.745 k. This way, the respective amount of the CBL was transferred to TERNA ENERGY S.A., thus lending the equal amount of the capital proceeds to TERNA ENERGY MAEX, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.1. of the Prospectus as of July 12th, 2017 of TERNA ENERGY MAEX.

On 22/07/2019, in compliance with its announcement as of 07/06/2019, TERNA ENERGY MEAX prepaid the total nominal value of the bonds it has issued and allocated via a public offering, pursuant to the Ordinary Bond Loan Issuance Program as of 12/07/2017 up to an amount of €60,000 thousand and also pursuant to the Agreement for Appointment of a Bondholders' Representative (the "CBL Plan"), according to the provisions of the term 4 of the above Plan ("Prepayment"). In the context of the prepayment and according to the provisions of the CBL Plan, the following amounts were paid on Monday, 22 July, 2019: (a) the total nominal value of bonds, i.e. € 1.000 per bond; (b) interest accrued until 22 July 2019, the gross amount of interest due for the 4th Interest Period (21/1/2019-22/7/2019) standing at Euro 1.167,8 thousands; and (c) an additional prepayment amount equal to 1% of the nominal value of the prepaid Bonds standing at € 600 thousands (i.e. € 10 gross amount per bond).

Following the aforementioned, the obligations OF TERNA ENERGY MAEX to Bondholders arising from CBK 2017 were fully settled.

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

The maturity of the Intra-group Loan 2017 was set 5 working days prior to the maturity of CBL 2017. Finally, it was stated that TERNA ENERGY S.A. was under obligation to prepay any amount of outstanding capital from the Intra-group Loan, together with accrued interest, following the written statements, to the Bondholders of the Bond Loan.

As at 31/12/2018, the long-term component of the aforementioned receivable stood at € 58.745 k. In 2019, in particular, on 17/07/2019, TERNA ENERGY S.A. prepaid the total nominal value of the bonds it has issued, covered by the Company, under the CBL 2017, as in compliance with the provisions of Case 4 of the CBL Issuance Program (Prepayment). As part of the prepayment and in accordance with the provisions of the CBL Program, the following was paid by the company as at the aforementioned date: (a) the total nominal value of the bonds, i.e. an amount of € 58.745 k., (c) interest accrued until 17 July 2019, amounting to Euro 1,432,5 k, and (c) an additional prepayment amount equal to 1% of the nominal value of the prepaid bonds, i.e. Euro 10 gross amount per bond, standing at € 587,45 k.

- **Common Bond Loan of TERNA ENERGY MAEX amounting to € 150 m. (CBL 2019) and Intragroup Loan of TERNA ENERGY S.A. (Intragroup loan 2019)**

In compliance with the Finance Prospectus as of 10/10/2019 and as of 10/10/2019 Bond Loan Issue Plan up to € 150 million and pursuant to the Agreement for Appointment of a Bondholders' Representative (the "CBL Plan"), between TERNA ENERGY FINANCE S.A. (the Issuer), TERNA ENERGY S.A. (the Guarantor) and ATHEXCSD S.A. (Bondholders' Representative), provisions are made for the issue of a CBL with a term of seven (7) years and amounting to one hundred and fifty million Euro (€ 150.000 k), divided into up to 150,000 intangible, common anonymous bonds with a nominal value of € 1,000 each. On 22.10.2019, the Company's Board of Directors announced that the proceeds of the Public Offer amounted to € 150 million listing the Company's bonds for trading in the ATHEX Regulated Market Securities Category. In particular, 150,000 common, bearer bonds of the Company with a nominal value of €1,000 (the Bonds) each have been allocated and as a result capital of an amount of €150 m. has been raised. The final yield of the Bonds was set at 2.60%, the Bond rate at 2.60% and the Loan Disposal Price at € 1,000 each, i.e. 100% of its nominal value. The final registration of the bonds in the Beneficiary Accounts of the Intangible Securities System was completed on 22/10/2019. To secure the Company's loan, corporate guarantee was provided by the parent TERNA ENERGY S.A. (the Guarantor).

Under the terms of the Common Bond Loan Issue Plan of up to € 150.000.000 and the Bondholders' Representative Appointment Agreement dated 10/10/2019, the raised funds of € 150,000 k will be invested by TERNA ENERGY MAEX to TERNA ENERGY S.A. through the Intra-group Loan («Intragroup Loan 2019»). On 21/10/2019, TERNA ENERGY S.A. issued a bond loan under Law 3156/2003, within the frame of the Intragroup Loan Scheme, which was covered by TERNA ENERGY MAEX for an amount of € 146,632 k. This way, the respective amount of the CBL was transferred to TERNA ENERGY S.A., thus lending the equal amount of the capital proceeds to TERNA ENERGY MAEX, so that the latter could use it in respect of its investment plan as analyzed in section 4.1.2. of the Prospectus as of October 10th, 2019.

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

Interest expenses from CBL for 2019 stood at € 3.628 k and are included in the item "Interest and other financial expenses" of the Statement of Comprehensive Income" of TERNA ENERGY MAEX.

Intragroup Loan 2019 of TERNA ENERGY S.A.

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

(Amounts in thousand Euro unless mentioned otherwise)

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

24 LEASE LIABILITIES

As from January 1, 2019, when IFRS 16 was adopted, lease liabilities related to finance leases and included in borrowings are classified as lease liabilities. The changes in these liabilities in are presented below as follows:

	Group		Company	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening Balance	**-**	**-**	**-**	**-**
Adjustments from changes in accounting principles and application of new standards	7,009	-	1,507	-
Adjusted opening balance	**7,009**	**-**	**1,507**	**-**
Liabilities from new contracts	2,535	-	583	-
Repaid lease agreements	(1,296)	-	(466)	-
Financial cost for the period	438	-	77	-
Foreign currency Translation	47	-	-	-
Closing Balance	**8,733**	**-**	**1,701**	**-**

For the period 01/01/2019 - 31/12/2019, the Group and the Company recognized rental expenses from short-term leases of € 744 k and € 1.373 k respectively, while no leases of low values assets are effective.

25 FINANCIAL DERIVATIVES

In the context of managing and minimizing financial risks, the Group has entered into interest rate swaps. Interest rate swaps aim at hedging the risk of negative fluctuations in future cash outflows arising from interest on loan contracts entered into within the course of operations, mainly in RES electricity generation sector in Greece and the USA. Considering the purpose of these derivatives, i.e. cash flow hedges, hedge accounting was used and their fair value was measured.

The Group and the Company financial derivatives as at 31/12/2019 and 31/12/2018 are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

		GROUP		COMPANY	
Liabilities from derivatives	**Note**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
- Cash flow hedging					
Interest rate swaps	25.1	7.328	5.297	1.354	1.041
Electric energy options (collar)	25.2	2.625	2.549	-	-
Term contract for the sale of electric energy (physical forward)	25.2	6.031	900	-	-
- For trading purposes				-	-
Electric energy options (collar) (Balance of Hedge)	25.2	76	-	-	-
Total Liabilities from Derivatives		**16.060**	**9.274**	**1.354**	**1.041**
Long-term liabilities from derivatives κροπρόθεσμες υποχρεώσεις από παράγωγα		*7.178*	*9.274*	*955*	*1.041*
Short-term term liabilities from derivatives Βραχυπρόθεσμες υποχρεώσεις από παράγωγα		*8.882*	*-*	*399*	*-*

		GROUP		COMPANY	
Receivables from derivatives	**Note**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
- Cash flow hedging					
Interest rate swaps	25.1	-	625	-	-
Electric energy options (collar)	25.2	5.716	1.908	-	-
Electric energy options (swaption)	25.2	510	1.396	-	-
Sale of electric energy physical forward	25.2	8.096	-	-	-
Total Receivables from Derivatives		**14.322**	**3.929**	**-**	**-**
Long-term liabilities from derivatives		**14.322**	**3.929**	**-**	**-**
Long-term liabilities from derivatives		*14.322*	*3.929*	-	-

All the aforementioned financial derivatives are measured at their fair value (see Note 4.11.6).

Specifically, in the year 2019, the above described derivatives, recorded a total profit of € 6,870 thousand (2018: profit of € 1,088 thousand) was recognized as results from fair value valuation, which is included in the line "Gains from financial instruments measured at fair value ". Furthermore, the results from fair value valuation recognized in other comprehensive income amounted to a loss of € 3,838 thousand (2018: loss of € 2,300 thousand). Analytically:

25.1 Forward Interest Rate Swaps

In order to manage the interest rate risk it is exposed to, the Group has entered into forward interest rate swaps.

The objective of interest rate swaps is to offset the risk of adverse cash flows of future cash flows arising from interest on loan contracts entered into as a result of activities, in particular the electricity generation sector. Specifically, interest rate swaps relate to contracts whereby the variable interest rate on the loan is converted to fixed over the entire term of the loan, so that the Group is protected against any increase in interest rates. The fair value of these contracts was estimated by displaying the effective interest rate (euribor) curve as of 31/12/2019 throughout the time horizon of such contracts.

The fair value of these contracts as at 31/12/2019 amounted to a total liability of € 7,328 k (the total nominal value of the contracts is € 237,087 k for Greece and Bulgaria and $ 25,000 for America). As at 31/12/2019, these derivatives met the cash flow hedge requirements in accordance with the provisions of IFRS 9 and from their measurement at fair value was recognized in the "Cash Flow Risk Offset" item of other comprehensive income, profit amount of € 2.244 k (2018: loss of € 465 k). These financial liabilities are classified at fair value hierarchy at level 2 (see Note 45).

25.2 Derivatives for hedging changes in energy market prices

Through the subsidiary TERNA ENERGY, the Group proceeds to the conclusion of derivatives with a view to compensating for the risk of a change in the cash flow variability of energy prices for the Group's investments in RES in the USA. In particular:

- In September 2016, the Group entered into two derivatives, a collar call option (trading date:23.09.2016) and a swaption option For the collar derivative, the effective date was 01.01.2018, while for the swaption the effective date would be 01/01/2024. The Group entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Farm in the USA, through a subsidiary company. This particular subsidiary constructed and operated a wind park of 155,4 MW-capacity in West Texas of the United States.

  In September 2019, the Group proceeded to amendment of the aforementioned derivatives, according to which a decrease of the quantity to be offset was agreed by 50% from collar and by 75% from swaption. This transaction resulted to an income of € 5,226 k which was recorded in "Profit from financial instruments measured at fair value".

  As at 31/12/2019, these derivatives met the cash flow hedge requirements in accordance with the provisions of IFRS 9. The fair value of the derivatives was determined at € 514 k. (net receivables) as at 31/12/2019 (31/12/2018: € 40 k. – net receivable) and the derivatives were classified at fair value hierarchy level 3 (see Note 45).

- In July 2018, the Group issued a balance of hedge, through which it will swap variable income from sale of wind farm electricity to the USA for a fixed payment. The contract in question is only financially settled and does not include product swap. The Group entered into the aforementioned contracts with the ultimate purpose of using them to hedge the risk of market price changes and, secondary, their effect on revenue from sale of electric energy. The balance changes transaction effective date was 03/07/2018. As at 30.06.2019 and 31.12.2018, the aforementioned contract did not comply with hedging of cash flow risk provisions stated in IFRS 9. The fair value of the derivative was defined as € 76 k. (net liability) as at 31/12/2019 (31/12/2018: € 528 k. – net liability and was classified at fair value hierarchy level 2 (see Note 45). The unrealized profit from the valuation of the balance of hedge amounting to € 464 k., which are an operating profit of the wind farm in question and have been additionally recorded in Turnover

- In September 2018, the Group issued two derivatives, a forward contract for sale of electricity at a predetermined price, physical, and a collar option. Regarding the physical contract, the effective date will be 01.11.2019, while regarding the collar - 01.11.2024. The Group entered into these derivatives with the ultimate purpose of using them to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through a subsidiary company. This particular subsidiary constructs and will operate the second wind park of 158 MW-capacity in West Texas of the United States. At 31/12/2019, these derivatives met the cash flow hedge requirements in accordance with the provisions of IFRS 9. The fair value of the derivative was determined at € 591 k. (net receivable as at 31/12/2019 (31/12/2018: € 185 k. – net receivable) and the derivative has been classified in the fair value hierarchy level 3 (see Not 45).

- On September 5th 2019, through acquisition of subsidiary, the Group issued a derivative, a forward contract for sale of electricity at a predetermined price, physical. The effective date was 01.04.2018. The Group entered into this derivative with the ultimate purpose of using it to hedge the risk of cash flow variability in the energy for the Group's investment in a Wind Park in the USA, through a subsidiary company. This particular subsidiary operates wind park of 196,65 MW-capacity in Texas of the United States. As at 30/09/2019, this derivative did not meet the cash flow hedge requirements in accordance with the provisions of IFRS 9. Unrealized losses from the derivative valuation of € 1.595 k constitute operating loss for the wind farm in question and have therefore been deducted from turnover. As at 31/12/2019, this contract fulfilled the cash flow hedging requirements, in accordance with the provisions of IFRS 9. The fair value of the derivative was determined at € 4.562 k. (net receivable) as at 31/12/2019 (31/12/2018: € 0 k) and the derivative has been classified in the fair value hierarchy level 3 (see Note 45).

Summarizing the above, in FY 2019, the aforementioned derivatives used for the purpose of hedging changes in energy market prices were recognized from changes in fair value of € 6.870 k. (2018: profit € 1,088 k.), in the income statement and in particular in the item "Profit from financial instruments measured at fair value". The changes in fair value recognized in the “Cash flow hedging risk” item of the statement of other comprehensive income amounted to a loss of € 1.594 k (2018: loss of € 1.835 k).

26 PROVISIONS FOR EMPLOYEE COMPENSATION

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity 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 an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.

The liabilities for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated Statement of Comprehensive Income for the FY 2019 and the change of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of financial position for the year ended on 31/12/2019.

(Amounts in thousand Euro unless mentioned otherwise)

The expense for staff indemnities which was recognized in Income Statement is analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Current service cost	163	138	145	130
Financial cost	7	6	6	5
Actuarial loss	57	36	54	35
	227	**180**	**205**	**170**

The change in the relevant provision in the Statement of Financial Position is as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Opening balance	**498**	**411**	**408**	**331**
Provision recognized in the income statement	170	144	151	135
Provision recognized in other comprehensive income	57	36	54	35
Provisions used	(68)	(93)	(63)	(93)
Closing balance	**657**	**498**	**550**	**408**

The key actuarial assumptions for FY 2019 are as follows:

	2019	**2018**
Discount interest	1,00%	1,50%
Future salary increases	1,25%	1,25%
Volatility of salaried/day-waged workers (voluntary withdrawal)	1%	1%
Volatility of salaried employees (dismissal)	6%	6%

Mortality: MT_EAE 2012P (Bank of Greece, Credit and Insurance Committee)

(Amounts in thousand Euro unless mentioned otherwise)

The following table presents the sensitivity analysis of the provision of staff indemnities:

	GROUP	COMPANY
Change in discount rate +0,5% & Change in salaries – voluntary withdrawals - dismissals 0%	614	520
Change in discount rate -0,5% & Change in salaries – voluntary withdrawals - dismissals 0%	688	582
Change in discount rate 0%, Change in salaries +0,25% & Change in salaries – voluntary withdrawals - dismissals 0%	668	565
Change in discount rate 0%, Change in salaries -0,25% & Change in salaries – voluntary withdrawals - dismissals 0%	631	535
Change in discount rate 0%, Change in salaries 0%, voluntary withdrawals +1% & dismissals 0%	604	513
Change in discount rate 0%, Change in salaries 0%, voluntary withdrawals -1% & dismissals 0%	700	591
Change in discount rate 0%, Change in salaries - voluntary withdrawals 0% & dismissals +1%	660	558
Change in discount rate 0%, Change in salaries - voluntary withdrawals 0% & dismissals -1%	637	540

27 OTHER PROVISIONS

Changes in other provisions of the Group and the Company in 2019 and 2018 are as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance 1 January 2018	**14.407**	**896**	**2.988**	**760**
Adjustments from changes sin accounting policies	-	7	-	7
Balance 1 January 2018, Revalued	**14.407**	**903**	**2.988**	**767**
Provision recognized in the income statement	844	-	176	-
Provision recognized in property, plant and equipment	1.024	-	-	-
Provisions used	-	(7)	-	(6)
Foreign exchange differences	65	-	-	-
Balance 31 December 2018	**16.340**	**896**	**3.164**	**761**
long-term provisions	*16.340*	*896*	*3.164*	*761*
short-term provisions	-	-	-	-

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	**Other provisions**	**Provisions for environmental rehabilitation**	**Other provisions**
Balance 1 January 2019	**16.340**	**896**	**3.164**	**761**
Provision recognized in the income statement	993	-	187	-
Provision recognized in property, plant and equipment	1.897	-	-	-
Changes due to acquisition of subsidiary	1.370	-	-	-
Foreign exchange differences	54	-	(1)	-
Balance 31 December 2019	**20.654**	**896**	**3.350**	**761**
long-term provisions	*20.654*	*896*	*3.350*	*761*
short-term provisions	-	-	-	-

The tables, presented above, record analysis of provisions based on the nature of the commitment as well as their analysis based on the expected timing of the outflow of financial. In particular, provisions are presented as a total as long-term and are not recorded in discounted amounts as there is no accurate estimate of their payment time.

The companies of the Group's energy sector are under obligation to proceed with environmental rehabilitation in locations, where they have installed electricity production units following the completion of the operations based on the effective licenses granted by the states where the installations are being implemented. The aforementioned provision of € 20.654 k (31/12/2018: € 16.340 k) reflects the expenses required for the removal of equipment and restoration of the area in which the equipment used to be installed, applying available technology and materials.

Other provisions mainly refer to provisions for pending litigations, standing at € 335 k (31/12/2018: € 335 k) and tax uninspected years, standing at € 560 k (31/12/2018: € 560 k).

28 GRANTS

Grants on 31 December 2019 and 31 December 2018 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Balance 1 January	**141.336**	**143.294**	**20.175**	**17.552**
Approved and collected grants	-	3.882	-	3.882
Amortizations recognized in the income statement	(7.995)	(7.862)	(1.259)	(1.259)
Foreign exchange differences	981	2.022	-	-
Balance 31 December	**134.322**	**141.336**	**18.916**	**20.175**

Grants relate to government grants for the development of Wind Farms and are amortized in the Statement of Comprehensive Income for the period they refer to, according to the depreciation rate of granted fixed assets.

(Amounts in thousand Euro unless mentioned otherwise)

The “Grants” include approved though not collected grants, totaling € 1.479 k , classified as “Prepayments and other receivables” (Note 20). These grants were recognized based on the Group Management’s certainty that all the terms and conditions, facilitating their collecting, are complied with and that eventually the amounts will be received following the completion of the relevant investments.
The aforementioned grants are amortized in income only to the extent of the component corresponding to fully completed and operating wind farms.

29 EQUITY INSTRUMENTS HAVING A SUBSTANCE OF FINANCIAL LIABILITY

In the USA, in order to make the best use of the tax benefits provided by local legislation, through the sub-group TERNA ENERGY, the Group has entered into agreements with "Tax Equity Investors" investors (hereinafter "TEI"). According to these agreements, the cash flows and tax benefits generated by wind farms are distributed conventionally amongst TEI investors and the Group. The accounting policy applied in respect of the aforementioned financial liabilities is analytically presented in Note 4.11.5(iii) to the accompanying consolidated and separate financial statements.

Equity instruments having a substance of financial liabilities (long and short-term component) as December 31st 2019 and 2018 are analyzed in the accompanying Financial Statements as follows:

	GROUP	
	31.12.2019	**31.12.2018**
Financial liabilities	**272.582**	**111.187**
Deferred income (*)	**51.825**	**26.916**
Long-term part	**324.407**	**138.103**
Long-term financial liabilities payable in the following year	51.365	22.287
Short-term part	**51.365**	**22.287**
Total	**375.772**	**160.390**

(*)The item pertains to the value of financial losses attributable to Tax Equity Inventors and is recognized in other income for the year, on a pro rata basis according to the estimated period of investor's stay in the investment scheme.

Changes in equity instruments having a substance of financial liabilities in 2019 and 2018 are analyzed as follows:

Financial liabilities	GROUP	
	31.12.2019	**31.12.2018**
Balance 1 January	**133.474**	**136.815**
Collectibles from TEI	120.718	-
Cash Distribution from TEI	(6.662)	(3.405)
Addition from acquisition of entity (Note 7)	113.685	-
Value of tax benefits	(53.673)	(18.596)
Interest for the period (note 39)	15.885	12.627
Foreign exchange differences	520	6.033
Balance 31 December	**323.947**	**133.474**

(Amounts in thousand Euro unless mentioned otherwise)

Deferred income	GROUP	
	31.12.2019	**31.12.2018**
Balance 1 January	**26.916**	**22.555**
Value of tax benefits	**31.140**	6.479
Amortization of benefits (note 38)	**(6.663)**	(3.262)
Foreign exchange differences	**432**	1.144
Balance 31 December	**51.825**	**26.916**

Financial liabilities are measured at amortized cost using the effective interest method. This liability is decreased by the distribution of cash received by the TEI and, depending on the terms of the contract and the value of the tax benefits.

In 2019, the value of tax losses attributable to TEI and recognized in other income (Note 38), based on the straight-line method over the term of the contract, amounts to € 6.663 k (2018: € 3.262 k). The value of PTCs, which are linked to the wind farm's annual energy production based on actual production, is recognized in turnover and amounts to € 22,533 k (2018: € 12,117 k).

- **Financial liability to TEI Met Life:**

The unamortized balance of the Group's liability to TEI Met Life as at 31/12/2019 stands at € 42.770 k.

In 2012, , the Group entered the USA market with a transaction, in which the company Met Life (TEI) paid the amount of € 49.693 k to acquire the right to receive, mainly cash and tax losses. In FY 2013, the construction was completed and the Wind Farm Mountain Air, of total capacity of 138 MW, located in the state of Idaho, USA, started operating. The audit is based on a contractual agreement with MetLife, which contributes capital as a Tax Equity Investor (TEI) and is fully consolidated. According to the agreement between the two parties, TEI contributed capital in exchange of 50% of the membership interests, the contractual rights of which stipulate that TEI will receive 99% of tax losses and a certain percentage of net cash flows until it achieves the return on its invested capital as defined in the agreement.

After TEI's contractually agreed performance date, and in the event of a non-acquisition of its shares by TEI, TEI remains with the participating interest of a 37.75% in distributions and tax results of the Wind Farm.

Following the Group's contractual agreement with MetLife, after the date on which TEI's contractually agreed performance has been reached, the Group may acquire the membership interests of the TEI investor (100% of Class A shares) with a value that would be considered reasonable after the agreement has been reached. In this context, the Group has been in negotiations with TEI regarding the acquisition of its membership interests, with a value that would be considered reasonable after the agreement has been reached. The aforementioned negotiations are in progress until the date of approval of the accompanying full year financial statements and are expected to be completed within 2020.

- **Financial liability to TEI Goldman Sachs:**

As at 31/12/2019, the unamortized balance of the Group's liability to TEI Goldman Sachs stands at € 108.688 k (including an amount of € 27.368 k that pertains the unamortized value of tax benefits).

In 2017, construction was completed and the Fluvanna I Wind Farm, of total capacity of 155,4 MW, located in the state of Texas, USA was set in operation. Under the new tax law in the USA, which entered into force on 22/12/2017, this Wind Farm is eligible to depreciate for tax purposes almost all of its construction costs within its operating year, namely in FY 2017. As a result of the aforementioned tax treatment of the construction cost of the project, significant tax losses will be incurred in FY 2017.

Furthermore, in addition to the tax losses incurred during the first year of operation, the Wind Farm is eligible to assume additional tax benefits associated with the annual energy production of the Wind Farm (Production Tax Credits - PTCs).

On 28/12/2017, the Group entered into a transaction in which Goldman Sachs Bank paid the amount of € 127.882 k (including issuance fees) to acquire 50% of the membership interests, the contractual rights of which stipulate that the TEI will receive, mainly, the Tax Benefits (tax losses and Production Tax Credits) of the Fluvanna I Wind Farm, with a limited amount of tax equity investment. In FY 2017, TEI received 70% of the tax benefits, and from the 2018 year and until it achieves a predetermined return on its initial payment, it will receive 99% of these benefits.

- **Financial liability to TEI Berkshire Hathaway:**

As at 31/12/2019, the unamortized balance of the Group's liability to TEI Berkshire Hathaway stands at €116.255 k (including an amount of €23.570 k that pertains the unamortized value of tax benefits).

In 2019, construction was completed for Fluvanna II Wind Farm, of total capacity of 158 MW, located in the state of Texas, USA and was set in operation. Under the tax law in the USA, this Wind Farm is eligible to depreciate for tax purposes almost all of its construction costs within its operating year, namely in FY 2019. As a result of the aforementioned tax treatment of the construction cost of the project, significant tax losses will be incurred in FY 2019.

Furthermore, in addition to the tax losses incurred during the first year of operation, the Wind Farm is eligible to assume additional tax benefits associated with the annual energy production of the Wind Farm (Production Tax Credits - PTCs).

On 13.09.2019, the Group entered into a transaction in which Berkshire Hathaway paid the amount of €120.250 k (including issuance fees) to acquire 50% of the membership interests, the contractual rights of which stipulate that the TEI will receive, mainly, the Tax Benefits (tax losses and Production Tax Credits) of the Fluvanna II Wind Farm, with a limited amount of tax equity investment. In FY 2019, TEI received 82,58% of the tax benefits, and from the 2020 year and until it achieves a predetermined return on its initial payment, it will receive 99% of these benefits.

(Amounts in thousand Euro unless mentioned otherwise)

- **Financial liability to TEI BAL & ANTRIM:**

As at 31/12/2019, the unamortized balance of the Group's liability to TEIs stands at €108.059 k (including an amount of €887 k that pertains the unamortized value of tax benefits).

In September 2019, the acquisition of the membership interest in the Wind Farm "Bearkat I", in Texas, USA, was competed. The wind farm of total capacity of 196,65 MW, started operating in December 2017. Following the finalization of the acquisition, the Group has a financial liability to TEI BAL & ANTRIM. The Wind Farm is eligible to receive tax benefits linked to the annual Production Tax Credits – PTCs. The TEI will receive, mainly, the Tax Benefits (tax losses and Production Tax Credits) of the wind farm Bearkat I, with a limited amount of tax equity investment. In FY 2019 and until the TEI achieves a predetermined return on its initial payment, it will receive 99% of these benefits.

30 SUPPLIERS

As at 31 December 2019 and 2018, the suppliers in the accompanying financial statements, are analysed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Suppliers	56.835	31.731	14.969	13.373
Total	**56.835**	**31.731**	**14.969**	**13.373**

Liabilities to suppliers mainly relate to obligations related to the construction and operation of renewable wind and hydroelectric power plants, photovoltaic farms, and other Renewable Energy Sources (RES).

The increase in liabilities to suppliers at the Group level for the fiscal year 2019 is mainly due to the Group's new investments in the construction of nine (9) wind farmsat 9 locations in Evoia, of total capacity 121 MW. Specifically, these are the construction of the following wind farms, which started in 2019:

- 3 wind farms at the site of GALOSSI (19.8 MW), KARABYLA (19.8 MW) and PYGARI DARDIZA (6.3 MW) of the Municipality of Karystos of the subsidiary company AIOLIKI MARMARIOU EVOIAS S.A.
- 2 wind farms at the site of MESOPIKI (9 MW) and AGRIACHLADIA (22.5 MW) of the Municipality of Kymi-Aliveri of the subsidiary company ENERGIAKI DYSTION EVOIAS S.A.
- 1 wind farm at the site of Exostis (18.9 MW) of the Municipality of Karystos of the subsidiary company ENERGIAKI STYRON EVOIAS S.A.
- 3 wind farms at the site of VOUREZA (7.2 MW), KOSKINA-LAKKA (7.65 MW) and PYRGARI II (9.9 MW) of the Municipality of Kymi-Aliveri of the subsidiary company AIOLIKI EASTERN GREECE S.A.

(Amounts in thousand Euro unless mentioned otherwise)

31 ACCRUED AND OTHER SHORT-TERM LIABILITIES

The accrued and other short-term liabilities as at 31 December 2019 and 31 December 2018, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Accrued and other short-term financial liabilities				
Liabilities from dividends payable and capital return	160	34.301	160	34.301
Intercompany liabilities from dividends, cash and other liabilities	17	2.225	1.956	11.896
Deferred income and other transitory accounts	3.476	-	-	-
Employee fee due	333	277	285	229
Accrued expenses	6.053	4.587	595	217
Sundry Creditors	613	921	117	217
Total	**10.652**	**42.311**	**3.113**	**46.860**

	GROUP		COMPANY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Other short-term non-financial liabilities				
Liabilities from taxes-duties other than income tax	5.414	3.962	2.376	1.205
Social security funds	513	432	414	356
Grants to be returned (Note 28)	3.024	3.024	-	-
Total	**8.951**	**7.418**	**2.790**	**1.561**

As at 31/12/2018, the Company's and the Group's accrued and other current liabilities include an amount of € 34,175.7 k, in the account "Liabilities from dividends payable and capital return" which relates to the Company's obligation to return capital pursuant to as of 18/10/2018 Decision of the Extraordinary General Meeting of the Company's Shareholders. This liability was fully settled as at 14/01/2019.

32 SHARE CAPITAL AND SHARE PREMIUM

As at 31/12/2019, the Company's share capital amounts to thirty four million one hundred and seventy five thousand six hundred eighty euros and eighty cents (€ 34.175.680,80 €), fully paid and divided into one hundred and thirteen million nine hundred and thirty eight thousand nine hundred and thirty six (113.918.936) common registered shares with voting rights of a nominal value thirty cents (€ 0,30) each. Share premium as at 31/12/2019 stands at € 191.793 k.

(Amounts in thousand Euro unless mentioned otherwise)

Corporate events 2019

Following the decision of the Extraordinary General Meeting of Shareholders as of 18/12/20, the share capital of the Company was increase by the amount of € 19,366,219.12 though capitalizing part of the special purpose reserve from the issue of share premium with an increase in the nominal value of each share from € 0.30 to € 0.47 while simultaneously reducing the Company's share capital by € 19.366.219.12 with a decrease in the par value of each share from € 0.47 to € 0.30 and refunding the amount of this reduction (ie € 0.17 per share) to shareholders. No. 7893 Decision of the Ministry of Development and Investments - General Secretariat of Commerce, approving the amendment of paragraph 1 of article 5 of the Company's Articles of Association as a result of the increase and decrease of the share capital, was registered in the Societe Anonyme Registry on 24/01 / 2020 (see Note 49).

The expenses of the share capital increase stood at € 213 and were withheld from the item "Balance of Retained Earnings".

33 RESERVES

The reserves for the fiscal years 2019 and 2018, in the accompanying financial statements, are analyzed as follows:

Group	Statutory reserves	Treasury shares	Foreign currency translation dif. to Euro reserves	Differences from cash flows risk hedges reserves	Actuarial revenue/losses from defined benefit plan reserves	Development and tax legislation reserves	Total
1 January 2018	**8.530**	**(2.694)**	**(1.802)**	**(8.473)**	**119**	**47.870**	**43.550**
Other comprehensive income (after tax)	-	-	117	(2.251)	(20)	-	(2.154)
Formation of reserves	882	-	-	-	-	4.214	5.096
Acquisition of treasury shares	-	(7.755)	-	-	-	-	(7.755)
Cancellation of treasury shares	-	2.694	-	-	-	-	2.694
Transfers to minority interest and other changes	-	-	(4)	2	-	-	(2)
31 December 2018	**9.412**	**(7.755)**	**(1.689)**	**(10.722)**	**99**	**52.084**	**41.429**
1 January 2019	**9.412**	**(7.755)**	**(1.689)**	**(10.722)**	**99**	**52.084**	**41.429**
Other comprehensive income (after tax)	-	-	789	(3.410)	(53)	-	(2.674)
Formation of reserves	3.271	-	-	-	-	3.618	6.889
Acquisition of treasury shares	-	(1.506)	-	-	-	-	(1.506)
31 December 2019	**12.683**	**(9.261)**	**(900)**	**(14.132)**	**46**	**55.702**	**44.138**

(Amounts in thousand Euro unless mentioned otherwise)

Entity	Statutory reserves	Treasury shares	Foreign currency translation differences to Euro reserves	Differences from cash flows risk hedges reserves	Actuarial revenue/ losses from defined benefit plan reserves	Development and tax legislation reserves	Total
1 January 2018	**5.050**	**(2.693)**	**-**	**(657)**	**116**	**13.758**	**15.574**
Other comprehensive income (after tax)	-	-	-	(125)	(20)	-	(145)
Formation of reserves	-	-	-	-	-	420	420
Acquisition of treasury shares	-	(7.755)	-	-	-	-	(7.755)
Cancellation of treasury shares	-	2.694	-	-	-	-	2.694
31 December 2018	**5.050**	**(7.754)**	**-**	**(782)**	**96**	**14.178**	**10.788**
1 January 2019	**5.050**	**(7.754)**	**-**	**(782)**	**96**	**14.178**	**10.788**
Other comprehensive income (after tax)	-	-	-	(230)	(42)	-	(272)
Formation of reserves	1.601	-	-	-	-	422	2.023
Acquisition of treasury shares	-	(1.506)	-	-	-	-	(1.506)
31 December 2019	**6.651**	**(9.260)**	**-**	**(1.012)**	**54**	**14.600**	**11.033**

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 but can be used for loss write off.

Development and tax legislation reserves

These reserves refer to profits not taxed at the applicable tax rate in accordance with the applicable tax framework. These reserves will be taxable at the tax rate applicable at the time of their distribution to the shareholders or their conversion into equity under certain circumstances.

The Company and the Group hold tax-free reserves totalling € 13.202 k and € 41.720 k, respectively, which, if disposed or capitalized, will be taxed at the applicable tax rate and subject to the provisions of the relevant development laws. In the near future, the Group does not intend to distribute or capitalize these reserves.

Cash flows risk hedging reserves

The hedge reserve is used to record profit or losses on derivative financial instruments, which may be designated as cash flow hedges and recognized in other comprehensive income. When the transaction to which the compensation transaction relates affects the statement of comprehensive income, then the corresponding amounts are also transferred from the other comprehensive income to the statement of comprehensive income. During the fiscal year 2019, the Group recognized a reduction of these reserves, derivative losses of € 3,410 k with the total of these reserves amounting to a debt balance of € 14,132 k at 31/12/2019 (see detailed Note 25).

Treasury shares

During the period 01/01/2019 - 31/12/2019 the Company purchased 340,776 treasury shares at a market value of € 1,926,401.26. In January 2019, there was a return of equity to the shareholders, resulting in a reduction of the value of treasury shares by the amount of € 421 k.

(Amounts in thousand Euro unless mentioned otherwise)

The total number of treasury shares held by the Company as at 31/12/2019 amounted to 1,643,251 shares, ie 1.44% of the total capital, with a total acquisition cost of € 9.261 k.

34 EARNINGS PER SHARE

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

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net gains attributable to the owners of the parent for basic earnings per share (Amounts in Euro)	51.552	44.864	20.285	21.040
Average Weighted Number of Shares Used to Calculate Basic Earnings / (Losses) Per Share	112.285.953	112.601.534	112.285.953	112.601.534
Basic earnings per share (Amounts in Euro)	**0,4591**	**0,3984**	**-**	**-**

No diluted earnings per share are effective regarding the Group and the Company in the FY ended as at 31/12/2019 and the respective comparative year.

35 INCOME TAX

According to Greek tax legislation the tax rate corresponded to 29% for the years 2018 and 2017. Article 23, Law 4579/2018, states that income tax rates are gradually reduced to twenty-eight percent (28%) for income tax year 2019, to twenty-seven percent (27%) for income tax year 2020, to twenty-six per cent (26%) for income tax year 2021 and twenty five per cent (25%) for income tax year 2022 and thereafter. The new tax law 4646/2019 was adopted on 12/12/2019, where according to Article 22, the tax rate is now 24% regarding 2019 tax year onwards.

The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4172/2013, and the ability of companies to generate tax-exempted discounts and tax-exempted reserves.

Income tax included in the consolidated and company financial statements, is analyzed as follows:

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Current income tax	13.553	12.099	1.489	237
Deferred tax	2.838	3.259	(313)	556
Total	**16.391**	**15.358**	**1.176**	**793**

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		COMPANY	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit before income tax expense	**69.636**	**62.411**	**21.461**	**21.833**
Nominal tax rate	24%	29%	24%	29%
Income tax based on the nominal tax rate	**16.713**	**18.099**	**5.151**	**6.332**
Adjustments*:*				
Effect of change in tax rate & rate differences of foreign subsidiaries	572	(4.882)	(333)	(704)
Adjustments of tax of previous years and additional taxes	(52)	80	181	68
Difference in taxation of foreign companies	(1.153)	2.001	-	-
Write-off/(Offsetting) of tax losses	(12)	2.805	-	-
Effect of participating in net results of associates and joint venture	(165)	-	(165)	-
Tax exempted results	(841)	(5.844)	(67)	(5.321)
Permanent tax differences (results not included in tax calculation)	1.329	3.099	(3.591)	418
Income tax expense	**16.391**	**15.358**	**1.176**	**793**
Effective tax rate	23,54%	24,61%	5,48%	3,63%

Tax return statement is submitted on an annual basis but declared profits or losses remain provisional until the tax authorities inspect the taxpayer's books and records and issue a final audit report. The Group assesses annually any contingent liabilities that are expected to arise from the audit of past years, making relevant provisions where appropriate. The performed provisions for unaudited tax years are € 560 thousand and Management believes that beside the provisions made, any tax amounts that may arise will not have a significant impact on the Group's and Company's equity, results and cash flows. Information on unaudited tax years is set out in Notes 5 and 48.1 to the Financial Statements.

Deferred Tax

Deferred tax assets and obligations are offset when there is an applicable legal right to offset current tax assets against current tax obligations and when deferred income taxes relate to the same tax authority.

The deferred income tax is calculated on all temporary tax disputes between the book value and the tax value of the assets and liabilities, using the expected applicable tax rate at the time of maturity of the tax asset/ obligation:

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		ENTITY	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Deferred tax asset	6.124	6.666	27	-
Deferred tax liability	(27.901)	(23.010)	(1.572)	(1.953)
Net deferred tax liabilty	**(21.777)**	**(16.344)**	**(1.545)**	**(1.953)**
Opening balance	**(19.290)**	**(13.173)**	**(1.953)**	**(1.405)**
(Debit)/credit recognised in net profit for the year	(2.839)	(3.258)	312	(556)
(Credit recognised in other comprehensive income	432	65	96	8
Foreign exchange differences	(80)	22	-	-
Closing balance	**(21.777)**	**(16.344)**	**(1.545)**	**(1.953)**

The effect of decrease in tax rate arising from the provisions of Article 23, Law 4579/2018, recorded expenses of € 72 k for the Group and revenue € 333 k for the Company.

Terna Energy USA subsidiaries due to their agreements with Tax Equity Investors recognise deferred tax assets, which comprise primarily of net operating loss carryforwards, production tax credits and interest. These deferred tax assets, after considering the related valuation allowance, are equal to and offset deferred tax liabilities arising from the difference between tax and accounting basis. Theses offset deferred tax receivables, before allowance and liabilities amount to € 33 m Furthermore, the allocation of the acquisition price of BEARKAT I TE PARTNERSHIP LLC resulted in deferred tax income of € 2.4 million ($2.7 million).

The deferred tax assets and liabilities of 2019 and 2018 as well as the effect of the deferred tax on the separate and consolidated statement of comprehensive income are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

	1st of January 2019						31st of December 2019
GROUP	**Opening balance**	**Change in opening balance due to change in accounting policies**	**Adjusted opening balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	123	-	**123**	2	31	-	**156**
Investment valuation	550	-	**550**	372	-	-	**922**
Derivative valuation	1.239	-	**1.239**	-	401	-	**1.640**
Other provisions	1.283	-	**1.283**	(1.213)	-	-	**70**
Provision for doubtful customers	130	-	**130**	(130)	-	-	**-**
Receivables-Liabilities from contracts with customers	(1.348)	-	**(1.348)**	1.249	-	-	**(99)**
Loans	2.033	-	**2.033**	853	-	9	**2.895**
Lease liabilities	-	-	**-**	1.837	-	6	**1.843**
Recognized tax losses	1.176	-	**1.176**	378	-	-	**1.554**
Other	(3.499)	-	**(3.499)**	2.833	-	-	**(666)**
Valuation of investment properties	(135)	-	**(135)**	5	-	-	**(130)**
Intangible assets	4.415	-	**4.415**	5.576	-	-	**9.991**
Property, plant and equipment	(13.273)	(2.946)	**(16.219)**	(11.940)	-	(97)	**(28.256)**
Financial Assets – Concessions	(8.863)	-	**(8.863)**	(1.795)	-	-	**(10.658)**
Grants	(175)	-	**(175)**	(866)	-	2	**(1.039)**
Deferred tax of net profit/other comprehensive income	-			**(2.839)**	**432**	**(80)**	
Deferred tax asset/(liability)	**(16.344)**	**(2.946)**	**(19.290)**				**(21.777)**

(Amounts in thousand Euro unless mentioned otherwise)

GROUP	1st of January 2018						31st of December 2018
	Opening balance	**Change in opening balance due to change in accounting policies**	**Adjusted opening balance**	**(Debit)/credit recognized in net profit for the year**	**(Debit)/credit recognized in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	118	-	**118**	(10)	15	-	**123**
Investment valuation	2.273	-	**2.273**	(1.723)	-	-	**550**
Derivative valuation	1.190	-	**1.190**	-	49	-	**1.239**
Other provisions	1.360	-	**1.360**	(77)	-	-	**1.283**
Provision for doubtful customers	111	-	**111**	19	-	-	**130**
Receivables-Liabilities from contracts with customers	3.419	-	**3.419**	(4.767)	-	-	**(1.348)**
Loans	2.177	-	**2.177**	(167)	24	(1)	**2.033**
Recognized tax losses	1.487	-	**1.487**	(311)	-	-	**1.176**
Other	(4.557)	-	**(4.557)**	1.058	-	-	**(3.499)**
Valuation of investment properties	(148)	-	**(148)**	13	-	-	**(135)**
Intangible assets	5.911	-	**5.911**	(1.496)	-	-	**4.415**
Property, plant and equipment	(25.131)	-	**(25.131)**	2.995	(23)	23	**(22.136)**
Grants	(1.383)	-	**(1.383)**	1.208	-	-	**(175)**
Deferred tax of net profit/other comprehensive income				**(3.258)**	**65**	**22**	
Deferred tax asset/(liability)	**(13.173)**	**-**	**(13.173)**				**(16.344)**

(Amounts in thousand Euro unless mentioned otherwise)

	1st of January 2019						31st of December 2019
ENTITY	**Opening balance**	**Change in opening balance due to change in accounting policies**	**Adjusted opening balance**	**(Debit)/credit recognized in net profit for the year**	**(Debit)/credit recognized in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	102	-	**102**	(1)	31	-	**132**
Investment valuation	2.561	-	**2.561**	289	-	-	**2.850**
Derivative valuation	261	-	**261**	(1)	65	-	**325**
Other provisions	842	-	**842**	(791)	-	-	**51**
Provision for doubtful customers	111	-	**111**	(111)	-	-	**-**
Receivables-Liabilities from contracts with customers	(540)	-	**(540)**	962	-	-	**422**
Loans	(69)	-	**(69)**	12	-	-	**(57)**
Lease liabilities	-	-	**-**	423	-	-	**423**
Other	-	-	**-**	(279)	-	-	**(279)**
Valuation of investment properties	(135)	-	**(135)**	5	-	-	**(130)**
Intangible assets	16	-	**16**	(133)	-	-	**(117)**
Property, plant and equipment	(5.701)	-	**(5.701)**	333	-	-	**(5.368)**
Financial Assets – Concessions	-	-	**-**	-	-	-	**-**
Grants	599	-	**599**	(396)	-	-	**203**
Deferred tax of net profit/other comprehensive income	-		**-**	**312**	**96**	**-**	
Deferred tax asset/(liability)	**(1.953)**	**-**	**(1.953)**				**(1.545)**

(Amounts in thousand Euro unless mentioned otherwise)

ENTITY	Opening balance	Change in opening balance due to change in accounting policies	Adjusted opening balance	(Debit)/credit recognized in net profit for the year	(Debit)/credit recognized in other comprehensive income	Foreign exchange differences	Closing balance
Deferred tax asset/(liability)							
Provision for staff indemnities	96	-	**96**	(9)	15	-	**102**
Investment valuation	2.273	-	**2.273**	288	-	-	**2.561**
Derivative valuation	268	-	**268**	-	(7)	-	**261**
Other provisions	925	-	**925**	(83)	-	-	**842**
Provision for doubtful customers	92	-	**92**	19	-	-	**111**
Receivables-Liabilities from contracts with customers	3.733	-	**3.733**	(4.273)	-	-	**(540)**
Loans	(99)	-	**(99)**	30	-	-	**(69)**
Other	(2.225)	-	**(2.225)**	2.225	-	-	**-**
Valuation of investment properties	(148)	-	**(148)**	13	-	-	**(135)**
Intangible assets	-	-	**-**	16	-	-	**16**
Property, plant and equipment	(6.450)	-	**(6.450)**	749	-	-	**(5.701)**
Grants	130	-	**130**	469	-	-	**599**
Deferred tax of net profit/other comprehensive income				**(556)**	**8**	**-**	
Deferred tax asset/(liability)	**(1.405)**	**-**	**(1.405)**				**(1.953)**

(Amounts in thousand Euro unless mentioned otherwise)

36 TURNOVER

Turnover in the accompanying financial statements as at 31 December 2019 and 2018 is analyzed as follows:

Turnover from contracts with customers per category

	GROUP		ENTITY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Revenue from construction services segment				
Road construction works	1.157	8.611	1.196	8.614
Railway construction works	2.124	3.833	2.163	3.833
Construction works	46	(67)	46	(67)
Electromechanical works	23	43	23	43
Industrial works	34	1.925	6.225	30.799
Energy RES works	20	74	28.254	11.268
	3.404	**14.419**	**37.907**	**54.490**

	GROUP		ENTITY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Revenue from RES energy generation segment				
Revenue from RES energy generation segment	206.616	197.905	18.644	19.501
Production Tax Credits (PTCs)	25.225	12.217	-	-
Energy generation from Hydro plants	5.354	6.182	3.387	3.148
Repair and maintenance of RES	71	31	5.496	5.455
Other revenue RES energy segment (except leases)	1	-		-
	237.267	**216.335**	**27.527**	**28.104**

	GROUP		ENTITY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Revenue from concession operating segment				
Revenue from the construction of waste management plants	8.929	30.901	-	-
Revenue from the operation of waste management plants	1.740	-	3.172	-
Revenue from installation of e-ticketing	2.131	75	-	-
Revenue from operation of e-ticketing	8.692	10.620	-	1.818
	21.492	**41.596**	**3.172**	**1.818**

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		ENTITY	
	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2019	01.01 - 31.12.2018
Revenue from trading segment	36.981	19.702	15.441	13.889
	36.981	**19.702**	**15.441**	**13.889**
Total Revenue from contracts with customers	**299.144**	**292.052**	**84.047**	**98.301**

Turnover analysis from contracts with customers at the time of revenue recognition

	GROUP		ENTITY	
	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2019	01.01 - 31.12.2018
Transfer of goods at a specific time	287.904	210.410	44.784	34.721
Services at a specific time	1.355	2.325	1.355	2.356
Services over time	9.885	79.317	37.908	61.224
Total revenue from contracts with customers	**299.144**	**292.052**	**84.047**	**98.301**

Turnover analysis from contracts with customers per operating risk category of the contract

	GROUP		ENTITY	
	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2019	01.01 - 31.12.2018
Closed-value contracts	289.259	278.171	46.139	44.350
Cost contracts plus profit percentage	9.885	13.881	37.908	53.951
Total revenue from contracts with customers	**299.144**	**292.052**	**84.047**	**98.301**

Turnover analysis from contracts with customers during the contract period

	GROUP		ENTITY	
	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2019	01.01 - 31.12.2018
Long-term contracts	226.985	248.762	39.263	56.307
Short-term contracts	72.159	43.290	44.784	41.994
Total revenue from contracts with customers	**299.144**	**292.052**	**84.047**	**98.301**

Time analysis of expected execution of a backlog of contracts with customers

	GROUP		ENTITY	
	01.01 - 31.12.2019	01.01 - 31.12.2018	01.01 - 31.12.2019	01.01 - 31.12.2018
1 year	54.277	61.472	70.902	66.933
1-5 years	55.594	57.465	55.617	58.137
Total revenue from contracts with customers	**109.871**	**118.937**	**126.519**	**125.070**

(Amounts in thousand Euro unless mentioned otherwise)

37 COST OF SALES, ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

Cost of sales, administrative and research & development expenses at December 31st 2019 and 2018, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Cost of sales and inventory consumption	35.203	30.670	22.904	26.809
Employees remuneration and expenses	4.320	3.645	4.128	3.490
Subcontractors fees and expenses	3.949	12.337	12.756	16.664
Fees for engineers, studiers, technical consultants and third parties	19.916	24.558	8.737	13.046
Utilities	2.620	1.959	744	397
Leases	610	1.499	1.332	1.533
Taxes, duties and contributions	10.877	11.785	1.334	1.092
Travel expenses	71	77	47	66
Subscriptions and contributions	355	351	-	-
Donations-grants	16	5	13	25
Display and advertising costs	9	10	4	5
Laboratory inspection costs	18	18	11	13
Depreciation	63.219	55.350	6.039	6.003
Insurance premiums	4.533	3.793	1.112	603
Transportation expenses	982	1.705	2.164	2.645
Repairs and maintenance	23.360	20.345	2.772	2.933
Auditors' fees	64	11	1	2
Financial cost	-	1	-	1
Legal damages and litigation costs	2	-	2	-
Other	154	326	283	159
Total	**170.278**	**168.445**	**64.383**	**75.486**

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Cost of sales and inventory consumption	5	1	5	-
Employees remuneration and expenses	4.837	4.208	2.919	2.384
Subcontractors fees and expenses	24	20	19	20
Fees for engineers, studiers, technical consultants and third parties	10.860	7.057	5.287	4.171
Utilities	181	186	149	119
Leases	130	616	37	315
Taxes, duties and contributions	955	408	99	171
Travel expenses	441	411	277	268
Subscriptions and contributions	477	559	317	433
Donations-grants	128	147	123	136
Display and advertising costs	1.169	301	890	290
Depreciation	696	205	485	116
Insurance premiums	167	136	69	53
Transportation expenses	93	64	60	24
Repairs and maintenance	186	493	65	37
Auditors' fees	749	568	156	113
BoD members fees	700	473	700	473
Legal damages and litigation costs	6	21	1	20
Other	715	515	538	436
Total	**22.519**	**16.389**	**12.196**	**9.579**

	GROUP		COMPANY	
RESEARCH & DEVELOPMENT EXPENSES	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Employees remuneration and expenses	352	11	352	11
Subcontractors fees and expenses	45	-	-	-
Fees for engineers, studiers, technical consultants and third parties	1.284	872	860	769
Utilities	18	14	18	14
Leases	4	6	4	5
Taxes, duties and contributions	56	13	55	12
Travel expenses	107	21	107	21
Donations-grants	-	5	-	5
Display and advertising costs	6	6	6	6
Depreciation	39	69	38	69
Insurance premiums	1	1	1	1
Transportation expenses	3	7	3	7
Repairs and maintenance	1	24	1	24
Legal damages and litigation costs	9	-	9	-
Other	11	11	11	11
Total	**1.936**	**1.060**	**1.465**	**955**

(Amounts in thousand Euro unless mentioned otherwise)

Regarding FY ended as at December 31, 2019, expenses for the year, analyzed in the line “Auditors’ fees” include statutory auditors’ and auditing firm’s fees amounting to € 23,1 k for the Group (2018 : 23 k.) and € 12,4 k for the Company (2018 : 13 k) which include permissible non-audit services (excluding statutory audit and tax compliance report).

During fiscal year 2019, there are fees amounting in €60k for special financial audit services provided to the subsidiary Terna Energy Finance S.A. in the context of the Common Bond Loan 2019 issue (see Note 23). Those fees have been recognized as issuance expenses because they were deducted from the corresponding loan obligation.

38 OTHER INCOME/EXPENSES

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2019 and 2018, are analyzed as follows:

Other income

	GROUP		COMPANY	
Other income	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Income from sale of waste material	1	64	69	52
Income from other services	1	40	-	38
Income from leases	37	24	77	43
Income from transfer of expenses	-	572	-	569
Income from insurance indemnities	4.548	1.756	3.480	974
Income from the forfeiture of guarantees received and penalty clauses	300	275	-	-
Grants amortization (Note 28)	7.995	7.862	1.259	1.259
Amortization of tax benefits (Note 29)	6.663	3.262	-	-
Other income	2.823	1.973	237	1.383
Foreign exchange differences (credit)	473	1.921	-	1
Total other income	**22.841**	**17.749**	**5.122**	**4.319**

In FY 2019, revenue of € 4,548 k was recognized from insurance claims for income loss due to technical damage, with most of it being related to W/P of the Parent Company. An amount of € 4,006 k has already been collected by the Group companies both in 2019 and in the first quarter of 2020.

(Amounts in thousand Euro unless mentioned otherwise)

Other expenses

	GROUP		COMPANY	
Other expenses	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Non accounted for fixed assets depreciation	(521)	-	(521)	-
Tax, duties and insurance contribution of previous years	(160)	(209)	(56)	(79)
Other expenses	(397)	(1.630)	(401)	(658)
Impairments/write-offs	(3.247)	(4.001)	(1.244)	(62)
Total other expenses	**(4.325)**	**(5.840)**	**(2.222)**	**(799)**
Total other income/(expenses)	**18.516**	**11.909**	**2.900**	**3.520**

In 2019, the item "Impairment" regarding the Group includes mainly impairments of intangible assets and tangible fixed assets of € 611 k and € 1,445 k, respectively, inventory impairments of € 32 k (Note 18), impairments and recoveries of impairments of other long-term receivables under IFRS 9 of € 410 k and € 60 k, respectively (Note 14), impairments and recoveries of impairment of trade receivables under IFRS 9 amounting to € 241 k and € 459 k, respectively (Note 17).

Impairments of € 1,276 k regarding the Company relate to impairments of inventories of € 32 k, impairments and recoveries of impairments of trade receivables according to IFRS 9 amounting to € 1,035 k and € 170 respectively (Note 17), impairments and recoveries of impairments of other long-term receivables under IFRS 9 amounting to € 400 k and € 8 k respectively (Note 14) and recoveries of impairments of advance payments and other receivables under IFRS 9 amounting to € 14 k (Note 17).

39 FINANCIAL INCOME/(EXPENSES)

Financial income/(expenses) in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Interest on long-term Loans	(2.847)	(1.455)	(1.839)	(183)
Interest on short-term Loans	(41.860)	(43.378)	(9.366)	(12.193)
Interest on lease liability	(438)	-	(77)	-
Expenses from unwinding of provisions and long-term liabilities	(1.000)	(850)	(193)	(181)
Commissions, bank charges and other expenses	(2.856)	(3.875)	(894)	(971)
Other financial expenses	(1.316)	(175)	(344)	(169)
Finance cost due to tax equity investors (Note 29)	(15.885)	(12.627)	-	-
Financial expenses	**(66.202)**	**(62.360)**	**(12.713)**	**(13.697)**

Interest from sight deposits	210	912	30	631
Interest income from bond and other intercompany loans	41	68	3.526	4.490
Income from unwinding of long-term receivables	5.285	4.173	-	-
Other financial income	13	-	-	-
Financial income	**5.549**	**5.153**	**3.556**	**5.121**
Net financial results	**(60.653)**	**(57.207)**	**(9.157)**	**(8.576)**

40 PAYROLL COST

Employee remuneration and the average headcount are analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Wages and Related benefits of regular staff	7.515	6.241	5.586	4.434
Social Security Contribution	1.830	1.485	1.668	1.321
Provision for employee compensation	164	138	145	130
Total	**9.509**	**7.864**	**7.399**	**5.885**
Day-waged workers	71	43	62	33
Regular Staff	240	214	184	164

41 TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2019 and 01/01-31/12/2018, as well as the balances of receivables and liabilities arising from such transactions as of 31/12/2019 and 31/12/2018 are as follows:

Company's transactions with subsidiaries

a) Assets

	COMPANY	
Amounts in € '000	**31.12.2019**	**31.12.2018**
Trade receivables	32.457	35.798
Long-term intercompany loans	86.701	105.033
Short-term part of receivables from long-term intercompany loans	3.465	6.107
Intercompany receivables from cash and other receivables	800	2.651
Total	**123.423**	**149.589**

b) Liabilities

	COMPANY	
Amounts in € '000	**31.12.2019**	**31.12.2018**
Suppliers	895	257
Long-term loans	200.612	109.877
Long-term liabilities carried forward	24.916	2.768
Other liabilities	1.939	11.720
Total	**228.362**	**124.622**

c) Income

Amounts in € '000	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Income from trading electric energy	4.839	5.085
POC construction material	28.446	43.984
Repairs and maintenance	5.404	5.349
Other services	1.830	6
Other income	111	214
Financial Income	4.136	5.125
Total	**44.766**	**59.763**

d) Expenses

Amounts in € '000	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Electric energy acquisition cost	5.031	4.377
Fees and other expenses of third parties	106	13
Other expenses	-	12
Financial expenses	6.070	5.477
Total	**11.207**	**9.879**

e) Revenue for participating interest and other investments

Amounts in € '000	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Income from dividends	22.869	16.514
Total	**22.869**	**16.514**

Transactions with other related parties

a) Assets

Amounts in € '000	GROUP 31.12.2019	GROUP 31.12.2018	COMPANY 31.12.2019	COMPANY 31.12.2018
Trade receivables	1.140	4.982	1.229	4.911
Loans and Guarantees	2.741	743	1.977	4
Prepayments and other receivables	966	903	682	617
Total	**4.847**	**6.628**	**3.888**	**5.532**

b) Liabilities

Amounts in € '000	GROUP 31.12.2019	GROUP 31.12.2018	COMPANY 31.12.2019	COMPANY 31.12.2018
Suppliers	794	1.379	615	1.259
Short-term loans	2	-	-	-
Long-term liabilities carried forward	5	5	2	-
Liabilities from capital refunds	-	12.963	-	12.963
Other liabilities	7.407	9.634	7.359	7.519
Total	**8.208**	**23.981**	**7.976**	**21.741**

c) Income

Amounts in € '000	GROUP 01.01 - 31.12.2019	GROUP 01.01 - 31.12.2018	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Income from construction services	-	251	281	251
Income from trading electric energy	5.484	2.301	-	-
Other income	49	99	34	55
Financial Income	27	61	14	(13)
Total	**5.560**	**2.712**	**329**	**293**

d) Expenses

Amounts in € '000	GROUP 01.01 - 31.12.2019	GROUP 01.01 - 31.12.2018	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Electric energy acquisition cost	1.785	8.048	-	310
Fees and other expenses of third parties	1.384	741	-	173
Other expenses	105	627	-	613
Financial expenses	71	63	-	-
Total	**3.345**	**9.479**	**-**	**1.096**

e) Revenue for participating interest and other investments

Amounts in € '000	GROUP 01.01 - 31.12.2019	GROUP 01.01 - 31.12.2018	COMPANY 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2018
Income from dividends	500	900	-	900
Total	**500**	**900**	**-**	**900**

The most significant transactions and balances of the Company with its subsidiaries as at 31/12/2019 are presented below:

		ASSETS	LIABILITIES	INCOME	EXPENSES
AIOLIKI ANATILIKIS ELLADOS S.A.	Subsidiary	14.365	-	8.301	-
TERNA ENERGY TRADING DOO BEOGRAD	Subsidiary	-	231	3.566	3.553
AIOLIKI MARMAEIOU EVIAS S.A.	Subsidiary	9.275	-	5.190	-
ENERGIAKI DYSTION EVIAS S.A.	Subsidiary	9.574	-	6.984	-
ENERGIAKI STYRON EVIAS S.A.	Subsidiary	12.605	-	4.734	-
TERNA ENERGIAKI AI GIORGIS S.A.	Subsidiary	2.217	-	3.791	-
TERNA AIOLOKI AMARYNTHOU S.A.	Subsidiary	1.379	-	1.830	-
ENERGIAKI PELOPONNISOU S.A.	Subsidiary	15.010	-	1.077	-
AEIFORIKI EPIRUS	Subsidiary	8.806	620	2.155	106
PERIVALLINTIKI PELOPONNISOU S.A.	Subsidiary	16.449	13.301	623	354
ENERGIAKI SERVOUNIOU S.A.	Subsidiary	-	14.700	10.274	994
TERNA ENERGY FINANCING S.A.	Subsidiary	319	147.630	-	3.152
TERNA ENERGY EVROU S.A.	Subsidiary	1	23.752	2.335	837
		90.000	**200.234**	**50.860**	**8.996**

(Amounts in thousand Euro unless mentioned otherwise)

Remuneration of Board of Directors members and senior executives of the Company: The remuneration of Board of Directors members and senior executives of the Group and Company, recognized on 31 December 2019 and 2018 is analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2019	**01.01 - 31.12.2018**	**01.01 - 31.12.2019**	**01.01 - 31.12.2018**
Board of Directors remuneration	749	487	700	487
Remuneration of the executives included in the executive members of the Board of Directors	1.216	1.191	715	703
	1.965	**1.678**	**1.415**	**1.190**

42 RISK MANAGEMENT POLICIES AND PROCEDURES

The financial risk factors that the Company and the Group are exposed are financing risks and interest rate risk, market, electricity prices, liquidity, credit and currency risks. The Group, on a regular basis, reviews and assess its exposure to the aforementioned risks, individually and in combination, and uses financial instruments in order to mitigate its exposure to specific risk categories.

Risk assessment and management of the risks which the Company and the Group encounter, are conducted by the Company's Management and the Board of Directors. Key objective is to monitor and assess all types of risks to which the Company and the Group are exposed through their business and investment activities.

The Group uses various financial instruments or applies specialized strategies in order to minimize its exposure to changes in the values of investments that may arise from market fluctuations, including changes in current interest rates and exchange rates.

42.1 Currency Risk

Currency risk is the risk that results from the fact that the fair value of future cash flows of a financial instrument will be subject to volatility due to changes in exchange rates.

This type of risk may result, for the Group, from foreign currency denominated transactions with non-Eurozone countries and countries that have not linked their currency to the euro. The transactions mainly concern purchases of fixed assets and inventories, commercial sales, investments in financial assets, loans, as well as net investments in foreign entities. The Group operates through subsidiaries in Greece, Cyprus, East Europe and North America and thus it may be exposed to foreign exchange risk.

The Group’s current foreign activities relate to energy production and electric energy trades.

As regards to the construction projects in countries such as Bulgaria, the contractual receivables and liabilities are realized in euro or local currency (which is linked to euro) and thus the exposure to currency risk is limited.

(Amounts in thousand Euro unless mentioned otherwise)

But the development of energy projects as well as the trading of electricity in other countries such as Poland, the USA, Serbia and North Macedonia, where the local currency fluctuates against euro may lead to currency differences and exposure to currency risk from the change in the US dollar (USD), Polish zloty (PLN), Serbian dinar (RSD), North Macedonia dinar (MKD) and Albanian lek (ALL) against euro. The Group uses plain methods of hedging currency risk in the countries where it operates by borrowing partially in local currency, thereby hedging its foreign currency risk.

	2019				
	Amounts in € of balances in currency trades where differences in payments and valuations arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	16	-	-	-	47
Current Financial liabilities	-	-	-	-	-
Total	**16**	**-**	**-**	**-**	**47**
Non-current Financial assets	-	-	-	-	117
Non-current Financial liabilities	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**117**
	Amounts in € of balances in local currency where differences in conversion arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	43.918	1.627	4.399	33	11.957
Current Financial liabilities	(84.425)	(739)	(2.518)	(78)	(7.199)
Total	**(40.507)**	**889**	**1.881**	**(45)**	**4.758**
Non-current Financial assets	43.336	-	10	-	3
Non-current Financial liabilities	(636.656)	-	(26)	-	(57.457)
Total	**(593.320)**	**-**	**(16)**	**-**	**(57.454)**

	2018				
	Amounts in € of balances in currency trades where differences in payments and valuations arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	13	-	-	-	65
Current Financial liabilities	-	-	-	-	-
Total	**13**	**-**	**-**	**-**	**65**
Non-current Financial assets	2.918	-	-	-	112
Non-current Financial liabilities	-	-	-	-	-
Total	**2.918**	**-**	**-**	**-**	**112**

(Amounts in thousand Euro unless mentioned otherwise)

	Amounts in € of balances in local currency where differences in conversion arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	49.641	3.966	5.589	-	12.696
Current Financial liabilities	(36.990)	(3.387)	(4.201)	(14)	(20.400)
Total	**12.652**	**579**	**1.387**	**(14)**	**(7.704)**
Non-current Financial assets	29.980	-	10	-	2
Non-current Financial liabilities	(421.729)	-	-	-	(57.666)
Total	**(391.749)**	**-**	**10**	**-**	**(57.663)**

The following table presents the sensitivity of results for the period as well as equity to fluctuations of exchange rates through their effect on financial assets and liabilities. For the following currencies we reviewed sensitivity in a change of 10%.

	2019									
	USD		**MKD**		**RSD**		**ALL**		**PLN**	
Nominal amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on Net profit before tax	1	(1)	-	-	-	-	-	-	16	(16)
Effect on Other comprehensive income	(57.437)	57.437	138	(138)	19	(19)	(6)	6	(3.033)	3.033

	2018									
	USD		**MKD**		**RSD**		**ALL**		**PLN**	
Nominal amounts	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**	**10%**	**(10%)**
Effect on Net profit before tax	256	(256)	-	-	-	-	-	-	15	(15)
Effect on Other comprehensive income	(37.910)	37.910	58	(58)	140	(140)	(1)	1	(6.464)	6.464

To manage this category of risk, the Group's Management and financial department makes sure that most of the receivables (income) and liabilities (expenses) are denominated in euro or in currencies with fixed exchange rate with euro or in the same currency so that they could offset.

42.2 Interest Rate Risk

The policy of the Group is to minimize its exposure to the interest rate risk of long-term financing. In this context, long-term loans received by the Group either bear a fixed interest rate or are hedged for almost the entire duration. Thus, 40% of the Group's long-term borrowing refers to fixed interest rate loans, 21,3% refers to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 38,7 % in floating rate loans on a case by case basis euribor or wibor (Note 23 and 25).

The Group's short-term loans, on the other hand, are at a floating rate (Note 23). It is to be noted that the Group's policy is to convert short-term debt into long-term debt when the wind farm whose construction is financed is completed. The balance of the Group's short-term debt as at 31/12/2019 amounts to € 36,453 k.

The following table presents the sensitivity of the earnings of the fiscal year against Group's short-term debt and deposits, towards a reasonable change in interest rates amounting to +/-20% (2018: +/-20%). The changes in interest rates are estimated to be on a normal basis in relation to current market conditions and until today they remain stable compared to the previous FY.

	2019		2018	
Amounts in thousand €	**20%**	**(20%)**	**20%**	**(20%)**
Earnings for FY after tax – Group	(159)	159	(119)	119
Earnings for FY after tax – Company	(65)	65	(70)	70

The Group is not exposed to other interest rate risks.

42.3 Market Risk

The Group, for its financial assets is not exposed to other interest rate risks.

42.4 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 continuously controls its receivables and incorporates the resulting information in its credit control.
The total energy sector receivables relate to the broader domestic public sector (including DAPEPP and HEDNO) and overseas, while the same applies to most of the construction sector receivables.

The Group traditionally, due to the nature of its operations, is not exposed to significant credit risk from trade receivables, except for delays on collections from DAPEEP, which can be significantly limited pursuant to the Law 4254/14.

The credit-exchange risk for the cash and other receivables is considered low given that the counterparties are reliable banks with high quality capital structure, the Greek State and the broader public sector and powerful groups.

The management of the Group assumes that the aforementioned financial assets for which necessary impairment is calculated are of high credit quality.

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 possibility of the counterparty's default.

(Amounts in thousand Euro unless mentioned otherwise)

As at 31/12/2019 there are no guarantees and credit enhancements to securing the credit risk of the aforementioned receivables, both for the Company and for the Group.

As at 31/12/2019 there are no doubtful financial receivables, both for the Company and for the Group.

42.5 Liquidity Risk

The Group manages its liquidity needs by closely monitoring its long-term financial liabilities and the daily payments. The liquidity needs are monitored in different time-zones daily and weekly as well as in a rolling 30 day period. The liquidity needs for the coming 6 months and the coming year are estimated on a monthly basis.

The company maintains cash and deposits in banks in order to cover its liquidity needs for periods up to 30 days. The capital for long-term liquidity needs is disbursed from time-deposits of the Group.

Maturity of financial liabilities as at December 31, 2019 for Terna Energy Group is analyzed as follows:

	31.12.2019		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**0 to 12 months**
Long-term loans	70.214	322.274	584.244
Liabilities from lease	709	1.896	6.128
Equity interests having a substance of financial liability	51.365	205.345	119.062
Liabilities from derivatives	8.882	5.185	1.993
Short-term loans	36.453	-	-
Suppliers	56.835	-	-
Other long-term liabilities	-	38	-
Accrued and other short-term liabilities	19.604	-	-
Total	**244.062**	**534.738**	**711.427**

The respective maturity of financial liabilities as at December 31, 2018 is analyzed as follows:

	31.12.2018		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**0 to 12 months**
Long-term loans	100.041	359.997	308.412
Liabilities from lease	-	-	-
Equity interests having a substance of financial liability	22.287	73.637	64.466
Liabilities from derivatives	-	5.540	3.734
Short-term loans	43.989	-	-
Suppliers	31.731	-	-
Other long-term liabilities	-	89	-
Accrued and other short-term liabilities	49.729	-	-
Total	**247.777**	**439.263**	**376.612**

(Amounts in thousand Euro unless mentioned otherwise)

The above contractual maturities reflect the gross cash flows, which may differ from the book values of liabilities as at the balance sheet date.

43 PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

Financial assets as well as financial liabilities the end of the reporting period can be classified as follows:

31 December 2019	**Group**			
	Unamortized Cost	**Fair Value Through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Assets				
Investement in equity interests	-	-	2.418	**2.418**
Financial Assets-Concessions	44.408	-	-	**44.408**
Receivables from derivatives	-		14.322	**14.322**
Other long-term receivables	33.117	-	-	**33.117**
Trade receivables and other receivables	141.037	-	-	**141.037**
Cash availabe	257.464	-	-	**257.464**
Total	**476.026**	**-**	**16.740**	**492.766**

31 December 2019	**Group**			
	Unamortized Cost	**Fair Value Through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Liabilities				
Long-term Loans	976.732	-	-	**976.732**
Equity interests having a substance of financial liability	375.772	-	-	**375.772**
Other long-term liabilities	38	-	-	**38**
Trade and other liabilities	58.911	-	-	**58.911**
Short-term Loans	36.453	-	-	**36.453**
Lease liabilities	8.733	-	-	**8.733**
Liabilities from derivatives	-	76	15.984	**16.060**
Total	**1.456.639**	**76**	**15.984**	**1.472.699**

31 December 2018	**Group**			
	Unamortized Cost	**Fair Value Through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Assets				
Investement in equity interests	-	-	1.823	**1.823**
Financial Assets from Concessions	36.930	-	-	**36.930**
Receivables from derivatives	-	-	3.929	**3.929**
Other long-term receivables	33.586	-	-	**33.586**
Trade receivables and other receivables	168.474	-	-	**168.474**
Cash available	166.359	-	-	**166.359**
Total	**405.349**	**-**	**5.752**	**411.101**

31 December 2018	Group			
	Unamortized Cost	Fair Value Through profit and loss	Fair value through other comprehensive income	Total
Financial Liabilities				
Long-term loans	668.409	-	-	**668.409**
Long term liabilities carried forward	100.041	-	-	**100.041**
Equity interests having a substance of financial liability	160.390	-	-	**160.390**
Other long-term liabilities	89	-	-	**89**
Trade and other liabilities	85.406	-	-	**85.406**
Short-term loans	43.989	-	-	**43.989**
Liabilities from derivatives	-	528	8.746	**9.274**
Total	**1.058.324**	**528**	**8.746**	**1.067.598**

Note 4.11 presents a more detailed description on the way the category of financial instruments affects their subsequent valuation.

44 LIABILITIES ARISING FROM FINANCING ACTIVITIES

In compliance with the provisions of IAS 7, non-cash changes not obligatory disclosed in Cash Flows, are presented below as follows:

Amounts in thousand €	Long- term loans	Long-term liabilities carried forward	Short-term term loans	Equity instruments having a substance of financial liability	Equity instruments having a substance of financial liability (short-term component)	Total
01/01/2019	**668.409**	**100.041**	**43.989**	**138.103**	**22.287**	**972.829**
Cash Flows:						
- Repayments	(54.502)	(271.162)	(272.118)	-	(35.857)	**(633.639)**
- Proceeds	540.461	3.573	257.573	120.250	468	**922.325**
Non-cash changes:	(247.850)	237.762	7.009	66.054	64.467	**127.442**
31/12/2019	**906.518**	**70.214**	**36.453**	**324.407**	**51.365**	**1.388.957**

Amounts in thousand €	Long- term loans	Long-term liabilities carried forward	Short-term term loans	Equity instruments having a substance of financial liability	Equity instruments having a substance of financial liability (short-term component)	Total
01/01/2018	**670.152**	**97.971**	**13.837**	**134.263**	**25.107**	**941.330**
Cash Flows:						
- Repayments	(27.703)	(72.921)	(2.685)	-	(6.157)	**(109.466)**
- Proceeds	89.518	-	32.558	-	-	**122.076**
Non-cash changes:	(63.558)	74.991	279	3.840	3.337	**18.889**
31/12/2018	**668.409**	**100.041**	**43.989**	**138.103**	**22.287**	**972.829**

(Amounts in thousand Euro unless mentioned otherwise)

45 FAIR VALUE MEASUREMENT

45.1 Fair value measurement of financial asses

Financial assets and financial liabilities measured at fair value in the Group's Statement of Financial Position are classified under the following 3 level hierarchy in order to determine and disclose the fair value of financial instruments per valuation technique:

The Group has adopted the revision of IFRS 7 regarding the fair value hierarchy at the following levels:

- **Level 1:** Investments that are valued at fair value based on quoted (unadjusted) prices in active markets for comparable assets or liabilities.
- **Level 2:** Investments that are valued at fair value, using valuation techniques for which all inputs that significantly affect the fair value, are based (either directly or indirectly) on observable market data.
- **Level 3:** Investments that are valued at fair value, using valuation techniques, in which the data that significantly affects the fair value, is not based on observable market data.

The Group's and the Company financial assets and liabilities measured at fair value on 31.12.2019 and 31.12.2018 are classified in the aforementioned levels of hierarchy as follows:

31 December 2019				
Financial assets	**Επίπεδο 1**	**Επίπεδο 2**	**Επίπεδο 3**	**Σύνολο**
Investments in securities	-	-	2.418	**2.418**
Receivables from derivatives	-	-	14.322	**14.322**
Total	**-**	**-**	**16.740**	**16.740**
Financial liabilities				
Liabilities from derivatives	-	7.404	8.656	**16.060**
Total	**-**	**7.404**	**8.656**	**16.060**
Net fair value	**-**	**(7.404)**	**8.084**	**680**

31 December 2018				
Financial assets	**Επίπεδο 1**	**Επίπεδο 2**	**Επίπεδο 3**	**Σύνολο**
Investments in securities	-	-	1.823	**1.823**
Receivables from derivatives	-	625	3.304	**3.929**
Total	**-**	**625**	**5.127**	**5.752**
Financial liabilities				
Liabilities from derivatives	-	5.825	3.449	**9.274**
Total	**-**	**5.825**	**3.449**	**9.274**
Net fair value	**-**	**(5.200)**	**1.678**	**(3.522)**

There were no changes in valuation technique applied by the Group within the period. There were no transfers between Levels 1 and 2 during financial year 2019 and financial year 2018.

(Amounts in thousand Euro unless mentioned otherwise)

Financial derivatives held by the Group in its trade portfolio constitute the only financial instruments that at 31.12.2019 are measured at fair value. Other comprehensive income recognized directly in equity for the financial year 2019 includes profit amounting to € 3.838 k, which is recorded in cash flow hedge reserves.

Level 2 financial derivatives pertain to forward rate swaps and contracts for the exchange of revenue from the sale of electricity, while Level 3 financial derivatives pertain to collar, swaption and futures contracts for sale of electricity (physical). In order to define the fair value, the Group applies appropriate valuation methods depending on the category of the financial instrument. As far as forward rate swaps contracts are concerned, fair value is measured by means of referring to market interest rate curves, through valuations conducted by credit institutions and in conjunction with an internal valuation using interest rate curves. Regarding other derivatives, their fair value is determined using future market prices and discounting their estimated future value at present value.

Fair value measurement of Level 3 financial instruments

The movement in the Group's financial instruments classified in Level 3 during financial year 2019 and financial year 2018 are as follows:

	31.12.2019		**31.12.2018**	
	Investements in equity interests	**Derivatives**	**Investements in equity interests**	**Derivatives**
Opening Balance	**1.823**	**(146)**	**1.755**	**998**
- Acquisition	600	7.470	68	-
- (Sale)	(5)	-	-	-
- Effect of evaluation	-	(1.545)	-	(1.152)
- Foreign exchange differences	-	(113)	-	8
Closing Balance	**2.418**	**5.666**	**1.823**	**(146)**

The book values of the following financial assets and liabilities approximate their fair value because of their short term nature:

- Trade and other receivables
- Cash available
- Suppliers and other liabilities

45.2 Measurement of fair value of non-financial instruments

The following table presents non-financial assets of the Group, measured at fair value on recurring basis as at 31/12/2019 and 31/12/2018:

	31.12.2019	31.12.2018
	Fair value measurement at the end of the reporting period	Fair value measurement at the end of the reporting period
Amounts € '000	**Level 3**	**Level 3**
Investment Property	540	538
Total of fair-value of non-financial insrtuments	**540**	**538**

The measurement of the fair value of Group 3 level investment property is based on a relative valuation performed by an independent real estate appraiser (refer to Note 11).

46 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The aims of TERNA ENERGY Group regarding the management of its capital are as follows:

- To ensure the ability of the Group to continue its activity (going-concern)
- To secure a satisfactory return for its shareholders by pricing products and services according to their level of risk.
- to fulfill its contraction obligations in respect of specific debt agreements
- to ensure it meets the minimum requirements set by legislation regarding undertaking of contractual constructions.

The Group defines the level of capital in proportion to the risk of its activities, it monitors the developments of the economic environment and their effect on the risk characteristics, and it manages the capital structure (relation of debt to equity) with the adjustment of the amount and maturity of debt, the issue of new shares or the return of capital to shareholders, with the adjustment of the dividend and the sale of individual or a group of assets.

The Group finances the construction of Wind Farms and other projects through a combination of capital, bank borrowings and government grants. Therefore, the Group monitors Loan Liabilities to Total Employed Capital ratio. As Loan Liabilities is defined the total of Short-term Loans, Long-term Loans and Long-term loan liabilities carried forward. Total Employed Capital is defined as total equity, loan liabilities, equity instruments similar to financial liabilities (Note 29), whose repayment follows repayment of the primary debt of the respective Wind Farms and is performed only to the extent the required performance is achieved from their operation, and government grants less the amount of cash not to be restricted or suspended for any reason, in addition to commitments linked with borrowing.

The ratio at the end of 2019 and 2018 was as follows:

Amounts in thousand €	**31.12.2019**	**31.12.2018**
Short-term loans	36.453	43.989
Long-term loans	906.518	668.409
Long-term liabilities carried forward	70.214	100.041
Loan Liability	**1.013.185**	**812.439**
Total equity	438.462	391.132
Loan Liability	1.013.185	812.439
Equity interests having a substance of financial liability	375.772	160.390
Liabilities from finance leases (Long-term & Short-term part)	8.732	-
Grants	134.322	141.336
Sub-Total	**1.970.473**	**1.505.297**
Less:		
Cash & cash equivalent	257.464	166.359
Restricted deposits (Note 20)	42.460	42.874
Grants to be rebated (Note 22)	(3.024)	(3.024)
Sub-Total	**296.900**	**206.209**
Total employed capital	**1.673.573**	**1.299.088**
Loan Liabilities / Total employed capital	**61%**	**63%**

The Group has settled all its material contractual obligations arising from loan agreements.

47 EFFECTIVE LIENS

In order to cover financing needs regarding new projects, the Company and the Group issue notional collateral on its current assets as well as liens (usually in the form of mortgages) on its non-current assets as guarantees to the creditors. Additional information regarding such collaterals is presented in Notes 10 and 23.

48 CONTINGENT ASSETS AND LIABILITIES

48.1 Non-inspected Tax Years

The Group's tax liabilities are not final as there are non-inspected tax years, which are analysed in Notes 5 and 35 to the accompanying Financial Statements. For non-inspected tax years there is the possibility additional taxes and surcharges to be imposed at the time they are inspected and finalized. The Group assesses annually any contingent liabilities that are expected to arise from the tax inspection of past years, making relevant provisions where appropriate. The Group has made provisions for non-inspected tax years of € 560 k (31/12/2018: € 560 k).

Pursuant to relevant tax provisions: a) paragraph 1 of article 84 of law 2238/1994 (non-inspected income tax cases), b) paragraph 1 of article 57 of law 2859/2000 (non-inspected VAT tax cases) and c) paragraph 5 of article 9 of Law 2523/1997 (imposition of penalties for income tax cases), the right of the State to levy tax for the fiscal years up to 2013 has expired on 31 / 12/2019, without prejudice to special or exceptional provisions that may provide for a longer limitation period and subject to the provided conditions. Management considers that in addition to the provisions made, any tax amounts that may arise will not have a significant impact on the equity, results and cash flows of the Group and the Company.

In addition, in the absence of an existing Stamp Duty Code, the relevant State claim for stamp duty is subject to twenty-year limitation under Article 249 of the Civil Code for cases generated until FY 2013. From 1 / 1.2014 and after the entry into force of Law 4174/2013, the limitation period for the imposition of stamp duty is limited to 5 years, since the procedures for its imposition and collection are now in line with the provisions of the Tax Procedures Code.

Moreover, as of July 18, 2017, the parent company of TERNA ENERGY SA Group has received a partial on-the-spot tax inspection for the year 2012 and until the date of approval of the financial statements. This tax inspection has not started yet and is not expected to be conducted as for the years 2012 and 2013, the Company has been tax inspect according to POL 1159/26/7/2011 and due to the recent Council of State Decision 320/2020 these fiscal years they are considered finalized.

Tax Compliance Reports

For the years 2011 to 2018, the Group companies operating in Greece and meeting the relevant eligible criteria for the tax audit by the Certified Public Auditors received a Tax Compliance Report in accordance with paragraph 5 of article 82 of Law 2238/1994 and article 65A par. 1 Law 4174/2013, without substantial differences arising. It is to be noted that according to the circular POL. 1006/2016, the companies that have been subject to the aforementioned special tax audit are not exempted from statutory tax audit by the competent tax authorities. Further, according to the relevant legislation, for the fiscal years 2016 onwards, the audit and the issuance of the Tax Compliance Report are optional.

For the fiscal year 2019, for the Group companies operating in Greece that have been subject to the optional criteria, they meet the relevant eligibility criteria for auditing the Certified Auditors, this special audit for obtaining the Tax Compliance Report for the fiscal year 2019 is in The relevant tax certificates are foreseen to be issued after the publication of the accompanying financial statements. The Tax Compliance Report will be received upon its final submission by the Certified Auditors to the tax authorities. At the completion of these tax audits, the Management does not expect any significant tax liabilities to arise beyond those that have been recognized in the financial statements of the Group and the Company. It should be noted that according to POL. 1192/2017, the right of the State to charge tax until the fiscal year 2013 has been limited unless the special provisions of 10 years, 15 years and 20 years of limitation apply.

48.2 Commitment from construction contracts

As at 31/12/2019, the backlog of construction activity amounted to € 109,9 million (31/12/2018: € 126,5 million) including backlog of concession activity amounted to 105,9 million (31/12/2018: € 126,5 million)

48.3 Litigations

The Company and its consolidated companies are involved (as defendant and plaintiff) in various litigations in the context of their normal operation. The Group makes provisions in the financial statements for outstanding legal cases when it is probable that an outflow of resources will be required to settle the obligation and that the amount can be estimated reliably.

In this context, the Group recognized as at 31/12/2019 provisions of € 335 k (31/12/2018: €335 k). The Management, as well as legal consultants, consider that outstanding cases are expected to be settled without significant adverse effects on the consolidated financial position of the Group or the Company, or the results of their operation apart from the provision already made for litigations.

In particular:

Contingent liabilities

TERNA ENERGY S.A.

- Legal action was taken against Terna Energy S.A. by the residents of the Municipality of Sitia, Lassithi, Crete regarding a total amount of € 2.523 k. for tort law property and moral damage due to the Company's acquisition of a license for a locally established Wind Farm electricity production. According to the Company's legal consultants, the lawsuit will not be settled successfully for the claimant.
- Legal action was taken against Terna Energy S.A., of Terna S.A., and the joint venture under the title Euro Ionia Joint Venture by the Company FERROVIAL AGROMAN S.A.. The claim totals € 1.241 k as compensation for moral damage. In compliance with the estimates of the Company's legal consultants, an amount of € 100 k. has been recognized as a provision in the Company's books and records in the item "Other provisions".
- Angeliki wife of Aristodimos - Constantinos Mantzouranis, succeeded in issuing its Company no. 10898/2019 Order of Payment of the Judge of the Single Member Court of First Instance of Athens Mr. Evangelos Stergiopoulos, President of the Court of First Instance, pursuant to which a check dated 04/12/2019 has been placed under a copy of the first enforceable document of the aforementioned payment order according to which the Company shall pay to the other party a total of € 369.4 k plus interest. The Company filed within the deadline (ΓΑΚ 108200/2019 and ΕΑΚ 13627/2019) Application for suspension of the execution of the above payment order with a request for a preliminary injunction, on the basis of a preliminary injunction of 10/12/2019 by the President of the Single Member Court of First Instance of Athens granted provisionally and up to the discussion of the above application on 11/03/2020 and subject to its discussion, suspension under section 632 § 3 of the Civil Code of the execution of the above payment order 10898/2019 subject to payment guaranteed by the Company amounting to € 50 k within 15 business days after the publication of the provisional order.

  In this regard, no. 633/7404778 / C Letter of Guarantee from the NATIONAL BANK OF GREECE SA, filed with the Athens Court of First Instance, 519 / 31-12-2019 Guarantee Report. In addition, the Company has filed an Opposition against the above with Order Nr of Payment 10898/2019 (ΓΑΚ 108204/2019 and ΕΑΚ 5972/2019).

TERNA ENERGY S.A. and TERNA ENERGY AI GIORGIS S.A.

- The Lawsuit dated 27/01/2020 before the Athens Court of First Instance of Angeliki wife of Aristodimos - Konstantinos Mantzouranis against "TERNA ENERGY S.A." and TERNA ENERGY AI GIORGIS S.A., notified on 28/01/2020, with which a compensation of € 235.2 k is requested for delinquency pursuant to Article 914 of the Civil Code, in respect of the occupation of the island of Agios Georgios and the termination of rent payments to the applicant. The lawsuit is being processed under the new CIVIL PROCEDURE CODE and has therefore not yet been set for trial. According to the Company's lawyers, this claim is likely to be dismissed.

PERIVALLONTIKI PELOPONNISOU S.A.

- Pecuniary claim for moral damage was filed by Argyrios Besos, Margarita Emmanuel Vrentzou, Vasiliki Panayiotis Mousse and Iraklis Besos against the company PERIVALLONTIKI PELOPONNISOU S.A. at the First Instance Court of Tripoli. Damage demanded by every aforementioned claimant amounts to € 50 k. Proposals regarding the litigation were submitted on 3/5/2019 and the case hearing is yet to be defined. According to the Company's legal consultants, the lawsuit will not be settled successfully.

EPIRUS SUSTAINABLE S.A.S.P.

- Epirus Prefecture, with prot. no. 45431/142 / 1.4.2019 letter notified the company of a penalty amount of Euro 690,000 due to failure to make available the Epirus Prefecture Waste Treatment Plant Services at the Scheduled Date, in accordance with the terms of 21/07/2017 Agreement. The Company considers that the delay in not achieving service availability on the Scheduled Date is not due to its fault, and will therefore resort to the arbitration procedure provided for in the Agreement to cancel that penalty. The Group's Management estimates that the penalties imposed will not be settled successfully and the company will not be subject to financial burdens.

  This assessment is also based on the submitted Arbitration Appeal – Arbitrator Appointment and Arbitrator Referee Appointment Invitation with which AEIFORIKI EPIRUS MAE raises its own objections, claims and demands. Specifically, on 23/07/2019, the 19/07/2019 Arbitration Appeal - Appointment of Arbitrator and Invitation of Arbitration Appointment was handed to Region of Epirus with which AEIFORIKI EPIRUS MAE seeks to declare that the penalty of 690 was unlawfully imposed and to be repaid to the company with the default interest and the following amounts to be paid: (a) € 989 k as compensation for positive losses due to the prolongation of the working period, (b) € 697 k as compensation for loss of revenue during the above period, (c) € 325 k as compensation for the cost of performing additional control tests for MEA Epirus, (d) € 817 k as compensation for loss of income during the first year of operation of MEA Epirus, (e) € 1,048 k as compensation for loss of income during the second year of operation of MEA Epirus. The dispute will be resolved in accordance with the provisions of the Code of Civil Procedure on Arbitration.

  The parties have already appointed each of their arbitrators and, in the absence of arbitrators' agreement, the company has lodged an application for arbitrator designation with the Athens Court of First Instance, on which the Region has intervened in the main proceedings seeking its dismissal. The application and the main intervention were discussed on 10.01.2020 and the decision is pending.

Contingent Assets

TERNA ENERGY AI-GIORGIS S.A.

Lawsuit was filed against Panama domiciled company SILVER SUN SHIPPING S.A., which also operates office premises in Greece, regarding tort law payment of € 18.514 k in compensation of loss and adverse effect of profits suffered by the Company due to damage. On 13/3/2018, decision No. 1291/2018 was issued justifying a part of the lawsuit, and the TERNA ENERGY AIGIORGIS S.A. is to receive an amount of € 12.034 from the beginning of 2017. Since the aforementioned decision established that the Company was co-responsible for damage at a percentage of 35%, the Company has appealed to the Three-Member Court of Appeal of Piraeus against the decision No. 1291/2018, settled for hearing on 15/11/2018. On the same date, the appeal, made by the opponent against the decision No. 1291/2018 was also to be heard. On these, no. 563/2019 non-final decision of the court of appeal of Piraeus was issued, ordering the conduct of an expert examination, which is already under process.

At the same time, TERNA ENERGY AI-GIORGIS S.A. has filed a lawsuit against the insurance company under the title UK PROTECTION & INDEMNITY CLUB (UK P & I CLUB), requesting the defendant insurance company to pay to its member Company under the title SILVER SUN SHIPPING SA an amount of € 18.514 k. The lawsuit was heard on 19/10/2017 and the decision No. 1394/2018 was issued rejecting the lawsuit. The Company's legal consultants are examining the actions in respect of potential appeal.

48.4 Guarantees

In the course of carrying out its activities, the Group issues bank letters of guarantee in order to assure its counterparties of the fulfillment of obligations arising from the terms of its contracts.

The types and amounts (in thousands of Euro) of the letters of guarantee issued by the Group to its counterparties as at 31/12/2019 are analyzed in the following table:

Type of Letter of Guarantee	**Amount 31/12/2019**	**Amount 31/12/2018**
Contract execution guarantees for construction	32.583	34.746
Guarantees of payment	783	400
Tender guarantees	2.392	1.214
Guarantees of warranty execution for Agreements of Private and Public Sector	8.000	2.800
Guarantees of warranty execution for Grants	34.057	34.057
Guarantees of warranty execution for Other Agreements	115	8.858
Guarantees of warranty execution for Other Agreements	5.307	5.026
Total	**83.237**	**87.101**

49 SIGNIFICANT EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION

From 01/01/2020 until the date of the present, the following significant events occurred:

- **Return of share capital to shareholders of amount € 19,4 m.**

On 18/12/2019, the Extraordinary General Meeting of Shareholders of the Company decided to increase the share capital by € 19.366.219.12 by capitalizing part of the special reserves from the issue of share premium. The increase will be applied by increasing the nominal value of the share from € 0.30 to € 0.47. At the same time, it was decided to simultaneously decrease the share capital by € 19.366.219.12 with a corresponding decrease in the nominal value of each share from € 0.47 to € 0.30 and return of the reduction amount (ie € 0.17 per share) to the Shareholders. On 24/1/2020, it was registered in the Registry of Sociétés Anonymes with Prot. no. 7893 Decision of the Ministry of Development and Investment - General Secretariat of Commerce, which approved the amendment of paragraph 1 of article 5 of the Company's Articles of Association as a result of the increase and decrease of the share capital. The ATHEX Committee of Companies, at its meeting held on 29/01/2020, was informed of the increase and decrease in the nominal value of the Company's shares as a result of which the Company's share capital amounts to thirty-four million one hundred and seventy-five thousand six hundred eighty euro and eighty cents (€ 34,175,680.80) and is divided into one hundred and thirteen million nine hundred and eighty thousand nine hundred and thirty-six (113,918,936) ordinary voting shares with a nominal value of thirty cents (€ 0.30) each one. Following the above, as of Thursday 05/03/2020 (cut-off date) the Company's shares are trading on the ATHEX with the new nominal value of € 0.30 per share and without the right to participate in cash return to shareholders of € 0.17 per share. This obligation of repayment the capital return was completed on 11 March 2020.

- **Grant of € 3.5 million to Hellenic Armed Forces**

On 10/02/2020, the Company donated € 3.5 million to Hellenic Armed Forces.
The Company will fully cover the cost of the study, design and construction of all required projects to:
a. Turning 115 Military Airport (Souda) into a Net Zero Carbon Emissions facility.
b. Meeting the needs for electricity, heating and cooling facilities at the 115 Military Airport in Souda, 100% from Net Zero Energy Airport and 'electrify' transfers within the Airport.

The 115 Military Airport in Souda will be one of the first installations in the world to receive the certification, while the annual benefit of fully discharging the Unit from the cost of electricity supply and heating needs, will exceed € 400 k. This way, the 115 Military Airport will make a significant contribution to addressing climate change and will be equipped with state-of-the-art intelligent energy management systems, without reducing its operational capabilities.

For the implementation of the necessary projects, the Company will cooperate with the specialized company Easy Power.
The budget of the proposal exceeds € 3.5 million, while the time required for completion of the project is estimated to be approximately six (6) months from the day of official acceptance of the grant by the Government Gazette and the signing of the relevant contract with the Ministry of National Defence.

- **New investments over € 550 million in the Greek RES market**

In a related announcement dated 16/03/2020, TERNA ENERGY S.A. announced that continuing its investment plan in Greece, it is proceeding with the implementation of new investments in the production of clean energy, with a total budget of € 550 million. In this context, the Company is expected to start the construction of new wind farms in Euboea within the next period, as it has completed the acquisition of the portfolio of licensed and under process licensed 270 MW wind farms of the company "RF Omalies S.A." by RF ENERGY S.A. The acquisition implemented on 16/03/2020 for a total price of € 25m.

At this stage, the construction of wind farms with a total capacity of more than 180 MW is projected, resulting in the total power of the new wind farms launched on the Greek RES market by TERNA ENERGY Group, exceeding 400 MW and the total investment value of 550 million euro.

The significant increase in TERNA ENERGY's presence in the Greek RES market brings the Group's goal of approaching the size of 2,000 MW of RES projects in operation in Greece and abroad much earlier than in 2025, which was initially launched. It is worth noting that TERNA ENERGY Group is already operating, constructing or fully licensing 1,512 MW of RES installations in Europe and America. The total installed capacity of the Group amounts to 1,390 MW. Specifically, the Group has installed 607 MW in Greece, 651 MW in the USA and 132 MW in SE. Europe.

In addition to the aforementioned new investments in wind farms in Evia, TERNA ENERGY has already launched additional investments totalling over $ 1 billion euro, which relate to new wind farms in various areas of Greece, environmental projects and clean energy projects, such as the Amari Hybrid Station in Crete and the pumping project in Amfilochia. These are two extremely significant investments of approximately € 800 million, required to balance transmission networks and transition to a carbon-free economy. Already launched investments in conjunction with the new wind farms in Euboea raise TERNA ENERGY Group's total investment program to over 1.5 billion euro.

- **COVID – 2019**

It is true that the outbreak of the COVID-19 (coronavirus) pandemic found citizens and political leaders around the globe completely unprepared for its response, which quickly led to the rapid spread of the disease and to feelings of insecurity and fear for the final outcome of this unprecedented phenomenon. Our Group, despite its surprise, immediately after the first announcements, took action quickly and decisively, designed and started immediately implementing a plan of measures and actions with key objectives: safety and health of all of us, safe repatriation of our executives , where appropriate, utilizing the most up-to-date information technology to minimize movements and travel, as well as modern, flexible ways of working depending on the separate or special needs of groups employees, so that the company can promptly respond to any requirement of any organizational - operating unit of the corporate structure.

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

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

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

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

Management declares the following: 1) any delay in the collection of the company's revenue by DAPEE does not appear today to exceed the production value of six months, as has happened in the past. Within 2020, a six-month delay in payment will create, at least temporarily, a cash issue of around € 120 million. The Company's cash flow (€ 299 million available on 31/12/219-€ 257 million cash equivalents and € 42 million restricted cash) allows Management to manage any potential cash problem with relative ease without interrupting the pace of implementation of the investment plan. Should the delay exceed 6-8 months of production, Management will reschedule its investment plan, business and cash flow planning to meet increased cash needs and minimize adverse effects.

The controlled slowdown and / or, where appropriate, cancellation of planned investments will prove unavoidable if the delay in recovery goes beyond reasonable limits and market operating practices. But even in such a case, the company, due to its size, capability, experience and determined strategy, is ready to strive to maintain its leading position in the RES market and to maintain its competitive edge.

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

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

(Amounts in thousand Euro unless mentioned otherwise)

50 APPROVAL OF FINANCIAL STATEMENTS

The separate and consolidated Financial Statements for FY ended as at 31/12/2019 were approved by the Board of Directors of TERNA ENERGY S.A. on 02/04/2020.

Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officers Operation	Finance	The Chief of Accountant
George Peristeris	Emmanuel Maragoudakis	Emmanouel Fafalios	Aristotelis Spiliotis	Artan Tzanari
ID No. AB 560298	ID No. AB 986527	ID No. AK 082011	ID No. AK 127469	ID No. AM 587311
				License Reg. No A’ CLASS O64937