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 1 January to 31 December 2020

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

Contents

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. Emmanouil Maragoudakis, Chief Executive Officer
3. George Spirou, Executive Member of the Board of Directors

WHO HEREBY DECLARE AND CERTIFY

to the best of our knowledge that:

i) The attached annual separate and consolidated financial statements of the Company TERNA ENERGY S.A. for the annual period from January 1st 2020 to December 31st 2020 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 and fair 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, 27 April 2021

Chairman of the BoD	Chief Executive Officer	Member of the BoD
George Peristeris	Emmanouil Maragoudakis	George Spirou

II. ANNUAL MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF "TERNA ENERGY S.A." ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2020

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 of the Board of Directors for the financial year from 01/01/2020 to 31/12/2020.

The present report discloses financial and non-financial reporting for FY 2020 of TERNA ENERGY Group, 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 2021 and presents significant transactions between the Company and its related parties.

A. Financial Developments & Performance for the FY 2020

Year 2020 was a reversal of the course begun in 2019, according to analysts, national governments, international organizations, as well as companies, investors and other factors influencing the global economic developments, due to the aggressive outspread of COVID19 and tragic consequences, adversely affecting almost all the societies globally. At the beginning, the majority of national governments, as well as the relevant global health policy planning and implementation institutions, were unprepared for the deadly virus pandemic, resulting in a long delay in taking drastic measures to address it, thus, leading to loss of lives at a rate that surpassed that of the great wars of the mankind.

In addition to personal and family difficulties faced by those experienced the coronavirus, the economic consequences of the pandemic gave the character of a real tragedy in the daily lives of citizens, who had to adapt violently and in a very short time to the new conditions generated by the deadly virus. The effects on the global economy have not been accurately estimated as COVID-19 is still present, mutating into other forms and threatening humanity with the collapse of the global economic system.

Just as the political leadership of every country tries to identify the danger and defend itself, making the best possible use of all the appropriate means, so the Greek state reacts, using the means available and tries to assess the risk of deterioration of the state of the national economy at a time, when the first signs of its recovery initially appeared following the severe crisis, affecting institutions and citizens over the last decade. The course and prospects of the Greek economy are monitored by the competent institutions and, especially, by the Bank of Greece, which, on December 15, submitted the Monetary Policy Report to the President of Parliament, recording the following:

«A. Under the baseline scenario of the Bank of Greece, economic activity is expected to contract by 10% in 2020 while a recovery is anticipated in 2021 and 2022, with GDP growing by 4.2% and 4.8%, respectively, driven by a significant pick-up in both domestic and external demand.

B. Based on the mild scenario, which assumes a faster lifting of the containment measures and a relatively short transition to normality, GDP is expected to contract by 9% in 2020 and to rebound to 4.8% in 2021 and 5% in 2022.

C. The severe scenario assumes that the impact of the pandemic will be stronger and that the economy will have greater difficulty recovering, with GDP declining by 11% in 2020 before growing by 3.2% and 4.5%, respectively, in 2021 and 2022.

D. According to the revised forecast of the Bank of Greece, in 2020 the general government primary balance, monitored in the context of the enhanced surveillance, is expected to deteriorate relative to the June forecast, turning out a deficit of 7.3% of GDP, due to a larger contraction of economic activity and the additional fiscal support measures. Despite the aforementioned, the Bank of Greece considers that risks to the sustainability of public debt remain contained until the early 2030. Hence, the projected increase in the ratios of public debt and gross financing needs to GDP is not expected to undermine the medium-term sustainability of public debt, provided that the fiscal measures in response to the pandemic are temporary and that macroeconomic equilibrium is soon restored.

E. In respect of NPLs, the BoG estimates, following their decline in 2020 (they amounted to 58.7 billion Euro at the end of September 2020, decreased by 9.8 billion Euro compared to the end of December 2019), a new increase in 2021 is expected due to the pandemic. Therefore, the Bank of Greece has submitted to the government a proposal on creating an asset management company, which will take over the management of a significant percentage of NPLs, while at the same time the proposal lakes provisions for addressing the issue of deferred tax claims (DTC).

F. In conclusion, the BoG considers that despite the damage suffered by the Greek economy from the second wave of the pandemic, its prospects appear improved in the medium term, due to the positive news regarding the production and distribution of effective coronavirus vaccines, as well as to the resources, available from the European Recovery Fund. "

Uncertainty and insecurity that coronavirus has brought about to almost the entire planet, regardless of economic and social level as well as the disruptions, that these characteristics cause to the economic sizes, are obvious. Especially regarding the companies, and even more - listed companies, uncertainty in respect of their realized value can lead to speculative moves of opportunistic investment funds that can attempt to overthrow the traditional ownership of these companies in their favor. Such an evolution will increase the uncertainty, especially of the employees, regarding the future of their work and will create conditions of social aggravation and cast doubt on accuracy and soundness of their published financial statements. The role of auditing firms and financial market supervising institutions will become extremely crucial, and investors will have to look more closely at the quality and value of a company's results and valuation before deciding to invest its funds for this purpose. This evolution brings back to the forefront for many years the issue of interest in investment and academic community regrading the relationship between company valuation and the quality of its accounting earnings.

TERNA ENERGY Group, committed to its development strategy and implementation of its vision, constantly improves and modernizes its structures and operating systems, carefully selects the executives the market is in need of, trains its people in modern digital systems and in the obligation to comply with the provisions of the corporate governance system, the other provisions of the Internal Operation Regulations, as well as the regulations, imposed by the competent institutions of the State on the relations of companies with the members of their Board of Directors. Moreover, reacting quickly and sensitively to its human resources, it took all the necessary measures, set up a special committee to deal with the coronavirus and made sure that ALL its employees should have absolute protection and care against COVID-19 and its mutations. The Committee systematically monitors the development of the pandemic, is directly updated on any critical factors of its spread and guides the necessary actions to be taken by the Management and every employee in the entire Group to facilitate minimizing the risks of the phenomenon and its impact on the course of the company's operations. At the same time, it has signed an agreement with a special diagnostic center on conduct of tests for all its human resources with the aim of protecting its people until the end of the pandemic and restoring social life to normality. Finally, the Management has shielded the workplaces for those employees who continue to work at their offices by implementing the strictest measures decided by the competent scientific committee of the State.

This tactic and the nature of the Group's operations have protected it from the relevant risks and have allowed the Management to continue its development course without being directly affected by the spread of the virus. Keeping staff at readiness and limiting their communication to a few external partners, combined with the lack of contact with large groups of customers / consumers give the Group the opportunity to focus on its goals and not be directly and greatly influenced by the development of the pandemic phenomenon. For these reasons, TERNA ENERGY Group continues to invest in production of energy through Renewable Energy Sources (RES), fully focused on achieving its objective of exceeding 2 GB of installed capacity within the next 5 years.

Despite the difficulties, the way seems to be open for the Group, since the preparations it has completed for a generation of new projects aimed at strengthening the green economy and environmental protection make it ready for immediate action and place it into a highly competitive position, allowing the Group to implement its business plan and further consolidate its leading position in the Greek market and its expansion in the international arena.

It is though hard work, determination and business acumen that Management of TERNA ENERGY continues to invest in the RES segment at a high pace in order to establish a solid foundation of the company's sustainable development, which is the long-term goal of its next 10-year strategic plan.

On 31.12.2020, TERNA ENERGY Group had over 1,800 MW in operation, under construction or ready for construction in Greece, USA, Central and Eastern Europe. In particular, the total installed capacity of the Group in Greece and abroad amounts to 1,363 MW, while it also has RES facilities under construction or ready for construction of a total capacity of 430 MW in Greece. Furthermore, the Group develops additional projects of a total capacity of 1200 MW in Greece, which will be ready for construction within the next period and will allow the achievement of the objective of 3,000 MW by 2025. It is to be noted that the Group promotes two (2) large pumping storage projects, as well as a significant number of photovoltaic parks in Greece, which could further strengthen the aforementioned objective.

(Amounts in thousand Euro unless mentioned otherwise)

In particular:

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

	TOTAL	GREECE	USA	POLAND	BULGARIA
WIND PARKS	**1.334,9**	692,77	510,1	102	30
HYDROELECTRIC	**17,8**	17,8			
PHOTOVOLTAIC	**8,5**	8,5			
BIOMASS	**2,6**	2,6			
TOTAL	**1.363,8**	**721,7**	**510,1**	**102**	**30**

b) in 2020, in the waste management sector, the preliminary construction works of the project "Integrated Waste Management of Peloponnese Region" have started. The project makes provisions for construction and operation of three (3) Waste Treatment Units (WTUs) and an equal number of Sanitary Landfills (Landfills) in Arcadia, Messinia and Laconia, as well as two (2) Waste Transfer Stations (WTS) in Corinthia and Argolida. On 29/01/2021 the commencement of the project was signed.

c) the construction sector continues to provide its services at a declining course, as it is not expected to significantly contribute to the development course of the Group in the near future.

In 2020, the Group’s consolidated revenues amounted to € 328.1 million against € 299.1 million in 2019, increased by 9.7%, as the increase mainly arose from the renewable energy segment. The Group's EBITDA amounted to € 194,7 million against € 182.0 million in the previous year, increased by 7%, mainly due to the increase in installed capacity in Greece and America. Profit before tax amounted to € 90.0 million, increased by 29.2% compared to € 69.6 million in 2019, while net profit after tax and non-controlling interests amounted to € 71.8 million, increased by 39.3% (2019: € 51.6 million). The increase of net profit for the period, attributed to owners of the parent, by € 20.2 million is mainly due to the increase in Profit from the sale and valuation of participating interest and other investments as a result of the disposal of 138 MW Mountain Air wind farm, in the state of IDAHO, in the USA, to Innergex Renewable Energy Inc on 15/07/2020. Especially for 2020, earnings before interest, tax, depreciation and amortization (excluding the extraordinary contribution for the Feed-in tariff regime and the income from insurance claims) amounted to € 198.8 million, increased by 12.1 % compared to 2019.

Regarding the separate operational segments:

- The **energy segment** generated revenue from energy sales of € 273.4 million, increased by 15.2% compared to 2019, while EBITDA amounted to € 194,1 million, an increase of 10,2 % compared to the corresponding period in 2019. This increase is mainly due to the launch of eight new wind farms in Greece in the

Municipalities of Karystos and Kymi-Aliveri, in Evia, with a total capacity of 113.4 MW, as well as two new wind farms in America.

- The **electricity trading segment** generated revenue of € 35.9 million, recording a decrease of 2.8% compared to 2019. EBITDA of the segment amounted to € 0.8 million, compared to € 2.2 million in 2019.

- TERNA ENERGY turnover in **construction segment** amounted to € 26.7 million, recording a decrease of 44.30% compared to 2019. An amount of € 5.5 million of the total turnover concerned foreign customers. EBITDA of the segment amounted to € 0.8 million compared to profit of € 4.5 million in 2019. In particular, the backlog of construction work amounted to € 107.8 million at the end of 2020, of which an amount of € 105.1 million concerns concession projects.

- Finally, **concessions segment** revenue amounted to € 13.3 million compared to € 10.4 million in 2019, recording an increase of 27.4% mainly due to completion of one year of full twelve months of operation of Epirus Waste Treatment Plant ("EPIRUS ACE”). EBITDA amounted to € 0.9 million, compared to € 0.6 million in 2019.

The Group’s financial position remains satisfactory, as cash and cash equivalents amounted to € 290.9 million, while loan liabilities amounted to € 954.1 million. On 31/12/2020, net debt position (bank liabilities less cash and cash equivalents less restricted deposits) stood at € 613.0 million compared to € 716.3 million in the previous year. It is to be noted that the Group’s cash and cash equivalents also include amounts to be returned of € 3.0 million, which relate to grants received, due to cancellation of construction or expiry of the deadlines for decisions regarding certain Wind Farms. The aforementioned amounts will be returned as soon as the relevant procedures of the competent departments of the Ministry of Development have been completed and have been excluded from the total restricted cash for the above calculation.

As of 31/12/2020, TERNA ENERGY Group's investments amounted to € 88.9 m. The Group's ongoing investment activity generates the conditions for consolidation of an increased income and profitability of inflow on a long-term basis.

B. Significant events in 2020

- On 10/02/2020, the Company proceeded with a donation of € 3.5 million to the country’s Armed Forces which was accepted under the protocol number 124801 EX2020 / 02 Nov 20 / Decision of the Ministry of Finance (Government Gazette B΄4990 - 12/11/2020).

The Company will fully cover the costs of the studies, planning and construction of all required projects in order to:

a. Turn the 115 CW Airport (Souda) into Net Zero Carbon Emissions.

b. Meet the needs for electricity, heating and cooling of the facilities at the 115 CW military airport in Souda, by relying by 100% on Renewable Energy Sources (Net Zero Energy Airport) and achieve the proper degree of the "electrification" of the transport services within the Airport.

115 Military Airport in Souda will be one of the first installations in the world to receive the respective certifications, while the annual benefit of fully discharging the Unit from the cost of electricity supply and heating needs will exceed € 400,000. This way, 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 fifteen (15) months from the day of signing the respective Donation Agreement with the Air Force and its approval by JMD of the Ministries of National Defence and Finance.

- On 11/03/2020 the Company repaid its obligation for the share buyback, decided by the Extraordinary General Meeting of Shareholders held on 18/12/2019. More specifically, the Extraordinary General Meeting of the Company's Shareholders held on 18/12/2019 decided to increase the share capital by € 19,366,219.12 by capitalizing part of the special reserve from the issuance of share premium through 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 (i.e. € 0.17 per share) to the Shareholders. On 24/1/2020, Prot. no. 7893 Decision of the Ministry of Development and Investment - General Secretariat of Commerce was registered in G.E.MI., 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 amounted to thirty four million one hundred seventy five thousand six hundred eighty Euro and eighty cents (€ 34,175,680.80) divided into one hundred thirteen million nine hundred eighteen thousand nine hundred thirty six (113,918,936) registered shares with voting right of nominal value thirty cents (€ 0.30) each. Following the aforementioned, from 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.

- In March 2020, TERNA ENERGY and GEK TERNA Groups decided to proceed with the purchase of machinery and material deemed necessary to support the work of the Ministry of Health and Hospital Management in various areas in the country. In this context, the following items were acquired:

    - Full equipment for the operation of eight (8) ICU beds in the "Attikon" hospital, to meet the needs of the Clinical Unit of Intensive Care of the university hospital. The equipment includes eight (8) ventilators (one of which is portable for ICU and transport flexibility), nine (9) state-of-the-art monitors (one of which is portable for ICU and transport flexibility), one central control station monitors (for up to 16 monitors) and 18 syringe injection pumps.

- Uniforms, masks, antiseptics, etc. essential supplies for the hospital "Evangelismos", for the protection of the medical and nursing staff of the hospital.

- Respirators, medical equipment, consumables and accommodation (places of first reception of possible incidents) in hospitals of the Region (Ioannina, Serres and "Bodosakeio" of Ptolemaida).

- On 23/04/2020, TERNA ENERGY S.A. proceeded with the signing of a Sale Agreement and Transfer of Shares, with the objective of acquiring 100% of the share capital of "RF Energy Omalies S.A”. The acquired company owns a cluster consisting of 11 wind farms with a total capacity of 213 MW in Evia, namely the W/F OMALIES 30MW, W/F OMALIES II 15MW, W/F KORAKOVRACHOS 21MW, W/F KORAKOVRACHOS II 6MW, W/F KALAMAKI 12MW, W/F KALAMAKI II 18MW, W/F MILZA 18MW, W/F MOLIZEZA I 18MW, W/F DEXAMENES II 15MW, W/F PRARO 36MW and W/F MEGALI PETRA 24MW, with final date of connection of the National network and its electrification to be 30/12/2022 in order to receive feed in premium sale price of electricity.

The significant increase in TERNA ENERGY's presence in the Greek RES market brings the Group's objective 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.

- On 29/04/2020, the Regular General Meeting of the Shareholders of TERNA ENERGY S.A. convened and made the following decisions:

i. Approved the proposal of the Board of Directors on distribution of dividend of € 0.17 per share, i.e. a total amount of € 19,060,173.06 for FY 2019, according to article 160 of Law 4548/2018. On 29/06/2020, the Company proceeded with the payment of the aforementioned dividend. This amount was increased by the dividend corresponding to 3,894,741 treasury shares held by the Company at the date of the cut off, forming the amount that was finally paid to the Shareholders as the amount of € 19,199,756.66. At the same time, the RGM approved payment of fees to the Members of the Board of Directors and the members of the Committees for FY 2019, totally amounting to € 700,000, from the taxed profits of the Company.

ii. Approved the proposal of the Board of Directors on approving the report on remuneration of the members of the Board of Directors of the Company for FY 2019 in accordance with article 112 of Law 4548/2018.

iii. Approved the share buyback up to percentage of 10% of the total shares of the Company, with a minimum purchase price of thirty cents (0.30 €) and a maximum price of thirty Euro (30.00 €), which will take place within a period of twenty-four months, i.e. no later than April 28, 2022.

iv. Approved the amendment and extension of for four (4) years of the Remuneration Policy, prepared under the supervision of the Nomination and Remuneration Committee, which was approved by the Extraordinary General Meeting of 18.12.2019.

- On 29/06/2020, the company "TERNA ENERGY S.A." proceeded with payment of dividend, as decided by the Regular General Meeting held on April 29, 2020, amounting to 0.17 euro per share from FY 2019 profits. This amount was increased by the dividend corresponding to the 3,894,741 treasury shares held by the Company at the cut-off date, i.e. by 0.006008 euro per share and, therefore, the total amount of dividend per share amounted to 0.174505 euro. The aforementioned dividend is subject to withholding tax of 5%, according to article 24 of law 4646/2019 and, therefore, the shareholders received a net amount of 0.165780 euro per share. Beneficiaries of the said dividend are the investors who are registered in the D.S.S. of the Company on Tuesday, June 23, 2020 (record date). The dividend was paid according to the provisions of the Athens Stock Exchange Regulations.

- On 15/07/2020 the Company proceeded with the disposal of the wind farm "Mountain Air" with a capacity of 138 MW, located in the state of IDAHO, in the USA, to Innergex Renewable Energy Inc. It is worth noting that the contribution of the Wind Farm to EBITDA, in the consolidated Statement of Comprehensive Income for the year 2019 amounted to € 11,065 k ($ 12,387 k). The sale resulted to a profit of € 27,453 k ($ 31,342 k). TERNA ENERGY’s total net debt decreased by € 136,005 k ($ 155,644 k) while equity instruments having a substance of financial liability decreased by € 41,243 k ($ 47,198 k).

TERNA ENERGY entered the US clean energy market as early as 2011. Following the disposal of the project in IDAHO, TERNA ENERGY maintains three (3) wind farms with a total capacity of approximately 510 MW in the state of Texas.

- On 27/07/2020, the Company announced that the reassessment of its creditworthiness by the company ICAP S.A. reclassified it into “A” rating. The A rating 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 significant financial sizes, their upward course of development and their significant market position.

- Following the invitation dated 10/08/2020 for the Extraordinary General Meeting of the Shareholders of the Company, the procedure of receiving the binding offers for the coverage of the new shares at a price of €11 per share has been completed through AXIA Ventures Group Ltd and excessive demand was expressed. Therefore, the Board of Directors recommended the increase of the share capital of the Company and the elimination of the current Shareholders’ pre-emptive rights, by the amount of €1,868,826.60, by cash payment, with the issuance of 6,229,422 (instead of the initially proposed amount of 4,556,757) common shares with a nominal value of €0.30 each, their disposal through private placement in funds managed by the following international investors and/or companies affiliated with them: Blackrock Inc., Anavio Capital Partners LLP, Kayne Anderson Capital Advisors LP, and Impax Asset Management, at a disposal price of € 11 each; placing the difference between the nominal value and the disposal price at a special share premium reserve of the Company from the issuance of share premium, and granting authorization to the Company’s Board of Directors for the determination of the final disposal price and the rest of the particulars regarding the increase.

- The Extraordinary General Meeting of the Shareholders of the Company dated September 1st, 2020 approved the recommendation of the Board of Directors and decided on the increase of the Company's share capital as afore mentioned, with the possibility of partial payment, pursuant to article 28 of Law 4548/2018.

- On 07/09/2020, the Company informed the investors that the Share Capital Increase by cash payment and elimination of the pre-emptive right of the current shareholders and the disposal of the new shares through private placement, that has been decided by the Extraordinary General Meeting of the Shareholders of the Company dated 01.09.2020 ("EGM"), has been successfully completed and totally subscribed, by raising proceeds of a total amount of €68,523,642 through the disposal of the new 6,229,422 shares at the discretion of the Board of Directors (as authorized by the EGM of the Company's Shareholders) to funds managed by the following international investors and/or companies affiliated with them: Blackrock Inc., Anavio Capital Partners LLP, Kayne Anderson Capital Advisors LP, and Impax Asset Management.

- On 11/09/2020, 6,229,422 new common registered shares of the Company with a nominal value of 0.30 Euro each (hereinafter the "New Shares"), started trading on the Athens Stock Exchange, which resulted from the increase of its Share Capital with cash payment and elimination of the pre-emptive right of the old shareholders and disposal of the new shares with private placement, as decided by the Extraordinary General Meeting of the Company's Shareholders held on 01.09.2020. The Listing and Market Operation Committee of the Athens Stock Exchange during its meeting on 09.09.2020 approved the listing for trading of 6,229,422 New Shares. The total funds raised through the Increase, amounting to € 68,523,642, are intended to finance new investments of the Company that will add further value to the Company and its shareholders, and in particular the development of Wind Farms Kafireas 330MW, Taratsa 30MW and Evritania 67MW.

- TERNA ENERGY, one of the largest clean energy production and storage companies in Greece and one of the largest Greek RES investors internationally, won the tender of the Centre for Renewable Energy Sources and Saving (CRES) of 04/06/2020 for project "Hybrid system for the production of electricity and heat from RES on the island of Ag. Efstratios ".

The project includes design, procurement, installation and commissioning of:

  - a Hybrid Station (YVS) for generating power from Renewable Energy Sources (RES) on Ag. Efstratios island, comprising a wind turbine (A / G), a photovoltaic station (PV), storage accumulators and an Energy Management and Monitoring System.

  - an integrated system of remote heating of the Ai Stratis community, including building facilities. The remote heating system will include central units of heat production and storage (hot water tanks), as well as the distribution network of thermal energy to the final consumers. Thermal energy produced, will suffice for covering heating and hot water needs of all houses at the entire Ag. Efstratios settlement.

Two subsystems will correlate and function as one. The aim is to facilitate penetration of 85% or more of the Renewable Energy Sources in the island's electricity system, as well as deploying RES to meet community needs in heat and hot water to the largest extend. The contractor is also to undertake the operation and maintenance of the project for twelve (12) years. Total budget of the project (construction of the hybrid system and operation and maintenance service fees for 12 years) stands at €7,712,800 (inclusive of VAT). Construction period is 25 months. The relevant agreement was signed on 30/03/2021.

- On 10/11/2020, TERNA ENERGY S.A. informed the investors that the Extraordinary General Meeting of the Company's shareholders, held on October 20, 2020, decided among other items, the reduction of the Company's share capital by the amount of One Million Two Hundred Eighty Seven Thousand Nine Hundred Eighty Euro and forty euro cents (1,287,980.40 €) by canceling four million two hundred ninety three thousand and two hundred sixty eight (4,293,268) treasury shares, with a nominal value of thirty cents of a euro (0.30 €) each and the amendment of the relevant paragraph 1 of article 5 of the Articles of Association of the Company. As a result of the reduction, the Company's share capital amounts to Thirty Four Million Seven Hundred Fifty Six Thousand Five Hundred Twenty Seven Euro (34,756,527 €) and is divided into one hundred and fifteen million eight hundred fifty five thousand and ninety (115,855,090) common registered voting shares, with a nominal value of thirty cents of a euro (0.30 €) each. On November 3, 2020, Decision 2193044 of the Minister of Development and Investments was filed with the Sociétés Anonymes Register, approving the reduction of the share capital and the relevant amendment of article 5 par. 1 of the Company's Articles of Association. The Athens Exchange, on November 9, 2020, was informed about the abovementioned reduction through cancellation of the Company's treasury shares and approved the cancelation of them. Following the above, on November 12, 2020, the trading in the Athens Stock Exchange of four million eight hundred ninety five thousand and four hundred and sixty four (4,293,268) common registered shares ceased and such shares were cancelled.

- In compliance with clause 4.1.3.4 of the Athens Stock Exchange Regulation, the Company's Extraordinary General Meeting held on December 16, 2020, approved the distribution of profits and reserves according to article 48 of law 4172 /2013 of the Company, of the financial years up to 31.12.2019, in accordance with article 162 par. 3 of law 4548/2018, of a total amount of EUR 19,695,365.30, i.e. an amount of EUR 0.1700000 per share and authorized the Board of Directors to determine the details for the implementation of the said decision and within its limits, and more specifically to determine the beneficiaries of this cash distribution, the "ex-dividend" date, the payment date as well as any other relevant matter. This distribution is subject to withholding tax of 5%, in accordance with the provisions of article 24 of Law 4646/2019 and the net payable amount per share is 0.1615000 Euro. The Board of Directors of the Company, during today's meeting, determined the further terms of the distribution to the Shareholders, as they are described below: Beneficiaries of the said distribution are the shareholders who are registered in the D.S.S. of the Company on Tuesday, December 22, 2020 (record date). As of Monday, December 21, 2020 (ex-dividend date) the Company's shares will be traded in the Athens Stock Exchange without the right to receive such distribution. Payment applied, in accordance with the provisions of the Athens Stock Exchange Regulation, on Monday December 28, 2020 and effected by "ALPHA BANK".

C. Events after the end of FY 2020

From 01/01/2021 until the date of the present report, the following significant events occurred:

- New investments in the field of floating photovoltaic (FPV) systems

On 19/01/2021, the Company announced that it expands its activities in the field of floating photovoltaic (FVP) plants. In this context, the company submitted to RAE (Greece's Regulatory Authority for Energy) applications for the issuance of a producer certificate for (3) three floating photovoltaic (FPV) systems in an equal number of artificial reservoirs, the total capacity of which amounts to 265 MW.

More specifically, the applications for the development of projects of this innovative clean energy production technology concern the installation of:

-120 MW in the Artificial Reservoir of Kastraki

-103 MW in the Artificial Reservoir of Pournari

-42 MW in the Artificial Army Reservoir

The total amount of investments for the development of the above three RES facilities will exceed 170 million Euro. It is worth noting that the installation of the three floating photovoltaic (FPV) systems concerns locations outside "Natura" areas and provides for a coverage rate not exceeding 5.5%, in accordance with the International Sustainability Practices. The above investment of TERNA ENERGY Group is a new addition to the investment plan for the production and storage of clean energy that has already been announced by Management and concerns the development of wind farms as well as the implementation of energy storage projects in Greece via pumped storage. Therefore, the implementation of the three floating photovoltaic systems will increase the existing target for total installed capacity in the next five years from 2.8 GW to over 3 GW.

- Energy Independence for all

HERON, in co-operation with TERNA ENERGY Group, presents to the Greek market "HERON EN.A", a pioneering, innovative program through which consumers acquire energy independence, by significantly reducing, or even zeroing, the cost of their energy on an annual basis.

EN.A is a product of the strategic cooperation of two leading Groups in the energy field, the HERON Group, the first private Group to invest in thermal electricity generation and supply in Greece, and TERNA ENERGY Group, one of the largest investors and producers in Renewable Energy Sources (RES) in Greece, and also one of the largest Greek RES Groups internationally. Through this cooperation, energy from existing and future PV and wind farms in Greece will be reserved for HERON customers who will participate in the project.

- Integrated Waste Management of the Region of Peloponnese" Initiation of the Construction Phase

On 29/01/2021, The Public Private Sector Partnership (PPP) project "Integrated Waste Management of Peloponnese Region", between the "Perivallontiki of Peloponnese", subsidiary of TERNA ENERGY Group, and the Region of Peloponnese, commenced. The project is the largest PPP on waste management in the country and for the most part implements the Waste Management Regional Plan of the Peloponnese Region while also operating alongside local recycling programs of municipalities. The partnership agreement provides for the construction and operation of three (3) Waste Processing Units and an equal number of sanitary Landfill Sites for the process residue in the prefectures of Arcadia, Messinia and Lakonia, as well as of two (2) Waste Transfer Stations in Korinthia and Argolida. The project is designed to generate green energy, making it an environmentally-friendly infrastructure with a zero energy footprint. It is also expected to reduce waste management costs for the local municipalities while also eliminating levied fines. The agreement's total duration is 28 years and comprises a 24-month construction period and a 26-year operation period. It is worth noting that as of the 10th month after the effective date of the agreement, the company will start operating the intermediate waste management facilities. The investment is estimated to reach 152 million euro, 62.5 of which derive from NSRF (National Strategic Reference Framework) funding. The project's plan provides for the creation of 600 new jobs during construction, 200 working positions during the operation period, as well as a large number of parallel jobs. Integrated waste management ensures compliance with current national and European legislation, advances environmental protection and leads to significant improvement in the quality of life and sanitary conditions. The project's realisation with cutting-edge technology will address the environmental issue of the Peloponnese Region and produce benefits for the Tourism industry, Education and Sustainable Agriculture, a strategic objective for Greece.

- Unprecedented extreme weather conditions in the Texas, the USA, in February 2021 and their impact on the Group's operating activities

The unprecedented extreme weather conditions, prevailing in February 2021 in the State of Texas, USA (hereinafter referred to as the "Natural Phenomenon") and their impact on the the Group's operations [through TERNA ENERGY USA HOLDING CORP ("TERNA USA") and, in particular, on the operations of TERNA DEN LLC sub-Group (which includes subsidiaries in the USA that own and operate the Group's 3 Texas Wind Farms - Fluvanna 1, Fluvanna 2/Gopher Greek and Bearkat I – of total capacity 510MW)], is regarded as a non-adjusting event according to the provisions of IAS 10 "Events after the Reporting Period" and, therefore, is not recorded in recognition and measurement of assets and liabilities in the annual financial statements of the Group and the Company for the year ended 31.12.2020.

All the aspects of the aforementioned event are presented in the specific analysis below as follows:

(I) General description of the Natural Phenomenon

On 11.02.2021, conditions of bad weather of unprecedented intensity and severity (Arctic temperatures) hit most areas of the State of Texas, affecting all three wind farms of the Group - Fluvanna 1, Fluvanna 2/Copher Greek and Bearkat I of total capacity 510MW (hereinafter "the Wind Farms"), established and operating in that area. The extreme weather phenomenon was so unexpected that, even at that date, the Texas system operator, the Electric Reliability Council of Texas (ERCOT) did not include high consumption in its projections for the next few days and a key feature is that the storm was so sudden that it did not even manage to be named after (later, when the phenomenon was already underway, it was named after "Winter Storm Uri").

The effects started to hit the State severely and as early as 12.02.2021, state of disaster was declared in 254 counties of Texas. Extremely low temperatures down to -22oC were observed, with alternating pattern of snowfall and icy rain, and all traffic was prohibited. On 10.02.2021 and 11.02.2021, all three wind farms received a notification from the suppliers of wind turbines and maintenance subcontractors regarding the force majeure event and their inability to provide services, while ice on the blades of the turbines had already started accumulating, resulting in downtime of their operation due to eccentric load. At the same time, the operation of other Texas power plants (not just renewables but also gas, coal and nuclear power plants) was beginning to be adversely affected.

The effects of the Natural Phenomenon, especially on the energy infrastructures, complemented each other (natural gas production, natural gas network, electricity network, electricity generation), thus generating an "avalanche" of economic losses and physical damage.

(II) Effects of the Natural Phenomenon on Energy Consumption, Energy Infrastructure and Energy Costs

Energy consumption

Extremely low temperatures immediately increased gas and electricity consumption. Especially in the case of electricity, 20% higher consumption, mainly by households, was recorded compared to that projected by the network operator. This increase was particularly substantial, considering that a large part of industrial consumption had already been excluded in order to protect the network.

Gas consumption was also high not only in respect of domestic consumption, but mainly due to the needs of gas units, especially those serving emergency needs. Texas electricity market relies heavily on peak demand units. At the beginning of the phenomenon, all the available units tried to start operating, dramatically increasing gas consumption.

Energy Infrastructure

Deep cold, brought about as a result of the unprecedented phenomenon widely affected the electromechanical equipment in the energy infrastructure, which due to the climatic conditions of the area did not have protection against low temperatures. Several refineries, oil wells and gas sources have shut down due to freezing of the exposed hydraulic systems. The electricity transmission and distribution network also suffered significant damage, not only caused by collapsed trees, but also because large transformers of central transmission substations were shut down since their equipment had frozen. As a result, as of 12.02.2021, many areas of the State of Texas were left without the supply of natural gas and/or electricity.

The electricity generation capacity was significantly affected due to a combination of the aforementioned factors. The vast majority of wind farms in the affected area ceased production due to ice and/or inability to connect to the network. Moreover, it is estimated that approximately 46 wind farms of total capacity 9GW suffered financial losses regardless of their production capacity. Many gas plants did not have access to fuel, and most of those located in the affected area were shut down or could not start operating since the secondary system had also frozen. Water shortages, freezing of various systems and network failures also shut down coal-fired power plants as well as a nuclear power plant.

On Sunday 14.02.2021, in order to address the phenomenon of electricity shortages in Texas, the Federal Department of Energy, gave emergency approval to operate power plants that would not otherwise be allowed to operate due to environmental restrictions. However, productivity in the Texas system was at 50% of what was declared available before the commencement of the Natural Phenomenon. To avoid a total blackout, the system operator started to impose controlled and rolling blackouts in large parts of the network. According to ERCOT, "Alternating blackouts would mainly affect residential neighbourhoods as well as small businesses and be limited to 10 to 45 minutes before moving to another location." The reality was that, for millions of State residents, electricity was off on Sunday or Monday and did not return for days.

Energy cost

Combined conditions of increased consumption and reduced production led to a **dramatic increase in energy producer prices**. In the parts of the gas network that were available, the price of an mBTU increased from $ 1.9 to over $ 300 in a few hours. Respectively, **the price of electricity increased from a level of $ 20 / MWh to $ 9,000 / MWh**, which is the maximum permitted by ERCOT.

Especially regarding the financial burden, it is pointed out that the Natural Phenomenon and infrastructure failures caused direct financial losses exceeding $ 50 billion (excluding indirect losses for restoration of equipment and infrastructure), due to the special operation of the energy market in Texas. The Electric Reliability Council of Texas (ERCOT) relies on methods of highly increased energy prices when demand is high and/or production is declining to attract base producers as well as peak demand producers. The price ceiling of $ 9,000/MWh had rarely been reached in the past and only for limited periods of time, usually 15 minutes. In the case of this Natural Phenomenon, the automatic way of calculating the price started immediately and the price went up to the maximum, but without any increased production reaction (due to the weaknesses mentioned above). As a result, the price of electricity remained at these levels throughout the entire week, as the market mode was not designed to deal with a phenomenon like this.

(III) Effects of the Natural Phenomenon on the Group's operations

(a) Special energy market operation and financial burden on energy producers

Due to the generally strong fluctuations in electricity producer prices in Texas, 85% of total electricity generation at ERCOT is allocated through tariff hedging contracts, which, in practice share the risk between producers and their counterparties. In particular, the producers assume the obligation and the risk of production according to a promised profile (which is different per day, per season, or per hour, depending on the producer), while the counterparty assumes the obligation and the risk of purchasing the produced energy according to the agreed energy profile, at a specific price. In case the energy production deviates from the contractual profile, the market price is used. In this case, as the producers could not produce energy for disposal to their counterparties according to the contractual provisions (as happened in the Group Wind Farms), the counterparties purchased this energy from the free market at the prevailing price of $ 9,000/MWh and invoiced to the producers the difference between the energy acquisition price and the respective agreed/contractual price (approximately $ 20 / MWh), thus causing huge financial burdens on the producers.

The problem of high prices prevailing in the Texas energy market has maximized the financial burden on the producers. In this case, the unprecedented Natural Phenomenon occurring in February 2021 created the "perfect storm", i.e. a general inability to generate electricity, increased energy consumption and maximum energy prices for a consecutive week.

(b) Financial burden on the Group as a result of the Natural Phenomenon

As a result of the aforementioned in paragraph *"(III) (a) Special energy market operation and financial burden on energy producers"*, all the producers that could not produce electricity were exposed to the price of $ 9,000 MWh registered in ERCOT system, under which the Hedge Providers' counterparties per chased energy from the free market in order to replace the energy not provided by the producers, with the latter suffering losses of tens of millions per case.

In the case of the Group's three Wind Farms, these conditions generated an energy shortfall of approximately $ 30 million per day and ultimately amounted to $ 179.4 million. In particular, the counterparties Merrill Lynch Commodities, Inc., Morgan Stanley Capital Group Inc., JPMorgan Chase Bank respectively (hereinafter referred to as "Hedge Providers"), on the basis of the existing hedging contracts with the three Wind Farms, issued Liquidated Damages invoices, covering the period from 13 to 19 February 2021, totally amounting to $ 179,410,942, allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062.938.

These invoices were contested in writing by the Group as the Management invokes the occurrence of a Force Majeure Event.

In the context of the aforementioned, the Management has proceeded with a series of actions for the optimal management of the above event, which are presented with special analysis below, in section "(IV) (b) *Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date".*

(IV) The Group's Management Actions

(a) Previous risk analysis and Insurance coverage

The Group follows a standard procedure of reviews and risk assessment in respect of all the projects it undertakes, including the specific ones. In particular, during the project selection period, the Group, through its own means as well as using the assistance of external consultants, reviewed, among other things, the special operating characteristics of the local market (such as the use of risk hedging contracts). In this context, the climatic and meteorological data as well as the insurance conditions were separately examined. Furthermore, during the project financing period, the projects were fully reviewed by those financing them, in compliance with the general market practice. The group used the services of market risk specialized companies, independent engineers and insurance consultants.

Texas wind farm insurance market covers disaster and downtime related damage. Especially, regarding the damage arising from downtime, insurance companies provide coverage with the exemption of the first days of average. In the market, the prevailing practice is that of a 45-day exemption. The Group's projects have a better (and a more expensive) insurance coverage, compared to the majority of the projects implemented in the market, with a 30-day exemption, which, however, does not cover the specific natural disaster event, as the downtime only lasted for 7 days.

(b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date

As from the beginning of the Natural Phenomenon, the Group's executives team in-charge of the investment in the USA, recognized the impending risk and took all the necessary actions in order to timely notify the Hedge Providers about the Force Majeure Event. The Management's objective was to activate the contractual provision for the exemption of 3 Wind farms from the obligation to provide energy to the Hedge Providers due to force majeure.

The Hedge Providers did not accept the occurrence of a force majeure event and, therefore, the Management immediately assigned the issue to a special legal office and experts specializing in addressing such disputes, who started working with the Group's legal advisors without any delay.

Following the above, in February 2021, the Hedge Providers, based on the effective relevant hedging agreements, issued "Liquidated Damages invoices", which cover the period from 13 to 19 February 2021. The total amount of these invoices stood at $ 179,410,942 and is allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062,938.

The hedge providers for Fluvanna 1 and Fluvanna 2/Gopher Creek have issued notices of default. The hedge provider for Bearkat has issued a notice of potential default. In respect of the projects Fluvanna 2/Gopher Greek and Bearkat 1, "Standstill Agreements" have been signed (ending on 21/05/21 & 30/04/21 respectively without excluding the possibility of further extension) with JPMorgan Chase Bank, N.A. and Merrill Lynch Commodities, Inc. respectively, in order to ensure that all the involved parties have sufficient time to complete the discussions aimed at finding a commercial and business solution. As far as Fluvanna 1 project is concerned, the period has begun, within which the Tax Equity Investor can, if the Tax Equity Investor so desires, exercise the contractual treatment option by repaying the amount of the Morgan Stanley Capital Group Inc. invoice, while at the same time making efforts aimed at signing a similar "Standstill Agreement" if the deadline for exercising the treatment option of the Tax Equity Investor expires without any action taken. It is noted that the lender regarding the aforementioned three projects also has the treatment option (although, the lender stands second in the order of priority of exercising the relevant option after the Tax Equity Investor).

It is noted that all 3 Wind farms in Texas, returned to full operation between 20 and 23 February 2021.

Throughout the period from the beginning of the phenomenon and until the accompanying financial statements approval date, the daily discussions with all the stakeholders (Hedge Providers, Tax Equity Investors, Lender) and their legal advisors continued with increasing intensity. While these discussions are ongoing, the Management is considering three potential actions: (a) applying to the authorized courts and initiating legal action against the Hedge Providers; (b) finding a mutually acceptable commercial solution to the dispute with the Hedge Providers; and (c) divestment from investing in the USA (Class B interests).

As at the accompanying financial statements approval date, the Management is in consultation with the legal advisors of the Group in order to minimize adverse impact on the Group and no final decisions have been made as currently. In case, due to objective circumstances, the Management decides on the third of the aforementioned actions, namely the disinvestment, then the most unfavorable version of that choice will be that of disposing the sub-Group TERNA DEN LLC companies versus a rudimentary consideration. Section "(III) (c) Potential effects on the Group's activities and financial position for the year 2021" that follows, examines the most unfavorable version in case of disinvestment, namely the loss of control over the above subsidiaries through disposal of the companies of the TERNA DEN LLC Subgroup I versus $1 to the one that will ultimately be decided upon to pay the disputed invoiced amounts and treat every respective event of default of hedging contracts, as so called by Hedge Providers (it is clarified that the amount of $1 mentioned above and in the following sections, is purely symbolic and is used solely for the purpose of assessing the impact of the worst case scenario in case of disinvestment on the Group's financial position).

(c) Potential effects on the Group's operations and financial position of the Group for the year 2021 - Examination of the most unfavorable version in case of disinvestment

The most unfavorable version arising as a consequence of the events, mentioned in the sections above "(III) (b) Direct financial burden on the Group as a consequence of the Natural Phenomenon" and "(IV) (b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date" is the contingent Management's action of disinvestment, namely the loss of control of the companies of the sub-Group TERNA DEN LLC, through disposal of these companies for $1, to the one who will finally decide to honor the disputed invoiced amounts and treat every event of default of hedging contracts, as so called by Hedge Providers.

As at 31.12.2020, the financial sizes of the sub-Group TERNA DEN LLC stood at total assets of € 565.8 million, i.e. representing 28.7% of the total assets of the Group, while the liabilities amounted to € 466.6 million, i.e. representing 31.5% of total liabilities. In terms of earnings after tax, TERNA DEN LLC Subgroup earnings after tax for the period 01.01-31.12.2020 stood at a total loss of € 11.3 million. A potential deconsolidation of the companies, constituting TERNA DEN LLC Sub-Group as a result of their disposal for $ 1, would lead to recognition of an accounting loss of approximately $115 million (i.e. approximately € 97.4 million depending on the fluctuations of the $/€ exchange rate), burdening the consolidated financial results.

It is extremely important to mention the fact that the obligations arising from all projects in the USA have no recourse either to the parent company TERNA ENERGY or nor to the aforementioned parent company of TERNA DEN LLC, i.e. the subsidiary TERNA ENERGY USA HOLDING CORP. Therefore, given a potential loss of the above investments, in addition to the accounting loss, no further liquidity or financing issues regarding the Group and the Company are expected to arise within the following 12 months, as this event is not expected to have a further impact on future cash flows of the Group and the Company.

(V) SUMMARY

The previous risk analysis was performed with the contribution of the best market consultants which did not include the occurrence of a similar event. At the same time, insurance coverage could not cover the event, as no projections were made for such an event in the risk analysis of the insurance companies.

The Group's Management reacted quickly, from the first moments of the Natural Phenomenon occurred. The specific conditions, as analytically described in sections (I), (II) and (III) above, created an energy deficit of approximately $ 30 million per day and ultimately amounted to $ 179.4 million. In particular, based on the effective relevant hedging agreements, the Hedge Providers issued "Liquidated Damages invoices", which cover the period from 13 to 19 February 2021. The total amount of these invoices stood at $ 179,410,942 and is allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062,938. These invoices were contested in writing by the Group on the basis of the occurrence of a force majeure event. Following the above, the hedge providers for Fluvanna 1 and Fluvanna 2/Gopher Creek have issued notices of default. The hedge provider for Bearkat has issued a notice of potential default. In respect of the projects Fluvanna 2/Gopher Greek and Bearkat 1, "Standstill Agreements" have been signed (ending on 21/05/21 & 30/04/21 respectively without excluding the possibility of further extension). As far as Fluvanna 1 project is concerned, the period has begun, within which the Tax Equity Investor can, if the Tax Equity Investor so desires, exercise the contractual treatment option by repaying the amount of the Morgan Stanley Capital Group Inc. invoice, while at the same time making efforts aimed at signing a similar "Standstill Agreement" if the deadline for exercising the treatment option of the Tax Equity Investor expires without any action taken.

Throughout the period from the beginning of the phenomenon and until the accompanying financial statements approval date, the daily discussions with all the stakeholders (Hedge Providers, Tax Equity Investors, Lender) and their legal advisors continued with increasing intensity in order to minimize the adverse impact on the Group. While these discussions are ongoing, the Management is considering three potential actions: (a) applying to the authorized courts and initiating legal action against the Hedge Providers; (b) finding a mutually acceptable commercial solution to the dispute with the Hedge Providers; and (c) divestment from investing in the USA (Class B interests).

As at the accompanying financial statements approval date, the Management is in consultation with the legal advisors of the Group in order to minimize adverse impact on the Group and no final decisions have been made as currently.

As recorded in section «(IV)(b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date», the contingent Management’s action with the most unfavorable version, is the loss of control of the companies of the sub-Group TERNA DEN LLC, through disposal of these companies for $1, to the one who will finally decide to pay the disputed invoiced amounts and treat every respective event of default of hedging contracts, as so called by Hedge Providers (it is clarified that the amount of $1 is purely symbolic and is used solely for the purpose of assessing the impact in case of disinvestment on the Group's financial position).

A potential deconsolidation of the companies, constituting TERNA DEN LLC Sub-Group as a result of their disposal for $ 1, would lead to recognition of an accounting loss of approximately $115 million (i.e. approximately € 97.4 million depending on the fluctuations of the $/€ exchange rate), burdening the consolidated financial results.

The obligations arising from all projects in the USA have no recourse either to the parent company TERNA ENERGY or nor to the aforementioned parent company of TERNA DEN LLC, i.e. the subsidiary TERNA ENERGY USA HOLDING CORP. Therefore, given a potential loss of the above investments, in addition to the accounting loss, no further liquidity or financing issues regarding the Group and the Company are expected to arise within the following 12 months, as this event is not expected to have a further impact on future cash flows of the Group and the Company.

The Management has analytically examined all the above events while assessing their impact on the operations in 2020, given the events and circumstances at the accompanying financial statements approval date. The Management estimates that due to all the aformenetioned events, there is substantial uncertainty casting significant doubts regarding the ability of TERNA DEN LLC sub-Group to continue as a going concern. Furthermore, the consequences of the above events may have a significantly adverse impact on the Group's operations and financial position in 2021. However, the Management estimates that these consequences do not generate uncertainty regarding the Group’s and the Company’s ability to continue as a going concern, i.e. they do not affect the adequacy of the basis for the preparation of the consolidated and separate financial statements based on the going concern principle.

- Signing of the agreement for the project of electronic ticket of Thessaloniki

On 25/02/2021, TERNA ENERGY signed the agreement for the project «Digital Transformation, Telematics and Unified Automatic Fare Collection System for the Transport Authority of Thessaloniki (TheTA)».

Contractor of the project is the joint venture TERNA ENERGY (70%) – INDIGITAL (15%) – AMCO (15%). The total budget amounts to € 30 million plus VAT while installation works are scheduled to begin by 2nd three month of 2021.

The project concerns the complete digital transformation of the Transport Authority of Thessaloniki, according to the standards of good practice of other transport operators in Europe.

Contracting Authority is the Information Society SA. and the funding comes from the Ministry of Digital Policy and Media.

The agreement provides for the construction period (12 months) and the provision of maintenance and operation support services for 5 years from completion, while the Contracting Authority reserves the right to extend the maintenance and operation support period for another 5 years.

TERNA ENERGY Group has implemented the corresponding project in Athens on behalf of OASA Group (Athens Urban Transport Organization – AUTO), which makes the company an expert and leader in the market of Automatic Fare Collection Systems.

- Collaboration with OCEAN WINDS to co-develop floating offshore wind farms in Greece of total capacity over 1,5 GW

OCEAN WINDS (a Joint Venture between EDP Renewables and ENGIE) and TERNA ENERGY have signed a collaboration agreement to co-develop floating offshore wind projects in the Greek seas.

OCEAN WINDS has a wide portfolio of fixed and floating offshore wind farms under development, construction and operation in various markets throughout Europe, North America and Asia composed of 1.5 GW under construction and 4 GW under development, and 5 to 10 GW in the advanced development stages by 2025.

TERNA ENERGY is a major player in the Renewable Energy Market and has more than 1.8 GW in operation, under construction or ready for construction in Greece and abroad.

OW and TERNA ENERGY, will join forces to identify the most suitable areas and consequently develop a pipeline of projects in excess of 1.5 GW with a consistent development roadmap rolled out throughout the current decade.

George Peristeris, Chairman of TERNA ENERGY, said: “TERNA ENERGY, in our long commitment to provide clean and renewable energy in Greece, has identified that the next step towards sustainability is the development of offshore wind farms. Floating offshore wind is ideal for the Greek seas, due to their depth and unique characteristics. To that end, TERNA ENERGY is proud to announce the strategic partnership with OW, whose unparalleled experience in the offshore wind sector and the development of floating wind farms will help us establish this new sector in the Greek energy market. Together, we will be able to provide the Greek energy sector with the necessary capacity of sustainable energy to achieve our national energy targets. At the same time, we will add value to multiple economic sectors of the local economy, by providing new investments in shipyards, ports grid interconnections and other sectors that will boost the local economy and create multiple direct and – indirectly – working positions."

- Change in withholding voting rights of Major Shareholders

Following the 19/03/2021 and 21/04/2021 changes in the voting rights of Mr. Georgios Peristeris, the percentage of his withholding shares and voting rights now amount to 11.0583 %. Also, on 21/04/2021 there was a change (increase) in the withholding voting rights of the share holder ATALE ENTERPRISES LIMITED, which now amount to 6%

D. Prospects

With a view to the balanced development of the economy, environment and society, TERNA ENERGY takes the lead in production and storage of clean energy and constantly seeks and implements efficient solutions to create a sustainable social model. However, the real challenge, according to the Company, is to deal with the effects of climate change, which requires immediate mobilization of all and everyone.

TERNA ENERGY Management believes that sustainable development cannot be achieved without transition to the clean energy era and circular economy. After all, it is in theses domain TERNA ENERGY has been a pioneer for over twenty years. Currently, the Company has launched new investments in Greece in a portfolio of modern projects, which exceeds the amount of € 1.7 billion. In particular, it promotes development of new wind farms with a total budget of more than € 700 million in various regions in the country, two significant energy storage systems with pumped storage in Crete and Amfilochia of total budget approximately € 800 million, as well as integrated waste management projects, the relevant unit in the Region of Epirus already in operation and the projects for integrated waste management in the Peloponnese Region to follow.

Domestic energy sources in the energy system of the country are crucial to the development prospects in Greece, emphasizes the Company's Chairman, Mr. George Peristeris, as they are accompanied by a positive impact on local communities, the Greek economy and employment stimulating. At the same time, they reduce the cost of electricity for households and businesses, thus contributing to the national effort aimed at a faster shift to RES and protection of the environment.

In this context, TERNA ENERGY S.A. Group is confirmed for its strategic decision to dynamically invest in the domain of renewable energy sources, having on 31.12.2020 in operation 606MW in Greece, 510MW in the USA, 102MW in Poland and 30MW in Bulgaria, contributing to the fight against environmental pollution, while creating satisfactory profit for the benefit of its shareholders.

Transition to clean energy cannot proceed without large investments in RES in energy storage using proven technologies of increased domestic added value such as pumping, but also in electrical interconnections. These three categories are a single and complementary investment, which is estimated to exceed € 8 billion in the next five years, adding to GDP 1.5% additional growth over the same period and establishing the basis by the decade of 2030’s for Greece to become a net exporter of energy for the first time in its modern history. In this context, TERNA ENERGY promotes new investments in RES projects and storage projects, which are expected to create approximately 2,000 new jobs. Especially in energy storage, Mr. Peristeris has stated that it can offer through technology of pumping and storage a great added value to the GDP of Greece, since the country is one of the most privileged in Europe, in terms of geography in respect of its development.

TERNA ENERGY Group prospects for 2021 are positive, given that despite the difficult period that the world economy and Greece are going through, it managed to increase its financial sizes, proving that it is a safe investment choice.

Given its consistency and high sense of corporate social responsibility that distinguishes it, TERNA ENERGY will remain a pioneer in the field of investments and will seek to maintain the growth rate of the Group according to its business plan, despite the adverse conditions that worsen unexpectedly from the outbreak of the Covid-19 coronavirus pandemic. The specific, condensed reporting on potential, relevant risks is presented in section E. (vi).

E. Risks 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 and the uncertainty of the results from exceptional occurrences (COVID-19).

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:

i. 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 sector.

Given the nature of its operations, the Group is not exposed to significant credit risk from trade receivables except delays in collections from DAPEEP, 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 performed, are of high credit quality.

ii. 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, potentially arising 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 this risk, especially in the USA, 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 they do not adversely affect its cash flows.

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

iii. 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, 38,6% of the Group's long-term borrowing refers to fixed interest rate loans, 18,1% refers to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 43,3 % in floating rate loans on a case by case basis euribor or wibor.

The Group's total short-term bank loans are in euro under floating interest rates linked to euribor with the exception of the subgroup loans in USA, which are in dollars under floating interest rates linked to libor. Short-term loans are primarily received as bridge financing during the phase of implementation and construction of the Group's investments (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 variable part of the interest rate of +/- 20% (2019: +/- 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.

	2020		2019	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Earnings for FY after tax – Group	(171)	171	(159)	159
Earnings for FY after tax - Company	(64)	64	(65)	65

The Group is not exposed to other interest rate risks.

iv. Market risk analysis

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

v. 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 2020, net cash flows from operating activities amounted to 180,1 million versus € 168,8 million recorded in 2019. 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.

vi. Other risks and uncertainties

The Group 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 TERNA ENERGY, 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.

(a) ***Special statement on COVID-2019 pandemic effects***

TERNA ENERGY Group holds a leading position in the sector of renewable energy sources. With a portfolio of projects of total capacity approximately 2,000 MW (in operation or under construction), is one of the largest investors in the Renewable Energy sector in Greece, but also one of the largest Greek companies in the segment internationally, with a significant presence in the USA and Southeast Europe. The Management's position is that the Group operates in the segments that are more defensive during the phases of the business cycle, which investors recognize as "safe haven" that provide stable recurring cash flows even in times of turmoil and uncertainty, such as the existing one. Furthermore, during the Greek financial crisis (i.e. the most difficult and longest financial crisis in Europe), the Group has already proven its ability to grow and strengthen its market position. The public policy measures that have been taken and/or will be taken by the Greek government in order to limit the spread of COVID-19, are not expected to lead to disruption of the Group's operations.

At the end of December 2019, the new coronavirus strain SARS-CoV-2, which causes coronavirus disease (COVID-19), appeared in China. During the following months, coronavirus disease (COVID-19) spread rapidly worldwide and on March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The COVID-19 pandemic has led to an unprecedented crisis in global health and the economy. In Greece, the virus was first detected in late February 2020, leading to a national quarantine. In the beginning of May, a gradual lifting of quarantine restrictions started, which lasted until June. During the summer, however, the increase in COVID-19 cases in Greece led to the early end of the tourist season and imposition of restrictive measures. Measures of limited reopening of stores were implemented during the festive period of Christmas. Throughout the pandemic, the Group constantly acts based on the instructions and decisions of all the competent institutions, observing the requirements and the action plan adopted by the Greek authorities.

The health crisis caused by coronavirus pandemic (COVID-19) has led the global economy to a period of uncertainty and instability, whose consequences are difficult to assess based on the currently effective data, since the pandemic is still ongoing. The economic impact will depend on the term and intensity of the recession, as well as the prospects for recovery. To address the health and, consequently, economic aspects of the pandemic, governments around the world have already launched ongoing mass vaccination programs to cover the entire population and build the required immune wall, which will lead to a normality. Based on the fact that the pandemic has not yet been fully controlled, in combination with the presence of mutations in the virus altering its transmissibility and effectiveness of vaccines, this risk remains one of the main risks faced by the Group.

Group Organizational Planning

Applying an extremely high sense of responsibility, towards its customers, employees, suppliers, partners and investors, the Group’s Management monitors the developments in respect of the coronavirus disease (COVID-19), studying the potential risk factors that could affect the Group's financial position, operations and results.

Following the first announcements and until currently, when conditions are still developing, the Group’s Management with the highest priority health and safety of its employees and associates, acted with speed and determination, designed and immediately started implementing a plan of measures and actions, mainly aimed at the following:

- Creating a safe working environment for all the employees in parallel with the adoption of distance working policies, when deemed possible and necessary. The Group has taken a number of precautionary measures, including a large-scale teleworking plan (covering, over this period, over 50% of the staff). In addition, the Group provided communication channels for health consultation and psychological support for all the employees.

- Establishing a special Committee for addressing coronavirus effects and securing that ALL its employees have been provided with absolute protection and care against COVID-19 and its mutations. The Committee systematically monitors the development of the pandemic, is immediately informed about any critical factors of its spread and guides the necessary actions to be taken by the Management and every employee in the entire Group in order to minimize the risks of the phenomenon and their impact on the course of the Company's operations. At the same time, it has signed an agreement with a special diagnostic center on the testing all members of its human resources with the objective to protecting them until the end of the pandemic and restoring social life to normality. Finally, it has shielded the workplaces for those employees working at their offices by imposing the most strict measures decided by the competent scientific committee of the State.

- Securing and utilizing the most modern information technology to limit transportation and minimize travel, implementing teleconferencing (video calls), as well as modern, flexible ways of working depending on the individual or special needs of groups of employees.

- Establishing and adopting extremely strict operating rules at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of security for all.

Effects arising from the coronavirus pandemic (COVID-19) and their mitigation measures

The Group has taken all the necessary measures in order to continue the development of its core operations, continuing the exploitation of RES and implementation of its investment plan in the energy segment, strengthening the efforts aimed at stabilizing the Greek economy and improving prospects of employment.

In particular, the Management examined the specific conditions that could have a significant impact on the business activities of the RES operating segment as well as the risks to which it is exposed. Based on current events and conditions regarding the COVID-19 pandemic, such issues are analyzed as follows.

No interruption or other adverse impact on the Group's facilities that are in operation occurred in the RES electricity segment in Greece. Regarding RES facilities under construction, no delays have been caused due to the coronavirus pandemic (COVID-19) until today and the estimated time of completion and commissioning of the projects has not changed. Although the aforementioned effects are expected to be only temporary, there is uncertainty as to their extent and duration. Therefore, currently, their financial impact on the Group cannot be estimated.

In 2020, a one-time extraordinary contribution was imposed on RES electricity generators, put into regular or trial operation prior to December 31, 2015 (Government Gazette 245 / 09.12.2020). The lump sum extraordinary contribution equals 6% of electricity sales for the year 2020. Regarding the Group, the respective extraordinary contribution stood at € 5,252 k and was included in the item "Other income/(expenses)" of the consolidated Statement of Comprehensive Income. The total estimated increase of the Special Account for Renewable Energy Sources (ELAPE) revenues from the aforementioned contribution stood at € 110 million.

Regarding the proceeds of the Group's revenues, no delays were recorded in 2020. The Management states the following: 1) any delay in the collection of the Group's revenues by the Renewable Energy Sources Operator & Guarantees of Origin (DAPEEP) does not currently seem to exceed the production value of six months, as happened in the past. Within the next year, a collection delay of six months will create, albeit temporarily, a cash issue of special attention amounting to € 118 million. This risk is general, applies to all RES producers and does not only concern TERNA ENERGY. The Group’s cash liquidity (€ 344 million - cash available € 291 million and restricted deposits € 53 million as at 31/12/2020) allows the Management to manage any potential cash problem with relative ease, without interrupting the pace of implementation of the investment plan. In case the delay exceeds 6-8 months of production, the Management will reschedule its investment plan, business and cash planning so as to meet the increased cash needs and limit the adverse consequences. Controlled deceleration and / or, where appropriate, cancellation of planned investments will be unavoidable if the delay in recovery exceeds reasonable limits and market operating practices. Even so, even in such a case, the Group, due to its size, ability, experience and determined strategy, is ready to fight in order to maintain its leading position in the RES market and to continue its superiority over the competition.

Although estimates regarding the impact of the pandemic on the global and domestic economy vary, the Management estimates that the Group's operations, financial performance, cash flows and financial position will not be significantly affected. In any case, the Management ensures maintenance of the smooth operation - both in the Greek territory and abroad, where the Group operates, applying procedures of ongoing identification and evaluation of all risks that may arise in the near future. The Management plans and implements measures to address any identified risk in order to limit its adverse effects to the minimum possible, in direct, ongoing and systematic collaboration with the Risk Managers and the Group’s executives. The Group’s organizational efficiency and the ongoing care of the Management to assign its managers by project and specific issue, depending on the required ability and experience, have created a proven capable, flexible and effective mechanism for addressing any possible crisis in any Group’s company whenever required. Following this basic principle, the Management as well as the aforementioned mechanism immediately react in order to address the epidemic crisis with prudence, calm and strategic perspective.

The impact of COVID-19 is not expected to be significant to the Group and the Company. The Management has estimated that there is no significant uncertainty regarding the Company’s and its subsidiaries’ ability to continue as a going concern.

(b) Wind and hydrological data fluctuations

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.

Unprecedented and extreme weather conditions in the state of Texas, USA, in February 2021 and the impact on the Group's operations (post reporting date event):

Regarding the specific event, which took place after the reporting date of the accompanying financial statements and the analysis of its effects on the Group's operations, please, refer to section C of the accompanying Board of Directors Report.

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: Turnover, - Cost of sales, - Administrative & distribution expenses, - Research & development expenses, +/- Other Income / (Expenses) and other Gains / (Losses) determinants of EBIT. The other Income / (Expenses) determinants are defined as Other Income (Expenses), not including Foreign exchange valuation differences, Impairment / (Recovery of impairment) of assets as presented in Note 38.

EBITDA (Earnings Before Interest Taxes Depreciation & Amortization): The ratio is calculated as Earning Before Interest & Tax (EBIT) adding the total depreciation of tangible and intangible assets and deducting grants depreciations. The greater the indicator is, the more efficient the operation of the Company becomes. The EBITDA is defined as EBIT adding assets depreciation, less grants depreciation.

“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).

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

"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.

It is to be noted that during the current year, the Group decided to redefine the presentation of the following financial results ratios ("EBIT", "EBITDA", "Gross Profit Margin" and "Net Debt / Surplus") per operating segment. This Management decision was based on its assessment that this change leads to more relevant information regarding the financial performance and evaluation of the performance of the separate operating segments of the Group.

In particular, from the current year onwards, the operating segments will be presented before the write-offs made among the different operating segments for purposes of consolidated financial statements, in contrast to the presentation until the previous year, where the operating segments' results were presented following the write-offs among the different segments. The cross-sectoral write-offs (which during the presentation of the separate operating segments were carried out within them) will now be presented separately in a separate column "Cross-sectoral consolidation write-offs". At the same time, the construction segment shall include the construction component of the Concessions.

To facilitate the comparability, this presentation is also prepared for the sizes of the comparative period of 2019. It is to be noted that the above amendment to the presentation method did not lead to any change in the calculation of these APMIs at the Group level in 2019, which are identical to the published Group’s APMI in 2019.

The following tables configures the ratios “EBIT”, “EBITDA”, “Net debt / (Surplus)” , “Gross Profit Margin” and "Loan Liabilities to Total Capital Employed":

(Amounts in thousand Euro unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Electricity trading	Waste manage ment	E-Ticket	Cross-sectoral consolidation write-offs	Total
31 December 2020							
Turnover							
Sale of goods and services	5.460	273.393	35.949	4.320	8.969	–	**328.091**
Cross-sectoral income	21.223	–	–	–	–	(21.223)	**–**
Total turnover	**26.683**	**273.393**	**35.949**	**4.320**	**8.969**	**(21.223)**	**328.091**
Cost of sales	(27.075)	(131.733)	(35.445)	(3.561)	(8.164)	22.774	**(183.204)**
Gross Profit	**(392)**	**141.660**	**504**	**759**	**805**	**1.551**	**144.887**
Administrative & distribution expenses	(637)	(21.514)	(366)	(242)	(535)	–	(23.294)
Research & development expenses	(128)	(2.716)	–	(56)	–	–	(2.900)
Other income / (expenses) and other gains / (losses) determinants EBIT	276	9.973	610	49	40	(1)	10.947
Operating results (EBIT) from continuing operation	**(881)**	**127.403**	**748**	**510**	**310**	**1.550**	**129.640**
Depreciations	(46)	(73.426)	(19)	(105)	(8)	1.738	**(71.866)**
Grants depreciation	–	6.764	–	–	–	–	**6.764**
EBITDA from continuing operation	**(835)**	**194.065**	**767**	**615**	**318**	**(188)**	**194.742**
Long-term loans	–	814.658	–	27.262	15.312	–	**857.232**
Short-term loans	–	27.451	36	–	–	–	**27.487**
Long-term carried forward	–	66.027	–	490	2.847	–	**69.364**
Cash and cash equivalents	–	(263.429)	(2.288)	(16.434)	(8.756)	–	**(290.907)**
Grants to return	–	3.024	–	–	–		**3.024**
Restricted deposits	–	(52.573)	(673)	–	–	–	**(53.246)**
Net debt / (surplus)	**–**	**595.158**	**(2.925)**	**11.318**	**9.403**		**612.954**

(Amounts in thousand Euro unless mentioned otherwise)

Operating Segments	**Construction**	**Electricity from RES**	**Electricity trading**	**Waste management**	**E-Ticket**	**Cross-sectoral consolidation write-offs**	**Total**
31 December 2019							
Turnover							
Sale of goods and services	14.464	237.266	36.981	1.740	8.693	–	**299.144**
Cross-sectoral income	33.400	–	–	–	–	(33.400)	**–**
Total turnover	**47.864**	**237.266**	**36.981**	**1.740**	**8.693**	**(33.400)**	299.144
Cost of sales	(42.413)	(116.429)	(34.754)	(1.094)	(7.535)	31.946	**(170.279)**
Gross Profit	**5.451**	**120.837**	**2.227**	**646**	**1.158**	**(1.454)**	128.865
Administrative & distribution expenses	(1.017)	(20.314)	(292)	(494)	(401)	–	(22.518)
Research & development expenses	(9)	(1.457)	–	(470)	–	–	(1.936)
Other income / (expenses) and other gains / (losses) determinants EBIT	47	20.615	294	(6)	120	–	21.070
Operating results (EBIT) from continuing operation	**4.472**	**119.681**	**2.229**	**(324)**	**877**	**(1.454)**	**125.481**
Depreciations	(52)	(64.366)	(17)	(22)	(17)	–	**(64.474)**
Grants depreciation	–	7.995	–	–	–	–	**7.995**
EBITDA from continuing operation	**4.524**	**176.052**	**2.246**	**(302)**	**894**	**(1.454)**	**181.960**
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)**
Return of grants	–	3.024	–	–	–		**3.024**
Restricted deposits	–	(42.460)	–	–	–	–	**(42.460)**
Net debt / (surplus)	**–**	**682.247**	**(1.471)**	**25.906**	**9.603**		**716.285**

(Amounts in thousand Euro unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Electricity trading**	**Waste management**	**E-Ticket**	**Cross-sectoral consolidation write-offs**	**Total**
31 December 2020							
Turnover	26.683	273.393	35.949	4.320	8.969	(21.223)	**328.091**
Cost of sales	(27.075)	(131.733)	(35.445)	(3.561)	(8.164)	22.774	**(183.204)**
Gross Profit	**(392)**	**141.660**	**504**	**759**	**805**	**1.551**	**144.887**
Gross profit margin	**(1,47)%**	**51,82%**	**1,40%**	**17,57%**	**8,98%**	**(7,31)%**	**44,16%**

Operating segments	**Construction**	**Electricity from RES**	**Electricity trading**	**Waste management**	**E-Ticket**	**Cross-sectoral consolidation write-offs**	**Total**
31 December 2019							
Turnover	47.864	237.266	36.981	1.740	8.693	(33.400)	**299.144**
Cost of sales	(42.413)	(116.429)	(34.754)	(1.094)	(7.535)	31.946	**(170.279)**
Gross Profit	**5.451**	**120.837**	**2.227**	**646**	**1.158**	**(1.454)**	**128.865**
Gross profit margin	**11,39%**	**50,93%**	**6,02%**	**37,13%**	**13,32%**	**4,35%**	**43,08%**

The ratio "Loan Liabilities to Total Capital Employed" at the end of 2020 and 2019 is as follows:

Amounts in thousand €	**31.12.2020**	**31.12.2019**
Short-term loans	27.487	36.453
Long-term loans	857.232	906.518
Long term liabilities carried forward	69.364	70.214
Bank liabilities	**954.083**	**1.013.185**
Total equity	495.667	438.462
Bank liabilities	954.083	1.013.185
Equity instruments having a substance of financial liability	281.263	375.771
Lease liabilities (Long-term & Short-term portion)	11.782	8.732
Grants	82.140	134.322
Subtotal	**1.824.935**	**1.970.472**
Less:		
Cash available	290.907	257.464
Restricted deposits (note 20)	53.246	42.460
Grants to be rebated (note 22)	(3.024)	(3.024)
Subtotal	**341.129**	**296.900**
Total employed capital	**1.483.806**	**1.673.572**
Loan Liabilities / Total employed capital	**64%**	**61%**

G. Non-financial reporting 2020

Introduction

This non-financial statement relates to the fiscal year ended on the 31st of December 2020. The statement has been prepared in accordance with the provisions of the Law 4403/2016 and includes information on TERNA ENERGY Group's performance with respect to the following areas, as outlined in the explanatory circular (no 62784):

- Anti-corruption issues.
- Supply chain issues.
- Respect for human rights.
- Social and labor issues.
- Environmental issues.

The statement presents information on the main risks related to the above areas and the Group's activities, the due diligence policies as well as other policies applied by the Group for each of the above areas. For a better understanding of the Group's performance, the results of these policies are presented, and relevant financial and non-financial performance indicators are listed. In addition, a brief description of the Group's business model is provided. Lastly, this statement was prepared taking into consideration the GRI Standards as well as the Athens Stock Exchange ESG Reporting Guide.

Business model

TERNA ENERGY S.A. is one of the largest Greek vertically integrated Groups in the field of Renewable Energy Sources (RES), active in the development, construction, financing and operating RES projects in seven countries, as well as in waste management and energy production from waste. The shares of TERNA ENERGY S.A. are listed on the Athens Stock Exchange (FTSE / Athex Large Cap).

Its business scope includes a wide range of RES technologies and constructing and operating wind parks, hydroelectric projects, pumped storage projects, hybrid stations and photovoltaics, as well as undertaking integrated waste management, biofuels production, soil conditioners and other products. In 2020, the Group's activity, including electricity trading, expanded in the following countries: Greece, the United States of America, Bulgaria, North Macedonia, Poland, Serbia and Albania.

By the end of 2020, the Group had in operation (maximum delivered) power of 1,335 MW and installed power of 1,363.7 MW in Greece and abroad. Specifically, it had installed 721.7 MW in Greece, 510.1 MW in the US and 132 MW in Central and Eastern Europe. In addition, it has under construction or ready for construction RES facilities with a total capacity of 427.2 MW in Greece.

The Group's business activity is characterized by a sound economic structure, strong specialization and expertise, full adoption of quality assurance procedures and in-depth knowledge of the international institutional, economic and business environment.

At the same time, its commitment to act as a responsible social and business partner is reflected in the Group's strategy, which is in line with all its goals and actions for Sustainable Development. Starting with its business activities and continuing with its targeted actions for the society and the environment, it supports the United Nations Sustainable Development Goals and acts to achieve maximum value creation.

The Group's priority is to combat climate change through:

- The increase of its clean energy production in Greece and abroad.
- Its operations in a wide range of technological applications.
- The prevention of CO_2 emissions in the atmosphere.

Areas of primary importance are the following:

- Business excellence based on transparency and ethics.
- Promoting Sustainable Development and fostering a clean energy culture.
- Promoting innovative solutions, technical know-how and scientific research.
- Ensuring high quality through the implementation of effective solutions and best practices.
- Fostering the health and safety of employees and partners.
- Employee development.
- Achieving the maximum benefit for all stakeholders.
- Maintaining meaningful and ongoing communication with all stakeholders.
- Developing and implementing programs and actions that contribute to the achievement of social prosperity and cohesion.

Anti-Corruption

Major risks and risk management

The Group identifies, as a risk in the performance of its business and operational activities, the occurrence of incidents of corruption, bribery and extortion. Potential occurrence of such incidents may have negative impacts for the Group, both at a financial level (e.g. fines), at an operational level (e.g. interruption of business) as well as at the level of weakening the Group's reputation and disrupting its relationship with the various groups of stakeholders with whom it interacts.

The fight against corruption by the Group is highly important, not only for dealing with potential negative impacts for the Group itself, but also for dealing with wider impacts for the society, the economy and the environment. In this context, the Group acknowledges that tackling corruption is preventing human rights abuses, potentially harmful environmental activities and even ineffective investments.

For the identification of risks associated with corruption, bribery and regulatory compliance, the Group implements an Anti-bribery Management System for which it has received the respective certification, i.e. ISO 37001:2016, and takes into account various parameters such as the type of activity, the geographical location, stakeholders, etc.

Due diligence and other policies

[ATHEX C-G3 Data security policy]

The Group is committed to implementing the Information Security Management System, recognizing that the active participation, but also the knowledge of both the Information Security Management System and the philosophy of its implementation, is a necessary condition for achieving the objective of the Group within the framework of the current legislation and the needs that govern its operation in the business field in which it operates.

In the context of ensuring a level of security proportionate to the criticality and confidentiality of the data, but also aiming at maximizing the reliability of the information of the Group, the Management:

- Has created special positions for Information Security, the Head of the Information Security Management System and his Deputy, who are responsible for applying and improving the information security system and report directly to the Board of Directors.
- Has taken into account all the country regulatory and legal requirements, as well as requirements arising from the signed contracts with its clients.
- Has approved and applies a specific methodology for recording, assessing and addressing risks.
- Has decided the scope of implementation of its management system.
- Has developed and approved the Business Continuity Plan.
- Has trained all individuals involved.
- Has approved at regular intervals the level of residual risk.

For the Group, information security is not a simple regulatory compliance, but a key strategic tool of customer trust and competitive advantage at a time when most of the information is now in electronic form.

The Group applies the information security to every project it undertakes. Consequently, any information concerning the project is graded and the risk of information security is assessed according to its value.

Based on the above through the implementation of the Information Security Management System the Group aims at the following:

- The protection of the retained files, computational resources and the information transferred as part of the Group's services against any threat, internal or external, intentional or accidental.
- The systematic assessment and evaluation of any information security risks, with a view to their proper and timely management.
- The data archiving, the virus prevention and external invasions, the access to IT systems control, the recording of all security incidents and the management of unexpected situations.
- The continuous notification of Management and staff on issues related to information security and personnel trainings.

The full commitment of the Group's Management to precisely implementing and continuously improving the Information Security Management System, which complies with the requirements of the ISO 27001 **standard.**

Code of Conduct

[ATHEX C-G2 Business ethics policy]

The Code of Conduct incorporates the basic principles of ethics on which the corporate culture of TERNA ENERGY is based. The Code reflects and strengthens these fundamental principles and creates an agreed upon and transparent framework of operation and behaviors, involving all employees, customers, partners, subcontractors, suppliers and the local community. It describes issues related to ensuring the health and safety of both the Group's employees and associates, the human rights at the workplace and labor relations and practices, the avoidance of conflicts of interest, ensuring the protection of personal data and information security, the healthy competition, the prevention of bribery practices, the fight against corruption, bribery and money laundering, and the protection of the environment.

Its content is not exhaustive, but includes the minimum requirements that must be applied and which are supplemented by policies, procedures and other internal documents of the Group which are equally binding for all, while complying with the general principles set by international regulations and contracts, as well as the international standards ISO 9001, ISO14001, ISO 45000, ISO 19600, ISO 37001, ISO 50001 and SA 8000. To ensure their implementation, the Group undergoes periodic audits from which it has received the corresponding certifications.

The implementation of the Code ensures:

- Transparency in the Group's relations and activities.
- Meeting the expectations of the stakeholders who benefit from its projects and services.
- Creating a safe, fair and equitable workplace.
- Building relationships of mutual trust and respect with suppliers and partners.
- Respect for the environment and the principles of Sustainability.
- Protection of its material and intellectual assets.

- Compliance of the Group and its subsidiaries with the legal framework in the countries they operate.
- Adoption of practices and behaviors in accordance with the Group's voluntary commitments.

Additionally, the Group prohibits the use of corporate funds for political support (e.g. contributions to lobbying activities, political campaigns).

Results of the above policies and non-financial performance indicators

In 2019, the Group received certification according to the ISO 37001 standard for the fight against corruption, which will be valid until July 2022.

[GRI 205-3: Confirmed incidents of corruption and actions taken]

During the year 2020, there was no confirmed case of corruption that came to TERNA ENERY Group Management's attention, either through complaints or through audits carried out by the Group in the context of preventing and combating any incidents of corruption.

[GRI 419-1: Non-compliance with laws and regulations in the social and economic area]

During the year 2020, no fine and / or non-monetary sanctions for non-compliance with laws and / or regulations in the social and economic sector were inflicted to the Group.

Human Rights

Major risks and risk management

Respect for Human Rights is a prerequisite for paving the way to sustainable development, not only for the Group, but also for the communities in which it operates.

The Group identifies the risk of human rights violations both within its supply chain and its own boundaries, such as discrimination at the workplace, privacy violations of employees and forced or child labor. The possible violation of human rights may have negative impacts to the Group itself, such as the imposition of fines or penalties, as well as negative impacts on its employees and the reputation and / or trust of its stakeholders.

The Group, as a responsible corporate citizen, acknowledges that human rights abuses are directly linked to negative impacts for the society, the environment and the economy within which it operates. Implementing its human rights principles, the Group contributes more widely to the reinforcement of the rule of law and to the improvement of legal systems, which form the basis for the conclusion of all business agreements. In this regard, the risks posed by non-compliance with the applicable human rights framework are minimized, such as a potential crisis in social solidarity and prosperity.

Due Diligence and other policies

The Code of Conduct, which is the basic framework of principles and values of the Group, ensures the creation of a friendly and safe environment for all employees, with respect for human rights and human values. At the same time, policies and procedures based on international standards, such as the SA 8000, have been developed and implemented, and training is provided to inform employees on these issues.

At the same time, the Code of Conduct is the basic framework of principles and values that must characterize, among others, the suppliers, subcontractors and partners of the Group in order to maintain transparent and responsible business relations with it.

Results of the above policies and non-financial performance indicators

During the year 2020, there were no cases of human rights violations in the Group.

Social and Labor Issues

Major risks and risk management

The Group's employees constitute the cornerstone of its growth and business continuity. To this end, the TERNA ENERGY Group manages potential risks and makes the most of existing opportunities in an ever-changing social and work environment. The Group identifies the risks associated with the possibility of not providing equal opportunities, fair wages and appropriate occupational health and safety conditions.

Furthermore, the Group seeks to minimize the likelihood of accidents at work, by conducting special Occupational Risk Assessment studies, which identify potential health and safety risks for each working position. Potential occurrence of a work accident may cause negative impacts both on a operational level (e.g. work stoppage) and financial (e.g. imposition of fines, compensation and other penalties) while it can also have negative impacts on the human capital of the Group.

In addition, recognizing the potential social and environmental risks posed to local communities amid its ongoing activities in these areas, the Group conducts, before the commencement of its operations, impact studies to assess the potential environmental and social impacts (e.g. residents' health and safety impacts, impacts on the quality of life) of its planned activities.

The Group contributes to tackling the potential economic and social impacts associated with reducing employment in the country (e.g. unemployment), by increasing the number of job offerings. Furthermore, the Group recognizes the negative indirect economic impacts it may cause. For instance, to address the potential risks associated with reducing the purchasing power of its employees - e.g. non-contribution to the stimulation of the local economy, reduction of the contribution to the GDP -, the Group ensures the provision of compensation and benefits that exceed the limits provided by law.

Due Diligence and other policies

Through the adoption of responsible policies aimed at creating shared value for all its stakeholders, the TERNA ENERGY Group stands shoulder to shoulder with the local communities where it operates through its business activity as well as through continuous consultation and efforts to identify and address the real needs of the people.

The Group actively participates, supports and regards, as a highest priority, the investment in its people, providing the necessary resources for the promotion of the continuous improvement of the working environment.

The Group for the management of social and labor issues:

- Increases its socio-economic footprint.

- Provides equal opportunities, payroll and benefits.
- Provides equal opportunities for training and education.
- Implements the health and safety policy.

Responsible social relations and local communities support

The type and distribution of the Group's activities in the RES and waste management sectors, in Greece and abroad, renders the creation of responsible social relationships with local communities and the constant effort to maximize the activities’ positive social impact of vital importance for securing the Group’s social license to operate and its path to Sustainable Development.

Strengthening the relationships with local communities is achieved through a multi-dimensional strategy that aims to create positive impacts in the areas where the Group operates. As part of its strategy, the Group creates new jobs, supports its local suppliers and bodies, provides offsets and takes care of its projects’ socio-economic footprint.

Responsible relationships with local communities are achieved through engagement processes and collaborative efforts, with the aim of building relationships of trust with stakeholders. The Group’s goal is to create long-term value through responsible business conduct.

Equal opportunities, rewards and benefits

Equal treatment at the workplace, elimination of all forms of discrimination, racial, religious, gender, social, cultural, political, sexual preference or other, and the provision of equal opportunities for professional development based on merit criteria are fundamental principles on which the Group’s action is built upon to ensure the respect of its employees’ rights.

All actions related to employees, such as promotions, redundancies, remuneration or internal transfers to other departments, are exclusively based on merit criteria related to the performance, ability, effectiveness and qualifications of each employee. Transparency and impartiality are essential factors that contribute to the successful implementation of the business strategy to attract young people and retain existing talents.

The Nominations and Remunerations Committee is responsible for the Group's internal compensation and benefits policy. Within this framework, the Group operates with transparency and meritocracy regarding the allocation of fees and benefits, by applying objective criteria and evaluation indicators depending on the importance of the position, the duties and responsibilities of each position, the educational background, experience, skills, ability to achieve goals and level of performance and efficiency of employees.

The Group, having examined the cost of living in the countries where it operates, offers higher compensation than the minimum set by the respective legal framework. Most of the employees of the Group are remunerated with salaries that exceed the minimum legal wage provided. In addition, the Group offers additional benefits, such as corporate vehicle, laptop, corporate mobile connection, etc., depending on the needs and requirements of the job.

More specifically, the Group's policy imposes equal pay between men and women for the same position and leaves no room for discrimination or privileged treatment regarding pay or benefits or other employee characteristics.

Employee training

The Group recognizes the importance that human capital has in its ability to create value through its activities and for this reason it consciously invests in the continuous education and training of its human resources.

In particular, the Group systematically invests in training that aims, not only to enhance employee performance and upgrade their technical capabilities, but also to improve their ability to respond to emergencies. The Group focuses on the conduct of specialized education and training programs which are related to the subject of each position, the strategic planning and the needs of its human resources. The educational needs of the Group are determined on an annual basis, selecting the appropriate bodies and trainers and designing specialized training programs. In addition, on an annual basis and on a case-by-case basis, internal trainings are carried out by supervisors and specialized colleagues regarding issues of health and safety, environment and application of the Code of Conduct. Regardless of the subject matter, the trainings are in accordance with the needs of the projects undertaken by the Group and focus on the roles and duties of the employees.

Health and safety

The TERNA ENERGY Group strategy includes the non-negotiable principle of ensuring occupational health and safety. This principle is a prerequisite for any business activity and equally applies to all employees, subcontractors and network of partners.

The Group complies with the provisions of applicable national, European and international law and through a strict Health and Safety Management System, aims for the early detection and minimization of risks related to all its activities. The health and safety policy applies to the entire Group and all those who, indirectly or directly, are related to its business operations.

Strengthening the Group's health and safety policy and ensuring zero accidents is a function of goals related to:

- the implementation of an internationally certified Health and Safety Management System,
- the formation of a corporate culture governed by the principles of Health and Safety,
- the full compliance with legal and other national, European and international requirements, directives and provisions relating to the field of Health and Safety,
- the implementation, monitoring, evaluation and improvement of Health and Safety activities,
- the identification of occupational risks and development of a comprehensive prevention methodology,
- the prevention of injuries, diseases and adverse health and safety incidents,
- providing proper, adequate health and safety information and training to all employees, suppliers, partners and visitors,
- the compliance and unwavering adherence to H&A procedures by all stakeholders,
- the immediate investigation of any accident / incident, the factors' assessment and taking precautionary measures
- the integration of technologies, good practices and operating procedures that guarantee safety conditions for employees, subcontractors and third parties.

The Group's commitment to Health and Safety is demonstrated by the implementation of the certified Health and Safety Management System, in accordance with the requirements of the international standard ISO 45001.

At the same time, the protection of health and safety does not concern only the employees of the Group but also all those who are employed in its supply chain, such as suppliers and subcontractors. For this reason, cooperation agreements include conditions for mandatory compliance with the legislation concerning the rules of health and safety at work. In addition, the partners are required to comply with the policies, procedures, standards and management systems followed by the Group. The above actions are necessary conditions for the proper and safe operation of the supply chain and the safe execution of all tasks.

(Amounts in thousand Euro unless mentioned otherwise)

Results of the above policies and non-financial performance indicators

During the year 2020, the Group's social contribution through sponsorships, donations and infrastructure projects amounted to 1,306,611 euros.

[GRI 413-1 Operations with local community engagement, impact assessments, and development programs]

During the year 2020, for all its construction projects, the Group conducted the relevant environmental impact studies, continued to monitor the environmental footprint, and conducted consultations and public awareness programs, wherever this was required during the implementation of the projects.

[GRI 406-1: Incidents of discrimination and corrective actions taken]

During the year 2020, as during the previous years of the Group's operation, no cases of human rights trespasses and / or violations and no cases of discrimination due to race, religion, gender, age, disability, nationality, political beliefs, etc. have been reported, including incidents of harassment, in all its activities.

[GRI 102-8: Information on employees and other workers]

GRI 102-8: Information on employees[1] and other workers		2020			2019		
Region	Employee contract	Men	Women	Total	Men	Women	Total
Greece[2]	Permanent	239	63	302	232	62	294
	Temporary	2	0	2	0	0	0
	Freelancers[3]	91	20	111	79	18	97
	Total	332	83	415	311	80	391
USA	Permanent	16	5	21	11	5	16
	Temporary	0	0	0	0	0	0
	Total	16	5	21	11	5	16
Bulgaria	Permanent	6	2	8	6	2	8
	Temporary	0	0	0	0	0	0
	Total	6	2	8	6	2	8

(Amounts in thousand Euro unless mentioned otherwise)

North Macedonia	Permanent	0	1	1	0	1	1
	Temporary	0	0	0	0	0	0
	Total	0	1	1	0	1	1
Poland	Permanent	2	2	4	1	2	3
	Temporary	3	0	3	3	0	3
	Total	5	2	7	4	2	6
Serbia	Permanent	2	0	2	2	0	2
	Temporary	0	1	1	0	1	1
	Total	2	1	3	2	1	3
Albania	Permanent	1	1	2	1	1	2
	Temporary	0	0	0	0	0	0
	Total	1	1	2	1	1	2
Region	**Employment type**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Greece[2]	Full-time	233	58	291	232	60	292
	Part-time	8	5	13	0	2	2
	Total	241	63	304	232	62	294
USA	Full-time	16	3	19	11	3	14
	Part-time	0	2	2	0	2	2
	Total	16	5	21	11	5	16
Bulgaria	Full-time	6	2	8	6	2	8
	Part-time	0	0	0	0	0	0
	Total	6	2	8	6	2	8
North Macedonia	Full-time	0	1	1	0	1	1
	Part-time	0	0	0	0	0	0
	Total	0	1	1	0	1	1
Poland	Full-time	5	2	7	4	2	6
	Part-time	0	0	0	0	0	0
	Total	5	2	7	4	2	6
Serbia	Full-time	2	0	2	2	0	2
	Part-time	0	1	1	0	1	1
	Total	2	1	3	2	1	3
Albania	Full-time	1	0	1	1	0	1

(Amounts in thousand Euro unless mentioned otherwise)

	Part-time	0	1	1	0	1	1
	Total	1	1	2	1	1	2

[1] The data refer to the active employees on December 31, 2020.

[2] The disclosure data for Greece for the year 2019 have been updated compared to the Group's Sustainable Development Report 2019, following corrective changes.

[3] The calculation of the total number of employees by employment contract in Greece also includes the freelancers.

[ATHEX C-S1 Female employees]

ATHEX C-S1 Female employees	2020	2019
Percentage of female employees	22%	22%

[ATHEX C-S6 Collective bargaining agreements, GRI 102-41 Collective bargaining agreements]

ATHEX C-S6 Collective bargaining agreements GRI 102-41: Collective bargaining agreements	2020			2019[1]		
	Men	Women	Total	Men	Women	Total
Percentage of total employees[1] covered by collective bargaining agreements	89%	84%	88%	91%	84%	89%

[1] The total number of employees for Greece for the year 2019 has been updated compared to the Group's Sustainable Development Report 2019, following corrective changes, and therefore the disclosure percentages have been adjusted accordingly.

[2] The data refer to the active employees on December 31st, 2020.

[GRI 401-1: New employees hires and employee turnover]

GRI 401-1: New employee hires and employee turnover		2020								
		<30-years-old			30-50-years-old			>50-years-old		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Greece	New employee hires	21	2	23	36	9	45	6	1	7
	Percentage of new employee hires (%)	75%	25%	64%	19%	19%	19%	23%	13%	21%
	Number of voluntary turnovers	4	1	5	8	2	10	0	2	2
	Percentage of voluntary turnover (%)	14%	13%	14%	4%	4%	4%	0%	25%	6%

(Amounts in thousand Euro unless mentioned otherwise)

	Number of involuntary turnovers	**14**	**1**	**15**	**0**	**45**	**45**	**9**	**0**	**9**
	Percentage of involuntary turnover (%)	**50%**	**13%**	**42%**	**0%**	**96%**	**19%**	**35%**	**0%**	**26%**
USA	**New employee hires**	**1**	**0**	**1**	**5**	**2**	**7**	**1**	**0**	**1**
	Percentage of new employee hires (%)	**100%**	**0%**	**100%**	**38%**	**67%**	**44%**	**50%**	**0%**	**25%**
	Number of voluntary turnovers	**0**	**1**	**1**	**1**	**1**	**2**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**0%**	**0%**	**100%**	**8%**	**33%**	**13%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**8%**	**0%**	**6%**	**0%**	**0%**	**0%**
Poland	**New employee hires**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**0%**	**0%**	**0%**	**20%**	**0%**	**14%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Albania	**New employee hires**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

(Amounts in thousand Euro unless mentioned otherwise)

	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

[1] There were no new hires and voluntary turnovers, employee exists (voluntary and involuntary) in the following countries: Bulgaria, North Macedonia, Serbia.

GRI 401-1: New employees hires and employee turnover		**2019[1]**								
		<30-years-old			**30-50-years-old**			**>50-years-old**		
		Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Greece[2]	**New employee hires**	**16**	**5**	**21**	**50**	**15**	**65**	**11**	**0**	**11**
	Percentage of new employee hires (%)	**62%**	**45%**	**57%**	**28%**	**34%**	**29%**	**42%**	**0%**	**33%**
	Number of voluntary turnovers	**1**	**0**	**1**	**3**	**0**	**3**	**1**	**0**	**1**
	Percentage of voluntary turnover (%)	**4%**	**0%**	**3%**	**2%**	**0%**	**1%**	**4%**	**0%**	**3%**
	Number of involuntary turnovers	**10**	**2**	**12**	**21**	**4**	**25**	**12**	**1**	**13**
	Percentage of involuntary turnover (%)	**38%**	**18%**	**32%**	**12%**	**9%**	**11%**	**46%**	**14%**	**39%**
USA	**New employee hires**	**1**	**0**	**1**	**3**	**1**	**4**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**100%**	**0%**	**50%**	**33%**	**50%**	**36%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**1**	**0**	**1**	**3**	**0**	**3**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**100%**	**0%**	**50%**	**33%**	**0%**	**27%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Poland	**New employee hires**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**0**

	Percentage of voluntary turnover (%)	**0%**	**0%**	**0%**	**25%**	**0%**	**17%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Serbia	**New employee hires**	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**0%**	**0%**	**0%**	**0%**	**100%**	**50%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Albania	**New employee hires**	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**0**	**0**
	Percentage of new employee hires (%)	**0%**	**0%**	**0%**	**0%**	**100%**	**50%**	**0%**	**0%**	**0%**
	Number of voluntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of voluntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
	Number of involuntary turnovers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Percentage of involuntary turnover (%)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

[1] There were no new hires and voluntary turnovers, employee exists (voluntary and involuntary) in the following countries: Bulgaria, North Macedonia.

(Amounts in thousand Euro unless mentioned otherwise)

[ATHEX C-S3 Turnover rates]

ATHEX C-S3: Turnover rates[1]	2020			2019		
	Men	Women	Total	Men	Women	Total
Voluntary turnover rate	5%	9%	6%	4%	0%	3%
Involuntary turnover rate	9%	62%	21%	16%	10%	14%

[1] For the calculation of the Voluntary and Involuntary turnover rates of employees, the average of the total number of employees at the end of the year has been used.

[ATHEX C-S4 Employee training, GRI 404-1: Average hours of training per year per employee]

ATHEX C-S4 Employee training GRI 404-1 Average hours of training per year per employee[1]	2020			2019		
Ranking	Men	Women	Total	Men	Women	Total
Employees in the top 10% of employees by total compensation	5.7	9.6	7.1	2.8	0.4	1.6
Employees in the bottom 90% of employees by total compensation	2.0	0.2	1.6	4.2	2.6	3.9
By function	Men	Women	Total	Men	Women	Total
Administrative staff	2.4	0.3	1.3	2.5	2.4	2.4
Technicians	3.2	0	2.7	1.6	0.8	1.5
Rest of workers	0.8	0.6	0.8	7.2	6.0	7.1

[1] The data for the USA are not included in the table as they are not tracked.

[ATHEX C-S2 Female employees in management positions]

ATHEX C-S2: Female employees in management positions	2020	2019
Percentage of female employees at the top 10% of employees by total compensation	37%	50%

(Amounts in thousand Euro unless mentioned otherwise)

[ATHEX SS-S6 Health and safety performance, GRI 403-9 Work-related injuries, GRI 403-10 Work-related ill health]

ATHEX SS-S6 Health and safety performance GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health[1]		2020	2019
Employees	Number of hours worked	311,5	126,4
	Number of recordable work-related injuries[2]	6	1
	Rate of recordable work-related injuries[3]	3.85	1.58
	Accident severity rates	3.85	1.58

[1] In the table above:

- The indicators are rounded.
- As far as employees are concerned, there have been no fatalities, high-consequence work-related injuries, or cases of work-related ill health.
- With respect to the workers, there have been no fatalities, work-related injuries (high-consequence, recordable), lost day due to work-related accidents or cases of work-related ill health.

[2] Referring to minor injuries

[3] Accident Frequency Rate based on ATHEX ESG Reporting Guide 2019 terminology

Environmental Management

Major risks and risk management

The Group systematically identifies and prioritizes environmental risks associated with its companies' activities and which may cause adverse effects both for the stakeholders (e.g. local communities) and in its wider natural environment (e.g. impacts in land, water, air and ecosystems).

As part of its environmental management, the Group prioritizes the protection of biodiversity, as it is essential for the survival of plants and animal species' genetic diversity and natural ecosystems. Potential impacts in the case of neglecting the protection of biodiversity could be water and air pollution, threats to human health and food security. Through the protection of livestock, the Group contributes to the strengthening of local incomes (e.g. protection of crops for local producers) and consequently to the avoidance of bankruptcy risk.

The Group recognizes that the effects of climate change, such as the gradual increase in global average temperature and the increase in the frequency of emergencies and severe weather events, are a challenge for the global business community, presenting both opportunities and risks in design and implementation of its business model. It also recognizes that reducing greenhouse gas emissions through clean energy, electricity and heating and cooling of buildings should be priorities for tackling the effects of climate change. Therefore, the integration of climate risks and opportunities in the formulation of the Group's business strategy is a prerequisite for its Sustainable Development and its ability to continue to create value.

Due Diligence and other policies

Environmental protection is an integral part of the Group's strategy and becomes visible through its political, strategic and business decisions and actions. As a result of the high priority given by the Group to environmental issues, the person in charge of environmental management reports directly to the CEO of the Group. The Group acts purposefully and takes measures to reduce its negative environmental footprint through responsible energy management and the proper use of natural resources (e.g. water, energy, materials, tackling climate change and protecting and conserving biodiversity).

In particular, the Group's environmental strategy includes:

- the implementation of the Environmental Management System,
- tackling climate change,
- the protection and conservation of biodiversity,
- responsible management of solid and liquid waste.

Environmental compliance

By implementing a modern and integrated Environmental Management System, the Group records the environmental impact of its activities and is therefore able to take the necessary measures in a timely manner, in order to reduce its environmental footprint and continuously improve its environmental performance.

In order to ensure environmental compliance both in terms of activities and in terms of operations of the Group, internal and external environmental inspections are carried out both on an annual basis and at regular intervals, in order to assess the degree of compliance with the legislation, protocols and work practices, the requirements of the International Standard ISO 14001, as well as their degree of application. During 2020, the number of environmental inspections was significantly increased, carrying out a total of 45 internal environmental inspections in all facilities of the Group, compared to 30 inspections that took place in 2019. Internal environmental inspections are carried out by the Department of Health, Safety and Environment. The

Certification Body is responsible for external inspections. During the internal, as well as the external inspections, the areas that need improvement are identified and evaluated and the preventive and corrective actions are proposed.

Tackling climate change

As underlined in the environmental statement of the Group, it is committed to reducing energy consumption and greenhouse gas emissions in its buildings and facilities. At the same time, its activities in the field of energy production from RES, but also waste management, are oriented in the broader direction of dealing with the phenomenon of climate change.

The production of energy from RES contributes to the reduction of carbon dioxide emissions into the atmosphere, the reduction of the greenhouse effect and consequently the mitigation of the relevant effects. RES, as inexhaustible sources of energy, which are becoming increasingly competitive in the market and more urgent for the protection of the planet, also contribute to the decreasing dependence on fossil fuels, such as oil and gas. It is worth emphasizing that TERNA ENERGY has long been one of the largest investors in the Greek RES market and, simultaneously, one of the largest Greek RES Groups internationally.

In this context, through the RES projects that the Group operates, it has met its objectives and attained economic growth at a group level, while at the country and national economy level, the significant reduction of greenhouse gas emissions has been achieved, saving domestic conventional energy sources, as well as meeting the significant energy needs of citizens.

Protection and conservation of biodiversity

In the context of responsible management of the effects on biodiversity that may arise from the activities of the Group, methods and technologies are adopted in order to protect the natural ecosystems and the biological wealth of its activity areas.

To this end, the Group applies the following:

1. Investigation into the project locations and the required infrastructure as to whether it includes areas or regions that are governed by specific regulatory restrictions based on established land uses, the existence of Natura 2000 sites, as well as other protected areas.
2. Preparation of Environmental Impact Studies (EIA) and other specific studies in accordance with the provisions arising from the applicable international (where required) and national legal framework.
3. Implementation of a certified Environmental Management System (EMS) and training. More specifically, the environmental management system, certified in accordance with the requirements of the international standard ISO 14001, has been developed and communicated to all stakeholders involved in the supply chain (employees, partners, suppliers), while at the same time trainings are conducted for the Group's employees.

Responsible waste management

Proper waste management constitutes a material topic for the Group’s path to Sustainable Development and specifically for its environmentally responsible operation. Responsible waste management concerns the activities of TERNA ENERGY Group and its suppliers and partners, both in Greece and abroad. An irresponsible management of waste generated from the Group’s operations and projects may cause negative impacts both for the local communities (e.g. contamination of the local environment and deterioration of the residents’ quality of life) and country (degradation of the natural environment and intensification of the solid and liquid waste management problem), as well as at its operations (e.g. imposition of sanctions and work stoppage due to the uncontrolled production and/or waste disposal method). To avoid these impacts, the Group is constantly looking to mitigate the outputs and waste generated by its operations, selecting the best available waste management and disposal practices, working with certified bodies, and strictly implementing the certified Environmental Management System.

(Amounts in thousand Euro unless mentioned otherwise)

Results of the above policies and non-financial performance indicators

The Group implements the certified Environmental Management System, according to the international standard ISO 14001. At the same time, as one of the largest Greek producers of energy from RES with installed 1,363.7 MW, TERNA ENERGY in 2020 produced 4,151,134 MWh of clean energy, preventing the emission of 3,006,166 tons of CO2 into the atmosphere.

[GRI 304-2 Significant impacts of activities, products, and services on biodiversity]

During the year 2020, there were no incidents or complaints from regulators, environmental inspectors, NGOs and the local community, regarding the violation of environmental conditions related to the protection of biodiversity in the context of the activities of the TERNA ENERGY Group.

[GRI 307-1 Non-compliance with environmental laws and regulations]

During the year 2020, no fines or other sanctions were imposed on TERNA ENERGY Group in relation to the violation of the environmental legislation and the relevant regulations.

[GRI 302-1: Energy consumption within the organization, ATHEX C-E3 Energy consumption within the organization]

ATHEX C-E3 Energy consumption within the organization GRI 302-1: Energy consumption within the organization[1]	2020	2019
Total fuel consumption within the Group from non-renewable sources (in MJ)[2]	39,218,265.11	21,188,129.08
Electricity consumption (in MJ)	31,174,206.46	10,254,513.85
Total energy consumption inside the group (in MJ)	70,392,471.57	31,442,642.93
Total energy consumption inside the group (in MWh)	19,553.46	8,734.07
Percentage of electricity consumed (in MWh)	44%	33%
Percentage of energy consumed from non-renewable sources (in MWh)	0%	0%

[1] The data of the following countries are included in the above table: Greece, USA, Bulgaria, Poland. There are no data for the countries of North Macedonia, Serbia and Albania as they do not have facilities and therefore the above data are not monitored.

[2] The significant increase in fuel consumption in Greece in year 2020 compared to the year 2019 is due to the construction of the new plant in Ioannina.

[ATHEX C-E1 Scope 1 emissions, GRI 305-1: Direct (Scope 1) GHG emissions, ATHEX C-E2 Scope 2 emissions, GRI 305-2: Energy indirect (Scope 2) GHG emissions, SASB (IF-WM-120a.1): Air emissions of the following

(Amounts in thousand Euro unless mentioned otherwise)

pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)]

ATHEX C-E1 Scope 1 emissions GRI 305-1: Direct scope 1 emissions	2020	2019
CO_2 (in metric tons CO_2e)	9,538.40	7,020.90
Total direct (scope 1) GHG emissions (in metric tons of CO_2e)		
Biogenic CO_2 emissions (in metric tons CO_2e)	16,789.60	15,874.30
ATHEX C-E2 Scope 2 emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions	**2020**	**2019**
Location-based emissions (in metric tons of CO_2e)	2,429.80	2,121.09
Market-based emissions (in metric tons of CO_2e)	2,823.70	2,464.90
Which gases were included in the calculation of the indirect emissions (e.g. CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all);	CO_2, CH_4	CO_2, CH_4
SASB (IF-WM-120a.1): Air emissions of pollutants	**2020**	**2019**
Emissions of NO_x (include NO and NO_2 and exclude N_2O) in metric tons	0	0
Emissions of SO_x (include SO_2 and SO_3) in metric tons	0	0
Emissions of non-methane volatile organic compounds (VOCs) in metric tons	5.30	3.97
Emissions of hazardous air pollutants (HAPs) in metric tons	0	0

[GRI 303-3: Water withdrawal, GRI 303-4: Water discharge, GRI 303-5: Water consumption]

GRI 303-3: Water withdrawal	2020	2019
Total water withdrawal (in ML)	6,305.46	763.84
GRI 303-4: Water discharge	**2020**	**2019**
Total water discharge (in ML)	6,305.46	763.84
GRI 303-5: Water consumption	**2020**	**2019**
Total water consumption (in ML)	6,305.46	763.84

[GRI 306-3: Waste generated, GRI 306-4: Waste diverted from disposal, GRI 306-5: Waste directed to disposal]

(Amounts in thousand Euro unless mentioned otherwise)

GRI 306-3: Waste generated GRI 306-4: Waste diverted from disposal GRI 306-5: Waste directed to disposal[1]		2020			2019		
Waste by composition							
Hazardous waste		Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Lubricants	kg	8,629.20	8,629.20	0	10,781.64	10,781.64	0
Contaminated absorbant materials	kg	18,378.45	18,378.45	0	9,680.80	9,680.80	0
Contaminated plastic packaging	kg	4,223.30	4,223.30	0	3,351.60	3,351.60	0
Oil and gas filters	kg	6,146.57	6,146.57	0	2,346.00	2,346.00	0
Batteries	kg	285.00	285.00	0	0	0	0
Laboratory Waste	kg	40.00	40.00	0	0	0	0
Inorganic filter materials	kg	1,020.00	1,020.00	0	0	0	0
Filter Waste (active carbon etc.)	kg	2,190.00	2,190.00	0	0	0	0
Total	t	40,91	40,91	0	26,16	26,16	0
Non-hazardous waste		Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Urban waste	t	17.77	0	17.77	0.64	0	0.64
Recyclable	t	19.03	19.03	0	17.40	17.40	0
Total	t	36.80	19.03	17.77	18.04	17.40	0.64
Waste diverted from disposal by recovery operation							
Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse	t	0	0	0	0	0	0
Recycling	t	0	40.91	40.91	0	26.16	26.16
Total	t	0	40.91	40.91	0.00	26.16	26.16
Non-hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse (biogas production)	t	0	0	0	0	0	0
Recycling	t	0	19.03	19.03	0	17.40	17.40
Total	t	0	19.03	19.03	0	17.40	17.40
Waste directed to disposal by disposal operation							
Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration (with energy recovery)	t	0	0	0	0	0	0
Incineration (without energy recovery)	t	0	0	0	0	0	0
Landfilling	t	0	0	0	0	0	0
Total	t	0	0	0	0	0	0
Non-hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration (with energy recovery)	t	0	0	0	0	0	0
Incineration (without energy recovery)	t	0	0	0	0	0	0

(Amounts in thousand Euro unless mentioned otherwise)

Landfilling	**t**	**0**	**17.77**	**17.77**	**0**	**0.64**	**0.64**
Compost (fertilizer)	**t**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**t**	**0**	**17.77**	**17.77**	**0**	**0.64**	**0.64**

[1] The data of the following countries are included in the above table: Greece, USA, Bulgaria, Poland. There are no data for the countries of North Macedonia, Serbia and Albania as they do not have facilities and therefore the above data are not monitored.

[ATHEX SS-E7: Backlog cancellations]

During the year 2020, there were no backlog cancellations or delays of work related to effects on society or the environment within the TERNA ENERGY Group.

H. Transaction with related parties

The Company's transactions with related parties pursuant to the provisions of IAS 24 have been conducted under normal market conditions. In 2020, the amounts of sales and acquisition as well as balances of the Company's and Group's assets and liabilities as of 31/12/2020, arising from transactions with related parties are presented in Note 41 to the financial statements.

Transactions with member of the BoD

The total amounts paid to the members of the Group's Board of Directors amounted to Euro 2,167,996 (for the Company: Euro 1,582,465), of which an amount of Euro 873,000 (for the Company: Euro 700,000) relates to BoD fees, and an amount of Euro 1,294,996 (for the Company: Euro 882,465) relates to rendering of services.

I. Treasury shares and other information

During the period 01/01/2020 - 31/12/2020 the Company purchased treasury shares of nominal value Euro 795,005.10 and market value Euro 21,565,349.69. At the end of the FY the Company did not posses and Treasury Shares.

As part of its activity, the Company generates Branches, Construction sites and other similar facilities. In 2020, the Company maintained 93 facilities.

Athens, 27/4/2021

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. makes 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 Charter
4) Internal Audit Charter
5) Nomination and Remuneration Committee Charter
6) General Data Protection Regulation
7) Corporate responsibility
8) Anti-bribery management system – ISO 37001:2013
9) Information Security Management System – ISO 27001:2013

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, institutional 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 Board of Directors, as formed after the BoD assembly held on 02/04/2020 and the ratification of the General Meeting of Shareholders held on April 29 2020, which will manage the company until the Regular General Meeting, which will be held by 30/06/2022 the latest, includes the following Members:

1. George Peristeris, father's name - Theodoros Chairman – Executive Member

(Amounts in thousand Euro unless mentioned otherwise)

2. George Perdikaris, father's name - Gerasimos — Vice-Chairman – Executive Member
3. Emmanouil Maragoudakis, father's name - Vasileios — Chief Executive Officer – Executive Member
4. George Spyrou, father's name - Symeon — Executive Director – Executive Member
5. Emmanouil Moustakas, father's name - Mihail — 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 2020, in accordance with the relevant program, scheduled at the end of 2019. The dates of the meetings were scheduled beforehand in order to ensure the maximum quorum. In addition, the members held extraordinary meetings as at 10/1/20, 8/4/2020, 8/7/20, 10/8/2020, 24/8/20, 7/9/20, 29/9/20 and 16/12/20 , whenever it was requested to deal with extraordinary events that could not be foreseen when establishing the initial programming.

Full name	**Number of meetings held during their tenure**	**Number of meeting they participated in**	**Number of meetings they were represented**	**Number of meetings they were absent and not represented**
George Peristeris	20	18	2	-
George Perdikaris	20	20	-	-
Emmanouil Maragkoudakis	20	20	-	-
George Spyrou	20	20	-	-
Emmanuil Moustakas	15	14	1	-
Vasileios Delikaterinis	5	5	-	-
Michael Gourzis	20	19	1	-
George Mergos	20	20	-	-
Gagik Apkarian	20	20	-	-
George Koyvaris	20	20	-	-

During the exercise of their duties and the BoD meetings in 2020, the BoD members demonstrated “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 BoD meetings and its activities, the BoD was supported by the Company Secretary, Ms Dimitra Hatziarseniou, whose responsibilities are described in the CGC.

During 31/12/2020, the Members of the BoD and the Senior Managers owned 27,195,606 shares of the Company, ie a percentage of 23.47%.

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.

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 (5) meetings: on March 26, 2020, regarding the election of a new member for the BoD, after the resignation of an executive member, on April 6, 2020 regarding the amendment of the Company's Remuneration Policy. On October 19, 2020 and on November 16, 2020 regarding discussion on the employee stock awards plan and, finally, on November 11, 2020 regarding the establishment of a program for free distribution of the Company's shares to senior management and its executive members in accordance with the provisions of Article 114 of Law 4548/2020.

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

Emmanouil Maragoudakis

George Spyrou

and two of the following three members, depending on the issue to be discussed:

Vasileios Delikaterinis

George Agrafiotis

Emmanouil 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.

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 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 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 2020, the Audit Committee met nine (9) 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 were also informed about the issues raised by the latter on the basis of their knowledge and experience in performing their duties.

The AC members collaborated with auditors on issues of common interest throughout 2020 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.

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 2020 is described in the relevant Chapter D and E of the Annual Report of the Board of Directors for the same fiscal year.

4. Relations – Communication with Shareholder - 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 Shareholder Services and Corporate Announcements 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.

In charge of Shareholder Services and Corporate Announcements is Mr. George Koufios.

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 provision of the Code

Within 2020, 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, seven hundred and fifty-six thousand, five hundred and twenty-seven (€ 34,756,527) divided into one hundred fifteen million, eight hundred fifty-five thousand and ninety (115,855,090) 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 31/12/2020 are the following:

Shareholder	Shares	Percentage	
GEK TERNA S.A.	43.211.556	37,298%	Direct
George Peristeris	22.638.504	19.540%	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. 4548/2018, 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.

III. 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, 2020, 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 subsidiaries (the Group) as at 31 December 2020, 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.

Emphasis of mater– Event after the reporting date

We draw your attention to Note 49 "Events after the reporting date of the Statement of Financial Position" of the financial statements, which describes the unprecedented extreme weather conditions on February of 2021 in Texas USA and their effects in the Group's operations. Our opinion is not qualified in respect of this matter.

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
Recoverability of non-current assets	
As at 31 December 2020, the Group recognized Intangible Assets of Euros 50.3 million (Company: Euros 2.3 million) and Property, Plant and Equipment (PPE) of Euros 1,347.0 million (Company: Euros 75.6 million) mainly related to "Electricity and RES" segment. Also, as at 31 December 2020, the Company holds Investments in Subsidiaries of Euros 435.5 million. According to IAS 36 Intangible Assets with definite useful life, Property plant & Equipment and Investments in Subsidiaries are tested for impairment whenever Management estimates that there are indications of impairment. This assessment requires a significant degree of judgment. Non-depreciated intangible assets are tested for impairment at least on an annual basis. An impairment test involves determining the recoverable amounts of every Cash Generation Unit (CGU) based on appropriate methodologies based on discounted cash flows. No impairment losses were recognized within the current year in the consolidated financial statements, while impairment losses, standing at €0.4 million, in respect of investments in subsidiaries, were recognized in the separate financial statements. Given the significance of the aforementioned items and the high 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 non-current assets are included in Notes 3.1(ii), 3.2 (vii), 4.1(a), 4.4, 4.5, 4.7, 8, 10 and 12 of the financial statements.	The key audit procedures we carried out included, among others: – Evaluation of Management's estimates made in order to identify the existence of any indication of impairment in non-current assets. – Regarding CGUs, in respect of which indications of impairment existed, 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. – 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 according to IFRS requirements, in relation to this matter.
Revenue recognition	
The Group's revenue arises from various operating segments ("Constructions", "Electricity and Renewables Energy Sector ("RES")", "Trade in Electric Energy" and "Concessions"). In particular, the Group's revenue arising from: (i) RES produced electricity and trade in electric energy is recognized within the period when the respective services are rendered, (ii) construction contracts is defined by IFRS 15 applying the imput 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, (iii) concession	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

contracts is recognized in accordance with the provisions of IFRIC 12 *"Service Concession Arrangements"* and the management's estimates at construction and operations stages.

Each operating segment includes various sources of revenue, whose recognition involves a different extent of complexity, judgments and estimates of the Management. 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.

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), 4.12, 4.17, 6 and 36 of the financial statements.

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, 2020. (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 according to IFRS requirements, in relation to this matter.

Acquisitions & Disposals of Subsidiaries

As referred on Note 7 of financial statements, during the fiscal year 2020 took place the following significant transactions:

Acquisition of RF Omalies SA

On 23.04.2020, the Company acquired the 100% of the share capital of «RF Omalies MAE, which owns a cluster consisting of 11 wind farms with total capacity of 213 MW in Evia and a final date of connection to the National network and electrifying as that of 30.12.2022 ("Significant Acquisition"). The consideration paid comprises an initial cash payment of Euros 26.0 million plus contingent consideration of of Euros 9.9 million (on a discount basis at acquisition date).

The aforementioned acquisition accounted for in the consolidated financial statements as an asset acquisition; as at the review of provisions of IFRS 3, Management assessed that acquired assets and liabilities assumed do not constitute a "business" as provided in defined terms of IFRS 3 "Business Combinations". The cost of the acquisition was allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase (intangible assets of Euros 30.6 million recognized), while no goodwill arises on such a transaction.

The variable consideration is measured at fair value, which computed according the approach of weighted possibilities, and measured at present values using appropriate discount rate.

For further analysis of the acquisition refer to Notes 4.22 and 7.1 of the Group's financial statements.

Disposal of Mountain Air

On 15.07.2020, TERNA ENERGY USA HOLDING CORPORATION sold its membership interest in «Mountain Air Holding LLC» in USA with capacity 138 MW ("Significant Disposal"), in return of consideration of € 48.9 million. As a result, a gain on disposal of €

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

– Participated in discussions with management to understand the details of the Transactions.
– We obtained and reviewed the related share purchase /sale agreements in order to assess the accounting treatment of the Transactions on consolidated financial statements.
– We checked the consideration received for the Significant Disposal and paid for the Significant Acquisition by the Group to bank statements (extraits).
– We assessed the appropriateness of accounting of the Significant Acquisition under IFRSs requirements.
– For the contingent consideration of Significant Acquisition we checked the relevant calculation prepared against the formula stated in the Purchase agreement and we also checked its remeasurement at the end of the reporting period.
– For the aforementioned procedures, where this deemed appropriate, we used Grant Thornton's specialist.
– We tested the computation of the gain on disposal of the Significant Disposal.
– We assessed the adequacy of related disclosures in the accompanying financial statements according to IFRS requirements, in relation to this matter.

27.5 million has been recognized in current year's results. For further analysis of the disposal refer to Note 7.3 of the financial statements.

Because of the financial significance of the above transactions to the Group's financial statements and because of management's estimations and significant judgement for the measurement of contingent consideration payable, we have identified the Significant Acquisition and the Significant Disposal as a Key audit Matter.

The Group's disclosures regarding accounting policies, judgments and estimates used in respect of the abovementioned transactions are included in Notes 3.2 (ii), 4.22 and 7 of the financial statements.

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 153-154 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 31/12/2020.
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, 2020 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 14 years.

Athens, April 27, 2021

The Certified Auditor Accountant

Dimitra Pagoni

SOEL Reg. No 30821

Grant Thornton

Chartered Accountants Management Consultants

56, Zefirou str., 175 64 Palaio Faliro, Greece

Registry Number SOEL 127

IV. ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR FY ENDED AS AT DECEMBER 31st, 2020 (1 January – 31 December 2020)

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 27, 2021 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, as amended on 23/9/2020, are posted at www.terna-energy.com.

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st 2020

		GROUP		COMPANY	
	Note	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
ASSETS					
Non-current assets					
Intangible assets	8	50.301	25.344	2.283	2.110
Tangible assets	10	1.346.966	1.543.307	75.586	80.387
Right of use assets	9	11.677	8.401	4.114	1.153
Investment property	11	–	540	–	540
Investment in subsidiaries	12	–	–	435.525	400.287
Investment in joint ventures	14	4.567	4.362	4.689	4.409
Investment in associates	13	62	67	–	–
Other long-term receivables	16	4.611	33.117	110.950	89.942
Receivables from derivatives	25	14.544	14.322	–	–
Financial Assets – Concessions	17	46.952	44.408	–	–
Investment in equity interests	15	2.753	2.418	2.753	2.418
Deferred tax assets	35	10.106	6.124	1.620	27
Total non-current assets		**1.492.539**	**1.682.410**	**637.520**	**581.273**
Current assets					
Inventories	18	5.845	5.293	3.557	3.243
Trade receivables	19	84.929	77.595	39.469	45.588
Receivables from contracts with customers	21	19.352	18.071	5.187	4.881
Prepayments and other receivables	20	75.779	72.709	24.078	13.025
Income tax receivables		3.064	4.856	1.311	1.887
Other short-term investments επενδύσεις		2.212	–	–	–
Cash and cash equivalent	22	290.907	257.464	59.825	58.624
Total current assets		**482.088**	**435.988**	**133.427**	**127.248**
TOTAL ASSETS		**1.974.627**	**2.118.398**	**770.947**	**708.521**
EQUITY AND LIABILITIES					
Equity attributed to the shareholders of the parent					
Share capital	32	34.757	34.176	34.757	34.176
Share premium	32	209.870	191.793	209.870	191.793
Reserves	33	58.442	44.138	21.491	11.033
Retained earnings		181.323	156.439	58.087	71.025
Total equity attributable to the owners of the parent		**484.392**	**426.546**	**324.205**	**308.027**
Non-controlling interest		11.277	11.916	–	–
Total equity		**495.669**	**438.462**	**324.205**	**308.027**

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

(Amounts in thousand Euro unless mentioned otherwise)

		GROUP		COMPANY	
	Note	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Long-term liabilities					
Long-term loans	23	857.232	906.518	343.792	304.086
Liabilities from lease	24	11.064	8.024	4.114	1.368
Equity instrument's having a substance of financial liability	29	236.184	324.407	–	–
Liabilities from derivatives	25	7.873	7.178	958	955
Provision for staff indemnities	26	707	657	598	550
Other provisions	27	21.346	21.550	4.309	4.111
Grants	28	82.140	134.322	17.657	18.916
Deferred tax liabilities	35	32.474	27.901	4	1.572
Other long-term liabilities	7.1	10.290	38	10.290	–
Total long-term liabilities		**1.259.310**	**1.430.595**	**381.722**	**331.558**
Short-term liabilities					
Suppliers	30	42.247	56.835	15.124	14.969
Short-term loans	23	27.487	36.453	10.013	5.165
Long-term liabilities carried forward	23	69.364	70.214	31.467	39.926
Liabilities from lease	24	718	709	302	333
Equity instruments having a substance of financial liability	29	45.079	51.365	–	–
Liabilities from derivatives	25	4.774	8.882	419	399
Liabilities from contracts with customers	21	3.246	2.076	2.006	2.241
Accrued and other short-term liabilities	31	18.830	19.604	5.675	5.903
Income tax payable		7.903	3.203	14	–
Total short-term liabilities		**219.648**	**249.341**	**65.020**	**68.936**
Total liabilities		**1.478.958**	**1.679.936**	**446.742**	**400.494**
TOTAL LIABILITIES AND EQUITY		**1.974.627**	**2.118.398**	**770.947**	**708.521**

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

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR FY 2020

		GROUP		COMPANY	
	Note	01.01 - 31.12.2020	01.01 - 31.12.2019	01.01 - 31.12.2020	01.01 - 31.12.2019
Continuing operations					
Turnover	36	328.091	299.144	72.636	84.047
Cost of sales	37	(183.204)	(170.278)	(61.814)	(64.383)
Gross profit		**144.887**	**128.866**	**10.822**	**19.664**
Administrative & distribution expenses	37	(23.294)	(22.519)	(14.762)	(12.196)
Research & development expenses	37	(2.900)	(1.936)	(2.718)	(1.465)
Other income / (expenses)	38	5.841	18.516	887	2.900
Operating results		**124.534**	**122.927**	**(5.771)**	**8.903**
Financial income	39	5.954	5.549	3.882	3.556
Financial expenses	39	(67.710)	(66.202)	(13.085)	(12.713)
Gains / (Losses) from financial instruments measured at fair value	25	(412)	6.870	–	–
Revenue from participating interest and other	12.13	13	522	41.882	23.392
Gains / (Losses) from sale and valuation of participating interest other investments settlement	7	27.453	(4)	(464)	(1.677)
Associates and joint ventures profit and loss proportion	13	166	(26)	–	–
EARNINGS BEFORE TAX		**89.998**	**69.636**	**26.444**	**21.461**
Income tax expense	35	(16.610)	(16.391)	2.461	(1.176)
NET EARNINGS FOR THE PERIOD		**73.388**	**53.245**	**28.905**	**20.285**
Other comprehensive income					
Other comprehensive income subsequently reclassified in the income statement					
Foreign exchange translation differences from incorporation of foreign operation					
- Gains / (Losses) from present FY		(11.274)	789	–	–
- Reclassification to Income Statement	7.3	(65)	–	–	–
Cash flow hedges					
- Gains / (Losses) from present FY		3.735	(3.838)	(23)	(313)
- Reclassification to Income Statement	7.3	6.511	–	–	–
Corresponding income tax		322	428	5	83
Total		**(771)**	**(2.621)**	**(18)**	**(230)**
Items not subsequently reclassified in the Income Statement					
Gains / (Losses) from valuation of participating interest at fair value		(439)	–	(439)	–
Actuarial Gains / (Losses) from defined benefit plans		38	(57)	35	(54)
Corresponding income tax		105	4	97	12
Total		**(296)**	**(53)**	**(307)**	**(42)**
Other total loss for the year (after tax)		**(1.067)**	**(2.674)**	**(325)**	**(272)**
TOTAL COMPREHENSIVE INCOME		**72.321**	**50.571**	**28.580**	**20.013**

(Amounts in thousand Euro unless mentioned otherwise)

Net profit for the period attributed to:			
Shareholders of the parent from continuing operations		71.795	51.552
Non-controlling interests from continuing operations		1.593	1.693
		73.388	**53.245**
Total income attributed to:			
Shareholders of the parent from continuing operations		70.725	48.876
Non-controlling interests from continuing operations		1.596	1.695
		72.321	**50.571**
Earnings per share (in Euro)	34	0,63885	0,45911

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

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS FOR FY 2020

		GROUP		COMPANY	
	Note	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Cash flows from operating activities					
Profit before tax		89.998	69.636	26.444	21.461
Adjustments for reconciliation of net flows from operatin g activities					
Depreciation/Amortization of assets and rights to use	8, 9, 10	71.863	64.474	6.563	7.083
Amortization of grants	28	(6.764)	(7.995)	(1.259)	(1.259)
Impairment	38	10	3.247	397	2.921
Write-off		(2)	-	-	-
Provisions		161	164	143	145
Interest and related income	39	(5.954)	(5.549)	(3.882)	(3.556)
Interest and other financial expenses	39	67.710	66.202	13.085	12.713
Gains and losses from intangible and tangible assets, investment property and rights to use		(226)	(240)	(211)	3
Revenue from participating interests and other investme nt		(27.466)	(518)	(41.812)	(23.392)
Unrealized losses from derivatives		(75)	1.131	–	–
Gains and losses from derivatives	25	412	(6.870)	–	–
Percentage in profit after joint ventures income tax (JVs)		(166)	26	–	–
Foreign currency exchange differences	38	5.108	(693)	–	–
Operating profit before changes in working capital		**194.609**	**183.015**	**(532)**	**16.119**
(Increase)/Decrease in:					
Inventories		1.770	(535)	(314)	(212)
Trade and non-invoiced receivables from contracts with customers		(10.643)	211	6.329	4.892
Prepayments and other short-term receivables		(7.320)	5.695	(1.491)	1.485
Increase/(Decrease) in:					
Suppliers and liabilities from contracts with customers		9.002	(5.108)	(479)	(5.762)
Accruals and other short-term liabilities		(79)	2.590	(2.346)	(8.434)
Other long-term receivables and liabilities		1.406	(1.844)	(43)	(2.136)
Income tax paid		(8.610)	(15.273)	(8)	1.467
Net cash flows from operating activities		**180.135**	**168.751**	**1.116**	**7.419**

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

(Amounts in thousand Euro unless mentioned otherwise)

		GROUP		COMPANY	
	Note	01.01 - 31.12.2020	01.01 - 31.12.2019	01.01 - 31.12.2020	01.01 - 31.12.2019
Cash flow from investing activities:					
Acquisition/Disposal of tangible and intangible fixed as sets	8, 10	(105.316)	(169.568)	(1.662)	(967)
Disposal of investment property		653	–	653	–
Interest and related income collected		460	245	3.710	9.131
Payments for acquisition of companies less subsidiaries cash and cash equivalent	7.1	(25.040)	(53.576)	(25.828)	–
Cash and cash equivalent of the companies whose consolidation was discontinued	7.3	45.114	–	–	–
Payments for acquisition or increase in participating interest in associates and joint ventures (JVs)		–	(98)	–	(98)
Payments for acquisition shares, bonds and other securit ies		(3.151)	(599)	(773)	(600)
Dividends collected		13	522	40.894	23.392
Issued loans		–	(513)	(50.945)	(33.895)
Proceeds from issued loans		–	816	30.279	49.294
Net cash flows from investing activities		**(87.267)**	**(222.771)**	**(3.672)**	**46.257**
Cash flows from financing activities					
Proceeds from share capital increases	32	67.096	(213)	67.096	(213)
Share capital return	32	(19.341)	(33.720)	(19.341)	(33.720)
Acquisition of Treasury Shares	33	(21.239)	(1.926)	(21.239)	(1.926)
Proceeds / (Payments)from changes in participating interests		20	204	(6.969)	(69.445)
Proceeds for long term loans		137.224	483.865	65.400	225.688
Payments for long term loans	23	(72.011)	(325.664)	(28.286)	(125.495)
Net change in liabilities from derivatives used for risk hedging		–	2.041	–	–
Proceeds from equity interests having a substance of financial liability		1.052	120.718	–	–
Payments for equity interests having a substance of finan cial liability		(53.508)	(35.857)	–	–
Payments for lease liabilities	24	(1.549)	(1.544)	(635)	(466)
Net change in short term loans		(7.944)	(11.361)	5.000	(12.000)
Dividends paid		(41.549)	(1.609)	(38.867)	(500)
Interest paid		(43.581)	(49.673)	(18.402)	(16.179)
Net cash (outflows) /inflows from financing activities		**(55.330)**	**145.261**	**3.757**	**(34.256)**
Net increase/(decrease) in cash and cash equivalents		**37.538**	**91.241**	**1.201**	**19.420**
Effect of exchange rate changes on cash & cash equivale nts		(4.095)	(136)	–	–
Opening cash and cash equivalents	22	257.464	166.359	58.624	39.204
Closing cash and cash equivalents	22	**290.907**	**257.464**	**59.825**	**58.624**

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

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FY 2019

	Note	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non-controlling interests	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 for the period		**–**	**–**	**(2.674)**	**51.552**	**48.878**	**1.695**	**50.573**
Issue of Share Capital		–	–	–	(213)	**(213)**	–	**(213)**
Increase of subsidiary's share capital		–	–	–	–	**–**	204	**204**
Formation of reserves	33	–	–	6.889	(6.893)	**(4)**	3	**(1)**
Distribution of dividends		–	–	–	(500)	**(500)**	(1.105)	**(1.605)**
Treasury Shares	33	–	–	(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.

(Amounts in thousand Euro unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FY 2020

	Note	Share Capital	Share Premium	Reserves	Retained Earnings	Total	Non-controlling interests	Total
1 January 2020		**34.176**	**191.793**	**44.138**	**156.439**	**426.546**	**11.916**	**438.462**
Net profit for the year		–	–	–	71.795	**71.795**	1.593	**73.388**
Other comprehensive income								
Foreign currency translation differences from incorporating foreign operations		–	–	(11.339)	–	**(11.339)**	–	**(11.339)**
Gains/(losses) from valuation at fair value of participations (NOT reclassified in the Statement of Comprehensive Income)		–	–	(334)	–	**(334)**	–	**(334)**
Cash flows risk hedging		–	–	10.565	–	**10.565**	3	**10.568**
Actuarial losses form defined benefit plans	26	–	–	38	–	**38**	–	**38**
Other comprehensive losses for the period (after tax)		**–**	**–**	**(1.070)**	**–**	**(1.070)**	**3**	**(1.067)**
Total comprehensive income for the period		**–**	**–**	**(1.070)**	**71.795**	**70.725**	**1.596**	**72.321**
Capitalization of Reserves & Retained Earnings	32	19.366	(19.366)	–	–	**–**	–	**–**
Share Capital Return	32	(19.366)	–	–	–	**(19.366)**	–	**(19.366)**
Issue of Share Capital	32	1.870	66.655	–	(1.427)	**67.098**	–	**67.098**
Increase of subsidiary's share capital		–	–	–	–	**–**	20	**20**
Formation of reserves	33	–	–	6.113	(6.113)	**–**	–	**–**
Distribution of dividends	32	–	–	–	(38.894)	**(38.894)**	(2.682)	**(41.576)**
Treasury Shares	33	(1.288)	(29.212)	9.261	–	**(21.239)**	–	**(21.239)**
Change in participation percentage & other changes	5	–	–	–	(477)	**(477)**	477	**–**
Discontinuing subsidiary's consolidation	5	–	–	–	–	**–**	(50)	**(50)**
Transactions with shareholders of the company		**581**	**18.077**	**15.374**	**(46.911)**	**(12.878)**	**(2.235)**	**(15.114)**
December 31st 2020		**34.757**	**209.870**	**58.442**	**181.323**	**484.393**	**11.277**	**495.669**

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

(Amounts in thousand Euro unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR FY 2019

	Note	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	33	–	–	2.023	(2.023)	**–**
Distribution of dividends		–	–	–	(500)	**(500)**
Equity shares	33	–	–	(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.

(Amounts in thousand Euro unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR FY 2020

		Share Capital	Share Premium	Reserves	Retained Earnings	Total
7		**34.176**	**191.793**	**11.033**	**71.025**	**308.027**
Net profit for the year		–	–	–	28.905	**28.905**
Other comprehensive income						
Gains/(losses) from valuation at fair value of participations (NOT reclassified in the Statement of Comprehensive Income)		–	–	(334)	–	**(334)**
Cash flows risk hedging		–	–	(18)	–	**(18)**
Actuarial losses form defined benefit plans		–	–	27	–	**27**
Other comprehensive losses (after tax)		**–**	**–**	**(325)**	**–**	**(325)**
Total comprehensive income		**–**	**–**	**(325)**	**28.905**	**28.580**
Capitalization of Reserves & Retained Earnings	32	19.366	(19.366)	–	–	**–**
Share Capital Return	32	(19.366)	–	–	–	**(19.366)**
Issue of Share Capital	32	1.869	66.655	–	(1.427)	**67.097**
Formation of reserves	33	–	–	1.522	(1.522)	**–**
Distribution of dividends	32	–	–	–	(38.894)	**(38.894)**
Treasury Shares	33	(1.288)	(29.212)	9.261	–	**(21.239)**
Transactions with owners		**581**	**18.077**	**10.783**	**(41.843)**	**(12.402)**
December 31st 2020		**34.757**	**209.870**	**21.491**	**58.087**	**324.205**

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

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 in the construction sector include construction of private and public projects as a main contractor or subcontractor or through joint ventures. Based on the effective legislation, it can undertake private and public projects (based on Law 4412/2016), regardless of budgeting, depending on the technical and financial criteria established every time, independently or through a joint venture.

TERNA ENERGY has succeeded the Technical Constructions Company (ETKA S.A.), established in 1949 (Government Gazette 166/21.06.1949), which TERNA ENERGY S.A. absorbed in 1999 and which was established in 1997 (Government Gazette 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 and hydroelectric 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 tax non-inspected FYs are analytically recorded in 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 31/12/2020 held 37,298% (31/12/2019: 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 31st December 2020 were approved by the Board of Directors on 27/4/2021 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.), the Company's website on the Internet as well as ATHEX website.

2. FRAMEWORK FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the Presentation of financial statements

The Company's separate and consolidated financial statements as of December 31st 2020, which cover the annual period from January 1st until December 31st 2020, are in compliance with the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and their interpretations, published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until December 31st 2020. The Group applies all the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations, which apply to the Group's operations. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all the presented periods.

Going Concern

When the Management defines the appropriate basis for the preparation of the consolidated and separate financial statements, it should examine whether the Group is able to continue as a going concern in the near future. 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.
The decision of the Management to use the going concern principle is based on the estimates related to potential effects of both – outbreak and spread of COVID-19 and the extreme weather conditions adversely affecting the Staten of Texas, the USA, in February 2021. These factors have been taken into account by the Management for the framework of preparation of the financial statements for the year ended 31/12/2020.
In particular, the following significant events were taken into consideration under assessing the adequacy of the preparation of the financial statements on the going concern principle accounting bases:

- **Coronavirus pandemic (COVID-19)**

The health crisis caused by coronavirus pandemic (COVID-19) has led the global economy to a period of uncertainty and instability, the consequences of which are difficult to assess based on the currently effective data, since the pandemic is still ongoing. The economic impact will depend on the term and intensity of the recession as well as the prospects for recovery. To address the health and, consequently, the economic aspects of the pandemic, governments around the world have already launched ongoing mass vaccination programs, so that the programs should cover the entire population and build up the required "wall" of immunity against Covid-19, which will lead to return to regularity.
The impact of COVID-19 is not expected to be significant for TERNA ENERGY SA Group and the Company. The Management has estimated that there is no issue of material uncertainty regarding the Company's ability to continue as a going concern (analytical description is presented in Note 42).

- **Unprecedented extreme weather conditions in Texas, the USA, in February 2021 and the impact on the Group's operations - Post reporting date event**

Note 49, analytically describes the unprecedented extreme weather conditions prevailing in February 2021 in Texas, the USA (hereinafter referred to as the "Natural Phenomenon") and their direct impact on the operations of TERNA ENERGY USA HOLDING CORP ("TERNA USA") subgroup and, in particular, on the operations of TERNA DEN LLC Sub-Group (which includes the USA subsidiaries, owning and operating 3 Wind Farms of the Group in Texas - Fluvanna 1, Fluvanna 2/Gopher Greek and Bearkat I - total capacity 510MW). This event is regarded as a non-adjusting event in accordance with the requirements of IAS 10 "Events after the Reporting Date" and,

therefore, is not presented in recognition and measurement of assets and liabilities in the annual financial statements of the Group and the Company for the year ended 31.12.2020.
The Management has analytically examined all the above events while assessing their impact on the operations in 2020, given the events and circumstances at the accompanying financial statements approval date. The Management estimates that due to all the aformenetioned events, there is substantial uncertainty casting significant doubts regarding the ability of TERNA DEN LLC sub-Group companies to continue as a going concern. Furthermore, the consequences of the above events may have a significantly adverse impact on the Group's operations and financial position in 2021. However, the Management estimates that these consequences do not generate uncertainty regarding the Group's and the Company's ability to continue as a going concern, i.e. they do not affect the adequacy of the basis for the preparation of the consolidated and separate financial statements based on the going concern principle (analytical information is provided in Note 3).

2.2 Basis of measurement

The accompanying separate and consolidated Financial Statements as of December 31st 2020, have been prepared according to the principle of historical cost, apart from financial derivatives, variable consideration liability and investments in equity instruments, measured at fair value.

2.3 Presentation currency

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

2.4 Comparability

Comparative sizes recorded in the Financial Statements have not been readjusted.

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. Judgments, assumptions and estimates of the Management affect the amount of valuation of several asset and liability items, the amount recognized during the year regarding specific income and expenses as well as the presented estimates of contingent liabilities.

Assumptions and estimates are assessed on an on-going basis according to historic experience and other factors, including expectations of future event outcomes, considered reasonable given the current conditions. The estimates and assumptions relate to the future and, consequently, the actual results may differ from the accounting calculations.

The aspects requiring the highest degree of judgment as well as the segments, where assumptions and estimates significantly affect 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 2019, apart from the adoption of several new accounting standards, whose application was mandatory in the European Union for FYs beginning as at January 1st , 2020 (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 01/01/2020.

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 amendments do not affect the consolidated and separate Financial Statements.

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 amendments do not affect the consolidated and separate Financial Statements.

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 amendments do not affect the consolidated and separate Financial Statements.

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 amendments do not affect the consolidated and separate Financial Statements.

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 amendments were taken into account while assessing the acquisition carried out in 2020 (see Note 7).

Amendments to IFRS 16 "Leases" Covid-19 – Related Rent Concessions (effective for annual periods starting on or after 01/06/2020)

In May 2020, the IASB issued amendments to IFRS 16 that provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. More specifically, the amendments clarify that if certain conditions are met, lessees are not required to assess whether particular Covid-19-related rent concessions are lease modifications. Instead, lessees that apply the practical expedient, would account for those rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendments do not affect the consolidated Financial Statements.

2.6.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union until 31/12/2020

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform – Phase 2" (effective for annual periods starting on or after 01/01/2021)

In August 2020, the IASB has finalized its response to the ongoing reform of IBOR and other interest benchmarks by issuing a package of amendments to IFRS Standards. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for a change in its hedging relationships as a result of the reform, as well as relevant information required to be disclosed. 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 01/01/2021.

Amendments to IFRS 16 "Leases": Covid-19 – Related Rent Concessions beyond 30 June 2021 (effective for annual periods starting on or after 01/04/2021)

In March 2021, the IASB issued amendments to the practical expedient of IFRS 16, that extend the application period by one year to cover Covid-19-related rent concessions that reduce only lease payments due on or before 30 June 2022. 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 IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018-2020" (effective for annual periods starting on or after 01/01/2022)

In May 2020, the IASB issued a package of amendments which includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. More specifically

- Amendments to IFRS 3 Business Combinations update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

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 01/01/2023)

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. Furthermore, in July 2020, the IASB issued an amendment to defer by one year the effective date of the initially issued amendment to IAS 1, in response to the Covid-19 pandemic. 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 "Presentation of Financial Statements" (effective for annual periods starting on or after 01/01/2023)

In February 2021, the IASB issued narrow-scope amendments that pertain to accounting policy disclosures. The objective of these amendments is to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. More specifically, companies are required to disclose their material accounting policy information rather than their significant accounting policies.

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

In February 2021, the IASB issued narrow-scope amendments that they clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS OF THE MANAGEMENT

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, the amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that cannot be known with certainty at the time of preparation of the financial statements and, therefore, actual results may differ from what has been estimated. An accounting estimate is considered significant when it is material to the financial position and income statement of the 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, 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 the 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 of the Management, applied while implementing the Group and the Company accounting policies, which have the most significant impact on the financial statements (apart from those analyzed in Note 3.2) are analyzed as follows:

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 that can be recognized, significant judgments and estimates of the Group's Management are required, based on future taxable profits, combined with future tax strategies to be pursued, as well as the uncertainties dominating in 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 indicate 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) Acquisition of "business" according to the definition provided in IFRS 3 or acquisition of assets

In accordance with IFRS 3 "Business Combinations", the Group determines whether a transaction or other event constitutes a business combination in accordance with the relevant definition of the Standard, i.e. whether the assets acquired and liabilities assumed constitute a "business".

In the event the acquired assets do not constitute a business, then the Group manages the transaction or other event as an acquisition of an asset. According to IFRS 3, the term "business" is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The accounting treatment of a business combination is carried out in accordance with the accounting policy described in Note 4.21, while the accounting treatment of acquisition of an asset (or group of assets) which do not constitute a "business" is carried out in accordance with the accounting policy described in Note 4.22.

iv) Equity instruments having a substance of financial Liabilities – Recognition

The Group has entered into agreements with "Tax Equity Investors" (hereinafter "TEI") in the USA. According to these agreements, the cash flows and tax benefits generated by wind farms are contractually distributed amongst Tax Equity Investors and the Group. In essence, based on these schemes, 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. The Group Management exercises judgment while assessing whether it exercises control over the wind farms, in accordance with the requirements of IFRS 10. This assessment concludes that the particular contribution of TEIs has the characteristics of a "financial obligation" in accordance with the requirements of IAS 32. Judgment is also required when assessing TEIs' participation in the scheme, after receiving the agreed rate of return. The accounting recognition of TEI is conducted based on the accounting policy described in Note 4.11.5.

3.2 Uncertainty of estimates and assumptions

Specific amounts that are either included or affect the Financial Statements and the related disclosures are estimated, necessitating to make assumptions about values or conditions that cannot be known with certainty during the period of the Financial Statements preparation. An accounting estimate is considered significant when it is material to the financial position and the income statement of the Group and requires most difficult, subjective or complex judgments of the Management. 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 making projections regarding potential changes in the future.

i) Recognition of revenue from construction contracts

Managing revenue and expenses from a construction contract, depends on whether the final result of the contract implementation can be reliably estimated (and is expected to bring profit to the constructor or the result of the implementation are expected to be loss-bearing). When the outcome of a construction contract can be reliably estimated, then revenue and expense of the contract are recognized over the term of the contract, respectively, as revenue and expense.

The Group uses the completion stage to determine the appropriate amount of revenue and expense which it will recognize in a specific period. In particular, based on the input method under IFRS 15, the construction cost at every reporting date is compared to the total budgeted cost in order to determine the percentage of completion. The completion stage is measured on the basis of the contractual costs incurred until the reporting date in relation to the total estimated cost of every construction project. The Group, therefore, makes significant estimates regarding the gross result with which every construction contract will be implemented (total budgeted cost of the construction contract implementation).

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 the initial recognition will affect the measurement of goodwill (further information is provided in Note 7).

iii) Provision for income tax

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 arise during tax inspections.

The Group's companies are subject to various income taxation legislations. Significant estimates are required in order to determine the total provision for income tax, as presented in the Statement of Financial Position. The final tax determination is uncertain in respect of specific transactions and calculations. The Group recognizes liabilities for the projected tax issues based on the calculations as to the extent to which additional taxation will arise. In cases where the final tax result differs from the initially recognized amount, 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 actuarial 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 consideration that market participants would pay to acquire these financial instruments. The Management bases its assumptions on observable data, but it is not always feasible. In such cases, the

Management uses the best available information for its estimates, based on its past experience, also taking into account the available information. Estimated fair values may differ from the actual values that would be made in the context of an ordinary transaction at the reporting date of the financial statements (further information is provided in Note 45).

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

Also, any contingent consideration, provided by the Group in the course of an acquisition, is measured at its initial recognition, as well as at every reporting date of the financial statements, at its fair value. Contingent consideration is measured in accordance with the accounting policy described in Note 4.21 (for cases where the acquisition is considered to be a business combination under IFRS 3, or in accordance with the accounting policy described in Note 4.22 (in the case when acquisitions meet the effective prerequisites in order to be characterized as assets).

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 the items 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. Estimate 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 recorded 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 every reporting period in the light of technological, institutional and economic developments as well as the experience of their exploitation. As at 31/12/2020, 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, as at the reporting date (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 provided in Notes 4.16 and 27).

x) Equity instruments having a substance of financial liability - Measurement

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 regarding 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, based on which it may also have to review its estimates (see Note 48).

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. In respect of the year ended as at 31.12.2020, the Management also took into account the potential effects of COVID-19 regarding collecting the Group's revenue. It is to be noted that the Group did not identify significant discrepancies regarding the course of receipts to the extent that it is an indication of significant deviations in respect of the course of its collectibles to the extent that could indicate significant delays in the collectibles pertaining to RES operating sector. In every reporting period, the provision that has been made is adjusted and the changes are recognized in the income statement (further information is presented in Notes 16, 19, 20 and 21).

4 SUMMARY OF KEY ACCOUNTING POLICIES

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

4.1 Basis for consolidation

The accompanying consolidated financial statements include the financial statements of TERNA ENERGY and its subsidiaries as at 31/12/2020. 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 they 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 recorded 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, cannot materially influence decision-making.
3. The parent company may exercise its authority over the subsidiary to influence the amount of its returns. This is the result of decision-making on subsidiary’s related matters through controlling the decision-making bodies (Board of Directors and Directors).

Changes in 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 acquisition 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 do not constitute a separate entity within the framework of the IFRS. Their assets and liabilities are incorporated 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 undertaken liabilities 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 participating interest in joint ventures. Unrealized losses are also eliminated unless there is evidence of the transaction for impairment of the transferred asset.

Consolidation takes into account the percentage held by the Group, effective as at consolidation date. The structure of the business scheme is the key and determining factor in defining accounting treatment. The accounting policies of jointly controlled entities are 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 acquisition 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 acquisition cost and then consolidated using the equity method.

According to this method, investments in associates are recognized at acquisition cost less any changes in the Group's participating interest in Equity after the initial acquisition date, less any provisions for impairment of those participating interests' value.

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 the shareholding. If the associate subsequently produces profits, the investor starts once again 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 acquisition 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 of the Group's as well as the Parent Company's reporting currency.

Transactions and balances 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.

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 arising 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 operations, which vary according to the nature of every 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 acquisition cost. Intangible assets acquired as part of business combinations are recognized at fair value on 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. All the Group's intangible assets have a definite useful life.

The period and method of amortization are reviewed at least at the end of every annual 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
Intangible assets recognized due to Concession arrangements (Note 4.12)	Fixed	25

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

(a) Software

Maintenance of software programs is recognized as an expense when the expense is realized. On 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 requirements of IAS 38 “Intangible assets” apply.

(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 amortization 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 amortization 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 acquisition values, less accumulated depreciation and any potential impairment losses. The acquisition cost includes all directly reimbursable costs incurred for the acquisition of these assets.

Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the extent that the said expenses increase the future economic benefits, expected to arise from the use of the fixed asset and that their cost can be measured reliably.

Repair and maintenance cost is recognized in the Income Statement when incurred.

Tangible assets are written off when they are sold or withdrawn or when no further economic benefits are expected from their ongoing use. Gains and losses, 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 under construction 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

Useful life of tangible fixed assets are reviewed 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 received consideration 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 incurred, during the tangible assets construction period, provided that the recognition criteria are met (please refer to Note 10).

4.6 Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of qualifying assets, which will require considerable time until the assets are ready for the proposed use or disposal, are added to the acquisition cost of those assets until the assets are ready for the proposed use or disposal. In other cases, the borrowing costs burden gains or losses 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 the relative indications are effective) are the assets measured at acquisition cost or under 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 test, assets are grouped at 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 selects the appropriate discount rate in order to calculate the present value of future cash flows.

Impairment loss is recognized for the amount, by which the book value of an asset or a Cash Generating Unit exceeds their 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. Discount factors are determined individually for every Cash Generating Unit and reflect the corresponding risk data, determined by the Management for every one of them.

Further assumptions are made that prevail in the energy market. The period, reviewed by the management exceeds five years - the period that is encouraged by IAS 36, since 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. 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 amount 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, for the asset in the previous years.

4.8 Investments property

Investment property relates to investments in properties which are held (through acquisition) by the Group, either to generate rent from their lease or for the increase in their 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 regular operations.

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

The book value recognized in the Group’s Financial Statements reflects the market conditions on the Statement of Financial Position reporting date. Gains or losses, arising from changes in the fair value of investment property constitute results and are recognized in the Income Statement for the period in which it has been recognized. Repairs and maintenance are recognized as expenses in the period when incurred. Repairs and maintenance are recognized as expenses in the period when incurred.

Significant subsequent expenses are capitalized when they increase the useful life of the property and its production capacity or reduce its 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.

Investment property is derecognized (eliminated from the Statement of Financial Position) when it is sold or when it is permanently withdrawn from use and is not expected to generate future economic benefits from its sale. Gains or losses from withdrawal or sale of investment property pertain to the balance between 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.

As of December 31, 2020, the Company and the Group do no hold any investment property.

4.9 Inventory

Inventory includes spare parts and raw and auxiliary materials of Wind Farms. Inventory items 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 deemed necessary. Impairment of inventory at net realizable value and other losses from inventory are recognized in the income statement for the period when 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 risk of change in value.

The Group regards term deposits and other highly liquid investments of less than three months maturity as cash available, as well as term 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 the restrictions, are not included in 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 all the risks and benefits, associated with the particular financial asset, are substantially transferred. A financial liability is derecognized 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 Statement of Comprehensive Income 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 sale, 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 sale if they are acquired for sale or repurchase in the near future. Derivatives, including embedded derivatives, are also classified as held for sale, 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 present in other results directly in equity the subsequent changes in the fair value of an equity investment that is not held for sale.

Gains or losses 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 every equity interest 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 effective under IAS 39 for recognition of realized losses with recognition of 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 provisions for impairment under IFRS 9 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, stated in IFRS 9 to trade and other receivables as well as to receivables from on construction contracts and receivables from leases, calculating 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. While calculating the expected credit losses, the Group uses a provisioning matrix, 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 Notes 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 operating framework in the form of equity instruments 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 apart from 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 the income statement (except derivatives that operate as 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 less 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 amount.

Gains and losses are recognized in the income statement when the liabilities are derecognized or impaired through the amortization procedures.

(ii) Trade and other liabilities

Balances of suppliers and other liabilities are initially recognized at their fair value and are 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, cash flows and tax benefits generated by wind farms are contractually distributed 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 they are 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 cash distributions to Tax Equity Investors, as these distributions are contractually 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 Group maintains control over the wind farms, according to the provisions of IFRS 10, which are, therefore, fully consolidated in the Group's financial statements under full consolidated method.
- Counterparties receive a significant component of tax losses and PTCs generated by wind farms, as well as a component of cash flows, until they achieve a predetermined (at the start of investment) rate of a non-guarantee return.
- Counterparties remain investors 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 to the return on the investment.
- The return on the investment of the counterparties depends solely on the performance of wind farms. Although the GROUP undertakes the obligation to operate these wind farms in the best possible way and to take all the appropriate measures for their sound operation, it is not obliged to pay cash to the counterparties in excess of what is required in order 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 and according to IFRS 10 and IAS 32, 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 liability is reduced through 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. As of December 31, 2020, the Group does not retain any of these financial instruments.

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 every reporting date either in the income statement or in other comprehensive income, depending on the extent, to which 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 risk hedging transaction strategy. The Group also records both - when creating the hedging transaction and afterwards – the extent to which the instruments 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 the income statement. The fair value of these derivatives is determined primarily on a market value and is confirmed by the counterparty credit institutions. Exceptions are made regarding the 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 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 rate 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 to offset this amount of hedging item.

Future cash flows hedging

The component 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 (from other comprehensive income to the income statement) in the periods in which the hedged item affects the income statement (when the projected 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 gains or losses recognized directly in equity until that date remains in the reserves 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 gains or losses recorded in the reserves are directly 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 recorded the Statement of Financial Position only if there is the present legal right to offset the recognized amounts and the entity intends to settle 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 utility service and deals with the operation and maintenance of that infrastructure (operation 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

The 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 completion 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)

The 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 "Service Concession Arrangements". 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 is provided in Note 17.

4.13 Employee benefits

Short-term benefits: Short-term employee benefits (except for termination of employment benefits) in cash and in kind are recognized as an expense when deemed accrued. Any unpaid amount is recorded as a liability, whereas in case the amount already paid exceeds the benefits' amount, the entity identifies the excessive amount 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 period to which 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 to its employees upon their dismissal or retirement. 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 (reserves from payments to an insurance company), the changes deriving from any actuarial profit or loss and the previous 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 2020, the selected interest rate follows the tendency of European Bonds of 10year maturity as at December 31, 2020, 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 the current and past service cost, the relative financial cost, the actuarial gains or losses and potentially arising additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting treatment of defined benefit plans, including ad follows:

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 including new disclosures, such as quantitative sensitivity analysis.

4.14 Leases

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 on 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 undertakes the obligation for those costs either at the lease period commencement date or as a consequence of having used the leased asset during a particular period.

4.14.2 Initial measurement of the lease liability

At the lease period 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 lease period commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right-of-use asset during the lease term that are not paid at the lease 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 lease period 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 lease period commencement date, the Group measures the right-of-use asset applying a cost model.

The Group measures the right-of-use asset at cost:

- less any accumulated depreciation and any accumulated impairment losses, and
- adjusted for any subsequent measurement of the lease liability.

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

Subsequent measurement of the lease liability

After the lease period commencement date, the Group measures the lease liability by:
i. increasing the carrying amount to reflect financial cost on the lease liability,
ii. reducing the carrying amount to reflect the lease payments made, and
iii. remeasuring the carrying amount to reflect any lease reassessment or modification.

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 lease period commencement date, the Group recognizes 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 are recognized at fair value when there is reasonable assurance that the grant will be collected, and the Group will comply with all relevant conditions.

Government grants related to the grants for tangible fixed assets 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 and are transferred to the income statement during the period based on the expected useful life of the asset, for which the grant was received.

Government 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 reporting date of the Financial Statements and are reviewed and adjusted accordingly on evert financial statements reporting date to reflect the present value of the expense expected for the settlement of the liability. 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 made, then it is reversed.

In cases where the outflow of economic resources 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 regarded as contingent assets and are disclosed when the inflow of the economic benefits is probable.

Provisions for rehabilitation of natural landscape

Concerning restoration of natural landscapes, the Group recognizes the provisions made by the entities of the Group's energy sector for decommissioning wind turbines from Wind Farms and restoring 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 every reporting date of the Statement of Financial Position and are adjusted in order to reflect the present value of the expense, expected to be disbursed for settling the lability regarding decommissioning and remediation. The related provision is recognized as 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 production contract.

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 to or deducted from, respectively, the cost of the asset. The effect of discounting the estimated cost is recognized in the income statement as an interest expense.

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 Group 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 assigning a contract, the accounting treatment us also defined regarding the additional costs and the direct costs required to complete the contract.

Revenue 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 it would be entitled versus 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, sanctions or other similar items. The promised 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 option 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 estimates 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:

(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) Most probable 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 revenue, 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 transferred 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 implemented 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 it at least expects to recover the costs incurred to meet it.

In such cases, an entity shall recognize revenue only to the extent of the cost incurred until it is able to reasonably measure the outcome of the implementation obligation.

Revenue from rendering 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 contractual asset is recognized when the Group or the Company has settled its liabilities to the counterparty before the latter has paid 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 consideration which is postponed before the performance of the contractual obligations and transfer of goods or services. The contractual obligation is derecognized when the contract obligations are met and the revenue is recorded in the income statement.

Commitments for implementation performed at a specific time

When a commitment for implementation 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 promised asset and the entity settles an implementation commitment, the entity examines the requirements for the acquisition control, as analytically recorded in IFRS 15.

The main categories of revenue 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. For the purpose of complying with IFRS, the proceeds from the construction activity are accounted for progressively during construction, based on the input method of measurement in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

The input 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 fulfil this implementation commitment.

(ii) Sale of goods
Revenue from the sale of goods, after deduction of sales discounts, sales incentives and related VAT, is 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 arises from implementation commitments that are fulfilled over time. Revenue from the Sale of Electric Energy is accounted for within the year it concerns. Under the preparation of the financial statements, revenue accrued unbilled, revenue from electricity purchased by DAPEEP or another client not yet invoiced are regarded as collectible revenue. Moreover, the expected collections from energy production under energy sales contracts that, according to IFRIC 4, include lease elements, are proportionally recognized in revenue over the term of the contract to the extent that those receivables relate to the lease agreement.

An energy sales contract is considered to contain lease terms when it concerns all the energy produced by a specific plant of the Group and the energy unit price is neither stable over the lifetime of the contract nor represents the market price as at the date production.

Regarding the Group’s wind farms operating in the USA and selling electricity to specific US energy markets (ERCOT) at market prices, revenue from the sale of electricity is recognized on the basis of the amount of electricity delivered at market prices for transactions, where all the revenue recognition criteria are met. In order to reduce its exposure to changes in energy prices in these markets, the Group 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. Regarding the 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 non-realized gains/losses from valuation.

Renewable Energy Credits ("RECs") and/or Green Certificates constitute 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. As RECs are generated they are classified as inventories recognized at fair value and the related revenue deferred until sale. When RECs are sold, they are recognized as a component of revenue at fair market value. Gains and losses from the subsequent sale of RECs to third parties are also recognized as a component of revenue (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 for the year, on proportional basis in compliance with the estimated period, during which the investor remains in the investment scheme, while the value of Production Tax Credits (PTCs), associated with the annual energy production of a wind farm, is recognized every year 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. Income from rentals (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 following the 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 completion percentage, in accordance with the Group's accounting policy for recognizing revenue from construction contracts.

During the operation stage, the revenue is recognized in the period in which the related services are provided by the Group. In case 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 tax burden for the year consists of current tax, deferred tax and tax differences from previous years.

Current Tax

Current tax is calculated on the basis of the separate tax Statements of Financial Position of every company, included in the consolidated Financial Statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. Expenditure on current income tax includes income tax that is based on the profits of each company as restated in its tax returns and provisions for additional taxes and is calculated according to the statutory or substantially statutory tax rates.

Deferred Income Tax

Deferred taxes are taxes or tax relief related to financial burdens or benefits accruing in the year but already been accounted for or to be accounted for by the tax authorities in different years. Deferred income tax is determined using the liability method, arising from the temporary differences between the carrying amount and the tax base of 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 every reporting date of the financial statements 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 expected to be effective 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 as at the financial statements reporting date. In the event the time of reversing temporary differences cannot be clearly identified, the tax rate applicable on the next FY date of the Statement of Financial Position will be applied.

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

4.19 Earnings per share

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

Earnings per share are calculated 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 derecognized or sold. The number of treasury shares held by the Company does not reduce the number of shares in circulation but affects the number of shares included in the calculation of earnings per share. At 31/12/2020 the Group held no 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 cannot be distributed during the Company's operations.

Development legislation reserves and other tax exempted 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 share capital 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 49 of Law 4548/2018. The total value of these acquisitions is presented in reserves as a deduction from Equity. At the end of the FY the Company held no Treasury Shares.

Other reserves
Other reserves mainly include actuarial losses of pension schemes.
The category of other reserves comprises:
(1) 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.
(2) 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. 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.

Any consideration given by the Group is initially recognized at its fair value at the date of acquisition. Changes in the fair value of any consideration that qualify as an asset or liability are recognized in accordance with IFRS 9 in the income statement. Contingent consideration recognized in equity is not redefined and the subsequent settlement is accounted for within equity.

4.22 Acquisition of entities that do not constitute a “business” according to the definition of IFRS 3 – Acquisition of assets

In accordance with IFRS 3 "Business Combination", the Group determines whether a transaction or other event constitutes a business combination as defined in the Standard, ie whether the assets acquired and liabilities assumed constitute a "business". In the event that the acquired assets are not a business, the Group shall account for the transaction or other event as an asset acquisition. According to IFRS 3, the term "business" identifies an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or to other owners, members or participants. The accounting treatment of a business combination (see accounting policy 4.21 "Business combination" does not apply to the acquisition of an asset (or group of assets) that does not constitute a "business".

(Amounts in thousand Euro unless mentioned otherwise)

In this context, in the case of acquisition of entities that do not meet the definition of "business" in IFRS 3:

- The acquirer shall identify the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for intangible assets in IAS 38) and liabilities assumed. In accordance with IFRS 3.2 (b), the cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.
- Goodwill or gain on a bargain purchase shall not be recognized in the transaction. The cost of the asset acquired (or group of assets) is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase.
- In accordance with IAS 12.15, recognition of deferred tax is not permitted upon initial recognition of an asset or a liability in a transaction that is not a business combination. In this context, no deferred tax is recognized on the acquisition of assets.
- Costs associated with the acquisition of assets (eg fees of consultants, lawyers, accountants, appraisers and other professional and consulting fees) are recognized as an expense and are accounted for to profit or loss for in the period they are incurred.
- Any contingent consideration given by the Group is initially recognized at its fair value at the acquisition date. Changes in the fair value of any consideration that meet the conditions for classification as an asset or liability are recognized by a corresponding change in the value of the recognized asset (eg IAS 38).

5. CONSOLIDATED COMPANIES AS AT 31/12/2020

The following table presents the consolidated companies of TERNA ENERGY as at 31/12/2020, their headquarters, business activity, the Company's direct and indirect participating interest in their share capital, method of consolidation and tax non-inspected years.

5.1 Company Structure

Separate financial statements include joint venture GEK TERNA – TERNA ENERGY, at a percentage of 50%, under proportional consolidation method.

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP. %	TOTAL PARTICIP. %	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
CONSTRUCTION & CONSESSION SEGMENT – JOINT VENTURES							
J/V GEK TERNA – TERNA ENERGY (INSTALLATION & OPERATION ATS)	Greece	50,00	-	50,00	Proportional consolidation	-	2015-2020

(Amounts in thousand Euro unless mentioned otherwise)

5.2 Group Structure

As at 31/12/2020, the Group structure is as follows:

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP.%	TOTAL PARTICIP.%	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
HOLDING & FINANCING- SUBSIDIARIES							
TERNA ENERGY M.A.E FINANCE	Greece	100,00	-	100,00	Full Consolidation	-	2016-2020
TERNA ENERGY OVERSEAS LTD	Cyprus	100,00	-	100,00	Full Consolidation	-	2013-2020
TERNA ENERGY USA HOLDING CORPORATION	U.S.A.	-	100,00	100,00	Full Consolidation	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	2015-2020
TERNA ENERGY TRANSATLANTIC sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
TERNA ENERGY TRADING LTD	Cyprus	-	51,00	51,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
GALLETTE LTD	Cyprus	-	100,00	100,00	Full Consolidation	ENERGIAKI SERVOUNIOU SA	2013-2020
RES ENERGY SEGMENT - SUBSIDIARIES							
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
PPC RENEWABLES - TERNA ENERGY SA	Greece	51,00	-	51,00	Full Consolidation	-	2015-2020
ENERGIAKI SERVOUNIOU SA	Greece	100,00	-	100,00	Full Consolidation	-	2016-2020
IWECO HONOS LASITHIOU CRETE SA.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGY EVROU SA	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AIOLIKI RACHOULAS DERVENOCHORION S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
ENERGIAKI DERVENOCHORION S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGY SA & CO AIOLIKI ROKANI DERVENOCHORION G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
AIOLIKI MARMARIOY EVIAS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGY SA & CO ENERGIAKI PETRION EVIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
ENERGIAKI DYSTION EVIAS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AIOLIKI KARISTIAS S.A.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
TERNA ENERGY AVETE & SIA ENERGY KAFIREOS EVIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
ENERGIAKI STYRON EVIAS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020

(Amounts in thousand Euro unless mentioned otherwise)

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP.%	TOTAL PARTICIP.%	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
AIOLIKI MALEAS LAKONIAS. S.A	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGY SA & CO ENERGEIAKI VELANIDION LAKONIAS G.P.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
AEOLIKI EAST GREECE S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AEOLIKI PASTRA ATTICA S.A.	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
ENERGIAKI PELOPONNESE S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGIAKI AVETE & SIA AIOLIKI PROVATA TRAINOYPOLEOS	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AIOLIKI DERVENI TRAINOYPOLEOS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
ENERGIAKI FERRON EVROU S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ENERGIAKI AVETE & SIA ENERGIAKI ARI SAPPON G.P	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
TERNA ENERGIAKI AVETE & SIA AIOLIKI POLIKASTROY G.P	Greece	99,00	1,00	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
ENERGIAKI XIROVOUNIOY S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AIOLIKI ILIOKASTROU S.A.	Greece	-	100,00	100,00	Full Consolidation	TERNA ENERGY EVROU S.A.	2015-2020
EUROWIND S.A.	Greece	-	100,00	100,00	Full Consolidation	ENERGIAKI SERVOVOUNIOY S.A.	2015-2020
DELTA AXIOU ENERGEIAKI S.A.	Greece	80,00	-	80,00	Full Consolidation	-	2015-2020
TERNA ENERGY AVETE VECTOR WIND PARKS GREECE-WIND PARK TROYLOS G.P.	Greece	90,00	-	90,00	Full Consolidation	-	2015-2020
TERNA ENERGY THALASSIA WIND PARKS S.A.	Greece	85,00	-	85,00	Full Consolidation	-	2015-2020
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	Greece	77,00	-	77,00	Full Consolidation	-	2015-2020
VATHYCHORI PERIVALLONTIKI S.A.	Greece	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
VATHYCHORI ENA PHOTOVOLTAIC S.A.	Greece	-	100,00	100,00	Full Consolidation	VATHYCHORI PERIVALLONTIKI S.A.	2015-2020
ALISTRATI ENERGEIAKI LTD	Greece	80,00	0	80,00	Full Consolidation	-	2015-2020
MALESINA ENERGEIAKI LTD	Greece	80,00	0	80,00	Full Consolidation	-	2015-2020
ORHOMENOS ENERGEIAKI LTD	Greece	80,00	0	80,00	Full Consolidation	-	2015-2020
DIRFYS ENERGEIAKI S.A.	Greece	51,00	0	51,00	Full Consolidation	-	2015-2020
TERNA ENERGY AI-GIORGIS S.A.	Greece	99,40	0,60	100,00	Full Consolidation	IWECO CHONOS LASITHIOU S.A.	2015-2020
TERNA AIOLIKI XEROVOUNIOU S.A.	Greece	-	100,00	100,00	Full Consolidation	AIOLIKI PANORAMATOS DERVENOXORION S.A.	2015-2020

(Amounts in thousand Euro unless mentioned otherwise)

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP.%	TOTAL PARTICIP.%	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
TERNA AIOLIKI AITOLOAKARNANIAS S.A.	Greece	-	100,00	100,00	Full Consolidation	AIOLIKI MALEAS LAKONIAS S.A.	2015-2020
TERNA AIOLIKI AMARYNTHOU S.A.	Greece	-	100,00	100,00	Full Consolidation	ENERGIAKI SERVOVOYNIOU S.A.	2015-2020
TERNA ILIAKI PANORAMATOS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ILIAKI PELOPONNESE S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
TERNA ILIAKI VIOTIAS S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AIOLIKI CENTRAL GREECE S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
VATHYCHORI DYO ENERGIAKI S.A.	Greece	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
TERNA ENERGY OMALIES S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
EVOIKOS ANEMOS S.A.	Greece	70,00	-	70,00	Full Consolidation	-	2020
ILIAKI PIKROLIMNIS S.A.	Greece	51,00	-	51,00	Full Consolidation	-	2020
ILIAKA VAKOUFIA IKE	Greece	-	51,00	51,00	Full Consolidation	ILIAKI PIKROLIMNIS S.A.	2020
PHOTOVOLTAIC KILKIS IKE	Greece	-	51,00	51,00	Full Consolidation	ILIAKI PIKROLIMNIS S.A.	2020
VALE PLUS LTD	Cyprus	100,00	-	100,00	Full Consolidation	-	2015-2020
HAOS INVEST 1 EAD	Bulgaria	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
ECO ENERGY DOBRICH 2 EOOD	Bulgaria	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
ECO ENERGY DOBRICH 3 EOOD	Bulgaria	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
ECO ENERGY DOBRICH 4 EOOD	Bulgaria	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
EOLOS NORTH sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
EOLOS NOWOGRODZEC sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
EOLOS POLSKA sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
EOLOS EAST sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
JP GREEN sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
WIRON sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
BALLADYNA sp.z.o.o.	Poland	-	100,00	100,00	Full Consolidation	TERNA ENERGY OVERSEAS LTD	2015-2020
AEGIS RENEWABLES, LLC	U.S.A.	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2011-2020
MOHAVE VALLEY ENERGY LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020

(Amounts in thousand Euro unless mentioned otherwise)

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP.%	TOTAL PARTICIP.%	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
TERNA RENEWABLE ENERGY PROJECTS LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020
TERNA DEN LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020
FLUVANNA INVESTMENTS LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020
FLUVANNA HOLDINGS LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020
FLUVANNA WIND ENERGY LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2015-2020
FLUVANNA I INVESTOR, INC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2020
FLUVANNA I HOLDING COMPANY, LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2020
FLUVANNA WIND ENERGY 2, LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2020
FLUVANNA HOLDINGS 2, LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2020
FLUVANNA INVESTMENTS 2, LLC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2018-2020
CI-II BEARKAT QFPF, LLC****	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019-2020
CI-II BEARKAT HOLDING B, LLC****	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019-2020
SPONSOR BEARKAT I HOLDCO, LLC****	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019-2020
BEARKAT I TE PARTNERSHIP, LLC****	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019-2020
BEARKAT WIND ENERGY I, LLC****	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2019-2020
TERNA HOLDCO INC	U.S.A	-	100,00	100,00	Full Consolidation	TERNA ENERGY USA HOLDING CORPORATION	2016-2020

(Amounts in thousand Euro unless mentioned otherwise)

ENTITY	DOMICILE	DIRECT PARTICIP. %	INDIRECT PARTICIP.%	TOTAL PARTICIP.%	CONSOLIDATION METHOD	INDIRECT PARTICIPATION SUBSIDIARY	TAX NON-INSPECTED YEARS
ENERGY PRODUCTION FROM RES OPERATING SEGMENT – JOINT VENTURES							
EN.ER.MEL. S.A.	Greece	50,00	-	50,00	Total equity	-	2015-2020
OPTIMUS ENERGY S.A.	Greece	51,00	-	51,00	Total equity	-	2017-2020
RES ENERGY SEGMENT - ASSOCIATES							
CYCLADES ENERGY CENTER S.A.	Greece	-	45,00	45,00	Total equity	IWECO ΧΩΝΟΣ S.A.	2015-2020
HARMONY ENERGY COMMUNITY	Greece	12,50	-	12,50	Total equity	-	2019-2020
AMALTHIA ENERGY COMMUNITY	Greece	-	16,67	16,67	Total equity	IWECO ΧΩΝΟΣ S.A.	2019-2020
ELECTRIC ENERGY TRADING SEGMENT - SUBSIDIARIES							
TERNA ENERGY TRADING EOOD	Bulgaria	-	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2015-2020
TETRA DOOEL SKOPJE	North Macedonia	-	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2015-2020
TERNA ENERGY TRADING D.O.O	Serbia	-	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2015-2020
TERNA ENERGY TRADING SHPK	Albania	-	51,00	51,00	Full Consolidation	TERNA ENERGY TRADING LTD	2018-2020
CONCESSIONS SEGMENT - SUBSIDIARIES							
HELLAS SMARTICKET S.A.	Greece	35,00	-	35,00	Full Consolidation	-	2015-2020
PERIVALLONTIKI PELOPONNESE S.A.	Greece	100,00	-	100,00	Full Consolidation	-	2015-2020
AEIFORIKI EPIRUS MAEES	Greece	100,00	-	100,00	Full Consolidation	-	2017-2020
CONCESSIONS SEGMENT – JOINT VENTURES							
WASTE CYCLO S.A.	Greece	51,00	-	51,00	Total equity	-	2015-2020
CONSTRUCTION SEGMENT – JOINT VENTURES							
J/V TENERGY-INDIGITAL-AMCO	Greece	70,00	-	70,00	Total equity	-	2020

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

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 (See Note 12.2).

5.3 Changes in the Group structure within 2020

- On 23.04.2020, the parent company TERNA ENERGY S.A. acquired 100% of the shares of the company RF ENERGY OMALIES SA which was subsequently renamed TERNA ENERGY OMALIES MAE (see analytical information in Note 7.1).
- On 15.07.2020, the Group through its subsidiary TERNA ENERGY USA HOLDING CORPORATION proceeded to the sale of 100% of the shares of the companies that constituted the facilities of the Mountain Air Wind farms in the IDAHO area of the United States (see Note 7.3).
- Within the fiscal year 2020, the liquidation of the company GEOTHERMAL ENERGY DEVELOPMENT S.A. was completed as well as CHRYSOUPOLI ENERGY LTD and the company TERNA ENERGY UK PLC was excluded from the commercial registries of the country of its headquarters.
- Within 2020, the companies EVOIKOS ANEMOS SA, ILIAKI PIKROLIMNIS MAE, ILIAKA VAKOUFIA IKE, PHOTOVOLTAIC KILKIS IKE were established, These companies will be operating electric renewable energy generation units.
- J/V TENERGY-INDIGITAL-AMCO was established, which during the year 2021 signed the contract for the construction of the project "Digital Transformation, Telematics, and Unified Automatic Toll Collection System for the Transport Authority of Thessaloniki S.A. (OSETH).

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 Group Management that is responsible for the allocation of resources and the assessment of the economic entity’s operating segments. For application of IFRS 8 purposes, the Board of Directors is defined as the Group Management.

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

It is to be noted that within the current year, the Group decided to redefine the way of presenting only the financial reporting per operating sector. This decision of the Management was based on its assessment that this change leads to providing more relevant information regarding the financial performance and the evaluation of the performance of the individual operating segments of the Group. In particular, from the current year onwards, the operating segments will be presented before the write-offs made between the different operating segments for the purposes of the consolidated financial statements, in contrast to the presentation up to the previous year where the operating segments' results were presented after the write-offs between different segments. The cross-sectoral write-offs (which during the presentation of the individual operating segments carried out within them) are now presented separately in a separate column "Cross-sectoral write-offs". Additionally, on Constructions’ segment is also included the construction of infrastructure performed under Concession arrangements.

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 (roads, substations, interconnection with the national electric energy grid). Furthermore, the construction segment of the Group undertakes construction of the infrastructure assigned to special purpose companies of the Group in the form of Public-Private Partnerships. Finally, the construction segment of the Group renders 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 at 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 Balkan area with the objective of accessing the respective markets of electric energy/Participation in tenders for acquisition of rights for cross-border electric energy transmission. 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 segment concerns 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)

Operating segments	Construction	Electricity from RES	Trade in electric energy	Waste management	E-Ticket	Intersegment Consolidation write-offs	Consolidated Total
31 December 2020							
Turnover							
Sales of products and services	5.460	273.393	35.949	4.320	8.969	–	**328.091**
Intersegment revenue	21.223	–	–	–	–	(21.223)	**–**
Total turnover	**26.683**	**273.393**	**35.949**	**4.320**	**8.969**	**(21.223)**	**328.091**
Cost of sales	(27.075)	(131.733)	(35.445)	(3.561)	(8.164)	22.774	**(183.204)**
Gross earnings	**(392)**	**141.660**	**504**	**759**	**805**	**1.551**	**144.887**
Administrative and distribution expenses	(637)	(21.514)	(366)	(242)	(535)	–	(23.294)
Research and development expenses	(128)	(2.716)	–	(56)	–	–	(2.900)
Other revenue/(expenses) and other profit /(loss) - EBIT determinants	276	9.973	610	49	40	(1)	10.947
EBIT from continuing operation	**(881)**	**127.403**	**748**	**510**	**310**	**1.550**	**129.640**
Other revenue/(expenses) and other profit /(loss) - non-EBIT determinants	**–**	**(5.116)**	**10**	**–**	**–**	**–**	**(5.106)**
EBIT	**(881)**	**122.287**	**758**	**510**	**310**	**1.550**	**124.534**
Financial income	**349**	**411**	**1**	**1.292**	**3.901**	**–**	**5.954**
Financial expenses	**(125)**	**(65.653)**	**(34)**	**(1.107)**	**(793)**	**2**	**(67.710)**
Profit/(Loss) from financial instruments at fair value	**–**	**(412)**	**–**	**–**	**–**	**–**	**(412)**
Income from participation and other investments	**13**	**–**	**–**	**–**	**–**	**–**	**13**
Profit/(Loss) from sale from valuation of participation and other investments	**–**	**27.453**	**–**	**–**	**–**	**–**	**27.453**
Percentage of results of associates	**–**	**166**	**–**	**–**	**–**	**–**	**166**
Earnings Before Tax	**(644)**	**84.252**	**725**	**695**	**3.418**	**1.552**	**89.998**
Income tax	**24**	**(15.458)**	**(227)**	**(143)**	**(806)**	**–**	**(16.610)**
Net profit for the year	**(620)**	**68.794**	**498**	**552**	**2.612**	**1.552**	**73.388**
Depreciations	(46)	(73.426)	(19)	(105)	(8)	1.738	**(71.866)**
Amortization of grants	–	6.764	–	–	–	–	**6.764**

(Amounts in thousand Euro unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Trade in electric energy	Waste management	E-Ticket	Intersegment Consolidation write-offs	Consolidated Total
31 December 2020							
Segment assets (less investments)	14.500	1.887.511	18.216	49.429	34.608	(34.264)	**1.970.000**
Investments in associates and joint ventures	–	4.628	–	–	–	–	**4.628**
Total assets	**14.500**	**1.892.139**	**18.216**	**49.429**	**34.608**	**(34.264)**	**1.974.628**
Segment liabilities	**3.429**	**1.410.914**	**10.100**	**32.843**	**21.672**	**–**	**1.478.958**
Long-term Loans	–	814.658	–	27.262	15.312	–	**857.232**
Short-term Loans	–	27.451	36	–	–	–	**27.487**
Long term liabilities carried forward	–	66.027	–	490	2.847	–	**69.364**
Cash available	–	(263.429)	(2.288)	(16.434)	(8.756)	–	**(290.907)**
Grants to return	–	3.024	–	–	–		**3.024**
Restricted deposits	–	(52.573)	(673)	–	–	–	**(53.246)**
Net debt / (surplus)	**–**	**595.158**	**(2.925)**	**11.318**	**9.403**		**612.954**
Lease liabilities	–	11.718	56	5	3	–	**11.782**
Equity interests having a substance of financial liability	–	281.263	–	–	–	–	**281.263**
Capital expenditures for the year	36	88.497	61	448	11	(183)	**88.870**

(Amounts in thousand Euro unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Trade in electric energy**	**Waste management**	**E-Ticket**	**Intersegment Consolidation write-offs**	**Consolidated Total**
31 December 2019							
Turnover							
Sales of products and services	14.464	237.266	36.981	1.740	8.693	–	**299.144**
Intersegment revenue	33.400	–	–	–	–	(33.400)	**–**
Total turnover	**47.864**	**237.266**	**36.981**	**1.740**	**8.693**	**(33.400)**	**299.144**
Cost of sales	(42.413)	(116.429)	(34.754)	(1.094)	(7.535)	31.946	**(170.279)**
Gross earnings	**5.451**	**120.837**	**2.227**	**646**	**1.158**	**(1.454)**	**128.865**
Administrative and distribution expenses	(1.017)	(20.314)	(292)	(494)	(401)	–	(22.518)
Research and development expenses	(9)	(1.457)	–	(470)	–	–	(1.936)
Other revenue/(expenses) and other profit /(loss) - EBIT determinants	47	20.615	294	(6)	120	–	21.070
EBIT from continuing operation	**4.472**	**119.681**	**2.229**	**(324)**	**877**	**(1.454)**	**125.481**
Other revenue/(expenses) and other profit /(loss) - non-EBIT determinants	**(166)**	**(1.830)**	**(652)**	**69**	**25**	**–**	**(2.554)**
EBIT	**4.306**	**117.851**	**1.577**	**(255)**	**902**	**(1.454)**	**122.927**
Financial income	**–**	**257**	**–**	**1.160**	**4.132**	**–**	**5.549**
Financial expenses	**(477)**	**(63.293)**	**(33)**	**(1.439)**	**(960)**	**–**	**(66.202)**
Profit/(Loss) from financial instruments at fair value	**–**	**6.870**	**–**	**–**	**–**	**–**	**6.870**
Income from participation and other investments	**522**	**–**	**–**	**–**	**–**	**–**	**522**
Profit/(Loss) from sale from valuation of participation and other investments	**–**	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Percentage of results of associates	**–**	**(26)**	**–**	**–**	**–**	**–**	**(26)**
Earnings Before Tax	**4.351**	**61.655**	**1.544**	**(534)**	**4.074**	**(1.454)**	**69.636**
Income tax	**(103)**	**(14.936)**	**(427)**	**11**	**(936)**	**–**	**(16.391)**
Net profit for the year	**4.248**	**46.719**	**1.117**	**(523)**	**3.138**	**(1.454)**	**53.245**
Depreciations	(52)	(64.366)	(17)	(22)	(17)	–	**(64.474)**
Amortization of grants	–	7.995	–	–	–	–	**7.995**

(Amounts in thousand Euro unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Trade in electric energy	Waste management	E-Ticket	Intersegment Consolidation write-offs	Consolidated Total
31 December 2019							
Segment assets (less investments)	12.538	2.053.208	8.733	32.345	42.961	(35.816)	**2.113.969**
Investments in associates and joint ventures	–	4.429	–	–	–	–	**4.429**
Total assets	**12.538**	**2.057.637**	**8.733**	**32.345**	**42.961**	**(35.816)**	**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	8.670	41	15	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)

Geographical segments	Greece	Eastern Europe	USA	Consolidated Total
31.12.2020				
Turnover	200.014	48.482	79.595	**328.091**
Non-current assets	824.229	119.925	548.385	**1.492.539**
Capital expenditure	84.279	–	4.593	**88.872**
31.12.2019				
Turnover	185.919	52.087	61.138	**299.144**
Non-current assets	731.727	133.067	817.616	**1.682.410**
Capital expenditure	82.884	64	122.065	**205.013**

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 2020, an amount of 153,6 million (46.8 %) %) [2019: € 153.8 million (51.4%)] of the Group's turnover has arisen from an external customer (Customer A) from electric energy segment

7. BUSINESS ACQUISITIONS AND DISPOSALS

7.1 TERNA ENERGY acquires the company RF ENERGY OMALIES S.A.”

In February 2020, the company TERNA ENERGY S.A. signed a non-binding, for itself, preliminary agreement with the company RF ENERGY SA regarding the future sale and transfer of the shares of the subsidiary of the latter "RF Energy Omalies MAE", to the former. On 23.04.2020, TERNA ENERGY S.A. signed the Contract of Sale and Transfer of Shares on acquiring 100% of the share capital of "RF Energy Omalies MAE". On 23.04.2020, TERNA ENERGY S.A. proceeded to the signing of a Contract for the Sale and Transfer of Shares, with the objective of acquiring 100% of the share capital of "RF Energy Omalies MAE". The acquired company owns a cluster consisting of 11 wind farms with a total capacity of 213 MW in Evia, i.e. W/F OMALIES I 30MW, W/F OMALIES II 15MW, W/F KORAKOVRACHOS 21MW, W/F KORAKOVRACHOS II 6MW, W/F KALAMAKI 12MW, W/F KALAMAKI II 18MW, W/F MILZA 18MW, W/F MOLIZEZA I 18MW, W/F DEXAMENES II 15MW, W/F PRARO 36MW and W/F MEGALI PETRA 24MW (hereinafter referred to as “the Project”) with a final date of connection to the National network and electrifying as that of 31/12/2021, in order to receive feed in premium sale price of electricity. It is to be noted that pursuant to paragraph 5 of article 4 of Law 4414/2016, as amended by the first subparagraph of paragraph 2 of article 124, of Law 4685/2020 (Government Gazette 92A, 07.05.2020), the date of 30.12.2022 was set as the final electrification date for the maintenance of feed in premium electricity sales price.

The objective of the aforementioned acquisition constitutes subsequent implementation of new investments of the Group in energy production from renewable sources. The assessment of the provisions of IFRS 3 has demonstrated that the assets acquired and liabilities assumed of the aforementioned company do not constitute a "business" as provided for in IFRS 3 and, therefore, do not fall within the scope of this Standard, but the specific transactions were accounted for as acquisition of assets.

The total purchase consideration of the above company, further to the December 1st, 2020 amendment of the terms of the Shares Sale and Transfer Agreement, was agreed as a cash payment of € 26,028 k (corresponding to up to 183MW of the Project as well as to the cash of the acquired company at the date of purchase), from which the amount of € 25,828 k had been paid until the date of purchase, while the remaining amount of € 200 k was paid on January 8, 2021. Furthermore, according to the terms of the Shares Sale and Transfer Agreement, it was agreed that the consideration should be adjusted, according to the decisions of the Company's Management, to choose, at any time until 30/06/2021, to construct additional capacity of the Project, according to the existing licensing possibilities, or to use any licensed capacity in another project owned by the Group. This additional contingent consideration can potentially reach the amount of € 17,590 k, depending on the decisions of the Company's Management.

At the date of purchase, the fair value of the contingent consideration was determined at € 11,590 k and was measured at its present value, i.e. at the amount of € 9,887 k, using an appropriate discount rate of 6.14%. The fair value of the liability of the contingent consideration will be measured at every reporting date and until the date of final measurement and repayment, i.e. until 31/12/2022. As of December 31, 2020, the value of the liability of the contingent consideration was presented to the financial statements of the Company and the Group in the amount of € 10,290 k.

(Amounts in thousand Euro unless mentioned otherwise)

Cash settled consideration including the cash of the acquired company RF Energy Omalies SA	26.028
Plus: Contingent consideration liability (discounted)	9.887
Total consideration from acquisition	**35.915**
Less: Variable consideration settled on 31/12/2022	(9.887)
Less: Consideration paid on January 2021	(200)
Less: Cash and cash equivalent acquired	(788)
Total cash outflows for obtaining the control	**25.040**

The accounting policy regarding the transaction recognition is described in Note 4.22 to the accompanying Consolidated and Separate Financial Statements as of 31/12/2020. The cost of the acquisition was allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase, while no goodwill arises on such a transaction.

	Fair values as at the date of obtaining control
Assets	
Intangible assets	30.611
Tangible assets & assets under construction	4.115
Rights of use assets	582
Deferred tax assets	282
Prepayments and other receivables	153
Cash and cash equivalent	788
Total Assets	**36.531**
Liabilities	
Liabilities from leases	582
Suppliers	7
Accrued and other current liabilities	27
Total liabilities	**616**
Net acquired assets	**35.915**

From this acquisition, the Group recognized intangible assets (wind farm licenses), amounting to € 30,611 k (see Note 8). The fair value of the intangible assets was based on a report of an independent appraiser. The consolidated Statement of the Comprehensive Income for the year ended on 31/12/2020, includes the results from its operations of the company for the period 23/04/2020 until 31/12/2020, i.e. profit of € 129 k.

(Amounts in thousand Euro unless mentioned otherwise)

7.2 Finalization of the Purchase Price Allocation in 2019 of "Bearkat I" wind farm through TERNA DEN LLC (subsidiary of TERNA ENERGY USA HOLDING CORPORATION)

On 05.09.2019, the Group, through its 100% subsidiary, TERNA DEN LLC (a subsidiary of TERNA ENERGY USA HOLDING CORPORATION) acquired 100% of Class B membership interests of the company BEARKAT I TE 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 € 119,694 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 of € 57,296 k and a short-term loan of € 3,617 k from the seller Bank.

The completion of the procedure of Purchase Price Allocation in accordance with IFRS 3 "Business Combinations" was finalized within the first half of 2020 and the final fair values of the assets acquired and liabilities assumed in September 2019 are as follows:

	Final Fair values as at the date of obtaining control, 05/09/2019
Assets	
Tangible fixed assets	210.987
Receivables from derivatives	7.470
Trade receivables	2.682
Prepayments and other receivables	3.255
Cash and cash equivalents	5.204
Total Assets	**229.598**
Liabilities	
Equity interests having a substance of financial liability	113.685
Other provisions	1.370
Deferred tax liabilities	3.050
Short-term loans	6.613
Suppliers	1.819
Accrued and other short-term liabilities	1.335
Income tax payable	571
Total liabilities	**128.443**
Net acquired assets	**101.155**
Transaction Consideration	119.693
Less: Benefit from interest rate reduction	(18.538)
Less: Value of net assets at the acquisition date	(101.155)
Final Goodwill	**–**
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 and cash equivalent acquired	(5.204)
Total cash outflows as at date of obtaining control (5/9/2019)	**53.577**

The table, presented above, records the final fair values of the assets acquired and liabilities assumed at the date of obtaining control, i.e. on 05/09/2019. The fair values of tangible fixed assets amounting to € 210,987 k ($ 233,310 k) have been based on a report of an independent appraiser.

The item "Equity instruments having a substance of financial liability" was determined using a valuation technique based on the wind farm financing model, which projects future cash flows before taxes, production tax credits and applying as discount rate the return rate of IRR investment, agreed upon with the Tax Equity Investor. Furthermore, in the process of finalizing the purchase consideration, an amount of € 18,538 k ($ 20,499 k) was recognized, which relates to the benefit arising from a decrease in interest rates of the Group's existing loans by the seller Bank (for Fluvanna I and Gopher Greek), and which was agreed upon in the context of the transaction. In particular, 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 € 107,012 k ($ 118,333 k). The loans were recognized at their fair value, which was provisionally assessed by the Management discounting the new cash flows at the discount rate of the loans (9%). The difference between the nominal amount of the loans and their fair value totaled € 18,538 k. According to the provisions of IFRS 9, this amount is recognized as profit or loss. However, and since this benefit arose in the context of the acquisition transaction, in the procedure of allocating the purchase price, it was considered that the aforementioned amount constitutes an element of the transaction consideration and was recognized as a deduction to it under its accounting treatment.

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. Based on the final valuation report, Tangible Assets and Borrowing (due to a change in benefit from the aforementioned decrease in interest rate) were reduced and equally increased by € 563 k ($ 622 k), compared to the preliminary valuation.

The contribution to the Group's turnover and profit for the period 01/01 - 31/12/2020 amounts to € 22,944 k and a loss of € 1,528 k respectively.

It is noted that in the comparative period, the contribution to the Group's turnover and profit was for the period 05/05/2019 until 31/12/2019 and had reached the amounts of € 6,299 k and a loss of € 1,452 k respectively.

7.3 Disposal of subsidiaries constituting the facilities of the wind farm "Mountain Air" in IDAHO, the USA

On 15/07/2020 the Group, through its subsidiary TERNA ENERGY USA HOLDING CORPORATION proceeded with the disposal of 100% Class B membership interest of the company Mountain Air Alternative LLC, operating a cluster of wind parks "Mountain Air" with a capacity of 138 MW, located in the state of IDAHO, in the USA, to Innergex Renewable Energy Inc.

The total consideration for the disposal of the wind farm stands at € 48,866 thousand. ($ 55,922 thousand), including an amount of € 376 thousand ($ 430 thousand) related to the settlement of cash flows of the Wind Farm during operation from the beginning of the year to the disposal date. Following this transaction, the profit, arising for the Group, amounted to € 27,453 thousand ($ 31,342 thousand), included in the results of the current reporting period in the item "Gains / (Losses) from sale and valuation of participating interest other investments settlement" of the consolidated Statement of Comprehensive Income. It is to be further noted that the Group's total borrowing decreased by € 94,487 thousand ($ 108,131 thousand), the Net Debt including the receivables from the disposal decreased by € 136,005 thousand ($ 155,644 thousand), while the Equity interests having a substance of financial liability decreased by € 41,243 thousand ($ 47,198 thousand).

In the annual Financial Statements for FY 2020, the items of the Income Statement of the aforementioned company (for the period 01/01 - 15/07/2020), as well as the result arising from the disposal have been included in the results of the year from continuing operations and not distinctly as "Gains/(Losses) after tax from discontinued operations", since in compliance with the definition of discontinued companies and the criteria of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", this transaction does not constitute a discontinued operation for the Group.

In particular, in 2011, the Group made the strategic decision to expand its investment plan to the USA market. In this context, it started its activities in the USA clean energy market and had four (4) wind farms in operation, with a total capacity of 651 MW, one of which concerns the above-sold first project of TERNA ENERGY in the USA, with a capacity of 138 MW (Mountain Air). Following the disposal of the project in Idaho, the Group operates three (3) wind farms with a total capacity of approximately 512 MW in the state of Texas. The disposal of the Mountain Air project does not represent an interruption of a significant separate line of business activity or a separate significant geographical area of activity for the Group, since it does not represent a change in its strategy. More specifically, the Group maintains its orientation towards the business activity of production and sale of electricity, as well as its stay and expansion of its operations in the USA market. The Management plans to continue the course of development of TERNA ENERGY in the USA clean energy market, established till currently, following the strategy of active management of its portfolio. The Group focuses on making the best possible use of investment opportunities, generating significant value for shareholders, including redeployment of its portfolio in the USA market, with an emphasis on securing increased returns.

(Amounts in thousand Euro unless mentioned otherwise)

The carrying amounts of disposed assets and liabilities are presented below as follows:

	Carrying amounts as at the Wind Farm disposal date
Assets	
Intangible assets	5.610
Property, plant and equipment	155.836
Other long-term receivables	29.535
Trade receivables	1.164
Restricted deposits	3.971
Advances and other receivables	270
Cash and cash available	3.376
Total Assets	**199.762**
Liabilities	
Long-term loans	90.443
Equity instruments having a substance of financial liability	38.364
Liabilities from derivatives (long-term component)	1.069
Other provisions	1.660
Grants	44.281
Long-term liabilities carried forward	4.044
Equity instruments having a substance of financial liability Short-term component	2.879
Liabilities from derivatives (short-term component)	259
Suppliers	1.131
Accrued and other short-term liabilities	664
Total liabilities	**184.794**
Net assets distributable	**14.968**

Analysis of cash inflows as at loss of control date:	
Cash settled consideration as at the transaction date	48.490
Less: Cash available of the distributable entities	(3.376)
Total cash inflows from the disposal settled in 2020	**45.114**
Variable consideration "Distributable Cash" settled in 2021	376
Total cash inflow from the disposal	**45.490**

Disposal Consideration	48.866
Carrying amount of disposed net assets	(14.968)
Profit form the disposal	**33.898**
Less: Reclassification of other comprehensive income related to to disposal of subsidiary to the income statement	(6.445)
Total profit from the disposal	**27.453**

It is to be further noted that the assets of the disposed companies include restricted deposits amounting to € 3,971 thousand ($ 4,544 thousand).

Following IDAHO project disposal, TERNA ENERGY operates three (3) wind farms with a total capacity of approximately 512 MW in the state of Texas.

(Amounts in thousand Euro unless mentioned otherwise)

On 31/12/2020, the Group did not consolidate the items of the Financial Position of the companies that constitute the above Wind Farms, while it included in the consolidated Statement of Comprehensive Income the result from the operating activities of the said company for the period 01/01 -15/07/2020, i.e. profits of € 1,563 thousand.

In particular, the net results of "Mountain Air" wind farm for the period 01 / 01-15 / 07/2020 and the comparative period 01 / 01-31 / 12/2019 are analyzed below as follows:

Net results of "Mountain Air" wind farm	**01.01 - 15.07.2020**	**01.01 - 31.12.2019**
Turnover	13.676	24.656
Cost of sales	(8.735)	(16.191)
Gross profit	**4.941**	**8.465**
Other income/(expenses)	1.383	2.600
Operating results	**6.324**	**11.065**
Financial income	5	43
Financial expenses	(4.766)	(7.898)
Earnings before tax	**1.563**	**3.210**
Net profit for the year	**1.563**	**3.210**

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 2020 and 2019, presented in the accompanying financial statements, are analyzed as follows:

	GROUP		
	Concessions & Rights	**Software**	**Total**
Gross Book Value			
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 currency translation differences	164	–	**164**
December 31st 2019	**39.576**	**876**	**40.452**
January 1st 2020	**39.576**	**876**	**40.452**
Additions	898	443	**1.341**
Sales/Write-offs	(41)	–	**(41)**
Additions due to acquisition (see Note 7.1)	30.611	**–**	**30.611**
Decrease due to disposal of subsidiary (see Note 7.3)	(8.476)	**–**	**(8.476)**
Foreign currency translation differences	(163)	**–**	**(163)**
December 31st 2020	**62.405**	**1.319**	**63.724**

GROUP

(Amounts in thousand Euro unless mentioned otherwise)

	Concessions & Rights	Software	Total
Accumulated Depreciation			
January 1st 2019	**(12.912)**	**(363)**	**(13.275)**
Amortization	(1.177)	(77)	**(1.254)**
Depreciation of Disposals	74	4	**78**
Impairment	(612)	–	**(612)**
Foreign currency translation differences	(45)	–	**(45)**
December 31st 2019	**(14.672)**	**(436)**	**(15.108)**
January 1st 2020	**(14.672)**	**(436)**	**(15.108)**
Amortization	(1.114)	(141)	**(1.255)**
Depreciation of Disposals	23	–	**23**
Change due to disposal of company (see Note 7.3)	2.867	–	**2.867**
Foreign currency translation differences	50	–	**50**
December 31st 2020	**(12.846)**	**(577)**	**(13.423)**
Net Book Value			
December 31st 2019	**24.904**	**440**	**25.344**
December 31st 2020	**49.559**	**742**	**50.301**

	COMPANY		
	Concessions & Rights	Software	Total
Gross Book Value			
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**
January 1st 2020	**3.433**	**875**	**4.308**
Additions	–	434	**434**
Sales/Write-offs	(38)	–	**(38)**
December 31st 2020	**3.395**	**1.309**	**4.704**
Accumulated Depreciation			
January 1st 2019	**(1.657)**	**(362)**	**(2.019)**
Amortization	(106)	(77)	**(183)**
Depreciation of Disposals	–	4	**4**
December 31st 2019	**(1.763)**	**(435)**	**(2.198)**

(Amounts in thousand Euro unless mentioned otherwise)

	COMPANY		
	Concessions & Rights	**Software**	**Total**
January 1st 2020	**(1.763)**	**(435)**	**(2.198)**
Amortization	(105)	(141)	**(246)**
Depreciation of Disposals	23	–	**23**
December 31st 2020	**(1.845)**	**(576)**	**(2.421)**
Net Book Value			
December 31st 2019	**1.670**	**440**	**2.110**
December 31st 2020	**1.550**	**733**	**2.283**

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, the respective account also includes PPP concessions of net value € 1.723 k.

Within the current reporting period, the Group recognized intangible assets (wind farm licenses), amounting to € 30,611 k following the acquisition of the subsidiary RF ENERGY OMALIES SA, subsequently renamed into TERNA ENERGY OMALIES SA (analytic information is presented in Note 7.1). These intangible assets will start to be amortized on the date of completion of the construction of the respective farm and the date of electrification of the wind farms, with a useful life of 25 years. In the interim reporting periods, intangible assets are tested for potential impairment, in accordance with the relevant provisions of IAS 36 "Impairment of Assets". Following the relative test, conducted as at the annual financial statements reporting date, i.e. on 31/12/2020, no need to recognized relative impairment loss regarding the aforementioned intangible assets has arisen.

Amortization of the Group’s intangible assets for FY 2020 was recorded in Cost of Sales at € 1.072 k (€ 1.134 k in 2019) and in Administrative and distribution expenses at € 184 k (€ 120 k in 2019).

Respectively, amortization of the Company's intangible assets for FY 2020 was recorded in the Cost of Sales at € 110 k (€ 109 k in 2019) and in Administrative and distribution expenses at € 136 k (€ 73 k in 2019).

9. RIGHT - OF - USE ASSETS

The Group and the Company right-of-use assets and changes for the periods 1 January to 31 December 2020 and 2019, presented in the accompanying financial statements, are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

Group right-of-use

	GROUP			
	Land -Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
January 1st 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 currency translation differences	38	10	–	**48**
December 31st 2019	**7.774**	**1.974**	**92**	**9.840**
January 1st 2020	**7.774**	**1.974**	**92**	**9.840**
Additions	3.308	527	54	**3.889**
Reductions / write-offs	(100)	–	–	**(100)**
Foreign currency translation differences	(245)	(46)	(1)	**(292)**
Additions due to acquisition (see Note 7.1)	582	–	–	**582**
December 31st 2020	**11.319**	**2.455**	**145**	**13.919**
Accumulated Depreciation				
January 1st 2019	–	–	–	–
Amortization	(367)	(1.036)	(34)	**(1.437)**
Foreign currency translation differences	(2)	–	–	**(2)**
December 31st 2019	**(369)**	**(1.036)**	**(34)**	**(1.439)**
January 1st 2020	**(369)**	**(1.036)**	**(34)**	**(1.439)**
Amortisation	(433)	(391)	(23)	**(847)**
Reduction / write-offs	4	–	–	**4**
Foreign currency translation differences	20	19	–	**39**
December 31st 2020	**(778)**	**(1.408)**	**(57)**	**(2.243)**
Net Book Value				
December 31st 2019	**7.405**	**938**	**58**	**8.401**
December 31st 2020	**10.541**	**1.047**	**88**	**11.676**

Amortization of the Group's right-of-use assets for FY 2020 was recorded in Cost of Sales at € 455 k (€ 460 k in 2019), in Administrative and distribution expenses at € 368 k (€ 456 k in 2019), in Research and development expenses at € 23 k (€ 2 k in 2019) and in Other income/ (expenses) at € 1. k (€ 521 k in 2019).

(Amounts in thousand Euro unless mentioned otherwise)

Company right-of-use assets

	COMPANY			
	Land -Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
January 1st 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**
December 31st 2019	**677**	**1.367**	**46**	**2.090**
January 1st 2020	**677**	**1.367**	**46**	**2.090**
Additions	2.729	527	–	**3.256**
December 31st 2020	**3.406**	**1.894**	**46**	**5.346**
Accumulayed Amortization				
January 1st 2019	–	–	–	–
Amortization	(31)	(883)	(23)	**(937)**
December 31st 2019	**(31)**	**(883)**	**(23)**	**(937)**
January 1st 2020	**(31)**	**(883)**	**(23)**	**(937)**
Amortization	(33)	(251)	(11)	**(295)**
December 31st 2020	**(64)**	**(1.134)**	**(34)**	**(1.232)**
Net Book Value				
December 31st 2019	**646**	**484**	**23**	**1.153**
December 31st 2020	**3.342**	**760**	**12**	**4.114**

Amortization of the Company's right-of-use assets for FY 2020 was recorded in Cost of Sales at € 47 k (€ 83 k in 2019), in Administrative and distribution expenses at € 225 k (€ 332 k in 2019), in Research and development expenses at € 22 k (€ 1 k in 2019) and in Other income/ (expenses) at € 0. k (€ 521 k in 2019).

10. TANGIBLE ASSETS

The Group's and the Company's tangible fixed assets and their movements for the periods from 1 January to 31 December 2020 and 2019, in the accompanying financial statements, are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP						
	Land - Plots	**Buildings and Installation**	**Technological and Mechanical**	**Vehicles**	**Furniture and fixtures**	**Assets under construction**	**Total**
Gross Book Value							
January 1st 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 currency translation differences	()	683	5.044	6	2	1.880	**7.615**
Additions due to acquisition (see Note 7.2)	–	–	227.031	–	–	–	**227.031**
December 31st 2019	**5.051**	**122.245**	**1.798.293**	**1.945**	**5.139**	**53.135**	**1.985.808**
January 1st 2020	**5.051**	**122.245**	**1.798.293**	**1.945**	**5.139**	**53.135**	**1.985.808**
Additions	180	2.962	55.971	94	470	24.487	**84.164**
Borrowing Cost	–	–	1.900	–	–	507	**2.407**
Sales/Write-offs	1	(30)	(355)	(157)	(2.050)	(269)	**(2860)**
Provisions for restoration	–	–	960	–	–	–	**960**
Transfers	–	15.870	25.701	–	–	(41.571)	**–**
Reclassifications	(2.380)	–	–	–	–	–	**(2.380)**
Foreign currency translation differences	–	(2.285)	(65.865)	(31)	(17)	(89)	**(68.287)**
Additions due to acquisitions (see Notes 7.1 & 7.2)	200	–	(563)	–	–	3.915	**3.552**
Reductions due to disposal of subsidiaries (see Note 7.3)	–	(13.260)	(221.098)	–	–	–	**(234.358)**
December 31st 2020	**3.052**	**125.502**	**1.594.944**	**1.851**	**3.542**	**40.115**	**1.769.006**

(Amounts in thousand Euro unless mentioned otherwise)

	Land - Plots	Buildings and Installation	Technological and Mechanical	Vehicles	Furniture and fixtures	Assets under construction	Total
Accumulated Depreciation							
January 1st 2019	**–**	**(32.544)**	**(325.716)**	**(1.306)**	**(3.995)**	**–**	**(363.561)**
Depreciation for the period	–	(4.542)	(56.916)	(124)	(201)	–	**(61.783)**
Depreciation of Disposals	–	168	679	158	304	–	**1.309**
Impairment	–	(620)	(824)	–	–	–	**(1.444)**
Foreign currency translation differences	–	(102)	(1.435)	(2)	(2)	–	**(1.541)**
Accumulated Depreciation of subsidiaries consolidated for first time(see Note 7.2)	–	–	(15.481)	–	–	–	**(15.481)**
December 31st 2019	**–**	**(37.640)**	**(399.693)**	**(1.274)**	**(3.894)**	**–**	**(442.501)**
January 1st 2020	**–**	**(37.640)**	**(399.693)**	**(1.274)**	**(3.894)**	**–**	**(442.501)**
Depreciation for the period	–	(4.486)	(64.916)	(119)	(243)	–	**(69.764)**
Depreciation of Disposals	–	30	204	93	2.050	–	**2.377**
Foreign currency translation differences	–	397	8.907	11	11	–	**9.326**
Accumulated Depreciation of disposed subsidiaries (see Note 7.3)	–	4.485	74.037	–	–	–	**78.522**
December 31st 2020	**–**	**(37.214)**	**(381.461)**	**(1.289)**	**(2.076)**	**–**	**(422.040)**
Net Book Value							
December 31st 2019	**5.051**	**84.605**	**1.398.600**	**671**	**1.245**	**53.135**	**1.543.307**
December 31st 2020	**3.052**	**88.288**	**1.213.483**	**562**	**1.466**	**40.115**	**1.346.966**

(Amounts in thousand Euro unless mentioned otherwise)

	COMPANY						
	Land - Plots	Buildings and Installation	Technological and Mechanical equipment	Vehicles	Furniture and fixtures	Assets under construction	Total
Gross Book Value							
January 1st 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)**
December 31st 2019	**896**	**11.206**	**150.731**	**1.040**	**4.454**	**10.178**	**178.505**
January 1st 2020	**896**	**11.206**	**150.731**	**1.040**	**4.454**	**10.178**	**178.505**
Additions	124	19	441	–	432	610	**1.626**
Sales/Write-offs	–	(31)	(332)	–	(2.050)	(269)	**(2.682)**
December 31st 2020	**1.020**	**11.194**	**150.840**	**1.040**	**2.836**	**10.519**	**177.449**
Accumulated Depreciation							
January 1st 2019	**–**	**(6.833)**	**(81.544)**	**(944)**	**(3.705)**	**–**	**(93.026)**
Depreciation for the period	–	(340)	(5.433)	(43)	(147)	–	**(5.963)**
Depreciation of Disposals	–	35	383	149	304	–	**871**
December 31st 2019	**–**	**(7.138)**	**(86.594)**	**(838)**	**(3.548)**	**–**	**(98.118)**
January 1st 2020	**–**	**(7.138)**	**(86.594)**	**(838)**	**(3.548)**	**–**	**(98.118)**
Depreciation for the period	–	(341)	(5.442)	(44)	(193)	–	**(6.020)**
Depreciation of Disposals	–	30	195	–	2.050	–	**2.275**
December 31st 2020	**–**	**(7.449)**	**(91.841)**	**(882)**	**(1.691)**	**–**	**(101.863)**
Net Book Value							
December 31st 2019	**896**	**4.068**	**64.137**	**202**	**906**	**10.178**	**80.387**
December 31st 2020	**1.020**	**3.745**	**58.999**	**158**	**1.145**	**10.519**	**75.586**

The account "Technological and mechanical equipment" totaling € 1,213,483 k regarding the Group and at € 58,999 k regarding the Company includes Wind Farm generators that have been collateralized at credit institutions as security for long-term loans. In order to cover financing needs regarding new projects, the Company and the Group issue notional collateral on their current assets as well as liens (usually in the form of mortgages) on their non-current assets as guarantees to the creditors.

The categories "Land-Plots", "Buildings and Installations" and "Technological and mechanical equipment" include Group's fixed assets at book value of € 73,078 k (2019:€ 78,672 k), 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 Group 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 2020, the Group's additions to Technological and Mechanical Equipment € 55.971 in total, mainly relate to additions of amount:

- € 13,614 k, € 13,363 k and € 5,885k for the GALOSI wind farm (19,8 MW), KARAMPYLA (19,8 MW) and PYRGARI NTARDIZA (6,3 MW), respectively, of the Municipality of Karystos through subsidiary AEOLIKI MARMARIOY EVOIA SA.,
- € 6,117 k and € 14,218 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.
- € 1.515 k, € 757 k and € 232 k related to wind farms in the site of VOUREZA (7,2 MW), PYRGARI II (9,9 MW) AND KOSKINA-LAKKA (7,5 MW), respectively, of the Municipality of Kymi - Aliveri through its subsidiary AIOLIKI EAST GREECE S.A.,

The additions to the Group's assets under construction for the fiscal year 2020 amount to € 24,487 k mainly related to additions:

- € 5,961 k for the wind parks in the site TARATSA (33,6 MW) of the Municipality of Thiveon through the subsidiary PROVATA TRAINOUPOLEOS S.A.,
- € 8,610 k to wind farms in the site of TSOYKA-SKOYRA (32,04 MW) of the Municipality of Karystos throughf the subsidiary company TERNA ENERGY AVETE & SIA ENERGY KAFIREOS EVIAS G.P.
- € 5,504 k for the wind farm in the site KOSKINA-LAKKA (7,65 MW) of the Municipality of Kimi-Aliveri of the subsidiary company AEOLIKI EASTERN GREECE S.A.
- € 5,802 k for the wind farm through TERNA ENERGY USA subsidiary.

The item "Depreciation of disposed subsidiaries" of net book value of € 155,836 k relates to the disposal, within the third quarter of 2020, of "Mountain Air" wind farm in Texas USA (see Note 7.3 in detail).

"Additions from new consolidations" amounting to € 3,552 arise from the acquisition of the company RF ENERGY OMALIES SA. by € 4,115 k (see Note 7.1) and from the finalization of the allocation of the acquisition price of the wind farm "Bearkat I" in Texas (Glasscock County), the USA, which had a negative effect on the value of property, plant and equipment by € 563 k in relation to the preliminary evaluation (see analytical information in Note 7.2)

Transfers from the "Assets under construction" amounting to € 41,571 k are due to the completion within 2020 of the construction of the following wind farms:

- the subsidiary AEOLIKI MARMARIOY EVIAS S.A. at GALOSSI (19.8 MW), KARABYLA (19.8 MW) and PYRGARI DARDIZA (6.3 MW), respectively, of the Municipality of Karystos
- the subsidiary company ENERGIAKI DYSTION EVIAS S.A. at MESOPIKI (9 MW) and AGRIACHLADIA (22.5 MW), respectively, of the Municipality of Kymi-Aliveri
- the subsidiary ENERGIAKI STYRON EVIAS S.A. at EXOSTIS (18.9 MW) of the Municipality of Karystos
- of the subsidiary AEOLIKI EASTERN GREECE S.A. at VOUREZA (7.2 MW) and PYRGARI II (9.9 MW), respectively.

(Amounts in thousand Euro unless mentioned otherwise)

Depreciation of the Group's tangible assets for FY 2020 was recorded in Cost of Sales at € 69,575 k (€ 61,625 k in 2019), in Administrative and distribution expenses at € 141 k (€ 120 k in 2019) and in Research and development expenses at € 45 k (€ 37 k in 2019).

Respectively, depreciation of the Company's tangible assets for FY 2020 was recorded in Cost of Sales at € 5,871 k (€ 5,846 k in 2019), in Administrative and distribution expenses at € 104 k (€ 80 k in 2019) and in Research and development expenses at € 45 k (€ 37 k in 2019).

No need to recognize impairment losses of the Group and the Company tangible assets has arisen in 2020 (in 2019, total impairment losses were recognized in respect of the Group amounting to € 1,444 thousand).

11. INVESTMENT PROPERTY

For the period from January 1st to December 31, 2020 and 2019, the Group's and the Company's investment property is analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Opening Balance	**540**	**538**	**540**	**538**
Change in fair value of investment property	–	2	–	2
Disposals	(540)	–	(540)	–
Closing Balance	**–**	**540**	**–**	**540**

Within the current year, the Company disposed of the investment property it owned. The sale resulted in a profit of € 113 thousand, included in the item "Other income/(expenses)" of the consolidated and separate Statement of Comprehensive Income.

12. INVESTMENTS IN SUBSIDIARIES

12.1 Analysis of changes of investments in subsidiaries for the year 2020

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	
	31.12.2020	31.12.2019
Opening Balance	**400.287**	**332.595**
Additions	59.613	97.355
Disposals	(12)	–
Company liquidation	(89)	–
Capital Return	(23.600)	(27.910)
Impairment of investments	(394)	(1.630)
Transfer to joint ventures (see Note 14.1)	(280)	(123)
Closing Balance	**435.525**	**400.287**

Additions standing at € 59,613 performed within 2020, relate to acquisition of new investments as well as to share capital increases in the existing subsidiaries, in particular:

- Share capital increase of € 15,000 k in the subsidiary TERNA ENERGY OVERSEAS LTD on 10/12/2020.
- Share capital increase of € 1,800 k in the subsidiary TERNA ENERGY FINANCE S.A. on 01/03/2020.
- Share capital increase of € 339 k in the subsidiary AEOLIKI MALEA LAKONIAS S.A. on 16/07/2020.
- Share capital increase of € 4,601 k in the subsidiary AIOLIKI PROVATA TRAINOYPOLEOS MAE on 30/09/2020. Furthermore, on 29/12/2020, pursuant to the private agreement of the shareholders of the aforementioned subsidiary, the shareholder "IWECO CHONOS CRETE S.A." proceeded with the disposal of its total shares, i.e. 58 shares standing at value of € 580, to the Company, which, following this purchase and sale, now holds 100% of the share capital of AIOLIKI PROVATA TRAINOYPOLEOS MAE.
- Share capital increase of € 1,800 k in the subsidiary DELTA AXIOU ENERGIAKI S.A. on 12/02/2020.
- Share capital increase of € 55 k in the subsidiary TERNA ENERGY THALASSIA WIND PARKS S.A. on 08/07/2020.
- On 10/01/2020, pursuant to the private agreement of the shareholders of AEOLIKI CENTRAL GREECE SA, a subsidiary, the shareholder "AEOLIKI ILIOKASTROU SA" proceeded with the disposal of its total shares, i.e. 2.000 shares standing at value of € 60 k, to the Company, which, following this purchase and sale, now holds 100% of the share capital of AEOLIKI CENTRAL GREECE S.A.
- On 23/04/2020, the parent company acquired 100% of shares of the company RF ENERGY OMALIES S.A. which was subsequently renamed into TERNA ENERGIAKI OMALIES MAE, for a total consideration (cash and contingent consideration) of € 35,915 k (see Note 7.1).
- On 28/09/2020, the parent company established the company EVOIKOS ANEMOS S.A. The Company's participating interest stands at 70% and the share capital paid is € 18 k.
- On 23/11/2020 The Company established 100% subsidiary company ILIAKI PIKROLIMNIS S.A. versus a consideration of € 25 k. On 15/12/2020, under a private agreement, it sold 50% of the shares of the subsidiary company at a consideration of € 12 k.

The capital returns of € 23,600 k performed in 2020, relate to share capital decreases in the subsidiaries AEOLIKI MARMARIOU EVIAS S.A., ENERGIAKI DYSTION EVIAS S.A., ENERGIAKI STYRON EVIAS S.A. and AEOLIKI EASTERN GREECE S.A. by € 10,900 k, € 6,200 k, € 3,500 k and € 3,000 k respectively.

Finally, the amount of € 89 k "Company liquidation" concerns the companies CHRYSOUPOLI ENERGIAKI LTD, GEOTHERMIKI ENERGIAKI DEVELOPMENT S.A. and TERNA ENERGY UK, whose liquidation was completed within 2020.

During 2020, dividends were recognized by the subsidiaries amounting to € 41,869 k, included in the item "Income from participating interest and other investments" in the accompanying Separate Financial Statements.

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 19% and 76%, while for the biomass - between 12% and 29%.
- Discount rate from 4,18% to 8,45% per case (for Greece 5.34% - 7,50%, for Poland 4,18% - 8,45% and for Bulgaria 7,30%-7,96%).

Impairment test outcome

Based on the results of the impairment test performed on December 31, 2020, 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 € 394 k which relates the company DELTA AXIOU ENERGIAKI S.A.

The impairment loss is included in the Separated 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 the change of the Company's discount rate. Regarding the Consolidated Statement, there was no necessity of impairment loss recognition.

(Amounts in thousand Euro unless mentioned otherwise)

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.		TERNA RENEWABLE ENERGY PROJECTS LLC		DELTA AXIOU S.A.	
Non-controlling percentage	**65,00%**	**65,00%**	**49,00%**	**49,00%**	**20,00%**	**34,00%**
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Non-current Assets	22.268	24.545	9.740	10.065	3.445	3.724
Current Assets	10.410	16.797	8.931	10.359	1.718	1.240
Total Assets	**32.678**	**41.342**	**18.671**	**20.424**	**5.163**	**4.964**
Total long-term liabilities	15.495	18.158	12.345	13.402	3.918	3.845
Total short-term liabilities	6.046	11.638	1.118	489	618	2.015
Total liabilities	**21.541**	**29.796**	**13.463**	**13.891**	**4.536**	**5.860**
Total Equity	**11.138**	**11.545**	**5.207**	**6.534**	**627**	**(896)**
Non-controlling interest	7.240	7.504	2.551	3.202	125	(305)

Condensed items of the statement of comprehensive income

	HST S.A.		TERNA RENEWABLE ENERGY PROJECTS LLC		DELTA AXIOU S.A.	
	1 Jan		**1 Jan**		**1 Jan**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Turnover	8.119	9.407	2.231	1.967	1.609	1.265
Net profit /(loss)	**2.211**	**2.720**	**670**	**577**	**(257)**	**(2.181)**
Other comprehensive income (after tax)	7	(1)	(4)	(3)	–	–
Total comprehensive income /(loss)	**2.218**	**2.719**	**666**	**574**	**(257)**	**(2.181)**
Profit/(loss) attributable to non-controlling interest	1.442	1.767	326	281	(51)	(742)

Condensed items of the statement of cash flows

	HST S.A.		TERNA RENEWABLE ENERGY PROJECTS LLC		DELTA AXIOU S.A.	
	1 Jan		**1 Jan**		**1 Jan**	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Total inflows/(outflows) from operating activities	2.912	4.509	(115)	1.126	(656)	(688)
Total inflows/(outflows) from investing activities	28	–	(265)	–	(995)	1
Total inflows/(outflows) from financing activities	(6.218)	(4.973)	(2.588)	6.957	1.598	588
Net increase/(decrease) in cash and cash equivalent	**(3.278)**	**(464)**	**(2.968)**	**8.083**	**(53)**	**(99)**

(Amounts in thousand Euro unless mentioned otherwise)

Note: Financial data prior to deletions with the broader Group.

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

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	
	31.12.2020	**31.12.2019**
Net losses	(5)	(2)
Total comprehensive losses	**(5)**	**(2)**
Total participating interest of the Group in the carrying amount of associates	**62**	**67**

Change in investments in associates in 2020 and 2019 is as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**67**	**4.233**	**–**	**4.188**
Additions	–	1	–	–
Transfer to joint ventures	–	(4.165)	–	(4.188)
Share of results from associates	(5)	(2)	–	–
Closing Balance	**62**	**67**	**–**	**–**

In 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 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".

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.

(Amounts in thousand Euro unless mentioned otherwise)

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.

Based on the contribution of joint ventures to consolidated profits / (losses) before taxes, the Group considered that every single joint venture is insignificant and, therefore, discloses its share in these associates as an aggregate in the following table:

	GROUP	
	31.12.2020	**31.12.2020**
Earnings after tax	**344**	**(52)**
Other Comprehensive Income	–	–
Total Comprehensive Income	**344**	**(52)**
Total investment of the Group in the carrying amount of joint ventures κοινοπραξιών	**4.567**	**4.362**

Changes in investments in joint ventures are as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**4.362**	**–**	**4.409**	**47**
Additions	–	98	–	98
Impairment of Investments	–	–	–	(47)
Transfers (Note 12 & 13)	33	4.288	280	4.311
Share of Profit/Loss	172	(24)	–	–
Closing Balance	**4.567**	**4.362**	**4.689**	**4.409**

In 2020, dividends amounted to € 13 k were collected.

14.2. Investments in joint operations – Proportional consolidation

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 ENERGY 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 2020 and 2019 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)

	31.12.2020	31.12.2019
Non-current assets	42	145
Cash	1.509	808
Other current assets	452	1.232
Total Assets	**2.003**	**2.185**
Long-term liabilities	40	84
Suppliers	47	47
Other short-term liabilities	175	373
Total Liabilities	**262**	**504**
Total equity	**1.741**	**1.682**
Turnover	1.811	1.355
Gross earnings	855	339
Earnings before tax	743	292
Earnings after tax	565	219
Total income after taxes	567	221

15. INVESTMENTS IN EQUITY INTERESTS

Investments in equity interests in 2020 and 2019 are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Opening Balance	**2.419**	**1.823**	**2.419**	**1.818**
Additions	773	600	773	600
Fair value adjustment through Other Comprehensive Income	(439)	–	(439)	–
Disposals	–	(5)	–	–
Closing Balance	**2.753**	**2.418**	**2.753**	**2.418**

This item mainly includes the Group's investments in J/V EUROIONIA and J/V CENTRAL GREECE MOTORWAY with a percentage of 5% and total book value of € 1,514 k (31/12/2019 € 1,755 k). Losses from fair value measurement of the investments in equity securities amounting to € 439 k are included in the item "Profit/(loss) from fair value valuation of investments" in the consolidated and separate statement of comprehensive income.

Impairment loss was included in Other comprehensive income, in the Statement of Comprehensive Income, not reclassified to the income statement.

All of the above investments relate to shares of unlisted securities and determination of their fair value is presented in Note 45.1.

(Amounts in thousand Euro unless mentioned otherwise)

16. OTHER LONG-TERM RECEIVABLES

Other Long-term receivables are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Loans to subsidiaries & other related companies	679	660	107.559	86.701
Guarantees granted	1.684	1.478	1.310	1.268
Withholding of invoiced receivables	2.082	1.973	2.082	1.973
Other long-term financial receivables	978	29.809	811	811
Impairment of other long-term receivables	(812)	(803)	(812)	(811)
Total	**4.611**	**33.117**	**110.950**	**89.942**

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 3,25%-4,00%. During 2020, loans amounting to € 50,945 k were provided to subsidiaries, while loans amounting to € 29,279 k repaid from subsidiaries. The increase in the item "Loans to subsidiaries & other related companies" is mainly due to financing the construction of wind farms of the Group subsidiaries by the parent company.

The change in "Other long-term receivables" is mainly due to derecognition of long-term receivables due to disposal of assets of Mountain Air Wind Farm in America in 2020 (see Note 7.3).

Provision for impairment of long-tern financial assets in 2020 and 2019 is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2019	–	**42**	–	**42**	–	**8**	–	**8**
Provision for credit loss	–	820	–	**820**	–	811	–	**811**
Recovered provisions for credit loss	–	(59)	–	**(59)**	–	(8)	–	**(8)**
December 31st 2019	–	**803**	–	**803**	–	**811**	–	**811**
	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2020	–	**803**	–	**803**	–	**811**	–	**811**
Provision for credit loss	–	10	–	**10**	–	2	–	**2**
Other Transfers	–	(811)	811	–	–	(811)	811	–
December 31st 2020	–	**2**	**811**	**813**	–	**2**	**811**	**813**

17. FINANCIAL ASSETS - CONCESSIONS

The Group constructs and operates three 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.

In particular, 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.

C. Urban Waste Treatment Plant of Peloponnese Region: On 14/06/2018, a public and private partnership agreement was signed between the Peloponnese Region and the subsidiary company "PERIVALLONTIKI PELOPONNESE SINGLE MEMBER S.A. for the implementation of the project for the urban waste treatment plant of the Peloponnese Region for construction and operation of three (3) Waste Treatment Units (WTUs) and an equal number of lLandfills) in Arcadia, Messinia and Laconia, as well as two (2) Waste Transfer Stations (WTS) in Korinthia and Argolida. 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.

On 29/01/2021 the above partnership agreement (PPP) entered into force and the expenses incurred within 2020 for the project development purposes included preparation of the construction sites as well as studies on implementation of the construction phase.

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	Installation of civil waste processing	Installation of civil waste processing	Total
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**
Opening balance as at 1st January 2020	**24.441**	**16.659**	**3.308**	**44.408**
(Decreases)/Increases in financial item	(6.151)	(314)	3.574	**(2.891)**
Effective interest on receivables	3.859	1.268	240	**5.367**
Impairment under IFRS 9	30	39	(1)	**68**
Closing balance as at 31st December 2020	**22.179**	**17.652**	**7.121**	**46.952**
Analysis of revenues per category 01/01-31/12/2019				
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**
Analysis of revenues per category 01/01-31/12/2020				
Income from construction services	–	332	3.574	**3.906**
Income from operation services	7.500	4.320	–	**11.820**
Effective interest on receivables	3.859	1.268	240	**5.367**
Total	**11.359**	**5.920**	**3.814**	**21.093**

(Amounts in thousand Euro unless mentioned otherwise)

Impairment of Financial Asserts – Concessions in 2020 and 2019 is analyzed as follows:

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

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2020	–	**73**	–	**73**	–	–	–	–
Provision for credit loss	–	1	–	**1**	–	–	–	–
Recovered provisions for credit loss	–	(69)	–	**(69)**	–	–	–	–
December 31st 2020	–	**5**	–	**5**	–	–	–	–

18. INVENTORIES

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

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Raw and Auxiliary Materials	1.564	594	1.272	410
Spare-parts of Fixed Assets	3.835	4.206	2.400	2.949
Finished and semi-finished products	594	641	33	32
Impairment	(148)	(148)	(148)	(148)
Total	**5.845**	**5.293**	**3.557**	**3.243**

No need to make provision for obsolete or slow-moving inventory arose as at December 31st 2020.

Inventory is not burdened with liens.

(Amounts in thousand Euro unless mentioned otherwise)

19. TRADE RECEIVABLES

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

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Trade receivables	85.923	78.347	37.516	42.565
Withholding clients' guarantees	2.936	3.198	2.920	3.992
Notes receivables	8	–	8	–
Impairment of trade receivables	(3.938)	(3.950)	(975)	(969)
Total	**84.929**	**77.595**	**39.469**	**45.588**

The above trade receivables also include trade receivables from the Energy segment amounting to € 53,971 k (31.12.2019:€ 55.917 k) 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 before impairment:

	GROUP		COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Non- outstanding balances	82.900	73.643	31.878	36.831
Outstanding balances	5.967	7.902	8.567	9.726
Total trade receivables	**88.867**	**81.545**	**40.445**	**46.557**

The maturity of the balances is depicted as follows:

	GROUP 2020				
	Non outstanding balances	< 6 months	6 - 12 months	> 12 months	**Total**
Total amount of receivables	82.900	1.891	436	3.640	88.867
Expected credit loss	(501)	(2)	(15)	(3.420)	(3.938)

	GROUP 2019				
	Non outstanding balances	< 6 months	6 - 12 months	> 12 months	**Total**
Total amount of receivables	73.643	4.723	250	2.928	81.544
Expected credit loss	(750)	(550)	(48)	(2.602)	(3.950)

(Amounts in thousand Euro unless mentioned otherwise)

	COMPANY 2020				
	Non outstanding balances	< 6 months	6 - 12 months	> 12 months	**Total**
Total amount of receivables	31.878	1.944	3.106	3.516	40.445
Expected credit loss	(185)	(2)	–	(788)	(975)

	COMPANY 2019				
	Non outstanding balances	< 6 months	6 - 12 months	> 12 months	**Total**
Total amount of receivables	36.831	2.310	2.028	5.388	46.557
Expected credit loss	(94)	(550)	(48)	(277)	(969)

At every reporting date, the Group examines the need to recognize expected credit losses, in accordance with the requirements of IFRS 9. The maximum exposure to credit risk at the financial statements reporting date is the book value of every category of receivables as recorded above. In All the necessary measures are taken on a case-by-case basis to ensure the receivables of receivables in the context of the Group’s operations.

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.

Provisions for impairment of trade receivables regarding 2020 and 2019 are analyzed as follows:

	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 currency translation differences	–	2	–	**2**	–	–	–	–
December 31st 2019	**–**	**216**	**3.734**	**3.950**	**–**	**94**	**875**	**969**

	GROUP				COMPANY			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
January 1st 2020	**–**	**216**	**3.734**	**3.950**	**–**	**94**	**875**	**969**
Change due to disposal of subsidiary (see Note 7)	–	(8)	–	**(8)**	–	–	–	**–**
Provision for credit loss	–	173	188	**361**	–	91	35	**126**
Recovery of provisions for credit loss	–	(292)	(60)	**(352)**	–	(60)	(60)	**(120)**
Other Transfers	–	228	(228)	**–**	–	–	–	**–**
Foreign currency translation differences	–	(8)	(5)	**(13)**	–	–	–	**–**
December 31st 2020	**–**	**309**	**3.629**	**3.938**	**–**	**125**	**850**	**975**

(Amounts in thousand Euro unless mentioned otherwise)

20. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables are analyzed as follows:

Prepayments and other financial receivables

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Accrued income	–	2	–	–
Short term component of long term intragroup bond Loans and leases	–	–	3.335	3.465
Restricted deposits	53.246	42.460	4.746	3.904
Receivables from related companies and other associates	577	71	10.878	2.613
Other financial receivables	2.490	2.846	528	289
Impairments of prepayments and other	(33)	(8)	(9)	(13)
Total	**56.280**	**45.371**	**19.478**	**10.258**

Prepayments and other non-financial receivables

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Prepayments to Suppliers	2.970	3.017	1.510	1.644
Prepayments to insurance funds (Social Security Organization of technical works)	345	375	334	334
VAT for rebate- offsetting	8.488	15.743	1.534	–
Receivables form other taxes other than income tax	78	–	–	–
Prepaid expenses and transit debit accounts	6.139	6.724	1.222	789
Receivables form grants	1.479	1.479	–	–
Total	**19.499**	**27.338**	**4.600**	**2.767**
Total prepayments and other receivables	**75.779**	**72.709**	**24.078**	**13.025**

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 construction of new projects by the Group’s subsidiaries.

Provisions/recovery of impairment of other financial and non-financial receivables in 2020 and 2019 are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2019	–	18	6	24	–	9	18	27
Provision for credit losses	–	3	–	**3**	–	–	–	–
Recovering provision for credit losses	–	(17)	(2)	**(19)**	–	–	(14)	**(14)**
December 31st 2019	–	4	4	8	–	9	4	13

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2020	–	4	4	8	–	9	4	13
Provision for credit losses	–	38	–	**38**	–	–	–	–
Recovering provision for credit losses	–	(13)	–	**(13)**	–	(4)	–	**(4)**
December 31st 2020	–	29	4	33	–	5	4	9

21. RECEIVABLES/(LIABILITIES) FROM CONTRACTS WITH COSTUMERS

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

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Receivables from construction contracts with customers	270	1.164	2.762	2.427
Receivables from other contracts with customers	19.143	16.934	2.425	2.456
Less: Impairments of receivables from contracts with customers	(61)	(27)	–	(2)
	19.352	**18.071**	**5.187**	**4.881**

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
January 1st 2019	–	–	–	–	–	–	–	–
Provisions for credit loss	–	26	–	**26**	–	2	–	**2**
Recovered provisions for credit loss	–	1	–	**1**	–	–	–	–
December 31st 2019	–	27	–	27	–	2	–	2

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
January 1st 2020	–	27	–	27	–	2	–	2
Provisions for credit loss	–	60	–	**60**	–	–	–	–
Recovered provisions for credit loss	–	(26)	–	**(26)**	–	(2)	–	**(2)**
December 31st 2020	–	61	–	61	–	–	–	–

(Amounts in thousand Euro unless mentioned otherwise)

Liabilities from contracts with customers are analyzed as follow:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Liabilities from construction contracts with customers	1.141	1.827	1.471	2.016
Liabilities from other contracts with customers	2.105	249	535	225
	3.246	**2.076**	**2.006**	**2.241**

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

Receivables from contracts with customers	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**18.071**	**16.429**	**4.881**	**4.896**
Effect of the existing contracts implementation	1.999	2.805	13.484	3.085
Revenue for the period from new contracts	–	–	3.365	26.258
(Invoices for the period)	(825)	(1.242)	(16.868)	(29.493)
Transfer from liabilities from contracts with customers	267	77	323	137
Impairments of assets from contracts with customers	(32)	(27)	2	(2)
Foreign currency translation differences	(128)	29	–	–
Closing Balance	**19.352**	**18.071**	**5.187**	**4.881**

Liabilities from contracts with customers	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**2.076**	**3.946**	**2.241**	**9.715**
Effect of the existing contracts implementation	(441)	(167)	(704)	(168)
Revenue for the period from new contracts	656	(2.648)	(5.472)	(8.486)
(Invoices for the period)	730	868	5.617	1.043
Transfer from receivables from contracts with customers	267	77	324	137
Foreign currency translation differences	(42)	–	–	–
Closing Balance	**3.246**	**2.076**	**2.006**	**2.241**

22. CASH AND CASH EQUIVALENTS

The cash and cash equivalents on December 2020 and 2019 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Cash in hand	3	2	–	–
Sight deposits	290.904	257.390	59.825	58.624
Term deposits	–	72	–	–
Total	**290.907**	**257.464**	**59.825**	**58.624**

(Amounts in thousand Euro unless mentioned otherwise)

Term deposits have a usual duration of 3 months and their carrying interest rates ranged during 2020 between 0,30%-0,35% (0,45%-0,8% for 2019).

The Group's cash and cash equivalents include amounts for repayment, of € 3.024 k. (2019: € 3.024 k) (for the Company: € 0 k (2019: € 0 k), relating to grants 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 31/12/2020, the Group and the Company maintain restricted deposits amounting to € 53.246 k and € 4,746 k respectively (31/12/2019: € 42,460 k for the Group and € 3,904 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. BORROWING

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

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Long-term loans				
Bank loans	192.525	301.270	–	766
Bond loans	664.707	605.248	343.792	303.320
Total long-term loans	**857.232**	**906.518**	**343.792**	**304.086**
Long-term liabilities payable in the following year				
Bank loans	9.870	23.579	783	1.575
Bond loans	59.494	46.635	30.684	38.351
Total Long-term liabilities payable in the following year	**69.364**	**70.214**	**31.467**	**39.926**
Short-term loans				
Bank loans	27.451	36.419	10.013	5.165
Other intra-company loans	36	34	–	–
Total short-term loans	**27.487**	**36.453**	**10.013**	**5.165**
Total borrowing	**954.083**	**1.013.185**	**385.272**	**349.177**

(Amounts in thousand Euro unless mentioned otherwise)

The analysis of changes in the aforementioned loan liabilities of the Group and the Company in 2020 and 2019 is presented below as follows:

	GROUP		COMPANY	
Long-term loans	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening balance	**906.518**	**668.409**	**304.086**	**224.645**
New borrowing	137.224	540.461	65.400	225.688
Loan repayment	(7.649)	(54.502)	(14.311)	(11.595)
Capitalization of interest	(3.656)	5.537	(2.519)	(642)
Transfer between long-term and short-term components of liabilities	(66.948)	(239.797)	(8.864)	(134.010)
Change due to acquisition of subsidiary (Note 7.2)	(563)	(17.976)	–	–
Change due to sale of subsidiary (Note 7.3)	(90.443)	–	–	–
Foreign currency translation differences	(17.251)	4.386	–	–
Closing Balance	**857.232**	**906.518**	**343.792**	**304.086**
Long-term liabilities payable in the following year				
Opening balance	**70.214**	**100.041**	**39.926**	**23.050**
New borrowing	–	3.573	–	–
Loan repayment	(64.362)	(271.162)	(13.976)	(113.900)
Capitalization of interest	1.103	(2.220)	(3.347)	(3.234)
Transfer between long-term and short-term components of liabilities	66.948	239.797	8.864	134.010
Change due to sale of subsidiary (Note 7.3)	(4.044)	–	–	–
Foreign currency translation differences	(495)	185	–	–
Closing Balance	**69.364**	**70.214**	**31.467**	**39.926**
Short-term loans				
Opening balance	**36.453**	**43.989**	**5.165**	**17.019**
New borrowing	158.416	257.573	67.000	142.000
Loan repayment	(166.361)	(272.118)	(62.000)	(154.000)
Capitalization of interest	471	437	(152)	146
Change due to acquisition of subsidiary (Note 7.2)	–	6.613	–	–
Foreign currency translation differences	(1.492)	(41)	–	–
Closing Balance	**27.487**	**36.453**	**10.013**	**5.165**
Total borrowing	**954.083**	**1.013.185**	**385.272**	**349.177**

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. The obtained 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.

As at 31/12/2020, the total borrowing includes the amounts of subordinated loans (non recourse debt) amounting to € 636,301 k, while the recourse debt amounts stand at € 317,782 k. The loans guaranteed by the parent company include the common bond loan of TERNA ENERGY Finance S.A. issued in 2019, of total book value of € 147,514 k as at December 31st 2020.

Regarding the Group's long-term borrowings totaling € 926,595 k (long-term liabilities plus long-term liabilities payable in the following year),(a) in Greece it consists in Euro 80,20% of the total, (b) in the United States - in USD 16,13% of the total, (c) in Poland - in PLN 2,99% of the total and (d) in Bulgaria - in EUR 0,68% of the total. Of the total Group long term debt, as reported at the end of the fiscal year 38,6%, are at a fixed interest rate, 18,1%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 43,3% 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 2020 and 2019 was 3,84% and 5,40% respectively. The weighted average interest rate for short-term loans was 3,35% and 4,80% for the financial years 2020 and 2019, respectively.

In 2020 and 2019, the total interest of the above loans regarding the Group stood at € 36,996 k and at € 44,707 k respectively, and regarding the Company - at € 11,440 k and € 11,205 k respectively (see Note 39).

The Company's long-term loans also include the loans received by its subsidiaries, amounting to € 273,190 k on December 31, 2020.

Significant changes in loan liabilities of the Group and the Company for the annual period ended 31/12/2020 are presented below as follows:

New Borrowings

In 2020, the Group issued new loans from financial institutions amounting to € 295,640 k. The liquidity raised was mainly used to finance investments in wind farms of subsidiaries, and repayment of short-term bank loans, issued to finance uninterrupted and timely compliance with the construction schedule, namely:

- A bond loan of nominal value € 40,306 k was issued regarding the wind farms "Pyrgari-Dardiza", "Karabyla" and "Galossi" of the subsidiary AEOLIKI MARMARIOU EVIAS MAE, through which short-term borrowings amounting to € 29,569 k received in 2020 in the context of bridge loan, were repaid. The loan term was set as that of 14 years, maturing in 2034. The interest rate was set at 6-month Euribor plus a margin.

- A bond loan of nominal value € 33,710 k was issued regarding the wind farms "Mesokopi" and "Agriachladia" of the subsidiary ENERGIAKI DYSTION EVIAS S.A., through which short-term borrowings amounting to € 29,773 k received in 2020 in the context of bridge loan, were repaid. The loan term was set as that of 14 years, maturing in 2034. The interest rate was set at 6-month Euribor plus a margin.

- A bond loan of nominal value € 20,705 k was issued regarding the wind farm "Exostis" of the subsidiary ENERGIAKI STYRON S.A. through which short-term borrowings amounting to € 9,588 k received in 2020 in the context of bridge loan, were repaid. The loan term was set as that of 14 years, maturing in 2034. The interest rate was set at 6-month Euribor plus a margin.

- A bond loan of nominal value € 22,457 k was issued regarding the wind farms "Voureza", "Koskina Lakka" and "Pyrgari II" of the subsidiary AEOLIKI EASTERN GREECE S.A., through which short-term borrowings amounting to € 15,446 k received in 2020 in the context of bridge loan, were repaid. The loan term was set as that of 14 years, maturing in 2034. The interest rate was set at 6-month Euribor plus a margin.

- A bond loan of nominal value € 22,689 k was issued regarding the wind farm "Servunia" of the subsidiary TERNA AEOLIKI AMARINTHOU S.A.through which short-term borrowings amounting to € 19,396 k received in 2020 in the context of bridge loan, were repaid. The loan term was set as that of 12 years, maturing in 2032. The interest rate was set at 6-month Euribor plus a margin.

- A short-term loan of € 8,014 k was issued to cover the needs of short-term financing (working capital) of the sub-group in America.

- Short-term financing of € 67,000 k was received by the Company, while short-term financing of € 57,000 k was repaid.

Moreover, bank borrowings were reduced by € 94,487 k following the disposal of assets of Mountain Air Wind Farm in Texas (see Note 7.3).

The Group has the obligation to maintain specific financial ratios relating to bond loans. As at 31 December, 2020, the Group was in full compliance with the required limits of these ratios, according to the provisions of loan agreements, apart from a long-term loan of total unamortized amount of € 1,035 k. This loan was reclassified from Long-term to Short-term Liabilities, under IAS 1, since the financial ratios of the relevant loan contracts were not complied with. The aforementioned loan was repaid in February 2021.

(Amounts in thousand Euro unless mentioned otherwise)

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	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**8.733**	**–**	**1.701**	**–**
Adjustments from changes in accounting principles and application of new standards	–	7.009	–	1.507
Adjusted opening balance	**8.733**	**7.009**	**1.701**	**1.507**
Liabilities from new contracts	3.762	2.535	3.256	583
Repaid lease agreements	(1.422)	(1.296)	(635)	(466)
Financial cost for the period	486	438	94	77
Write-offs	(98)	–	–	–
Change due to acquisition of a new business	582	–	–	–
Foreign currency translation differences	(261)	47	–	–
Closing Balance	**11.782**	**8.733**	**4.416**	**1.701**

For the period 01/01/2020 - 31/12/2020, the Group and the Company recognized rental expenses from short-term leases of € 633 k and € 1.338 k respectively, while no leases of low values assets are effective.

(Amounts in thousand Euro unless mentioned otherwise)

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 31/12/2020 and 31/12/2019 are analyzed as follows:

		GROUP		COMPANY	
Liabilities from derivatives	**Note**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
- Cash flow hedging					
Interest rate swaps	25.1	8.392	7.328	1.377	1.354
Electric energy options (collar)	25.2	1.873	2.625	–	–
Term contract for the sale of electric energy (physical forward)	25.2	2.382	6.031	–	–
- For trading purposes				–	–
Electric energy options (collar) (Balance of Hedge)	25.2	–	76	–	–
Total Liabilities from Derivatives		**12.647**	**16.060**	**1.377**	**1.354**
Long-term liabilities from derivatives		*7.873*	*7.178*	*958*	*955*
Short-term term liabilities from derivatives		*4.774*	*8.882*	*419*	*399*

		GROUP		COMPANY	
Receivables from derivatives	**Note**	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
- Cash flow hedging					
Electric energy options (collar)	25.2	6.753	5.716	–	–
Electric energy options (swaption)	25.2	780	510	–	–
Sale of electric energy physical forward	25.2	7.011	8.096	–	–
Total Receivables from Derivatives		**14.544**	**14.322**	**–**	**–**
Long-term liabilities from derivatives		*14.544*	*14.322*	–	–

The aforementioned financial instruments are measured at their fair value (see Note 45).

Specifically, in the year 2020, from the above described derivatives, a total loss of € 412 thousand (2019: profit of € 6,870 thousand) was recognized as results from fair value valuation, which is included in the line "Gains/ (Losses) from financial instruments measured at fair value ". Furthermore, the results from fair value valuation recognized in other comprehensive income amounted to a profit of € 3,735 thousand (2019: loss of € 3.838 thousand). Furthermore, during the year and following the disposal of the wind farm "Mountain Air", a loss of € 6,511 k was reclassified from the relevant account " Differences from cash flows risk hedges reserves" to the income statement (Note 7.3).

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 31/12/2020 throughout the time horizon of such contracts.

The fair value of these contracts as at 31/12/2020 amounted to a total liability of € 8,392 k (the total nominal value of the contracts is € 278,032 k for Greece and Bulgaria). As at 31/12/2020, 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, loss amount of € 2.158 k (2019: loss of € 2.244 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 its subsidiaries in USA, 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 in FY 2019 which was recorded in "Profit from financial instruments measured at fair value".

  As at 31/12/2020, 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 € 2,569 k. (net receivables) as at 31/12/2020 (31/12/2019: € 514 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. During the FY 2020 the balance of hedge agreement was terminated, according to the original contract conditions and therefore its fair value changed to zero. The aforementioned contract did not comply with hedging of cash flow risk provisions stated in IFRS 9. The fair value of the derivative is defined as € 76 k. (net liability) is classified at fair value hierarchy level 2 (see Note 45). In the course of FY 2020 the unrealized profit from the valuation of the balance of hedge amounting to € 75 k.(FY 2019: unrealized profit € 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 was 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. On 31/12/2020 and 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 € 3,587 k. (net receivable as at 31/12/2020 (31/12/2019: € 591 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 31/12/2020 and 31/12/2019, this contract met the conditions set for cash flow hedging, in accordance with the requirements of IFRS 9. The fair value of the derivative was set at € 4,133 k(net receivable) as at 31/12/2020 (31/12/2019: € 4,562 k (net receivable) and has been classified in the fair value hierarchy level 3 (see Note 45).

As at 30/09/2019, this derivative did not meet the cash flow hedge requirements in accordance with the provisions of IFRS 9. During the first nine-month period of 2019, 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

In 2020, a total loss of € 412 k (2019: profit of € 6,870 k) from the above derivatives, was recognized in the income statement from changes in fair value, included in the item “Gains/ (Losses) from financial instruments measured at fair value ». Furthermore, the total changes in fair value recognized in other comprehensive income stood at a profit of € 5,893 k (2019: loss of € 1,594 k).

26. PROVISION 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.

(Amounts in thousand Euro unless mentioned otherwise)

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 2020 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 31/12/2020.

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

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Current service cost	161	163	143	145
Financial cost	6	7	5	6
Actuarial (profit) / loss	(38)	57	(35)	54
	129	**227**	**113**	**205**

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

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**657**	**498**	**550**	**408**
Provision recognized in the income statement	167	170	149	151
Provision recognized in other comprehensive income	(38)	57	[illegible]	(54)
Provisions used	(79)	(68)	(66)	(63)
Closing Balance	**707**	**657**	**598**	**550**

The key actuarial assumptions for FY 2020 are as follows:

	2020	2019
Discount interest	0,60%	1,00%
Future salary increases	1,25%	1,25%
Inflation	1,50%	1,50%
Volatility of salaried/day-waged workers (voluntary withdrawal)	1%	1%
Mortality	EVK 2000	EAE2012P

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

	GROUP	COMPANY
Change in discount rate + 0,5%	(667)	(511)
Change in discount rate - 0,5%	827	624
Change in salaries + 0,25%	822	620
Change in salaries - 0,25%	(668)	(512)

(Amounts in thousand Euro unless mentioned otherwise)

27. OTHER PROVISIONS

Changes in other provisions of the Group and the Company in 2020 and 2019 are as follows:

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance January 1st 2019	**16.340**	**896**	**3.164**	**760**
Provision recognized in the income statement	993	–	187	–
Provision recognized in property, plant and equipment	1.897	–	–	–
Additions from new consolidations (see Note 7.2)	1.370	–	–	–
Foreign currency translation differences	54	–	–	–
Balance December 31st 2019	**20.654**	**896**	**3.351**	**760**
Long-term provisions	*20.654*	*896*	*3.351*	*760*
Short-term provisions	–	–	–	–

	GROUP		COMPANY	
	Provisions for environmental rehabilitation	Other provisions	Provisions for environmental rehabilitation	Other provisions
Balance January 1st 2020	**20.654**	**896**	**3.351**	**760**
Provision recognized in the income statement	1.133	–	198	–
Provision recognized in property, plant and equipment	960	–	–	–
Decreases from disposal of subsidiary (see Note 7.3)	(1.660)	–	–	–
Foreign currency translation differences	(637)	–	–	–
Balance December 31st 2020	**20.450**	**896**	**3.549**	**760**
Long-term provisions	*20.450*	*896*	*3.549*	*760*
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 financial outflows. In particular, provisions (except provisions for rehabilitation of natural landscape) are presented in 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 € 20.450 k (31/12/2019: € 20,654 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.

(Amounts in thousand Euro unless mentioned otherwise)

Other provisions mainly refer to provisions for pending litigations, standing at € 335 k (31/12/2019: € 335 k) and tax uninspected years, standing at € 560 k (31/12/2019: € 560 k).

28. GRANTS

Grants on 31 December 2020 and 31 December 2019 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Opening Balance	**134.322**	**141.336**	**18.916**	**20.175**
Amortizations recognized in the income statement	(6.764)	(7.995)	(1.259)	(1.259)
Change due to sale of subsidiaries	(44.281)	–	–	–
Foreign currency translation differences	(1.137)	981	–	–
Closing Balance	**82.140**	**134.322**	**17.657**	**18.916**

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.

The aforementioned grants are amortized in income only to the extent of the component corresponding to fully completed and operating wind farms.

In 2020, the decrease in the item by € 44,281 k concerns the book value of the grants allocated due to the disposal of the “Mountain Air” Wind Farm (Note 7.3).

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, the Group has entered into agreements with "Tax Equity Investors" (hereinafter "TEI"). According to these agreements, the cash flows and tax benefits generated by wind farms are distributed conventionally amongst TEI and the Group. The accounting policy applied in respect of the aforementioned financial liabilities is analytically presented in Note 4.11.5(iii) of the accompanying consolidated and separate financial statements.

(Amounts in thousand Euro unless mentioned otherwise)

Equity instruments having a substance of financial liabilities (long and short-term component) as at December 31st 2020 and 2019 are analyzed in the accompanying Financial Statements as follows:

	GROUP	
	31.12.2020	**31.12.2019**
Financial liabilities	193.654	272.582
Deferred income (*)	42.530	51.825
Long-term part	**236.184**	**324.407**
Long-term financial liabilities payable in the following year	45.079	51.365
Short-term part	**45.079**	**51.365**
Total	**281.263**	**375.772**

(*)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 2020 and 2019 are analyzed as follows:

Financial liabilities	GROUP	
	31.12.2020	**31.12.2019**
Opening Balance	**323.947**	**133.474**
Collectibles from TEI	1.052	120.718
Cash Distribution from TEI	(4.334)	(6.662)
Addition from acquisition of entity (Note 7.2)	–	113.685
Reductions due to sale of subsidiaries (Note 7.3)	(41.243)	–
Value of tax benefits	(43.893)	(53.673)
Interest for the period (Note 39)	26.362	15.885
Foreign currency translation differences	(23.158)	520
Closing Balance	**238.733**	**323.947**

Retained earnings	GROUP	
	31.12.2020	**31.12.2019**
Opening Balance	**51.825**	**26.916**
Value of tax benefits	1.430	31.140
Amortization of benefits (Note 38)	(6.711)	(6.663)
Foreign currency translation differences	(4.014)	432
Closing Balance	**42.530**	**51.825**

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 2020, 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 € 6,711 k (2019: € 6,663 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 € 42,463 k (2019: € 22,533 k).

- **Financial liability to TEI Met Life:**

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.
On 15/07/2020 the Group proceeded with the disposal of the wind park "Mountain Air" to Innergex Renewable Energy Inc. In particular, the Group, through its subsidiary in the USA, Mountain Air Resources LLC, disposed Class B membership interest of the wind park "Mountain Air" (see Note 7.3). As a result of the disposal, the Group derecognised the unamortized balance of the aforementioned liability on 15/7/2020, amounting to € 41,243 k.

- **Financial liability to TEI AEG Fluvanna Wind LLC:**

On 31/12/2020, the unamortized liability of the Group to TEI AEG Fluvanna Wind LLC, c/o Special Situations Investing Group II LLC (affiliated company of Goldman Sachs) amounts to € 90.953 k (including € 21.640 k relating to 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 MidAmerican Wind Tax Equity Holdings, LLC:**

On 31/12/2020, the unamortized liability of the Group to TEI MidAmerican Wind Tax Equity Holdings, LLC (affiliated company of Berkshire Hathaway) amounts to € 98,748 k (including € 19,277 k relating to unamortized value of tax benefits).

(Amounts in thousand Euro unless mentioned otherwise)

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.

- **Financial liability to TEI BAL & ANTRIM:**

On 31/12/2020, the unamortized liability of the Group to TEI Antrim Corporation and BAL Investment & Advisory, Inc., (affiliated company of Merrill Lynch) amounts to € 91,562 k (including € 1,613 k relating to 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 2020 and 2019, the suppliers in the accompanying financial statements, are analysed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Suppliers	42.247	56.835	15.124	14.969
Total	**42.247**	**56.835**	**15.124**	**14.969**

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).

(Amounts in thousand Euro unless mentioned otherwise)

The decrease in liabilities to suppliers at the Group level for the fiscal year 2020 is mainly due to the completion of the construction of nine (9) wind farms at 9 locations in Evia, 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.

31. ACCRUED AND OTHER SHORT-TERM LIABILITIES

The accrued and other short-term liabilities as at 31 December 2020 and 31 December 2019, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Accrued and other short-term financial liabilities				
Liabilities from dividends payable and capital return	213	160	213	160
Intercompany liabilities from dividends, cash and other liabilities	265	17	151	1.956
Deferred income and other transitory accounts	–	3.476	–	–
Employee fee due	341	333	285	284
Accrued expenses	8.865	6.053	1.967	595
Sundry Creditors	1.227	612	768	119
Total	**10.911**	**10.651**	**3.384**	**3.114**

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Other short-term non-financial liabilities				
Liabilities from taxes-duties other than income tax	4.384	5.413	1.857	2.374
Social security funds	511	513	432	414
Grants to be returned (Note 28)	3.024	3.024	–	–
Total	**7.919**	**8.950**	**2.289**	**2.788**

The item “Accrued expenses” includes the amount of special contribution imposed for the financial year 2020 - for addressing the side effects of the coronavirus pandemic - for RES projects in Feed-in Tariff regime, put into operation prior to December 31, 2015. The contribution is estimated at an amount equal to 6% of the turnover from RES energy production for 2020 and as far as the Group is concerned, stands at € 5,252 k.

32. SHARE CAPITAL AND SHARE PREMIUM

As at 31/12/2020, following the corporate events, listed below, the Company's share capital amounts to € 34,756,527.00, fully paid and divided into 115,855,090 common registered shares with voting rights of a nominal value € 0.30 each. Share premium as at 31/12/2020 stands at € 209,870 k.

Corporate events in 2020

- The Extraordinary General Meeting of Shareholders held on 18/12/19 decided on increasing the share capital by the amount of € 19,366,219.12 through capitalizing part of the special purpose reserve from the issue of share premium 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 General Commercial Registry the 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.

- 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.

- On 07/09/2020, the Company announced that the Share Capital Increase by cash payment and elimination of the pre-emptive right of the current shareholders and the disposal of the new shares through private placement, that has been decided by the Extraordinary General Meeting of the Shareholders of the Company dated 01.09.2020 ("EGM"), has been successfully completed and totally subscribed, by raising proceeds of a total amount of €68,523,642 through the disposal of the new 6,229,422 shares at the discretion of the Board of Directors (as authorized by the EGM of the Company's Shareholders) to funds managed by the following international investors and/or companies affiliated with them: Blackrock Inc., Anavio Capital Partners LLP, Kayne Anderson Capital Advisors LP, and Impax Asset Management. In view of the above, the final subscription rate of the Share Capital Increase amounts to 100% and the total amount of the funds raised to €68,523,642. Following the above, the share capital of the Company will be increased by €1,868,826.60, with the issuance of 6,229,422 new common registered shares, with a nominal value of €0.30 each, while the amount of €66,654,815.40 shall be placed at a special share premium reserve of the Company.

- On 20/10/2020, the Extraordinary Meeting of Shareholders decided to decrease the share capital of the Company by the amount of € 1,287,980.40, through the cancellation of 4,293,268 treasury shares held by the Company, respectively amending par. 1, article 5 of the Company's Articles of Association (see Note 33).

- On 16/12/2020, the Extraordinary General Meeting of the Shareholders of the Company approved the granting of up to two million five hundred thousand (2,500,000) free new shares of the Company to executive members of the Board of Directors and senior executives of the Company for their contribution in achieving the financial goals, in implementing new projects and in increasing the profits of the Company during the term 01.01.2021- 31.12.2023 and authorized the Board of Directors to undertake all necessary actions for the implementation of such decision and the determination of the distribution terms.

32.1 Dividends

- On 29/04/2020, the Regular General Meeting of the Shareholders decided to distribute dividend of € 0.17 per share, from the profits of FY 2019. This amount was increased by the dividend corresponding to the treasury shares held by the Company at the date of the cut off, and, therefore, the total amount of dividend per share stood at € 0.174505, forming the final amount of € 19,199,756.66. The aforementioned dividend is subject to withholding tax of 5% according to article 24, Law 4646 / 2018 and, therefore, the shareholders received a net amount of € 0.165780 per share. The dividend was paid on 29/06/2020.

- On 16/12/2020, the Extraordinary General Meeting of Shareholders approved the distribution of profits and reserves of the Company according to article 48 of Law 4172/2013, of the financial years up to 31.12.2019, in accordance with article 162 par. 3 of Law 4548/2018, of a total amount of € 19,695,365.30, i.e. an amount of € 0.17 per share. The dividend was paid on 28/12/2020.

- On 27/04/2021, the Board of Directors proposed distribution of dividends from the Company's reserves according to article 48 of Law 4172/2013, of the financial year 2020 in accordance with article 162 par. 3 of Law 4548/2018, of a total amount of € 19,695,365.30, i.e. an amount of € 0.17 per share.

(Amounts in thousand Euro unless mentioned otherwise)

33. RESERVES

The reserves for the fiscal years 2020 and 2019, in the accompanying financial statements, are analyzed as follows:

GROUP	Statutory reserves	Treasury shares	Foreign currency translation dif. to Euro reserves from foreign operations	Differences from cash flows risk hedges reserves	Actuarial revenue/ losses from defined benefit plan reserves	Valuation reserves at fair value of participations	Development and tax legislation reserves	Total
January 1st 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)
December 31st 2019	**12.683**	**(9.261)**	**(900)**	**(14.132)**	**46**	**–**	**55.702**	**44.138**
January 1st 2020	**12.683**	**(9.261)**	**(900)**	**(14.132)**	**46**	**–**	**55.702**	**44.138**
Other comprehensive income (after tax)	–	–	(11.339)	10.566	38	(334)	–	(1.069)
Formation of reserves	2.490	–	–	–	–	–	3.622	6.112
Acquisition of treasury shares	–	(21.239)	–	–	–	–	–	(21.239
Cancellation of treasury shares	–	30.500	–	–	–	–	–	30.500
December 31st 2020	**15.173**	**–**	**(12.239)**	**(3.566)**	**84**	**(334)**	**59.324**	**58.442**

COMPANY	Statutory reserves	Treasury shares	Foreign currency translation dif. to Euro reserves from foreign operations	Differences from cash flows risk hedges reserves	Actuarial revenue/ losses from defined benefit plan reserves	Valuation reserves at fair value of participations	Development and tax legislation reserves	Total
January 1st 2019	**5.050**	**(7.754)**	**–**	**(782)**	**96**	**–**	**14.178**	**10.7888**
Other comprehensive income (after tax)	–	–	–	(230)	(42)	–	–	(272)
Formation of reserves	1.601	–	–	–	–	–	422	2.023
Acquisition of treasury shares	–	(1.506)	–	–	–	–	–	(1.506))
December 31st 2019	**6.651**	**(9.260)**	**–**	**(1.012)**	**54**	**–**	**14.600**	**11.0333**
January 1st 2020	**6.651**	**(9.260)**	**–**	**(1.012)**	**54**	**–**	**14.600**	**11.0333**
Other comprehensive income (after tax)	–	–	–	(18)	27	(334)	–	(325)
Formation of reserves	1.100	–	–	–	–	–	422	1.522
Acquisition of treasury shares	–	(21.239)	–	–	–	–	–	(21.239)
Cancellation of treasury shares	–	30.500	–	–	–	–	–	30.500
December 31st 2020	**7.751**	**1**	**–**	**(1.030)**	**81**	**(334)**	**15.022**	**21.4911**

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.

Treasury Shares

Within the period 01/01/2020 - 31/12/2020, the Company acquired 2,650,017 treasury shares at acquisition value of € 21,565,349.69. Following the return of the share capital, performed on 24/1/2020, as recorded in Note 32 above, the cost of treasury shares decreased by € 326,344.92, which is the product of the return corresponding to treasury shares. On October 20, 2020, the Extraordinary General Meeting of shareholders approved the decision of the Company's Board of Directors dated 10/08/2020 on the cancellation of all treasury shares held by the Company and decreasing the Company's share capital by nominal amount of € 1,287,980.40 and the amount of share premium of € 29,212,080.60. As at 31/12/2020, the Company held no treasury shares.

Currency translation differences reserves

Under consolidation of foreign companies, foreign currency translation are recognized in other comprehensive income and cumulatively in foreign currency translation differences reserves from incorporating foreign operations. The cumulative amount is transferred to the income statement for the year when the investments are transferred.

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. In 2020, the Group recognized as a reduction of these reserves, profit from derivatives after tax amounting to € 10,568 k. On 31/12/2020, the total amount of these reserves stood at a debit balance of € 3,563 k (see Note 25). Furthermore, an amount of € 6,511 thousand, which related to subsidiaries disposal reserves (see Note 7.3) was reclassified to the income statement of the consolidated Statement of Comprehensive Income for the current year.

Proportional actuarial gains/(losses) reserves

Actuarial gains / (losses) from defined benefit pension plans arising from (a) empirical adjustments (the result of differences between previous actuarial assumptions and those that eventually occurred) and (b) changes in actuarial assumptions.

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 totaling € 13.624 k and € 48.834 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. The Group does not intend to distribute or capitalize these reserves in the near future.

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	
	31.12.2020	**31.12.2019**
Net gains attributable to the owners of the parent for basic earnings per share (Amount in thousand Euro)	71.795	51.552
Average Weighted Number of Shares Used to Calculate Basic Earnings / (Losses) Per Share	112.381.580	112.285.953
Basic earnings per share (Amounts in Euro per share)	**0,6389**	**0,4591**

No diluted earnings per share are effective regarding the Group and the Company in the FY ended as at 31/12/2020 and the respective comparative year.

35. INCOME TAX- DEFERRED TAX

In 2020 and 2019, the tax rate for legal entities in Greece was 24%.

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.

(a) Income Tax Expense

Income tax in the accompanying consolidated and separate financial statements for 2020 and 2019, is analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Current income tax	15.109	13.553	598	1.489
Deferred tax	1.501	2.838	(3.059)	(313)
Total	**16.610**	**16.391**	**(2.461)**	**1.176**

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Profit before income tax expense	**89.998**	**69.636**	**26.445**	**21.461**
Nominal tax rate	24%	24%	24%	24%
Income tax based on the nominal tax rate	**21.600**	**16.713**	**6.347**	**5.151**
Adjustments*:*				
Expenses not included in the tax calculation	451	–	451	–

(Amounts in thousand Euro unless mentioned otherwise)

Adjustments of tax of previous years and additional taxes	(278)	572	–	(333)
Difference in taxation of foreign companies	(833)	(52)	–	181
Write-off/(Offsetting) of tax losses	(1.354)	(1.153)	–	–
Effect of participating in net results of associates and joint venture	(427)	(12)	–	–
Tax exempted results	–	(165)	–	(165)
Permanent tax differences (results not included in tax calculation)	(1.076)	(841)	(10.116)	(67)
Income tax expense	(1.473)	1.329	857	(3.591)
Effective tax rate	**16.610**	**16.391**	**(2.461)**	**1.176**
Adjustments of tax of previous years and	18,46%	23,54%	(9,31)%	5,48%

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. In February 2021 the Company received an order of the Tax Authorities for a partial tax audit of the tax years 2015 and 2016, to be conducted by the Audit Authority for Large Enterprises (KEMEP). This audit has started and is on progress on the date of the Financial Statements approval. The Company's Management estimates that the audit is not expected to have a significant impact on the results of the Company and the Group.

The Group annually assesses any contingent liabilities, expected to arise from the audit of past years, making relevant provisions where appropriate. The Group has made provisions for unaudited tax years standing at € 560 k and the Management believes that beside the provisions already made, any tax amounts that may arise will not have a significant impact on the Group's and Company's equity, income statement and cash flows. Information regarding unaudited tax years is presented in Notes 5 and 48.1 to the Financial Statements.

(b) 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 differences between the book value and the tax value of assets and liabilities, using the expected effective tax rate at the time of maturity of the tax asset/ obligation:

Offset amounts as at 31/12/2020 and 31/12/2019 regarding the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31.12.2020	**31.12.2019**	**31.12.2020**	**31.12.2019**
Deferred tax asset	10.106	6.124	1.620	27
Deferred tax liability	(32.473)	(27.901)	(4)	(1.572)

(Amounts in thousand Euro unless mentioned otherwise)

Net deferred tax liability	**(22.367)**	**(21.777)**	**1.616**	**(1.545)**
Opening Balance	**(21.777)**	**(16.344)**	**(1.545)**	**(1.953)**
Credit/(Debit) adjustment from acquisition of new businesses	282	(2.946)	–	–
(Debit)/credit recognised in net profit for the year	(1.502)	(2.839)	3.059	312
Credit recognised in other comprehensive income	430	432	102	96
Foreign currency translation differences	200	(80)	–	–
Closing Balance	**(22.367)**	**(21.777)**	**1.616**	**(1.545)**

The Group's USA subsidiaries, due to their agreements with Tax Equity Investors, recognize deferred tax assets from tax losses carried forward, production tax credits and interest. Deferred tax assets recognized as of December 31, 2020 and 2019 amount to € 24.4 million and € 33 million, respectively, offsetting the respective amount of € 24.4 million and € 33 million, respectively, of deferred tax obligations, arising from differences between tax and accounting base.

Deferred tax assets and obligations for 2020 and 2019, in the consolidated and separate Statement of Comprehensive Income, are analyzed as follows:

(Amounts in thousand Euro unless mentioned otherwise)

	January 1st 2019						December 31st 2019
GROUP	**Opening Balance**	**Opening Balance – Changes from acquisition of businesses**	**Adjusted Opening Balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign currency translation 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	January 1st 2020						December 31st 2020
	Opening Balance	Opening Balance – Changes from acquisition of businesses	Adjusted Opening Balance	(Debit)/credit recognised in net profit for the year	(Debit)/credit recognised in other comprehensive income	Foreign currency translation differences	Closing Balance
Deferred tax asset/(liability)							
Provision for staff indemnities	156	–	**156**	20	(6)	–	**170**
Investment valuation	922	–	**922**	1	105	–	**1.028**
Derivative valuation	1.640	–	**1.640**	–	331	–	**1.971**
Other provisions	70	–	**70**	–	–	–	**70**
Receivables-Liabilities from contracts with customers	(99)	–	**(99)**	(240)	–	–	**(339)**
Loans	2.895	–	**2.895**	204	–	(71)	**3.028**
Lease liabilities	1.843	–	**1.843**	233	–	(45)	**2.031**
Recognized tax losses	1.554	13	**1.567**	1.873	–	–	**3.440**
Other	(666)	–	**(666)**	1.048	–	–	**382**
Valuation of investment properties	(130)	–	**(130)**	130	–	–	**–**
Intangible assets	9.991	430	**10.421**	1.156	–	–	**11.577**
Property, plant and equipment	(28.256)	(161)	**(28.417)**	(6.720)	–	330	**(34.807)**
Financial Assets – Concessions	(10.658)	–	**(10.658)**	1.078	–	–	**(9.580)**
Grants	(1.039)	–	**(1.039)**	(285)	–	(14)	**(1.338)**
Deferred tax of net profit/other comprehensive income	–			**(1.502)**	**430**	**200**	
Deferred tax asset/(liability)	**(21.777)**	**282**	**(21.495)**				**(22.367)**

(Amounts in thousand Euro unless mentioned otherwise)

	January 1st 2019						December 31st 2019
COMPANY	**Opening Balance**	**Opening Balance – Changes from acquisition of businesses**	**Adjusted Opening Balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign currency translation 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)

	January 1st 2020						December 31st 2020
COMPANY	**Opening Balance**	**Opening Balance – Changes from acquisition of businesses**	**Adjusted Opening Balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign currency translation differences**	**Closing Balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	132	–	**132**	19	(8)	–	**143**
Investment valuation	2.850	–	**2.850**	95	105	–	**3.050**
Derivative valuation	325	–	**325**	–	5	–	**330**
Other provisions	51	–	**51**	–	–	–	**51**
Receivables-Liabilities from contracts with customers	422	–	**422**	(240)	–	–	**182**
Loans	(57)	–	**(57)**	719	–	–	**662**
Lease liabilities	423	–	**423**	(116)	–	–	**307**
Other	(279)	–	**(279)**	2.426	–	–	**2.147**
Valuation of investment properties	(130)	–	**(130)**	130	–	–	**–**
Intangible assets	(117)	–	**(117)**	(7)	–	–	**(124)**
Property, plant and equipment	(5.368)	–	**(5.368)**	146	–	–	**(5.222)**
Financial Assets – Concessions	–	–	**–**	–	–	–	**–**
Grants	203	–	**203**	(113)	–	–	**90**
Deferred tax of net profit/other comprehensive income	–		–	**3.059**	**102**	**–**	
Deferred tax asset/(liability)	**(1.545)**	**–**	**(1.545)**				**1.616**

(Amounts in thousand Euro unless mentioned otherwise)

36. TURNOVER

Turnover in the accompanying financial statements as at 31 December 2020 and 2019 is analyzed as follows:

Turnover from contracts with customers per category

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Revenue from construction services segment				
Road construction works	393	1.157	393	1.196
Railway construction works	804	2.124	804	2.163
Construction works	1	46	1	46
Electromechanical works	-	23	-	23
Industrial works	4.256	11.094	538	6.225
Energy RES works	6	20	21.223	28.254
	5.460	**14.464**	**22.959**	**37.907**

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Revenue from RES energy generation segment				
Revenue from RES energy generation segment	220.232	209.308	18.829	18.644
Production Tax Credits (PTCs)	42.463	22.533	–	–
Energy generation from Hydro plants	4.605	5.354	2.378	3.387
Repair and maintenance of RES	291	71	5.617	5.496
Other revenue RES energy segment (except leases)	5.802	1	–	–
	273.393	**237.267**	**26.824**	**27.527**

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Revenue from concession operating segment				
Revenue from the operation of waste management plants	2.771	1.740	3.350	3.172
Revenue from operation of e-ticketing	8.969	8.692	–	–
Other revenue concession operating segment (except leases)	1.549	–	732	–
	13.289	**10.432**	**4.082**	**3.172**

(Amounts in thousand Euro unless mentioned otherwise)

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Revenue from trading segment	35.949	36.981	18.771	15.441
	35.949	**36.981**	**18.771**	**15.441**
Total Revenue from contracts with customers	**328.091**	**299.144**	**72.636**	**84.047**

Turnover analysis from contracts with customers at the time of revenue recognition

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Transfer of goods at a specific time	307.269	287.904	39.187	44.784
Services at a specific time	2.072	1.355	6.408	1.355
Services over time	18.750	9.885	27.041	37.908
Total revenue from contracts with customers	**328.091**	**299.144**	**72.636**	**84.047**

Turnover analysis from contracts with customers per operating risk category of the contract

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Closed-value contracts	309.341	289.259	45.595	46.139
Cost contracts plus profit percentage	18.750	9.885	27.041	37.908
Total revenue from contracts with customers	**328.091**	**299.144**	**72.636**	**84.047**

Turnover analysis from contracts with customers per contract term

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Long-term contracts	292.142	226.985	53.865	39.263
Short-term contracts	35.949	72.159	18.771	44.784
Total revenue from contracts with customers	**328.091**	**299.144**	**72.636**	**84.047**

Time analysis of expected execution of a backlog of contracts with customers

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
1 year	50.000	54.277	229.482	70.902
1-5 years	57.821	55.594	123.794	55.617
Total revenue from contracts with customers	**107.821**	**109.871**	**353.276**	**126.519**

(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 2020 and 2019, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Cost of sales and inventory consumption	39.114	35.203	21.872	22.904
Employees remuneration and expenses	4.917	4.320	4.590	4.128
Subcontractors fees and expenses	1.919	3.949	9.135	12.756
Fees for engineers, studiers, technical consultants and third parties	17.972	19.916	7.405	8.737
Utilities	2.680	2.620	813	744
Leases	476	610	1.291	1.332
Taxes, duties and contributions	10.940	10.877	942	1.334
Travel expenses	45	71	32	47
Subscriptions and contributions	478	355	–	–
Donations-grants	9	16	17	13
Display and advertising costs	4	9	3	4
Laboratory inspection costs	3	18	3	11
Depreciation	71.101	63.219	6.028	6.039
Insurance premiums	6.314	4.533	819	1.112
Transportation expenses	1.312	982	5.738	2.164
Repairs and maintenance	25.473	23.360	2.596	2.772
Legal damages and litigation costs	5	2	1	2
Other	442	218	529	284
Total	**183.204**	**170.278**	**61.814**	**64.383**

(Amounts in thousand Euro unless mentioned otherwise)

ADMINISTRATIVE EXPENSES	GROUP 01.01 - 31.12.2020	GROUP 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2020	COMPANY 01.01 - 31.12.2019
Cost of sales and inventory consumption	2	5	1	5
Employees remuneration and expenses	5.417	4.837	2.948	2.919
Subcontractors fees and expenses	56	24	56	19
Fees for engineers, studiers, technical consultants and third parties	11.945	10.860	7.866	5.287
Utilities	210	181	161	149
Leases	150	130	42	37
Taxes, duties and contributions	493	955	145	99
Travel expenses	309	441	273	277
Subscriptions and contributions	353	477	178	317
Donations-grants	412	128	408	123
Display and advertising costs	693	1.169	692	890
Depreciation	693	696	466	485
Insurance premiums	238	167	113	69
Transportation expenses	87	93	74	60
Repairs and maintenance	163	186	61	65
Auditors' fees	695	749	120	156
BoD members fees	873	700	700	700
Legal damages and litigation costs	–	6	–	1
Other	505	715	458	538
Total	**23.294**	**22.519**	**14.762**	**12.196**

RESEARCH & DEVELOPMENT EXPENSES	GROUP 01.01 - 31.12.2020	GROUP 01.01 - 31.12.2019	COMPANY 01.01 - 31.12.2020	COMPANY 01.01 - 31.12.2019
Employees remuneration and expenses	380	352	380	352
Subcontractors fees and expenses	–	45	–	–
Fees for engineers, studiers, technical consultants and third parties	1.672	1.284	1.515	860
Utilities	11	18	11	18
Leases	6	4	6	4
Taxes, duties and contributions	651	56	626	55
Travel expenses	35	107	35	107
Donations-grants	18	–	18	–
Display and advertising costs	–	6	–	6
Depreciation	68	39	67	38
Insurance premiums	–	1	–	1
Transportation expenses	8	3	8	3
Repairs and maintenance	2	1	2	1
Legal damages and litigation costs	2	9	2	9
Other	47	11	48	11
Total	**2.900**	**1.936**	**2.718**	**1.465**

(Amounts in thousand Euro unless mentioned otherwise)

Regarding FY ended as at December 31, 2020, expenses for the year, analyzed in the item "Auditors' fees" include statutory auditors' and auditing firm's fees amounting to € 21 k for the Group (2019 : 23.1 k.) and € 15 k for the Company (2019 : 12.4 k) which include non-prohibited non-audit services (excluding statutory and tax audit).

38. OTHER INCOME/EXPENSES

The other income/(expenses) for the period, in the accompanying financial statements of 31st December 2020 and 2019, are analyzed as follows:

Other income

	GROUP		COMPANY	
Other income	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Income from sale of waste material	22	1	150	69
Income from other services	-	1	–	–
Income from leases	37	37	78	77
Income from insurance indemnities	1.106	4.548	304	3.480
Income from the forfeiture of guarantees received and penalty clauses	1.254	300	372	–
Grants amortization (Note 28)	6.764	7.995	1.259	1.259
Amortization of tax benefits (Note 29)	6.711	6.663	–	–
Other income	920	2.823	327	237
Foreign currency translation differences credit	–	473	–	–
Total other income	**16.814**	**22.841**	**2.490**	**5.122**

In 2020, revenue standing at € 1,106 k was recognized and collected from insurance claims for income loss due to technical damage, related to W/P of the Parent Company and subsidiaries.

In addition, revenue from forfeitures of guarantees and penalties amounting to € 1,254 k was recognized, most of which relating to compensation due to the contractor's choice not to receive the agreed amount of energy resulting in its being redirected to another market and change in the final sale price.

Other expenses

	GROUP		COMPANY	
Other expenses	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Non accounted for fixed assets depreciation	(1)	(521)	(1)	(521)
Tax, duties and insurance contribution of previous years	(405)	(160)	(284)	(56)
Other expenses	(5.380)	(397)	(1.313)	(401)
Impairments/write-offs	(9)	(3.247)	(3)	(1.244)
Foreign currency translation differences debit	(5.178)	–	(2)	–
Total other expenses	**(10.973)**	**(4.325)**	**(1.603)**	**(2.222)**
Total other income/(expenses)	**5.841**	**18.516**	**887**	**2.900**

(Amounts in thousand Euro unless mentioned otherwise)

The increase in "Other expenses", both at the Group and the Company level, is due to the one-time imposition of an extraordinary contribution for the financial year 2020 - for addressing the side effects of the coronavirus pandemic - for RES projects in Feed-in Tariff regime, put into operation prior to December 31, 2015. The contribution is estimated at an amount equal to 6% of the turnover for 2020.

In addition, there was a significant increase in foreign exchange differences of valuation of the intragroup loans of the companies in America and Poland due to the change in the exchange rates as at 31/12/2020 versus 31/12/2019.

39. FINANCIAL INCOME/EXPENSES

Financial income/(expenses) in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Interest on short-term Loans	(1.938)	(2.847)	(613)	(1.839)
Interest on long-term Loans	(35.058)	(41.860)	(10.827)	(9.366)
Interest on lease liability	(486)	(438)	(94)	(77)
Expenses from unwinding of provisions and long-term liabilities	(1.542)	(1.000)	(607)	(193)
Commissions, bank charges and other expenses	(2.228)	(2.856)	(944)	(894)
Other financial expenses	(96)	(1.316)	–	(344)
Finance cost due to tax equity investors (Note 29)	(26.362)	(15.885)	–	–
Financial expenses	**(67.710)**	**(66.202)**	**(13.085)**	**(12.713)**
Income from sight deposits	349	210	32	30
Income from bond and other intercompany loans	18	41	3.735	3.526
Income from unwinding of long-term receivables	5.476	5.285	109	–
Other financial income	111	13	6	–
Financial income	**5.954**	**5.549**	**3.882**	**3.556**
Net financial results	**(61.756)**	**(60.653)**	**(9.203)**	**(9.157)**

40. PAYROLL COST

Employee remuneration and the average headcount are analyzed as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Wages and Related benefits of regular staff	8.666	7.515	6.170	5.586
Social Security Contribution	1.887	1.830	1.605	1.668
Provision for employee compensation	161	164	143	145
Total	**10.714**	**9.509**	**7.918**	**7.399**
Day-waged workers	75	71	66	62
Regular Staff	259	240	196	184

41. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2020 and 01/01-31/12/2019, as well as the balances of receivables and liabilities arising from such transactions as of 31/12/2020 and 31/12/2019 are as follows:

Company's transactions with subsidiaries

a) Assets	**COMPANY**	
Amounts in € '000	**31.12.2020**	**31.12.2019**
Trade receivables	27.441	32.457
Long-term loans	94.559	86.701
Short-term part of receivables from long-term intercompany loans	3.335	3.465
Intercompany receivables from cash and other receivables	2.159	800
Total	**127.494**	**123.423**

b) Liabilities	**COMPANY**	
Amounts in € '000	**31.12.2020**	**31.12.2019**
Suppliers	1.503	895
Long-term loans	256.279	200.612
Long-term liabilities payable in the following year	16.911	24.916
Other liabilities	680	1.939
Total	**275.373**	**228.362**

c) Income	**COMPANY**	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Income from trading electric energy	4.521	4.839
POC construction material	21.853	28.446
Repairs and maintenance	5.522	5.404
Other services	1.884	1.830
Other income	325	111
Financial Income	3.719	4.136
Total	**37.824**	**44.766**

d) Expenses

	COMPANY	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Electric energy acquisition cost	8.433	5.031
Fees and other expenses of third parties	39	106
Other expenses	16	–
Financial expenses	9.092	6.070
Total	**17.580**	**11.207**

e) Revenue for participating interest and other investments

	COMPANY	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Income from dividends	41.869	22.869
Total	**41.869**	**22.869**

Transactions with other related parties

a) Assets

	GROUP		COMPANY	
Amounts in € '000	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Trade receivables	4.667	1.140	2.870	1.229
Loans and Guarantees	2.741	2.741	1.977	1.977
Prepayments and other receivables	319	966	42	682
Total	**7.727**	**4.847**	**4.889**	**3.888**

b) Liabilities

	GROUP		COMPANY	
Amounts in € '000	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Suppliers	2.351	794	1.271	615
Short-term loans	–	2	–	–
Long-term liabilities payable in the following year	–	5	–	2
Other liabilities	2.980	7.407	155	7.359
Total	**5.331**	**8.208**	**1.426**	**7.976**

c) Income

	GROUP		COMPANY	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Income from construction services	–	–	–	281
Income from trading electric energy	10.595	5.484	947	–
Other income	646	49	18	34
Financial Income	18	27	–	14
Total	**11.259**	**5.560**	**965**	**329**

d) Expenses

	GROUP		COMPANY	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Electric energy acquisition cost	194	1.785	–	-
Fees and other expenses of third parties	926	1.384	871	-
Other expenses	1.890	105	1.283	-
Financial expenses	37	71	6	–
Total	**3.047**	**3.345**	**2.160**	**-**

e) Revenue for participating interest and other

	GROUP		COMPANY	
Amounts in € '000	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Income from dividends	13	522	13	522
Total	**13**	**522**	**13**	**522**

(Amounts in thousand Euro unless mentioned otherwise)

The most significant transactions and balances of the Company with its subsidiaries as at 31/12/2020 are presented below as follows:

		ASSETS	LIABILITIES	INCOME	EXPENSES
AIOLIKI ANATILIKIS ELLADOS S.A.	Subsidiary	12.196	–	5.035	
AIOLIKI MARMAEIOU EVIAS S.A.	Subsidiary	14.357	–	8.216	
AIOLIKI PANORAMATOS S.A.	Subsidiary	29	27.500	263	911
AIOLIKI PROVATA TRAIANOUPOLEOS	Subsidiary	8.270	–	3.486	()
EUROWIND	Subsidiary	–	11.845	160	396
ENERGIAKI DYSTION EVIAS S.A.	Subsidiary	8.368	–	4.781	()
ENERGIAKI STYRON EVIAS S.A.	Subsidiary	11.016	–	1.011	
TERNA ENERGIAKI AI GIORGIS S.A.	Subsidiary	2.014	–	1.255	–
TERNA AIOLOKI AMARYNTHOU S.A.	Subsidiary	1.144	–	206	–
AIOLIKI PASTRA S.A.	Subsidiary	4.000	4.000	319	145
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Subsidiary	3.544	–	191	–
ENERGIAKI PELOPONNISOU S.A.	Subsidiary	15.942	–	1.010	–
AEIFORIKI EPIRUS MAEES	Subsidiary	10.794	–	2.919	3
PERIVALLINTIKI PELOPONNISOU S.A.	Subsidiary	16.567	85	607	110
ENERGIAKI SERVOUNIOU S.A.	Subsidiary	–	14.695	225	598
TERNA ENERGY FINANCE S.A.	Subsidiary		147.688		5.367
TERNA ENERGY EVROU S.A.	Subsidiary	–	42.000	294	1.513
PROENTRA D.O.O BEOGRAD	Subsidiary	–	501	1.076	4.562
		108.241	**248.314**	**31.054**	**13.605**

Remuneration of Board of Directors members and senior executives of the Company: The fees of the Board of Directors members and senior executives for the periods 01/01-31/12/2020 and 01/01-31/12/2019 are presented below as follows:

	GROUP		COMPANY	
	01.01 - 31.12.2020	**01.01 - 31.12.2019**	**01.01 - 31.12.2020**	**01.01 - 31.12.2019**
Board of Directors remuneration	873	749	700	700
Remuneration of the executives included in the executive members of the Board of Directors	1.295	1.216	882	715
	2.168	**1.965**	**1.582**	**1.415**

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.

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.

(Amounts in thousand Euro unless mentioned otherwise)

	2020				
	Amounts in € of balances in currency trades where differences in payments and valuations arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	12	–	–	–	4.251
Current Financial liabilities	–	–	–	–	–
Total	**12**	**–**	**–**	**–**	**4.251**
Non-current Financial assets	–	–	–	–	127
Non-current Financial liabilities	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**127**

	Amounts in € of balances in local currency where differences in conversion arise				
Nominal amounts	**USD**	**MKD**	**RSD**	**ALL**	**PLN**
Current Financial assets	75.743	2.092	6.758	12	12.417
Current Financial liabilities	(74.101)	(1.193)	(5.242)	(78)	(4.757)
Total	**1.642**	**899**	**1.516**	**(66)**	**7.660**
Non-current Financial assets	14.560	–	180	–	3
Non-current Financial liabilities	(447.452)	–	(40)	–	(51.125)
Total	**(432.892)**	**–**	**140**	**–**	**(51.122)**

(Amounts in thousand Euro unless mentioned otherwise)

	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)**

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%.

	2020									
	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)	–	–	–	–	–	–	383	(383)
Effect on Other comprehensive income	(37.015)	37.015	155	(155)	11	(11)	(7)	7	(2.129)	2.129

	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

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. In this context, 38.6% of long-term loans received by the Group bear a fixed interest rate, 18.1% of long-term loans refer to floating-rate loans that have been hedged through derivatives with which future fixed rate payments are exchanged against floating rate collections, while 43.3% of long-term loans refer to floating rate loans on a case by case basis euribor or wibor (Note 23 and 25).

The Group's short-term loans, as a total, 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 31/12/2020 amounts to € 27,487 k.

The following table presents sensitivity of the results for the year versus the Group's short-term debt and deposits, given a reasonable change in variable interest rates amounting to +/-20% (2019: +/-20%). The changes in interest rates are estimated to fluctuate on a normal basis in relation to current market conditions and until today they remain stable compared to the previous Fiscal Year.

	2020		2019	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Earnings for FY after tax – Group	(171)	171	(159)	159
Earnings for FY after tax – Company	(64)	64	(65)	65

The Group is not exposed to other interest rate risks.

42.3 Market Risk

The Group, for its financial assets is not exposed to Market 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.

(Amounts in thousand Euro unless mentioned otherwise)

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 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.

As at 31/12/2020 there are no guarantees and credit enhancements to securing the credit risk of the aforementioned receivables, both for the Company and for the Group

Finally, the Group's Management considers that all the above financial assets, arising following the implementations of the necessary impairments, are of high credit quality.

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 Group and the company maintain 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, 2020 for Terna Energy Group is analyzed as follows:

	31.12.2020		
	Short-term	**Long-term**	
	0 to 12 months	**1 to 5 years**	**more than 5**
Long-term loans	69.364	400.675	456.557
Liabilities from lease	718	1.941	9.123
Equity interests having a substance of financial liability	45.079	178.478	57.706
Liabilities from derivatives	4.774	6.242	1.631
Short-term loans	27.487	–	–
Suppliers	42.247	–	–
Other long-term liabilities	–	10.290	–
Accrued and other short-term liabilities	18.830	–	–
Total	**208.499**	**597.626**	**525.017**

(Amounts in thousand Euro unless mentioned otherwise)

The respective maturity of financial liabilities as at December 31, 2019 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 above contractual maturity dates reflect gross cash flows, which may differ from the book values of liabilities as at the balance sheet date.

42.6 COVID-19 pandemic

TERNA ENERGY Group holds a leading position in the sector of renewable energy sources. With a portfolio of projects of total capacity approximately 2,000 MW (in operation or under construction), it is one of the largest investors in the Renewable Energy sector in Greece, but also one of the largest Greek companies in the segment internationally, with a significant presence in the USA and Southeast Europe. The Management's position is that the Group operates in the segments that are more defensive during the phases of the business cycle, which investors recognize as "safe haven" that provide stable recurring cash flows even in times of turmoil and uncertainty, such as the existing one. Furthermore, during the Greek financial crisis (i.e. the most difficult and longest financial crisis in Europe), the Group has already proven its ability to grow and strengthen its market position. The public policy measures that have been taken and/or will be taken by the Greek government in order to limit the spread of COVID-19, are not expected to lead to disruption of the Group's operations.

At the end of December 2019, the new coronavirus strain SARS-CoV-2, which causes coronavirus disease (COVID-19), appeared in China. During the following months, coronavirus disease (COVID-19) spread rapidly worldwide and on March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The COVID-19 pandemic has led to an unprecedented crisis in global health and the economy. In Greece, the virus was first detected in late February 2020, leading to a national quarantine. In the beginning of May, a gradual lifting of quarantine restrictions started, which lasted until June. During the summer, however, the increase in COVID-19 cases in Greece led to the early end of the tourist season and imposition of restrictive measures. Measures of limited reopening of stores were implemented during the festive period of Christmas. Throughout the pandemic, the Group constantly acts based on the instructions and decisions of all the competent institutions, observing the requirements and the action plan adopted by the Greek authorities.

The health crisis caused by coronavirus pandemic (COVID-19) has led the global economy to a period of uncertainty and instability, whose consequences are difficult to assess based on the currently effective data, since the pandemic is still ongoing. The economic impact will depend on the term and intensity of the recession, as well as the prospects for recovery. To address the health and, consequently, economic aspects of the pandemic, governments around the world have already launched ongoing mass vaccination programs to cover the entire population and build the required immune wall, which will lead to a normality. Based on the fact that the pandemic has not yet been fully controlled, in combination with the presence of mutations in the virus altering its transmissibility and effectiveness of vaccines, this risk remains one of the main risks faced by the Group.

Group Organizational Planning

Applying an extremely high sense of responsibility, towards its customers, employees, suppliers, partners and investors, the Group's Management monitors the developments in respect of the coronavirus disease (COVID-19), studying the potential risk factors that could affect the Group's financial position, operations and results.

Following the first announcements and until currently, when conditions are still developing, the Group's Management with the highest priority health and safety of its employees and associates, acted with speed and determination, designed and immediately started implementing a plan of measures and actions, mainly aimed at the following:

- Creating a safe working environment for all the employees in parallel with the adoption of distance working policies, when deemed possible and necessary. The Group has taken a number of precautionary measures, including a large-scale teleworking plan (covering, over this period, over 50% of the staff). In addition, the Group provided communication channels for health consultation and psychological support for all the employees.
- Establishing a special Committee for addressing coronavirus effects and securing that ALL its employees have been provided with absolute protection and care against COVID-19 and its mutations. The Committee systematically monitors the development of the pandemic, is immediately informed about any critical factors of its spread and guides the necessary actions to be taken by the Management and every employee in the entire Group in order to minimize the risks of the phenomenon and their impact on the course of the Company's operations. At the same time, it has signed an agreement with a special diagnostic center on the testing all members of its human resources with the objective to protecting them until the end of the pandemic and restoring social life to normality. Finally, it has shielded the workplaces for those employees working at their offices by imposing the most strict measures decided by the competent scientific committee of the State.
- Securing and utilizing the most modern information technology to limit transportation and minimize travel, implementing teleconferencing (video calls), as well as modern, flexible ways of working depending on the individual or special needs of groups of employees.
- Establishing and adopting extremely strict operating rules at all points of presence and operation of the Group in Greece and abroad, in order to constantly confirm the highest possible level of security for all.

Effects arising from the coronavirus pandemic (COVID-19) and their mitigation measures

The Group has taken all the necessary measures in order to continue the development of its core operations, continuing the exploitation of RES and implementation of its investment plan in the energy segment, strengthening the efforts aimed at stabilizing the Greek economy and improving prospects of employment.

In particular, the Management examined the specific conditions that could have a significant impact on the business activities of the RES operating segment as well as the risks to which it is exposed. Based on current events and conditions regarding the COVID-19 pandemic, such issues are analyzed as follows.

No interruption or other adverse impact on the Group's facilities that are in operation occurred in the RES electricity segment in Greece. Regarding RES facilities under construction, no delays have been caused due to the coronavirus pandemic (COVID-19) until today and the estimated time of completion and commissioning of the projects has not changed. Although the aforementioned effects are expected to be only temporary, there is uncertainty as to their extent and duration. Therefore, currently, their financial impact on the Group cannot be estimated.

In 2020, a one-time extraordinary contribution was imposed on RES electricity generators, put into regular or trial operation prior to December 31, 2015 (Government Gazette 245 / 09.12.2020). The lumpsum extraordinary contribution equals 6% of electricity sales for the year 2020. Regarding the Group, the respective extraordinary contribution stood at € 5,252 k and was included in the item "Other income/(expenses)" of the consolidated Statement of Comprehensive Income. The total estimated increase of the Special Account for Renewable Energy Sources (ELAPE) revenues from the aforementioned contribution stood at € 110 million.

Regarding the proceeds of the Group's revenues, no delays were recorded in 2020. The Management states the following: 1) any delay in the collection of the Group's revenues by the Renewable Energy Sources Operator & Guarantees of Origin (DAPEEP) does not currently seem to exceed the production value of six months, as happened in the past. Within the next year, a collection delay of six months will create, albeit temporarily, a cash issue of special attention amounting to € 118 million. This risk is general, applies to all RES producers and does not only concern TERNA ENERGY. The Group’s cash liquidity (€ 344 million - cash available € 291 million and restricted deposits € 53 million as at 31/12/2020) allows the Management to manage any potential cash problem with relative ease, without interrupting the pace of implementation of the investment plan. In case the delay exceeds 6-8 months of production, the Management will reschedule its investment plan, business and cash planning so as to meet the increased cash needs and limit the adverse consequences. Controlled deceleration and / or, where appropriate, cancellation of planned investments will be unavoidable if the delay in recovery exceeds reasonable limits and market operating practices. Even so, even in such a case, the Group, due to its size, ability, experience and determined strategy, is ready to fight in order to maintain its leading position in the RES market and to continue its superiority over the competition.

Although estimates regarding the impact of the pandemic on the global and domestic economy vary, the Management estimates that the Group's operations, financial performance, cash flows and financial position will not be significantly affected. In any case, the Management ensures maintenance of the smooth operation

(Amounts in thousand Euro unless mentioned otherwise)

- both in the Greek territory and abroad, where the Group operates, applying procedures of ongoing identification and evaluation of all risks that may arise in the near future. The Management plans and implements measures to address any identified risk in order to limit its adverse effects to the minimum possible, in direct, ongoing and systematic collaboration with the Risk Managers and the Group's executives. The Group's organizational efficiency and the ongoing care of the Management to assign its managers by project and specific issue, depending on the required ability and experience, have created a proven capable, flexible and effective mechanism for addressing any possible crisis in any Group's company whenever required. Following this basic principle, the Management as well as the aforementioned mechanism immediately react in order to address the epidemic crisis with prudence, calm and strategic perspective.

The impact of COVID-19 is not expected to be significant to the Group and the Company. The Management has estimated that there is no significant uncertainty regarding the Company's and its subsidiaries' ability to continue as a going concern.

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:

December 31st 2020	GROUP			
	Unamortized Cost	Fair Value Through profit and loss	Fair value through other comprehensive income	Total
Financial Assets				
Listed shares & Mutual Funds	–	2.213	–	**2.213**
Investment in equity interests	–	–	2.753	**2.753**
Financial Assets-Concessions	46.952	–	–	**46.952**
Receivables from derivatives	–		14.544	**14.544**
Other long-term receivables	4.611	–	–	**4.611**
Trade receivables and other receivables	160.425	–	–	**160.425**
Cash available	290.907	–	–	**290.907**
Total	**502.895**	**2.213**	**17.297**	**522.405**

December 31st 2020	GROUP			
	Unamortized Cost	Fair Value Through profit and loss	Fair value through other comprehensive income	Total
Financial Liabilities				
Long-term Loans	926.596	–	–	**926.596**
Equity interests having a substance of financial liability	281.263	–	–	**281.263**
Trade and other liabilities	45.492	–	–	**45.492**
Short-term Loans	27.487	–	–	**27.487**
Lease liabilities	11.782	–	–	**11.782**
Contingent consideration from acquisition of assets (Note 7.1)		10.290	–	**10.290**
Liabilities from derivatives	–	–	12.647	**12.647**
Total	**1.292.620**	**10.290**	**12.647**	**1.315.557**

(Amounts in thousand Euro unless mentioned otherwise)

December 31st 2019	GROUP			
	Unamortized Cost	Fair Value Through profit and loss	Fair value through other comprehensive income	Total
Financial Assets				
Investment 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 available	257.464	–	–	**257.464**
Total	**476.026**	**–**	**16.740**	**492.766**

December 31st 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**

Note 4.11 presents a more detailed description on the way the category of financial instruments affects their subsequent valuation. Regarding determination of fair value of contingent consideration, it was determined based on the expected payments and the relative probabilities of their realization in accordance with the decisions of the Management (see Notes 4.21 and 7.1).

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
01/01/2020	**906.518**	**70.214**	**36.453**	**324.407**	**51.365**	**1.388.957**
Cash Flows:						
- Repayments	(7.649)	(64.362)	(166.360)	–	(53.508)	**(291.879)**
- Proceeds	137.224	–	158.416		1.052	**296.692**
Non-cash changes:	(178.861)	63.512	(1.022)	(88.223)	46.170	**(158.424)**
31/12/2020	**857.232**	**69.364**	**27.487**	**236.184**	**45.079**	**1.235.346**

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**

45. FAIR VALUE MEASURMENT

45.1 Fair value measurements of financial assets

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 financial assets and liabilities measured at fair value on 31/12/2020 and 31/12/2019 are classified in the aforementioned levels of hierarchy as follows:

(Amounts in thousand Euro unless mentioned otherwise)

December 31st 2020

Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Investments in securities	–	–	2.753	**2.753**
Receivables from derivatives	–	–	14.544	**14.544**
Total	**–**	**–**	**17.297**	**17.297**
Financial liabilities				
Liabilities from derivatives	–	8.392	4.255	**12.647**
Contingent consideration from acquisition of assets (Note 7.1)	–	–	10.290	**10.290**
Total	**–**	**8.392**	**14.545**	**22.937**
Net fair value	**–**	**(8.392)**	**2.752**	**(5.640)**

December 31st 2019

Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
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**

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 2020 and financial year 2019.

Financial derivatives held by the Group as 31/12/2020 are measured at fair value. In 2020, other comprehensive income includes an amount of losses standing € 10,246 k, 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.

The fair value of the contingent consideration from acquisition of assets (see Note 7.1), was determined based on the probability - weighted payout approach, as at the acquisition date. The fair value of the consideration was determined at € 11,590 k and was measured at its present value, i.e. at an amount of € 10,290 k, using an appropriate discount rate of 6.14%. The fair value of the liability for contingent consideration is measured at every reporting date and until the date of its final measurement and payment, i.e. until 31/12/2022.

(Amounts in thousand Euro unless mentioned otherwise)

Valuations at fair value through Level 3

Changes in financial instruments classified in Level 3 of the Group for 2020 and 2019 are presented as follows:

	31.12.2020			31.12.2019		
	Investments in equity interests	**Derivatives**	**Contingent consideration from acquisition of assets (Note 7.1)**	**Investments in equity interests**	**Derivatives**	**Contingent considerati on from acquisition of assets (Note 7.1)**
Opening Balance	**2.418**	**5.666**	**–**	**1.823**	**(146)**	-
- Acquisition	774	–	10.290	600	7.470	-
- (Sale)	–	–	–	(5)	-	-
- (Impairment)	(439)	–	–	–	-	-
- Effect of evaluation	–	5.481	–	–	(1.545)	-
- Foreign currency translation	–	(859)	–	–	(113)	-
Closing Balance	**2.753**	**10.288**	**10.290**	**2.418**	**5.666**	-

The carrying amounts of the following financial assets and liabilities approximate their fair value due to their short-term nature:

- Trade and other receivables
- Cash available
- Suppliers and other liabilities

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 2020 and 2019 was as follows:

Amounts in thousand €	**31.12.2020**	**31.12.2019**
Short-term loans	27.487	36.453
Long-term loans	857.232	906.518
Long-term liabilities payable in the following year	69.364	70.214
Loan Liability	**954.083**	**1.013.185**
Total equity	495.667	438.462
Loan Liability	954.083	1.013.185
Equity interests having a substance of financial liability	281.265	375.771
Liabilities from finance leases (Long-term & Short-term part)	11.782	8.732
Grants	82.140	134.322
Sub-Total	**1.824.937**	**1.970.472**
Less:		
Cash & cash equivalent	290.907	257.464
Restricted deposits (Note 20)	53.246	42.460
Grants to be rebated (Note 22)	(3.024)	(3.024)
Sub-Total	**341.129**	**296.900**
Total employed capital	**1.483.808**	**1.673.572**
Loan Liabilities / Total employed capital	**64%**	**61%**

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. CONTIGENT 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 (31/12/2019: € 560 k). 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.

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 2014 has expired on 31 / 12/2020, without prejudice to special or exceptional provisions that may provide for a longer limitation period and subject to the provided conditions.

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.

Furthermore, in February 2021 the Company received an order of the Tax Authorities for a partial tax audit of the tax years 2015 and 2016. This audit has started and is on progress on the date of the Financial Statements approval.

Tax Compliance Reports

For the years 2011 to 2019, 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 2020, 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 2014 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 31/12/2020, the backlog of construction activity amounted to € 107,8 million (31/12/2019: € 109,9 million) including backlog of concession activity amounted to 105,1 million (31/12/2019: € 105,9 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 31/12/2020 provisions of € 335 k (31/12/2019: €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. The lawsuit was to be heard on 15.10.2015, when it was postponed at the request of the plaintiffs for 07.12.2017. However, on 15.11.2017 the plaintiffs disclosed a similar lawsuit for the same requested amount, resigning from the previous lawsuit. The new lawsuit was heard on 7-3-2019. Regarding this hearing, Num. 1589/2020 decision was issued, dismissing the lawsuit. The opponents have not filed an appeal and the Management and the Company's legal consultants assume that they will not do so.

- 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. The main lawsuit and the Notice of Trial - Appeal - Compulsory Intervention in line with the By-Lawsuit was set to be heard for 22.09.2016, but was postponed for 13-12-2018, when it was discussed. Regarding this hearing, Num. 1997/2020 decision was issued, rejecting the the Notice of Trial - Appeal that had been brought against "TERNA ENERGY S.A.".

TERNA ENERGY S.A. and TERNA ENERGY AI GIORGIS S.A.

There is a legal lease dispute between an individual and the companies TERNA ENERGY S.A. and "TERNA ENERGY AI GIORGIS S.A.", regarding the lease of the island of Agios Georgios Attica from the other party to TERNA ENERGY. It is to be noted that on the island there is an installation of two wind farms of the subsidiary "TERNA ENERGY AI GIORGIS S.A.", with a total installed capacity of 69 MW.

In particular, on 01.07.2019 the opponent filed a lawsuit to the Athens Single Member Court of First Instance against TERNA ENERGY S.A. and "TERNA ENERGY AI GIORGIS S.A.", demanding the return of the island of Agios Giorgis, Attica. The lawsuit was heard on September 6, 2019. Regarding the aforementioned lawsuit, No. 619/2020 decision of the above court was issued, which accepted the lawsuit, and stated that TERNA ENERGY S.A. should return the island of Agios Georgios to the plaintiff or whoever draws rights from it, including "TERNA ENERGY AI GIORGIS SA." (it is understood that TERNA ENERGY S.A. has transferred the Lease to this company, or has subleased a lease to it) and declared the decision temporarily enforceable. On 15.06.2020, "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A." received a court order for voluntary compliance with the above decision, otherwise the court decision would be enforced. The companies "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A." filed an application for suspension of execution of the above order, requesting an interim injunction, heard on 18 June 2020 and granted on 19 June 2020 until the hearing of the Application for Interim Measures on 28 July 2020, as well as an appeal against no. 619/2020 of decision, scheduled to be discussed on March 2, 2021, which, however, following a preference request of the other party, was heard on 13.10.2020. Regarding this hearing, no. 548/2021 decision of the Athens Court of Appeals was issued, accepting the appeal of the Group companies, annulling no. 619/2020 decision, re-hearing the lawsuit and rejecting it in its entirety. On 1-3-2021, the other party filed the Appeal under prot. number 1293/132/2021, which has not yet been served or determined. According to the Group's legal consultants, it is estimated that the appeal will not succeed.

On 30/06/2020 the opponent filed a lawsuit EAK 5258/2020 to the Athens Single Member Court of First Instance against “TERNA ENERGY S.A.” and "TERNA ENERGY AI GIORGIS S.A.", disclosed on 20/07/2020, under which, on one hand, it waives the lawsuit as of 13.01.2020 against the same parties and on the other hand, demands compensation of € 235.2 k due to tort, according to article 914 of the Civil Code, reporting the occupation of the island of Agios Giorgis and interruption of payment of rentals to the plaintiff. The lawsuit is being heard under the new Code of Civil Procedure and, therefore, the date of hearing has not been defined yet. According to the estimates of the Company's legal consultants, it is probable that this lawsuit will be rejected.

On 10.07.2020 the other party filed a lawsuit against "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A.", requesting the Application for Precautionary Measures, which was also heard on July 28, 2020, with a request for the termination of the Provisional Order as of 19.06.2020 of the Chairman of the Court of First Instance, Maria Skarpou, granted in respect of as of 16.06.2020 Application for Suspension of Enforcement of the companies "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A." or - alternatively - continuation of validity of the above Interim Order under the condition of payment to the applicant of the amount of € 8.9 k per month as compensation for the use of its property. Both claims were heard on July 28, 2020 and regarding those claims, no. 4555/2020 decision was issued, accepting the application for precautionary measures of "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A.", focusing on the issue of the installation of the latter, based on the protocols and not any type of lease relationship, speculating that this reason will be accepted in the Court of Appeal. A guarantee was ordered to be submitted in favor of Ms. Mantzourani in the Deposits and Loans Fund, amounting to € 6 k. Following the issuance of the above Decision 548/2021 of the Athens Court of Appeals, the Company will request the return of the given guarantee.

Finally, the same opponent, succeeded in issuing against the Company no. 10898/2019 Payment Order of the Judge of the Single Member Court of First Instance of Athens, Mr. Evangelos Stergiopoulos, Chairman of the Court of First Instance, pursuant to which and from the order dated as at 4/12/2019 placed under a copy of the first executable inventory of the above payment order, the Company was ordered to pay to the other party a total amount of € 369.3 k plus legal interest. The Company timely filed (GAK 108200/2019 and EAK 13627/2019) an Application for suspension of execution of the above payment order with a request for a temporary order, regarding which the temporary order as of 10.12.2019 of the Chairman of the Single Member Court of First Instance of Athens was issued, granting - temporarily and until the discussion of the above application on 11.03.2020 and given the course of the hearing - a suspension according to article 632 § 3 KPold of the execution of the above payment order no. 10898/2019 setting the condition of the payment of guarantee by the Company amounting to € 50,000 within 15 working days from the publication of the temporary order. In this regard, a Letter of Guarantee of the NATIONAL BANK OF GREECE SA no. 633/7404778 / C was issued, which was submitted to the Athens Court of First Instance, drafted under no. 519 / 31-12-2019 Guarantee Report. Moreover, the Company has filed an Interruption Lawsuit against the Payment Order (GAK 108204/2019 and EAK 5972/2019) as above under no. 10898/2019. The application for precautionary measures was heard on 11.03.2020 and the validity of the effective interim injunction was extended until the issuance of the relative decision on it. No. 3804/2020 decision was issued, suspending the Payment Order until the issuance of a final decision regarding the case as of 19.12.2019, without the provision of a guarantee, therefore, we will request in court the return of the above letter of guarantee.

AEIFORIKI EPIRUS MAEES

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 clause were discussed on 10.01.2020 and the court issued the decision no. 502/2021, appointing an arbitrator.

AIOLIKI MARMARIOU EVIAS S.A.

i. On 6-11-2020, individuals filed before the Magistrate Court of Karystos, prot. number 17/2020, a Lawsuit against the Company with a request to recognize unlawful actions in the specific areas within the installation polygon of "Karabila" Wind Farm, requesting that these areas should be returned and the contractions on them – removed. The lawsuit is to be heard under the new KPold procedure and, therefore, no hearing date has been determined yet. According to the assessment of the company's lawyers, it is probable that this lawsuit will be rejected.
ii. Moreover, on 23-10-2020, an individual person filed before the Single Member Court of First Instance of Chalkida the Lawsuit against the company with a request to recognize a conjuncture of rights by 12.5% and draw the company away from the specific areas within the installation polygon of "Karabila" Wind Farm, requesting compensation for non-pecuniary damage at an amount of € 120,000. The lawsuit is to be heard under the new KPold procedure and, therefore, no hearing date has been determined yet. According to the assessment of the company's lawyers, it is probable that this lawsuit will be rejected.

ENERGIAKI STYRON EVIAS S.A.

On 9-6-2020, individuals filed before the Magistrate Court of Karystos, prot. number 2/11-6-2020, a Lawsuit against the Company with the main request for their recognition as nominees and holders by a percentage ¾ the former and ¼ the latter of a real estate area 193.48 sq.m. in the position DERBA EMPOUTE and WXISTIS of the real estate area DE Styron, Municipality of Karystos. Since this is an occupied forest area, managed by the competent Forest Office as public, the company, which has been legally established in the disputed area by the Karystos Forest Office, has appealed to the Greek State to support it in this lawsuit, which, as we estimate, is not going to succeed. The Greek State intervened in the lawsuit in support of the company.

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.

In the course of the case development, the experts submitted a request for a six-month extension for the completion of their expertise. The application was heard on 24/09/2020 and a decision is expected. The expertise is still ongoing. According to the assessment of the Company's lawyers, it is probable that the appeal filed by our Company will succeed and the appeal filed by the opposing company will be rejected.

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 thousand Euro) of the letters of guarantee issued by the Group to its counterparties as at 31/12/2020 are analyzed in the following table:

Type of Letter of Guarantee	**Amount of guarantee 31/12/2020**	**Amount of guarantee 31/12/2019**
Contract execution guarantees for construction	30.193	32.583
Guarantees of payment	3.396	783
Tender guarantees	4.295	2.392
Guarantees of warranty execution for Agreements of Private and Public Sector	25.967	8.000
Guarantees of warranty execution for Grants	28.580	34.057
Guarantees of warranty execution for Other Agreements	12.085	115
Guarantees of credit facility tems	–	5.307
Total	**104.516**	**83.237**

49. EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION

From 01/01/2021 until the date of the present, the following significant events occurred:

49.1 Events after the reporting date of statement of Financial Position

- **New investments in the field of floating photovoltaic (FPV) systems**

On 19/01/2021, the Company announced that it expands its activities in the field of floating photovoltaic (FVP) plants. In this context, the company submitted to RAE (Greece’s Regulatory Authority for Energy) applications for the issuance of a producer certificate for (3) three floating photovoltaic (FPV) systems in an equal number of artificial reservoirs, the total capacity of which amounts to 265 MW.

More specifically, the applications for the development of projects of this innovative clean energy production technology concern the installation of:

-120 MW in the Artificial Reservoir of Kastraki

-103 MW in the Artificial Reservoir of Pournari

-42 MW in the Artificial Army Reservoir

The total amount of investments for the development of the above three RES facilities will exceed 170 million Euro. It is worth noting that the installation of the three floating photovoltaic (FPV) systems concerns locations outside “Natura” areas and provides for a coverage rate not exceeding 5.5%, in accordance with the International Sustainability Practices. The above investment of TERNA ENERGY Group is a new addition to the investment plan for the production and storage of clean energy that has already been announced by Management and concerns the development of wind farms as well as the implementation of energy storage projects in Greece via pumped storage. Therefore, the implementation of the three floating photovoltaic systems will increase the existing target for total installed capacity in the next five years from 2.8 GW to over 3 GW.

- **Energy Independence for all**

HERON, in co-operation with TERNA ENERGY Group, presents to the Greek market “HERON EN.A”, a pioneering, innovative program through which consumers acquire energy independence, by significantly reducing, or even zeroing, the cost of their energy on an annual basis.

EN.A is a product of the strategic cooperation of two leading Groups in the energy field, the HERON Group, the first private Group to invest in thermal electricity generation and supply in Greece, and TERNA ENERGY Group, one of the largest investors and producers in Renewable Energy Sources (RES) in Greece, and also one of the largest Greek RES Groups internationally. Through this cooperation, energy from existing and future PV and wind farms in Greece will be reserved for HERON customers who will participate in the project.

- **“Integrated Waste Management of the Region of Peloponnese” Initiation of the Construction Phase**

On 29/01/2021, The Public Private Sector Partnership (PPP) project “Integrated Waste Management of Peloponnese Region”, between the “Perivallontiki of Peloponnese”, subsidiary of TERNA ENERGY Group, and the Region of Peloponnese, commenced. The project is the largest PPP on waste management in the country and for the most part implements the Waste Management Regional Plan of the Peloponnese Region while also operating alongside local recycling programs of municipalities. The partnership agreement provides for the construction and operation of three (3) Waste Processing Units and an equal number of sanitary Landfill Sites for the process residue in the prefectures of Arcadia, Messinia and Lakonia, as well as of two (2) Waste Transfer Stations in Korinthia and Argolida. The project is designed to generate green energy, making it an environmentally-friendly infrastructure with a zero energy footprint. It is also expected to reduce waste management costs for the local municipalities while also eliminating levied fines. The agreement’s total duration is 28 years and comprises a 24-month construction period and a 26-year operation period. It is worth noting that as of the 10th month after the effective date of the agreement, the company will start operating the intermediate waste management facilities. The investment is estimated to reach 152 million euro, 62.5 of which derive from NSRF (National Strategic Reference Framework) funding. The project’s plan provides for the creation of 600 new jobs during construction, 200 working positions during the operation period, as well as a large number of parallel jobs. Integrated waste management ensures compliance with current national and European legislation, advances environmental protection and leads to significant improvement in the quality of life and sanitary conditions. The project’s realisation with cutting-edge technology will address the environmental issue of the Peloponnese Region and produce benefits for the Tourism industry, Education and Sustainable Agriculture, a strategic objective for Greece.

- **Signing of the agreement for the project of electronic ticket of Thessaloniki**

On 25/02/2021, TERNA ENERGY signed the agreement for the project «Digital Transformation, Telematics and Unified Automatic Fare Collection System for the Transport Authority of Thessaloniki (TheTA)».

Contractor of the project is the joint venture TERNA ENERGY (70%) – INDIGITAL (15%) – AMCO (15%). The total budget amounts to € 30 million plus VAT while installation works are scheduled to begin by 2nd three month of 2021.

The project concerns the complete digital transformation of the Transport Authority of Thessaloniki, according to the standards of good practice of other transport operators in Europe.

Contracting Authority is the Information Society SA. and the funding comes from the Ministry of Digital Policy and Media.

The agreement provides for the construction period (12 months) and the provision of maintenance and operation support services for 5 years from completion, while the Contracting Authority reserves the right to extend the maintenance and operation support period for another 5 years.

TERNA ENERGY Group has implemented the corresponding project in Athens on behalf of OASA Group (Athens Urban Transport Organization – AUTO), which makes the company an expert and leader in the market of Automatic Fare Collection Systems.

- **Collaboration with OCEAN WINDS to co-develop floating offshore wind farms in Greece of total capacity over 1,5 GW**

OCEAN WINDS (a Joint Venture between EDP Renewables and ENGIE) and TERNA ENERGY have signed a collaboration agreement to co-develop floating offshore wind projects in the Greek seas.

OCEAN WINDS has a wide portfolio of fixed and floating offshore wind farms under development, construction and operation in various markets throughout Europe, North America and Asia composed of 1.5 GW under construction and 4 GW under development, and 5 to 10 GW in the advanced development stages by 2025.

TERNA ENERGY is a major player in the Renewable Energy Market and has more than 1.8 GW in operation, under construction or ready for construction in Greece and abroad.

OW and TERNA ENERGY, will join forces to identify the most suitable areas and consequently develop a pipeline of projects in excess of 1.5 GW with a consistent development roadmap rolled out throughout the current decade.

George Peristeris, Chairman of TERNA ENERGY, said: *“TERNA ENERGY, in our long commitment to provide clean and renewable energy in Greece, has identified that the next step towards sustainability is the development of offshore wind farms. Floating offshore wind is ideal for the Greek seas, due to their depth and unique* *characteristics. To that end, TERNA ENERGY is proud to announce the strategic partnership with OW, whose unparalleled experience in the offshore wind sector and the development of floating wind farms will help us establish this new sector in the Greek energy market. Together, we will be able to provide the Greek energy sector with the necessary capacity of sustainable energy to achieve our national energy targets. At the same time, we will add value to multiple economic sectors of the local economy, by providing new investments in shipyards, ports grid interconnections and other sectors that will boost the local economy and create multiple direct and indirectly - working positions."*

- **Change in withholding voting rights of Major Shareholder**

Following the 19/03/2021 and 21/04/2021 changes in the voting rights of Mr. Georgios Peristeris, the percentage of his withholding shares and voting rights now amount to 11.0583 %. Also, on 21/04/2021 there was a change (increase) in the withholding voting rights of the shareholder ATALE ENTERPRISES LIMITED, which now amount to 6%.

- **Unprecedented extreme weather conditions in the Texas, the USA, in February 2021 and their impact on the Group's operating activities**

The unprecedented extreme weather conditions, prevailing in February 2021 in the State of Texas, USA (hereinafter referred to as the "Natural Phenomenon") and their impact on the the Group's operations [through TERNA ENERGY USA HOLDING CORP ("TERNA USA") and, in particular, on the operations of TERNA DEN LLC sub-Group (which includes subsidiaries in the USA that own and operate the Group's 3 Texas Wind Farms - Fluvanna 1, Fluvanna 2/Gopher Greek and Bearkat I – of total capacity 510MW)], is regarded as a non-adjusting event according to the provisions of IAS 10 "Events after the Reporting Period" and, therefore, is not recorded in recognition and measurement of assets and liabilities in the annual financial statements of the Group and the Company for the year ended 31.12.2020.

All the aspects of the aforementioned event are presented in the specific analysis below as follows:

(I) General description of the Natural Phenomenon

On 11.02.2021, conditions of bad weather of unprecedented intensity and severity (Arctic temperatures) hit most areas of the State of Texas, affecting all three wind farms of the Group - Fluvanna 1, Fluvanna 2/Copher Greek and Bearkat I of total capacity 510MW (hereinafter "the Wind Farms"), established and operating in that area. The extreme weather phenomenon was so unexpected that, even at that date, the Texas system operator, the Electric Reliability Council of Texas (ERCOT) did not include high consumption in its projections for the next few days and a key feature is that the storm was so sudden that it did not even manage to be named after (later, when the phenomenon was already underway, it was named after "Winter Storm Uri").

The effects started to hit the State severely and as early as 12.02.2021, state of disaster was declared in 254 counties of Texas. Extremely low temperatures down to -22oC were observed, with alternating pattern of snowfall and icy rain, and all traffic was prohibited. On 10.02.2021 and 11.02.2021, all three wind farms received a notification from the suppliers of wind turbines and maintenance subcontractors regarding the force majeure event and their inability to provide services, while ice on the blades of the turbines had already started accumulating, resulting in downtime of their operation due to eccentric load. At the same time, the operation of other Texas power plants (not just renewables but also gas, coal and nuclear power plants) was beginning to be adversely affected.

The effects of the Natural Phenomenon, especially on the energy infrastructures, complemented each other (natural gas production, natural gas network, electricity network, electricity generation), thus generating an "avalanche" of economic losses and physical damage.

(II) Effects of the Natural Phenomenon on Energy Consumption, Energy Infrastructure and Energy Costs

Energy consumption

Extremely low temperatures immediately increased gas and electricity consumption. Especially in the case of electricity, 20% higher consumption, mainly by households, was recorded compared to that projected by the network operator. This increase was particularly substantial, considering that a large part of industrial consumption had already been excluded in order to protect the network.

Gas consumption was also high not only in respect of domestic consumption, but mainly due to the needs of gas units, especially those serving emergency needs. Texas electricity market relies heavily on peak demand units. At the beginning of the phenomenon, all the available units tried to start operating, dramatically increasing gas consumption.

Energy Infrastructure

Deep cold, brought about as a result of the unprecedented phenomenon widely affected the electromechanical equipment in the energy infrastructure, which due to the climatic conditions of the area did not have protection against low temperatures. Several refineries, oil wells and gas sources have shut down due to freezing of the exposed hydraulic systems. The electricity transmission and distribution network also suffered significant damage, not only caused by collapsed trees, but also because large transformers of central transmission substations were shut down since their equipment had frozen. As a result, as of 12.02.2021, many areas of the State of Texas were left without the supply of natural gas and/or electricity.

The electricity generation capacity was significantly affected due to a combination of the aforementioned factors. The vast majority of wind farms in the affected area ceased production due to ice and/or inability to connect to the network. Moreover, it is estimated that approximately 46 wind farms of total capacity 9GW suffered financial losses regardless of their production capacity. Many gas plants did not have access to fuel, and most of those located in the affected area were shut down or could not start operating since the secondary system had also frozen. Water shortages, freezing of various systems and network failures also shut down coal-fired power plants as well as a nuclear power plant.

On Sunday 14.02.2021, in order to address the phenomenon of electricity shortages in Texas, the Federal Department of Energy, gave emergency approval to operate power plants that would not otherwise be allowed to operate due to environmental restrictions. However, productivity in the Texas system was at 50% of what was declared available before the commencement of the Natural Phenomenon. To avoid a total blackout, the system operator started to impose controlled and rolling blackouts in large parts of the network. According to ERCOT, "Alternating blackouts would mainly affect residential neighbourhoods as well as small businesses and be limited to 10 to 45 minutes before moving to another location." The reality was that, for millions of State residents, electricity was off on Sunday or Monday and did not return for days.

Energy cost

Combined conditions of increased consumption and reduced production led to a **dramatic increase in energy producer prices**. In the parts of the gas network that were available, the price of an mBTU increased from $ 1.9 to over $ 300 in a few hours. Respectively, **the price of electricity increased from a level of $ 20 / MWh to $ 9,000 / MWh**, which is the maximum permitted by ERCOT.

Especially regarding the financial burden, it is pointed out that the Natural Phenomenon and infrastructure failures caused direct financial losses exceeding $ 50 billion (excluding indirect losses for restoration of equipment and infrastructure), due to the special operation of the energy market in Texas. The Electric Reliability Council of Texas (ERCOT) relies on methods of highly increased energy prices when demand is high and/or production is declining to attract base producers as well as peak demand producers. The price ceiling of $ 9,000/MWh had rarely been reached in the past and only for limited periods of time, usually 15 minutes. In the case of this Natural Phenomenon, the automatic way of calculating the price started immediately and the price went up to the maximum, but without any increased production reaction (due to the weaknesses mentioned above). As a result, the price of electricity remained at these levels throughout the entire week, as the market mode was not designed to deal with a phenomenon like this.

(III) Effects of the Natural Phenomenon on the Group's operations

(a) Special energy market operation and financial burden on energy producers

Due to the generally strong fluctuations in electricity producer prices in Texas, 85% of total electricity generation at ERCOT is allocated through tariff hedging contracts, which, in practice share the risk between producers and their counterparties. In particular, the producers assume the obligation and the risk of production according to a promised profile (which is different per day, per season, or per hour, depending on the producer), while the counterparty assumes the obligation and the risk of purchasing the produced energy according to the agreed energy profile, at a specific price. In case the energy production deviates from the contractual profile, the market price is used. In this case, as the producers could not produce energy for disposal to their counterparties according to the contractual provisions (as happened in the Group Wind Farms), the counterparties purchased this energy from the free market at the prevailing price of $ 9,000/MWh and invoiced to the producers the difference between the energy acquisition price and the respective agreed/contractual price (approximately $ 20 / MWh), thus causing huge financial burdens on the producers.

The problem of high prices prevailing in the Texas energy market has maximized the financial burden on the producers. In this case, the unprecedented Natural Phenomenon occurring in February 2021 created the "perfect storm", i.e. a general inability to generate electricity, increased energy consumption and maximum energy prices for a consecutive week.

(b) Financial burden on the Group as a result of the Natural Phenomenon

As a result of the aforementioned in paragraph *"(III) (a) Special energy market operation and financial burden on energy producers"*, all the producers that could not produce electricity were exposed to the price of $ 9,000 MWh registered in ERCOT system, under which the Hedge Providers' counterparties per chased energy from the free market in order to replace the energy not provided by the producers, with the latter suffering losses of tens of millions per case.

In the case of the Group's three Wind Farms, these conditions generated an energy shortfall of approximately $ 30 million per day and ultimately amounted to $ 179.4 million. In particular, the counterparties Merrill Lynch Commodities, Inc., Morgan Stanley Capital Group Inc., JPMorgan Chase Bank respectively (hereinafter referred to as "Hedge Providers"), on the basis of the existing hedging contracts with the three Wind Farms, issued Liquidated Damages invoices, covering the period from 13 to 19 February

2021, totally amounting to $ 179,410,942, allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062.938.

These invoices were contested in writing by the Group as the Management invokes the occurrence of a Force Majeure Event.

In the context of the aforementioned, the Management has proceeded with a series of actions for the optimal management of the above event, which are presented with special analysis below, in section "(IV) (b) *Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date".*

(IV) The Group's Management Actions

(a) Previous risk analysis and Insurance coverage

The Group follows a standard procedure of reviews and risk assessment in respect of all the projects it undertakes, including the specific ones. In particular, during the project selection period, the Group, through its own means as well as using the assistance of external consultants, reviewed, among other things, the special operating characteristics of the local market (such as the use of risk hedging contracts). In this context, the climatic and meteorological data as well as the insurance conditions were separately examined. Furthermore, during the project financing period, the projects were fully reviewed by those financing them, in compliance with the general market practice. The group used the services of market risk specialized companies, independent engineers and insurance consultants.

Texas wind farm insurance market covers disaster and downtime related damage. Especially, regarding the damage arising from downtime, insurance companies provide coverage with the exemption of the first days of average. In the market, the prevailing practice is that of a 45-day exemption. The Group's projects have a better (and a more expensive) insurance coverage, compared to the majority of the projects implemented in the market, with a 30-day exemption, which, however, does not cover the specific natural disaster event, as the downtime only lasted for 7 days.

(b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date

As from the beginning of the Natural Phenomenon, the Group's executives team in-charge of the investment in the USA, recognized the impending risk and took all the necessary actions in order to timely notify the Hedge Providers about the Force Majeure Event. The Management's objective was to activate the contractual provision for the exemption of 3 Wind farms from the obligation to provide energy to the Hedge Providers due to force majeure.

The Hedge Providers did not accept the occurrence of a force majeure event and, therefore, the Management immediately assigned the issue to a special legal office and experts specializing in addressing such disputes, who started working with the Group's legal advisors without any delay.

Following the above, in February 2021, the Hedge Providers, based on the effective relevant hedging agreements, issued "Liquidated Damages invoices", which cover the period from 13 to 19 February 2021. The total amount of these invoices stood at $ 179,410,942 and is allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062,938.

The hedge providers for Fluvanna 1 and Fluvanna 2/Gopher Creek have issued notices of default. The hedge provider for Bearkat has issued a notice of potential default. In respect of the projects Fluvanna 2/Gopher Greek and Bearkat 1, "Standstill Agreements" have been signed (ending on 21/05/21 & 30/04/21 respectively without excluding the possibility of further extension) with JPMorgan Chase Bank, N.A. and Merrill Lynch Commodities, Inc. respectively, in order to ensure that all the involved parties have sufficient time to complete the discussions aimed at finding a commercial and business solution. As far as Fluvanna 1 project is concerned, the period has begun, within which the Tax Equity Investor can, if the Tax Equity Investor so desires, exercise the contractual treatment option by repaying the amount of the Morgan Stanley Capital Group Inc. invoice, while at the same time making efforts aimed at signing a similar "Standstill Agreement" if the deadline for exercising the treatment option of the Tax Equity Investor expires without any action taken. It is noted that the lender regarding the aforementioned three projects also has the treatment option (although, the lender stands second in the order of priority of exercising the relevant option after the Tax Equity Investor).

It is noted that all 3 Wind farms in Texas, returned to full operation between 20 and 23 February 2021.

Throughout the period from the beginning of the phenomenon and until the accompanying financial statements approval date, the daily discussions with all the stakeholders (Hedge Providers, Tax Equity Investors, Lender) and their legal advisors continued with increasing intensity. While these discussions are ongoing, the Management is considering three potential actions: (a) applying to the authorized courts and initiating legal action against the Hedge Providers; (b) finding a mutually acceptable commercial solution to the dispute with the Hedge Providers; and (c) divestment from investing in the USA (Class B interests).

As at the accompanying financial statements approval date, the Management is in consultation with the legal advisors of the Group in order to minimize adverse impact on the Group and no final decisions have been made as currently. In case, due to objective circumstances, the Management decides on the third of the aforementioned actions, namely the disinvestment, then the most unfavorable version of that choice will be that of disposing the sub-Group TERNA DEN LLC companies versus a rudimentary consideration. Section "(III) (c) Potential effects on the Group's activities and financial position for the year 2021" that follows, examines the most unfavorable version in case of disinvestment, namely the loss of control over the above subsidiaries through disposal of the companies of the TERNA DEN LLC Subgroup I versus $1 to the one that will ultimately be decided upon to pay the disputed invoiced amounts and treat every respective event of default of hedging contracts, as so called by Hedge Providers (it is clarified that the amount of $1 mentioned above and in the following sections, is purely symbolic and is used solely for the purpose of assessing the impact of the worst case scenario in case of disinvestment on the Group's financial position).

(c) Potential effects on the Group's operations and financial position of the Group for the year 2021 - Examination of the most unfavorable version in case of disinvestment

The most unfavorable version arising as a consequence of the events, mentioned in the sections above "(III) (b) Direct financial burden on the Group as a consequence of the Natural Phenomenon" and "(IV) (b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date" is the contingent Management's action of disinvestment, namely the loss of control of the companies of the sub-Group TERNA DEN LLC, through disposal of these companies for $1, to the one who will finally decide to honor the disputed invoiced amounts and treat every event of default of hedging contracts, as so called by Hedge Providers.

As at 31.12.2020, the financial sizes of the sub-Group TERNA DEN LLC stood at total assets of € 565.8 million, i.e. representing 28.7% of the total assets of the Group, while the liabilities amounted to € 466.6 million, i.e. representing 31.5% of total liabilities. In terms of earnings after tax, TERNA DEN LLC Subgroup earnings after tax for the period 01.01-31.12.2020 stood at a total loss of € 11.3 million. A potential deconsolidation of the companies, constituting TERNA DEN LLC Sub-Group as a result of their disposal for $ 1, would lead to recognition of an accounting loss of approximately $115 million (i.e. approximately € 97.4 million depending on the fluctuations of the $/€ exchange rate), burdening the consolidated financial results.

It is extremely important to mention the fact that the obligations arising from all projects in the USA have no recourse either to the parent company TERNA ENERGY or nor to the aforementioned parent company of TERNA DEN LLC, i.e. the subsidiary TERNA ENERGY USA HOLDING CORP. Therefore, given a potential loss of the above investments, in addition to the accounting loss, no further liquidity or financing issues regarding the Group and the Company are expected to arise within the following 12 months, as this event is not expected to have a further impact on future cash flows of the Group and the Company.

(V) SUMMARY

The previous risk analysis was performed with the contribution of the best market consultants which did not include the occurrence of a similar event. At the same time, insurance coverage could not cover the event, as no projections were made for such an event in the risk analysis of the insurance companies.

The Group's Management reacted quickly, from the first moments of the Natural Phenomenon occurred. The specific conditions, as analytically described in sections (I), (II) and (III) above, created an energy deficit of approximately $ 30 million per day and ultimately amounted to $ 179.4 million. In particular, based on the effective relevant hedging agreements, the Hedge Providers issued "Liquidated Damages invoices", which cover the period from 13 to 19 February 2021. The total amount of these invoices stood at $ 179,410,942 and is allocated as follows: Fluvanna 1 $ 32,691,587, Fluvanna 2/Gopher Creek $ 69,656,417 and Bearkat $ 77,062,938. These invoices were contested in writing by the Group on the basis of the occurrence of a force majeure event. Following the above, the hedge providers for Fluvanna 1 and Fluvanna 2/Gopher Creek have issued notices of default. The hedge provider for Bearkat has issued a notice of potential default. In respect of the projects Fluvanna 2/Gopher Greek and Bearkat 1, "Standstill Agreements" have been signed (ending on 21/05/21 & 30/04/21 respectively without excluding the possibility of further extension). As far as Fluvanna 1 project is concerned, the period has begun, within which the Tax Equity Investor can, if the Tax Equity Investor so desires, exercise the contractual treatment option by repaying the amount of the Morgan Stanley Capital Group Inc. invoice, while at the same time making efforts aimed at signing a similar "Standstill Agreement" if the deadline for exercising the treatment option of the Tax Equity Investor expires without any action taken.

Throughout the period from the beginning of the phenomenon and until the accompanying financial statements approval date, the daily discussions with all the stakeholders (Hedge Providers, Tax Equity Investors, Lender) and their legal advisors continued with increasing intensity in order to minimize the adverse impact on the Group. While these discussions are ongoing, the Management is considering three potential actions: (a) applying to the authorized courts and initiating legal action against the Hedge Providers; (b) finding a mutually acceptable commercial solution to the dispute with the Hedge Providers; and (c) divestment from investing in the USA (Class B interests).

As at the accompanying financial statements approval date, the Management is in consultation with the legal advisors of the Group in order to minimize adverse impact on the Group and no final decisions have been made as currently.

As recorded in section «(IV)(b) Analytically described actions, undertaken by the Management as from the beginning of the Natural Phenomenon until the accompanying financial statements approval date», the contingent Management's action with the most unfavorable version, is the loss of control of the companies of the sub-Group TERNA DEN LLC, through disposal of these companies for $1, to the one who will finally decide to pay the disputed invoiced amounts and treat every respective event of default of hedging contracts, as so called by Hedge Providers (it is clarified that the amount of $1 is purely symbolic and is used solely for the purpose of assessing the impact in case of disinvestment on the Group's financial position).

A potential deconsolidation of the companies, constituting TERNA DEN LLC Sub-Group as a result of their disposal for $ 1, would lead to recognition of an accounting loss of approximately $115 million (i.e. approximately € 97.4 million depending on the fluctuations of the $/€ exchange rate), burdening the consolidated financial results.

The obligations arising from all projects in the USA have no recourse either to the parent company TERNA ENERGY or nor to the aforementioned parent company of TERNA DEN LLC, i.e. the subsidiary TERNA ENERGY USA HOLDING CORP. Therefore, given a potential loss of the above investments, in addition to the accounting loss, no further liquidity or financing issues regarding the Group and the Company are expected to arise within the following 12 months, as this event is not expected to have a further impact on future cash flows of the Group and the Company.

The Management has analytically examined all the above events while assessing their impact on the operations in 2020, given the events and circumstances at the accompanying financial statements approval date. The Management estimates that due to all the aformenetioned events, there is substantial uncertainty casting significant doubts regarding the ability of TERNA DEN LLC sub-Group to continue as a going concern. Furthermore, the consequences of the above events may have a significantly adverse impact on the Group's operations and financial position in 2021. However, the Management estimates that these consequences do not generate uncertainty regarding the Group’s and the Company’s ability to continue as a going concern, i.e. they do not affect the adequacy of the basis for the preparation of the consolidated and separate financial statements based on the going concern principle.

(Amounts in thousand Euro unless mentioned otherwise)

50. APPROVAL OF FINANCIAL STATEMENTS

The separate and consolidated Financial Statements for the year ended as at 31/12/2020 were approved by the Board of Directors of TERNA ENERGY S.A. on 27/04/2021.

		Chief Financial Officers		
Chairman of the Board of Directors	Chief Executive Officer	Operation	Finance	Chief Accountant
George Peristeris	Emmanouil Maragoudakis	Emmanouil 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 064937