TERNA ENERGY

Industrial Commercial Technical Societe Anonyme

85 Mesogeion Ave., 115 26 Athens, Greece

Societe Anonyme Reg. No. 318/06/B/86/28

GENERAL COMMERCIAL REGISTER (GEMI) No. 000312701000

ANNUAL FINANCIAL REPORT

for the year

1 January to 31 December 2022

CONTENTS

I. REPRESENTATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

(According to article 4, par. 2, Law 3556/2007)

The following representatives:

- George Peristeris, Chairman of the Board of Directors
- Emmanuel Maragoudakis, Chief Executive Officer
- George Spyrou, Executive Member of the Board of Directors

WE HEREBY DECLARE AND CERTIFY

To the best of our knowledge that:

i) The hereby annual separate and consolidated financial statements of the Company TERNA ENERGY S.A. of the annual period from January 1st 2022 to December 31st 2022, that has been prepared according to the applicable accounting standards, reflect truly and fairly assets and liabilities, equity, and the financial results of the Company as well as the companies that has been 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, 19/04/2023

The Certifiers

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 SOCIETE ANONYME INDUSTRIAL COMMERCIAL AND TECHNICAL COMPANY" ON CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022

Dear Shareholders,
In compliance with provisions of Law 4548/2018 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 01/01/2022 to 31/12/2022.

The present report discloses the financial and non-financial reporting for fiscal year 2022 of TERNA ENERGY Group, as well as the most significant events that occurred (prior and after the financial statements reporting date). It further describes the main risks and contingencies that the Group may be exposed to in 2023 and presents significant transactions between the Company and its related parties.

A) Financial Developments and Performance of fiscal year 2022

Despite the challenges encountered from the beginning of the year, the Greek economy in 2022 recorded significant growth, which was higher than the European average and almost double the estimates at the beginning of last year (after the start of the war in Ukraine). According to provisional ELSTAT data, the Greek economy grew by 5,9% in 2022 with GDP reaching €192 billion from €181 billion in 2021. This was mainly driven by an increase in private consumption, investment and tourism despite increased imports and reduced government spending.

Specifically, in the first semester of the financial year, the economy recorded a strong growth rate (+7,5%), supported mainly by private consumption and investment, which recorded a double-digit growth rate, as well as the lower base rate of growth. From the third quarter of the year, however, the growth rate slowed down as the high inflation appeared to have a greater impact on consumption expenditure and, to be noted, the higher base rate of growth.
A significant contribution was made by investments in 2022, with the public investment program amounting to 11,0 billion for 2022. Furthermore, foreign direct investment hit an all-time record in 2022, reaching EUR 6,24 billion compared to EUR 5,56 billion in 2021. The significant financial contribution from the Recovery and Resilience Fund is also worth to be noted, with Greece showing one of the highest absorption rates in the European Union with 11,4 billion (about 6,4% of GDP) distributed in the country since August 2021 so far. Finally, the significantly improved liquidity conditions are highlighted with deposits exceeding 180 billion, the highest level since 2011.

The Consumer Price Index according to the latest ELSTAT data for the whole of 2022 stands at 9,6%, showing a steady deceleration in the last quarter of the year as a result of the decline in energy prices and the higher base rate. In December the index stood at 7,2%, lower than the euro area index of 9,2%.

A further decline in the unemployment rate had a positive impact on consumer spending, with the seasonally adjusted unemployment rate in December 2022 standing at 11,6%, down from 12,9% in December 2021, levels observed before 2010.

In the export sector, tourism had a very strong performance with total collections reaching 17,6 billion (97% compared to 2019) while visitors reached 27,8 million (89% compared to 2019). On the other hand, imports also recorded a significant increase due to increased energy prices, resulting in a higher current account balance compared to 2021.

In the fiscal area, according to the latest data, results are expected to exceed targets, with the primary deficit expected to be in the range of 1,2% compared to the target of 1,6% in line with improved tax revenues and higher growth despite the measures of supporting households from inflationary pressures. To be noted that based on Ministry of Finance data, the government has supported households and businesses against the energy crisis with 10,7 billion in 2022.

The interest rate of the Greek 10-year benchmark bond at the end of December reached 4,3%, compared to 1,2% at the beginning of the year as a result of the upward cycle of interest rates in global markets, with the spread over the German bonds increasing by about 50 basis points to 200 basis points. In total for 2022, the Hellenic Republic borrowed EUR 8,3 billion from the markets through bond issuance, while the country's credit rating was improved by one grade in 2022 by 3 rating agencies (S&P, DBRS, R&I). Greece, at the end of 2022, was one point below the investment grade according to Scope, DBRS, S&P and R&I, 2 points below according to Fitch and 3 for Moody's.

Perspectives of the Greek Economy

The Greek economy is expected to continue growing in 2023 but at significantly slower rates as a result of slower Eurozone growth and inflationary pressures that are likely to affect private consumption. In addition, the shift in monetary policy to a more restrictive stance is expected to have an inhibiting effect on economic activity. Nonetheless, effective use of the resources of the EU's long-term budget 2021-2027 and the European Recovery and Resilience Mechanism may moderate the impact of the energy crisis on the economy.

According to the Bank of Greece, the Greek economy is expected to grow at a rate of 1,5% in 2023, remaining above the European average (+0,8% according to the European Commission, +0,5% according to the ECB).

The decline in inflation rate is expected to gradually moderate the impact on households, helping consumption in conjunction with the announced increases in wages and pensions. A positive contribution is also expected from the public investment program amounting to 12 billion for 2023 according to the budget and the utilization of RRF money. Tourism is also expected to be positive for another consecutive year. Finally, a series of positive trends for the European economy are noted in recent months, with lower energy prices due to a milder winter and a diversified import mix, business resilience and labour market helping the European economy to avoid recession in late 2022 and early 2023.

On a longer-term horizon, the outlook for the Greek economy remains positive, with the Bank of Greece forecasting growth of 3,0% for 2024 and 2,8% for 2025 (compared to 1,9% and 1,8% respectively for the

Eurozone), given the de-escalation of the geopolitical crisis and a reduction in energy prices, a positive development of tourism and the implementation of significant investment projects.

Energy sector trends and the crisis impact

Since Autumn 2021 the global energy system has been under a severe disruption which was further exacerbated in early 2022 by Russia's military aggression against Ukraine. The sharp rise in energy prices generated significant inflationary pressures as well as raised doubts about energy security.

The country's energy needs are mainly covered by imports (crude oil and natural gas) and, to a lesser extent, by domestic production of solid fuels and renewable energy sources (RES). Greece's primary energy import dependency ratio is around 85% compared to 60% in the EU-27, indicating the country's high energy dependency. However, this dependence is partly counterbalanced by the country's diversified sources of supply as a consequence of its geographical position and the investments that have been made in the relevant infrastructure.

The result of this was the country's being able to meet its energy needs without significant problems in 2022. It is remarkable that gas imports from Russia for both domestic consumption and export in 2022 were reduced by 16% (with total demand increasing by 11% due to increased exports) and limited to 33% of the total in 2022 from 45% in 2021.

After a period of very low international gas prices, which reflected the reduced demand because of the pandemic, from mid-2021 prices showed a strongly upward tendency. Hence, the average import price for Greece increased from 15,2 EUR/MWh in January 2021 to 98,2 EUR/MWh in January 2022 and to reach 175,5 EUR/MWh in September 2022. Since then, it has been following a steadily decreasing tendency in line with international markets.

The increase in natural gas supply prices pushed up the wholesale electricity prices on the Greek Energy Exchange Market, which recorded an equally steep rise. In August 2022, wholesale electricity prices including surcharges (for balancing and other ancillary services) reached EUR 454,9/MWh compared to EUR 251/MWh in January before falling to EUR 311,9/MWh in December. Overall, for 2022 the wholesale price reached 306,6 EUR/MWh compared to 132,1 EUR/MWh in 2021. The increased prices of CO_2 emission allowances have also contributed to the increase in electricity prices but their impact on electricity prices is lower than the effect of the increase in gas prices.

Given the rise in gas import prices and wholesale electricity prices, retail gas and electricity prices have shown a significant increase, essentially forcing the government to proceed with rebates on energy bills for businesses and households. In total for the year, it is estimated that after the subsidies the burden on households and businesses amounted to 20%-50% (depending on consumption).

In an effort to reduce the impact of the energy crisis, the Greek government has introduced a series of regulatory interventions in the energy market to reduce the costs for consumers. The most basic of these were:

i) The imposition of a cap from 8 July 2022 to 30 June 2023 on the compensation of electricity derivatives from lignite, natural gas (the cap is adjusted monthly based on international gas and CO_2 prices), hydroelectric plants and RES. Indicatively for December 2022 the cap was 196,5 EUR/MWh for lignite, 326,9 EUR/MWh for gas plants, 112,0 EUR/MWh for large hydro and 85,0 EUR/MWh for RES portfolios. Thus the additional revenues from the wholesale electricity market, after the compensation of the generators, are allocated to the Energy Transition Fund and used to benefit consumers.

(ii) Investigation of excess profits in electricity and gas production and trading, with any revenues being allocated to the Energy Transition Fund and used to subsidise consumers.

iii) The EUR 10/MWh levy on the price of natural gas used for electricity generation was abolished and replaced in March 2023 where, based on the legislation, the way of calculating the special levy for the Energy Transition Fund is changed, which will be calculated as a percentage of 5% of the average monthly price of TTF gas.

Other interventions included changing the way electricity consumers are billed, with the abolition of the indexation clause, suspension of the ligninisation program by increasing lignite production, extra subsidies from the state gas company to consumers.
Overall, Greece is estimated to have allocated one of the highest amounts at European Union level to support the economy against the energy crisis, amounting to approximately 5,0% of GDP.

Electricity generation and developments in RES

Electricity consumption in the country for 2022 fell by 3,4% (interconnected system) mainly as a consequence of reduced demand in the system due to milder weather. As a result, natural gas production decreased by 14%, while hydroelectric production decreased by 24,4%, whereas RES production increased by 14,2% following the increase in installed capacity, while lignite production increased by 4,6%. Finally, net imports decreased by 6,4%. It is remarkable to note that the contribution of renewables increased to 39% against 33% in the previous year, while including large hydro, renewables covered 47% of the country's total demand, compared to 43% in 2021 and 35% in 2020.
At the end of 2022, the total installed RES capacity in the country amounted to 9,9GW compared to 8,8GW at the end of 2021. The total installed capacity of wind farms in the country reached 4.681MW, adding 230MW during the year. Correspondingly, the installed capacity of PV farms in the country reached 4.592 (excluding rooftop PV), an increase of 922MW. It is remarkable that according to ELETAEN, at the end of 2022 over 840MW of new wind farms were under construction, the vast majority of which are expected to be connected to the grid within the next 18 months. Another 450 MW are in the contracting phase or are about to start construction. As a result, total wind capacity will reach around 6 GW within the next three years.
In September 2022, Energy Regulatory Authority launched a joint competitive bidding procedure for RES plants. A total of 538MW of capacity was auctioned, which was distributed among wind technology at a rate of 30,9% (166,25 MW) and photovoltaic technology at a rate of 69,1% (372,16 MW). The average price for photovoltaics was EUR 47,98/MWh and for wind at EUR 57,66/MWh. It is recalled that in the previous joint tender procedure (May 2021), the average price for photovoltaics amounted to 37,6 EUR/MWh with 350MW vested, while no wind farm was selected, leaving 88 MW unvested.
Recently the Greek Government presented the draft of the new National Energy and Climate Plan (NECP) using the RePowerEU policy package as a reference:

(i) a 55% reduction in greenhouse gas emissions in 2030, compared to 1990 emission levels, and achieving climate neutrality in 2050.

ii) A target for renewable energy as a share of gross final energy consumption in 2030 equal to 40% (or 45%), accompanied by individual targets per consumption sector (electricity, heating and cooling and transport).

(Amounts in thousands of Euros unless mentioned otherwise)

(iii) Energy efficiency in 2030 equal to -13%, measured as the percentage change in final energy consumption compared to the 2030 projection of the 2020 Reference Scenario.
(iv) Targets for blending of biofuels (advanced and above conventional) and renewable gases of non-biological origin as a % in transport fuels.

In the electricity sector, the ESDP aims to increase the country's installed RES capacity up to 25GW by 2030, with RES covering about 80% of electricity demand and 45% of total energy demand.

As of 31/12/2022, TERNA ENERGY Group owns almost 2.000 MW of RES power plants, which are in operation, under construction or ready for construction in Greece, Central and Eastern Europe. By including projects in various stages of maturity, the Group's portfolio exceeds 12 GW.

Specifically, the Group's total installed capacity in Greece and abroad amounts to 905.3MW.

Particularly:
a) In the energy sector the installed capacity settled as follows:

	TOTAL	**GREECE**	**POLAND**	**BULGARIA**
WIND PARKS	**876,4**	**744,4**	**102**	**30**
HYDROELECTRIC	**17,8**	**17,8**		
PHOTOVOLTAIC	**8,5**	**8,5**		
BIOMASS	**2,6**	**2,6**		
TOTAL	**905,3**	**773,3**	**102**	**30**

b) In the waste management sector on 29/01/2021, the Public Private Sector Partnership (PPP) project “Integrated Waste Management of Peloponnese Region”, contractor of which is the subsidiary company the “Perivallontiki of Peloponnese S.A.”, which was amended on 31/01/2022 in order to contractually provide for the possibility of starting the treatment of waste at the time of completion of the construction of each Area and, respectively, of a Waste Management Unit. Thus, on 18/03/2022, a certificate was issued by the Independent Project Auditor, whereby the operation of the Arcadia Transitional Management Unit and the Argolida Waste Transfer Station commenced on 18/03/2022 and on 25/08/2022, following the issuance of the relevant certificate by the Independent Auditor, the Waste Transfer Station of Corinth was launched, while the construction of the Transitional Management Units of Messinia and Laconia and further the construction of the Waste Transfer Units is underway. This project is being implemented with the main objective of providing modern waste management services, aiming at protecting the environment, ensuring public health and providing multiple benefits to local communities as cells for the development of the circular economy.

c) Construction segment refers mainly to the construction of new RES production units, the installation of waste management units and other facilities that the Group has undertaken based on PPP contracts public-private partnership agreements.

In 2022 the consolidated sales of the Group from continuing operations reach the amount of € 298,0 million compared to € 273,1 mill. in 2021, increase of 9,1%. The increase in revenues was mainly driven by the energy sector due to increased production and construction operations. The Group's operating earnings before interest, taxes, depreciation and amortisation (EBITDA) from continuing operations amounted to € 115,9 million compared to € 162,0 million in the previous year, decreased by 28,5%, as a result of the recorded expense of the plan from the free distribution of shares, amounting to € 48,8 million.

As at 31.12.2022, in accordance with the provisions of IFRS 2, the Company performed the valuation of the free share distribution plan, which resulted in the recognition of a cost of 48.8 million in the Statement of Comprehensive Income and the recording of an equal amount of a special reserve in Equity. The above accounting treatment of the free share distribution plan does not have any impact on the Company's Equity. Furthermore, for cash flow purposes, that valuation is a non-cash item. Finally, it is noted that the new shares that will result from the free share allocation plan represent approximately 1.3% of the shares already outstanding after the deduction of treasury shares held by the Company.

Excluding the cost of the free share distribution plan, the Group's operating earnings before interest, taxes, depreciation, and amortization (EBITDA) from continuing operations for the year 2022 amount to € 164,7 million, an increase of 2.0%.
Profit before tax from continuing operations to € 38,7 million, decreased by 59,2% compared to € 94,7 million in 2021 due to the recorded expense of the plan from the free allocation of shares as defined in IFRS2.

Net operating profit from continuing operations attributed to the shareholders of the parent company amounted to € 19,8 million, decreased by 71,0% compared to the previous year (2021: € 68,4 million). The decrease of € 48,8million in net profit from continuing operations attributable to owners of the parent company is due to the valuation cost of the free distribution share plan recognized under IFRS 2.

Earnings before interest, taxes, financing, investment income, depreciation, and amortisation (EBITDA) from continuing and discontinued operations, excluding the plan's expense from the free distribution of shares, amounted to € 205,6 million.

The profit from discontinued operations for the financial year 2022 amounted to € 35,3million and relates to the results of discontinued operations of electricity trading (see in detail note 7.1 and 7.2of the Financial Statements). It should be noted that for the corresponding comparative period, the result from discontinued operations amounted to a loss of € 90,5million and includes, in addition to the results of electricity trading, the results of the decommissioning of the three (3) Wind Farms in Texas, USA).

Net profit from continuing and discontinued operations excluding the plan's expense from the free share allocation and results from financial instruments at fair value amounted to € 104,9million.

Total comprehensive income (from continuing and discontinued operations) amounted to € 56,9million compared to a loss of € (21,1) million in the same period last year. For the year 2022, the total profit attributable to Owners of the Parent amounted to € 58,2 million, while the profit attributable to Non-Controlling Interests amounted to € 14,3million.

Regarding the results from continuing operations of the individual sectors:

- The **energy sector** realised sales of € 236,2million, with an increase of 5,2% compared to 2021. This increase is mainly due to the full year operation of wind farms in Greece that were in trial operation period. Operating profitability (EBITDA) amounted to € 112,2 million, decreased by of 30,7% compared to the same period of 2021, due to the charge for the expense of the free share distribution plan. Excluding the related expense of the free share distribution plan, operating profitability (EBITDA) reached € 161,0 million. It is to be noted that the Group in the energy sector recorded research and development expenses of € (6.982) thousand which are related with the development and licensing of new renewable energy generation plants (see Note 35)

- The turnover of the **construction activity** of TERNA ENERGY amounted to € 198,9million, increased by 60,4% compared to FY 2021, mainly due to the construction activity for the development of new Wind Farms and the construction of waste management plants in the Peloponnese Region. Out of total turnover, an amount of EUR 40,2 million related to customers outside the Group. The operating profit before depreciation and amortisation (EBITDA) of the construction segment amounted to € 14,5 million compared to a profit of € 9,4 million in the 2021 financial year. More specifically, the the outstanding balance of construction works (backlog) of construction work amounted to € 54,0million at the end of 2022, of which € 48,8 million relates to concession projects. Research and development expenses in the construction segment totaled € (385) thousand, mainly related to costs incurred by the Company in participating in tender procedures for the award of construction projects.
- Finally, revenues from the **concessions segment** amounted to € 21,6 million compared to € 21,0million in 2021, representing an increase of 3,0% mainly due to the commencement of operations of the Arcadia waste treatment plant. Operating profit (EBITDA) amounted to € 3,3 million, compared to € 2,7 million in 2021.

The Group's operating cash flow from continuing operations for the year amounted to € 110,2 million, compared to € 146,1 million in 2021. The decrease is mainly due to the increased payment rhythm made in the year 2021 by the RES ADMINISTRATOR & ORIGIN GUARANTEES which combined with the operation of the Energy Exchange Market ENEX smoothed out the payment delays of previous years.

On 31/12/2022, TERNA ENERGY Group investments amounted to € 240,4 million. The Group’s on-going investing activities generate the conditions for stabilization of increased flows of revenue and profitability on a long-term basis.

The Group's financial position remains satisfactory, as cash and cash equivalents and restricted cash amounted to € 453,7 million, of which € 94,3 million are Sight Deposits of the company "TERNA ENERGY-ANTLESIOTAMIOSEYSI I M.S.A.", while the loan liabilities amounted to € 1.123,1 million. The net debt position (debt liabilities minus cash and cash equivalents minus restricted deposits related to debt liabilities) as of 31/12/2022 stands at € 669,3 million compared to € 528,0 million in the previous financial year. It should be noted that the Group's cash and cash equivalents also include amounts to be refunded, for an amount of € 3,3 million, relating to grants received, due to cancellation or differentiation of the scope of construction from that specified in the decisions of inclusion of certain Wind Farms. The aforementioned amounts will be reimbursed once the relevant procedures of the competent services of the Ministry of Development will be completed and have been excluded from the total of the restricted or not Cash and Cash Equivalents for the above calculation.

B. Significant events in the year 2022

- **Waste Management in the Peloponnese Region**

On 14/02/2022 the waste management in the Peloponnese region started. A new era for waste management in the Peloponnese Region was signaled by the arrival of the first garbage trucks of the Municipality of Tripoli at the Management Unit in Paleochouni, which will serve Arcadia, Corinthia and Argolida. For the first time, the waste of the Peloponnese is not directed to landfills or uncontrolled areas, polluting the environment and threatening public health, but is forwarded for proper and safe treatment at the modern new unit that started operating in Arcadia.
The transitional management will last up to 14 months and after the start of the integrated management, it will constitute the most modern waste management facility in the country and one of the most modern in Europe. Among the multiple advantages of the new plant is the fact that the Landfill of Waste Site (LDF) is located close to the plant, which allows for the minimization of waste and residue transport.
The start of the Transitional Waste Management was facilitated by the recent signing of the amended Public-Private Partnership Agreement (PPP) for the Integrated Waste Management of the Peloponnese Region, between the Peloponnese Region and Perivallontiki Peloponnisou SA, member of TERNA ENERGY Group.
Once the project is fully commissioned, at least 65% of biodegradable materials will be diverted from landfill and utilized, 50.000 tons of liquid waste will be diverted from landfill, and green energy will be generated to cover the needs of 6.000 households, while preventing the release of 24.000 tons of carbon dioxide into the atmosphere.
The project will create 800 new jobs during the construction period and 200 permanent jobs during the operational period (27 years). This does not include the indirect employment that will be created (transport, marketing of recyclables, staff accommodation, environmental school trips, etc.).

In total, it represents an investment of €152 million (€62,5 million NSRF grant), which provides for the construction and operation:

- three (3) Transitional Management Units (TMUs) and three (3) Waste Treatment Plants (WTPs) with a total capacity of 200.000 tonne/year
- three (3) Landfills (Landfills); and
- two (2) Waste Transfer Stations (WTS).

The landfills have been located in Arcadia, Messinia and Laconia and the SMWs in Corinthia and Argolida, so that the collection of waste is less than 50 km from the capitals of the prefectures of the Region, helping to minimize transport from the municipalities.

The project, using leading edge technology, implements most of the Peloponnese Regional Waste Management Plan (WMP), operates in parallel and complementary to the Local Source Recycling Plans of the Municipalities and applies best practices of circular economy.

- **Signing of the amendment to the PPP Contract for the Integrated Waste Management of the Peloponnese Region.**

The signing of the amended Contract facilitates the start of the Transitional Management in the project's units that have already been completed (Transitional Management Unit in Paleochouni, Arkadia and the Transfer Station in Nea Keo, Argolida), providing modern waste management services with a view to protecting the environment, ensuring public health and offering multiple benefits to local communities as cells for the development of a circular economy.

This development marks the beginning of the end for the environmental problem that the Peloponnese Region has been facing for over 30 years, satisfying not only the current EU directive but also the future ones, as it achieves high environmental performance through the largest Integrated Waste Management PPP currently under construction in Greece.

- **Resolutions of the Annual General Assembly of Shareholders as of 22/06/2022**

On 22/06/2022, the Annual General Assembly of Shareholders of TERNA ENERGY SA was convoked and attended by 247 Shareholders holding 89.469.694 shares and voting rights, namely 77,48% on the Share Capital and the following decisions were taken:

- Approved with 89.448.194 votes in favor (99,98% of those present) and 21.500 abstentions (0,02% of those present), in their entirety, the Financial Statements (separate and consolidated) for the year 2021 as registered on the website of the Company and the Athens Exchange and were reflected in detail in the Annual Financial Report, the relevant Report of the Board of Directors and the Report of the Certified Auditor-Accountant.

- Approved with 89.448.194 votes in favor (99,98% of those present) and 21.500 abstentions (0,02% of those present), the proposition of the Board of Directors for the distribution of profits and reserves of total amount in Euro 39.390.730,60, namely 0,34€ per share, in accordance with article 162, par.3 of l.4548/2018. This amount will be increased with the dividend corresponding to the treasury shares owned by the Company.

- Approved with 82.305.883 votes in favor (91,99% of those present), 7.142.311 against (7,98% of those present) and 21.500 abstentions (0,02% of those present), the payment of compensation to the BoD members, from the profits after tax of the Company pursuant to articles 109 and 110 of Law 4548/2018 and article 14 of the Company's Articles of Association, total amount of €1.370.000.

- Approved with 89.448.194 votes in favor (99,98% of those present), and 21.500 abstentions (0,02% of those present), the Annual Activity Report of the Audit Committee for the corporate year 01.01.2021-31.12.2021.

- The General Meeting with 88.941.654 votes in favor (99,41% of those present), and 357.510 against (0,40% of those present) and 170.530 abstentions (0,19% of those present) approved the overall management of the fiscal year 2021 by the Members of the Board of Directors and specifically of Messrs Georgios Peristeris, Georgios Perdikaris (up until 23/6/21), Emmanouil Maragoudaki, Georgios Spyrou, Michail Gourzis, Emmanouil Moustakas, (until 23/6/2021), Georgios Kouvaris, (until 23/6/2021), Gagik Apkarian (until 23/6/2021), Georgios Mergou, Aristoteli Spilioti, (from 23/6/2021) Nikolaou Voutichti (from

23/6/2021), Andrea Tapantzis (from 23/6/2021), Sofia Kounekaki-Emfraimoglou (from 23/6/2021), Tatiana Karapanagioti (from 23/6/2021) and Marina Sarkisian Ochanesoglou (from 23/6/2021).

- The General Meeting, with 88.971.405 votes in favor (99,44% of those present), and 327.759 against (0,37% of those present) and 170.530 abstentions (0,19% of those present) exempted the Auditor from any liability or compensation arising from the exercise of his duties for the year 2021.

- The General Meeting accepted, with 75.158.228 votes in favor (84,00% of those present), and 14.289.966 against (15,97% of those present) and 21.500 abstentions (0,02% of those present) the proposal of the Board of Directors for the approval of the Remuneration Report of the members of the Board of Directors of the Company for the year 2021 in accordance with article 112 of Law 4548/2018, according to which remuneration was paid to the members of the Board of Directors during the year 2021 in accordance with the Remuneration Policy approved by the General Assembly of 23.06.2021.

- Elected by votes 88.903.535 in favor (99,37 % of those present) 544.659 against (0,61 % of those present) and 21.500 abstentions (0,02 % of those present), the auditing company GRANT THORNTON for the auditing of the Separate and Consolidated Financial Statements of 2022 and remuneration based on corresponding of 2021 after any adjustment according to the needs of the audit.

- **Distribution of earnings and reserves of the Company**

It was announced according to article 4.1.3.4 of the Regulation of the Athens Exchange, Greece, that with the approval of the Ordinary General Meeting of the Company of June 22, 2022, TERNA ENERGY ABETE decided to distribute earnings and reserves of a total amount of Euro 39.390.730,60, i.e. €0,34 per share, in accordance with article 162, paragraph 3 of Law 4548/2018. The above amount is subject to a withholding tax of 5%, in accordance with article 24 of Law 4646/2019 and therefore the shareholders will receive a total net amount of Euro 37.421.194,07, i.e. a net amount of Euro 0,323000 per share. Furthermore, this amount will be increased with the dividend corresponding to 379.181 treasury shares held by the Company. Therefore, the shareholders will receive a total gross amount of Euro 0,341116437 per share, i.e. a total net amount of Euro 0,324060615 per share. The dividend was paid to the beneficiaries on July 11, 2022.

- **New investments in wind farms and photovoltaic power plants in Greece and Bulgaria**

i. On 14 April 2022, the Company proceeded with the acquisition of the entire shareholding of the companies KEY Solar Energy and KASTRAKI Solar Energy PC. These companies develop photovoltaic plants in the wider area of the Regional Unit of Thessaly. Specifically, of the acquired companies, KEY Solar Energy PC is in the licensing phase and is developing one Photovoltaic Plant with a capacity of 50 MW, while KASTRAKI Solar Energy PC is currently in the licensing process and is developing four Photovoltaic Plants with a total capacity of 172,3 MW. On the same day, a preliminary agreement was signed for the purchase of all company shares which is to be licensed for a Photovoltaic Plant in the Regional Unit of Arta with a capacity of 50 MW. Furthermore, the Company signed a preliminary agreement to purchase 70% of the shares of a company which is developing a cluster of eight wind farms with a total capacity of 230,7 MW in the region of Etoloakarnania.

ii. On 19 April 2022, TERNA ENERGY Group entered into an agreement for the potential future acquisition of a company in Bulgaria which is expected to be licensed for the construction and operation of a Photovoltaic Power Plant with a capacity of approximately 140 MW. The transfer process is expected to be completed by the end of the year 2023.

iii. As part of the implementation of its Investment Program, the Company proceeded with the acquisition of all the shares of the company TEKAL AIALIKI LP which was renamed into TERNA ENERGY & Co. AIOLIKO PARK PETE PYRGIOI LP which is developing a 21,5 MW Wind Farm in the Regional Unit of Pieria.

- **Establishment of a new company TERNA ENERGY Pumping and Storage I MAE and payment of the first instalment of the support for the project Pumping Station of Western Greece (Amphilochia)**

A new company was established under the name of TERNA ENERGY ANGLESIUM STORAGE I MAE, which is the special purpose vehicle for the construction and operation of the pumping storage projects in the Regional Unit of Etoloakarnania. This project has been classified as a "Project of Common European Interest (PCI)" as well as an "Investment of Strategic Importance". The company received the first tranche of EUR 100 million of investment aid through the Public Investment Programme for the project "Subproject 1. Pumping Station of Western Greece (Amphilochia), 680MW capacity" which has been included in the Recovery and Resilience Fund.

- **Distribution plan of the Company's shares**

The Extraordinary General Meeting of 16 December 2020 of TERNA ENERGY ABETE approved the distribution of up to two million five hundred thousand (2.500.000) of new shares to be issued by capitalization of share premium reserves to Executive Members of the Board of Directors and top management of the Company due to their contribution to the achievement of financial targets, the implementation of new projects and the increase of the Company's profitability within the three-year period from 01.01.2021 to 31.12.2023. The Board of Directors was authorized to further determine the beneficiaries, the method of exercising the right and the terms and conditions of the plan, as well as to regulate all relevant procedural matters for the implementation of the resolution.

The Board of Directors of the Company at its meeting held on 19.03.2021, in implementation of the above resolution of the Extraordinary General Meeting of Shareholders, accepted the recommendation of the Nomination and Remuneration Committee (hereinafter referred to as the "Nominating and Remuneration Committee") regarding the Revision of the Remuneration Policy, the Revision of the Plan Period (extension of the Plan by one year, i.e. ending on 31.12.2024 - the extension of the Plan's duration, together with its inclusion in the Remuneration Policy was approved by the Annual General Meeting of the Company's Shareholders on 23.06.2021), the terms of the Plan's implementation, as well as the Criteria - Targets of the Plan (relating to the fulfilment of non-market performance conditions - e.g. project construction targets, EBITDA, etc.), and as regards the allocation of shares per Criteria - Target), as well as as as regards the allocation of shares per Criteria - Target. At the same meeting, the Board of Directors reserved the right to decide further on the selection criteria for the beneficiaries, the allocation of shares to the beneficiaries and on the vesting criteria per beneficiary at a new meeting after a new proposal by EYA.

At its meeting on 26 January 2022, the Board of Directors proceeded with the selection of the beneficiaries of the free share distribution plan as well as the allocation percentages in accordance with the recommendation of the Nomination and Remuneration Committee ("NRC and Remuneration Committee" ("NRC").

- **Discontinued Activities**

On November 22, 2022, in the context of the continuous optimization of their organizational structure and in accordance with article 100 of Law 4548/2018, GEK TERNA S.A. and TERNA ENERGY ABETE announced the decision of the Board of Directors of "TERNA ENERGY ABETE", which was taken at the meeting of November 11, 2022, considering the reports of Mr. George Bourni, Certified Public Accountant (with number AM SOEL 25151) of "Deloitte", according to which authorization was granted, according to article 100 of Law 4548/2018, for the sale on behalf of the Company of 51% of the shares of the issue of the public limited company "Optimus Energy S.A." held by it, to the affiliated company "HERON II VOIOTIAS S.A." (a 100% subsidiary of GEK TERNA S.A.).
At the same meeting, a special authorisation was also granted for the sale by the subsidiary 'TERNA ENERGY OVERSEAS LIMITED' of 100% of the shares held in 'TERNA ENERGY TRADING LTD' to the affiliated company 'HERON II VOIOTIAS S.A.' (a wholly owned subsidiary of GEK TERNA SA), pursuant to Article 101(1)(b) of the EEA Agreement. 3(b) of Law No. 4548/2018.
The total transfer price of these companies amounted to EUR 24,1 million.
Through these transactions, GEK TERNA Group optimises its organisational structure, further strengthening its vertically integrated energy trading and thermal power generation business. It is recalled that in the same context the group recently proceeded with the acquisition of 100% of the companies "HERON Energy S.A." and 'HERON II VOIOTIAS S.A.'.
At the same time, these transactions implement the intention of the Management of TERNA ENERGY Group to discontinue its activity in the energy trading sector, thus facilitating its concentration on its core business, the production and storage of energy from renewable sources, freeing up additional funds for the implementation of its investment program.

- **Resolutions of the Extraordinary Meeting of the Bondholders of the subsidiary company TERNA ENERGY M.A.E.X. of 25/11/2022**

The Repeated Extraordinary Assembly of the Bondholders of the subsidiary company "TERNA ENERGY MONOPORING SOCIETY" met on 25/11/2022, in which approval was given to modify the use of the funds raised. Specifically, the Repeated Extraordinary Assembly of the Bondholders approved the enlargement and extension of the term of use of the amount of € 10.767 thousand in order to be used for the construction, by subsidiaries of the guarantor TERNA ENERGY S.A., of wind farms in the extended Greek territory until 31/3/2023.

C. Events after the end of fiscal year 2022

From 01/01/2023 and until the preparation date of the present report, the following important events occurred:
On 10.02.2023, the Company acquired all the shares of the company ANAX, which was renamed to TERNA ENERGY Sappon and which is developing a 246,35 MW Photovoltaic Plant in the Regional Unit of Evros

Rodopi. The total price of the acquisition, based on the terms of the Sale and Transfer of Shares Agreement, will depend on the successful outcome of securing the necessary permits for the installation of the PV power plants.

On February 3, 2023, the Company announced to the investing public that on 02.02.2023, the extract of the minutes of the Board of Directors of the Company dated 18.01.2023, according to which the increase of the Share Capital of the Company and the amendment of the relevant article 5 (Share Capital) of the Articles of Association was decided, was registered in the General Commercial Register (G.E.M.I.) with Registration Code 3432087. The said increase of the Share Capital amounts to Euro Three Hundred and Sixty Thousand (€ 360.000,00) through the issuance of One Million Two Hundred Thousand (1.200.000) new common shares with voting rights, with a nominal value of thirty euro cents (€ 0,30) each, with capitalization of share premium reserves, for free distribution to Executive Members of the Board of Directors and Senior Executives of the Company, in accordance with the approved Free Shares Distribution Plan.

D. Prospectives

The changes that have occurred in energy markets as a result of the crisis are expected to redefine the energy landscape for the coming years. The arguments about the positive impact of renewable energy were already strong enough, but now the economic arguments about energy costs and energy security have been strengthened. In this context, the effects of the crisis on the renewable energy sector are expected to lead to further strengthening and acceleration. Early indicators of this are the recent announcements by the US government on the Inflation Reduction Act (IRA) and, at European level, RePowerEU and the Green Deal Industrial Plan.

However, a significant effort is required to enable the renewable energy sector to meet the targets set. The main challenges facing the sector are concentrated around the regulatory framework relating to the redesign of energy markets and the establishment of long-term and stable licensing procedures and inflationary pressures, with a focus on their impact on the supply chain.

Recognizing these conditions, TERNA ENERGY Group in the course of the investment conference organized in May 2022 announced its new investment plan targeting the installation of 5,5 GW of renewable energy by the end of 2029, aiming at an installed capacity of more than 6,4GW from 895 MW today. The total cost of the investment plan is estimated at 5,9 billion for the period 2022-2029. Upon completion of the program, the Group's operating profitability (EBITDA) is expected to exceed 700 million annually.

It is worth to note that the total project portfolio of TERNA ENERGY Group in Greece currently amounts to 12 GW including projects of various technologies in various development phases. Furthermore, projects with a capacity of more than 1,0 GW are under consideration in other countries.

The large number of projects and technologies, the group's deep knowledge and long-term commitment to the field, as well as its sound financials are expected to support the continuous and successful execution of the investment program.

Taking into account the above, the prospects of TERNA ENERGY Group for the year 2023 and for the following years are positive, despite the challenges faced by the global economy and Greece.

E. Risks and uncertainties

The Group's activities expose it to various financial risks such as market risk (including foreign exchange risk, interest rate risk and price volatility risk), credit risk and liquidity risk.
The Group, in order to mitigate financial risks and limit their negative impact on its financial results, monitors the fluctuations of variables affecting costs and sales and uses appropriate products, as appropriate.
The main risks and uncertainties related to the Group's operations are as follows:

i. Credit risk

The Group continuously reviews its receivables and incorporates the resulting information into its credit control.
The energy sector accounts receivable are all related to the wider public sector both domestically (including ENEX, DAPEP and HEDNO) and internationally, and the same applies to the concessions sector, as well as most of the construction sector receivables.

The Group has traditionally, due to the nature of its business, is not exposed to significant credit risk from trade receivables. In the past, there have been delays in collections from the DAPEEP, which have been significantly reduced with the implementation of Law 4254 /14 as well as the extraordinary levy imposed for the fiscal year 2020 to address the side effects of the coronavirus pandemic, on electricity producers from Renewable Energy Sources (RES) power plants, which have been put into normal or trial operation by 31 December 2015 (Government Gazette 245/09.12.2020). In other transactions with individuals, the Group operates with a view to limiting credit risk and securing its receivables.
The credit risk for cash and cash equivalents and other receivables is low, given that the counterparties are banks with a high-quality capital structure, the public sector or companies in the wider public sector or strong business groups.
Finally, the Group's management considers that all of the above financial assets which have arisen after making the necessary impairments are of high credit quality.

ii. Foreign exchange risk

The Group operates, besides Greece, also in Eastern Europe, therefore it is possible to be exposed to exchange rate risk that may arise from the exchange rate of the euro to other currencies. This type of risk can only arise from commercial transactions in foreign currencies, from investments of financial assets in foreign currencies, as well as from net investments in foreign entities. In order to limit this risk, the Group utilises locally generated cash surpluses in local currency. During the operating phase, all related costs and revenues are incurred in local currency, eliminating any possibility of generating foreign exchange differences.
To mitigate this risk, the Group's financial management department systematically monitors exchange rate movements and ensures that they do not have a negative impact on cash resources.
With regard to the Company's transactions with foreign entities, these are generally with European Groups where the settlement currency is the euro and therefore no exchange rate risk arises.

(Amounts in thousands of Euros unless mentioned otherwise)

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.

As part of this policy, the long-term loans received by the Group either carry a fixed interest rate or are hedged for almost the entire duration of their term. Thus, 18,3%% of the Group's long-term borrowings refer to fixed rate loans56,3%% refer to floating rate loans hedged through derivatives whereby future fixed rate payments are exchanged for floating rate receipts, and 25,4%% to floating rate loans based on euribor or wibor, as appropriate.

The Group's short-term bank borrowings are all denominated in euros with a variable interest rate linked to the euribor. Short-term loans are obtained primarily as a bridge to cover temporary financing needs during the implementation - construction phase of the Group's investments (wind farms). These loans are repaid by taking out long-term loans upon completion of construction and commissioning of the wind farms. Consequently, the Group is exposed to interest rate risk arising from short-term borrowings and the portion of long-term borrowings that are at 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% - 20% (2021: +/- 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.

	2022		2021	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Results for the year after tax – Group	(1.942)	1.942	(421)	421
Results for the year after tax – Company	(426)	426	(130)	130

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.

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 the year 2022 net cash flows from continuing operating activities amounted to € 110 million versus € 146 million in 2021. The Group manages its liquidity needs by applying 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 daily. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as based on 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 does not affect the long-term efficiency of its projects, as prior to the implementation of the investments extensive studies take place with regards to the long-term behavior of such factors.
The construction sector of TERNA ENERGY is subject to significant fluctuations, both with regards to turnover and with regards to the profitability of each construction project, because the construction activity, particularly of specialized companies such as 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 note to the war conflict in the region of Ukraine

Terna Energy Group is closely monitoring the geopolitical dynamics in Ukraine. The effects of this military conflict have had a significant impact on the electricity market where the Group operates. In any case, given the nature of the transactions carried out by the Group's companies, there was no direct impact on the Group's size and performance. Other risks such as the fluctuation of expected government revenues in the tourism sector, energy and grain price inflation and uncertainty in the development of foreign direct investment continue to be variables that may affect fiscal flexibility and the broader economic climate with unavoidable indirect consequences on the Group.

(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, if 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.

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.
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 and 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 36.

EBITDA (Earnings before Interest Taxes Depreciation and Amortization): The ratio is calculated as Earnings 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 related to bank debt.

“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 in Use" 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 22) 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.

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

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Waste management**	**E-Ticket**	**Intersegment consolidation eliminations**	**Consolidated total**
31st December 2022						
Revenue						
Sales of products and services	40.278	236.176	8.976	12.615	–	**298.045**
Intersegment revenue	158.654	–	–	–	(158.654)	**–**
Total revenue from continuing operations	**198.932**	**236.176**	**8.976**	**12.615**	**(158.654)**	**298.045**
Cost of sales	(184.184)	(93.811)	(7.074)	(10.610)	142.950	**(152.729)**
Gross profit from continuing operations	**14.748**	**142.365**	**1.902**	**2.005**	**(15.704)**	**145.316**
Administrative and distribution expenses	(684)	(76.253)	(394)	(501)	(29)	(77.861)
Research and development expenses	(385)	(6.982)	–	–	–	(7.367)
Other income/(expenses) and other gain/(losses)-EBIT determinants	530	12.508	152	9	(10)	13.189
Operating results (EBIT) from continuing operations	**14.209**	**71.638**	**1.660**	**1.513**	**(15.743)**	**73.277**
Depreciation	(281)	(45.927)	(140)	(15)	(1.596)	**(47.959)**
Grants' amortisation	–	5.367	–	–	–	**5.367**
EBITDA from continuing operations	**14.490**	**112.198**	**1.800**	**1.528**	**(14.147)**	**115.869**
Long-term loans	–	865.793	73.633	11.900	–	**951.326**
Short-term loans	–	60.632	–	–	–	**60.632**
Long-term liabilities carried forward	–	104.381	3.184	3.536	–	**111.101**
Cash and cash equivalents	–	(362.465)	(21.765)	(7.667)	–	**(391.897)**
Grants to be rebated	–	3.260	–	–		**3.260**
Restricted cash	–	(63.379)	(1.320)	(399)	–	**(65.098)**
Net debt/(surplus)	**–**	**608.222**	**53.732**	**7.370**		**669.324**

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Waste management**	**E-Ticket**	**Intersegment consolidation eliminations**	**Consolidated total**
31st December 2021*						
Revenue						
Sales of products and services	27.694	224.427	4.321	16.647	–	**273.089**
Intersegment revenue	96.345	–	–	–	(96.345)	**–**
Total revenue from continuing operations	**124.039**	**224.427**	**4.321**	**16.647**	**(96.345)**	**273.089**
Cost of sales	(113.606)	(87.623)	(3.810)	(14.682)	86.119	**(133.602)**
Gross profit from continuing operations	**10.433**	**136.804**	**511**	**1.965**	**(10.226)**	**139.487**
Administrative and distribution expenses	(805)	(22.277)	(511)	(641)	8	**(24.226)**
Research and development expenses	(306)	(4.967)	–	–	–	**(5.273)**
Other income/(expenses) and other gain/(losses)-EBIT determinants	41	9.115	50	1.183	1	**10.390**
Operating results (EBIT) from continuing operations	**9.363**	**118.675**	**50**	**2.507**	**(10.217)**	**120.378**
Depreciation	(109)	(48.563)	(144)	(14)	1.883	**(46.947)**
Grants' amortisation	–	5.374	–	–	–	**5.374**
EBITDA from continuing operations	**9.472**	**161.864**	**194**	**2.521**	**(12.100)**	**161.951**
Long-term loans	126	805.739	50.992	15.287	–	**872.144**
Short-term loans	–	40.425	–	–	–	**40.425**
Long-term liabilities carried forward	180	66.946	310	3.530	–	**70.966**
Cash and cash equivalents	(50.860)	(312.169)	(2.567)	(10.407)	–	**(376.003)**
Cash, cash equivalents of trading energy sector	–	–	–	–	–	**(21.406)**
Grants to be rebated	–	3.024	–	–	–	**3.024**
Restricted cash	–	(59.401)	(1.316)	(399)	–	**(61.116)**
Restricted cash of trading energy sector	–	–	–	–	–	**(77)**
Net debt/(surplus)	**(50.554)**	**544.564**	**47.419**	**8.011**	**–**	**527.957**

** The Group's comparative figures for the financial year 2021 have been revised in order to include only continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment (see Note 7.2), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Waste management**	**E-Ticket**	**Intersegment consolidation eliminations**	**Consolidated total**
31st December 2022						
Revenue from continuing operations	198.933	236.176	8.976	12.615	(158.654)	**298.046**
Cost of sales from continuing operations	(184.184)	(93.811)	(7.074)	(10.610)	142.950	**(152.729)**
Gross profit from continuing operations	**14.749**	**142.365**	**1.902**	**2.005**	**(15.704)**	**145.317**
Gross profit margin from continuing operations	**7,41%**	**60,28%**	**21,19%**	**15,89%**	**9,90%**	**48,76%**

Operating segments	**Construction**	**Electricity from RES**	**Waste management**	**E-Ticket**	**Intersegment consolidation eliminations**	**Consolidated total**
31st December 2021*						
Revenue from continuing operations	124.039	224.427	4.321	16.647	(96.345)	**273.089**
Cost of sales from continuing operations	(113.606)	(87.623)	(3.810)	(14.682)	86.119	**(133.602)**
Gross profit from continuing operations	**10.433**	**136.804**	**511**	**1.965**	**(10.226)**	**139.487**
Gross profit margin from continuing operations	**8,41%**	**60,96%**	**11,83%**	**11,80%**	**10,61%**	**51,08%**

** The Group's comparative figures for the financial year 2021 have been revised in order to include only continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment (see Note 7.2), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

The ratio "Loan Liabilities to Total Capital Employed" at the end of 2022 and 2021 is as follows:

Amounts in thousands €	**31/12/2022**	**31/12/202**
Short-term loans	60.632	40.425
Long-term loans	951.326	872.144
Long-term liabilities carried forward	111.101	70.966
Loan liabilities	**1.123.059**	**983.535**
Total equity	491.175	431.643
Loan liabilities	1.123.059	983.535
Lease liabilities (Long-term and Short-term portion)	27.026	19.852
Grants	167.146	76.736
Subtotal	**1.808.406**	**1.511.766**
Less:		
Cash and cash equivalents	391.896	397.409
Restricted cash related with loans (Note 21)	65.098	61.192
Grants to be rebated (Note 27)	(3.260)	(3.024)
Subtotal	**453.734**	**455.577**
Total employed capital	**1.354.672**	**1.056.189**
Loan Liabilities / Total employed capital	**83%**	**93%**

G. Annual Non-Financial Statement 2022

Introduction

This non-financial statement covers the fiscal year ended on the 31st of December 2022. The report has been prepared considering the provisions of Law 4403/2016 (incorporation of Directive 2014/95/EU of the European Parliament) and the EU Taxonomy Regulation 2020/852 including information on TERNA ENERGY Group's performance with respect to the following areas:

- Anti-corruption and anti-bribery
- Respect for human rights
- Social and labor issues
- Environmental issues
- Taxonomy report

The statement presents information on the main risks related to the Group's activities, the due diligence policies as well as other relevant policies applied. In addition, for a better understanding of the Group's performance, the qualitative and quantitative results of these policies are presented, and relevant financial and non-financial performance indicators are listed. For the statement's preparation, the GRI Standards as well as the Athens Stock Exchange ESG Reporting Guide (ATHEX ESG Reporting Guide 2022) were taken into consideration.

Terna Energy Group

TERNA ENERGY S.A. Group is one of the largest Greek vertically integrated Groups in the field of Renewable Energy Sources (RES), with activity in development, construction, financing, and operation of RES projects, as well as in electricity trading and waste management. In addition, the Group is active in the field of design, installation, operation support, maintenance, and technical management of the Single Fare Collection System (electronic ticket). The shares of TERNA ENERGY S.A. are listed on the Athens Stock Exchange (FTSE / Athex Large Cap) and from December 1st, 2022, participates in the MCSI index.

TERNA ENERGY is active throughout the RES projects' chain, from development to energy production. The entity has built a strong position in a portfolio of RES technologies concerning the construction and operation of wind farms, hydroelectric projects, pumped storage projects, hybrid plants and photovoltaic parks. Moreover, TERNA ENERGY has been involved in the undertaking of integrated waste management projects, production of biofuels, soil improvers and other products. In 2022, its activity was developed in the following countries: Greece, Bulgaria, Poland, United States of America, Cyprus.

In 31.12.2022, the Group had almost 2.000 MW capacity from RES plants in operation, under construction or ready-to-build in Greece, Central and Eastern Europe. Including projects in different maturity levels, the Group's portfolio exceeds 12GW.

Business activity planning

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

For each project carried out, the Group follows a vertically integrated and effective way of planning, development, and management, as reflected through the following steps:

Before the implementation of a project

- Strategic analysis for selecting location/market/country for the implementation of each project.
- Evaluating the project's power factor.
- Licensing process, public consultation and coordination with local authorities and competent bodies for project realization.
- Determining and agreeing on land use.
- Ensuring connectivity with the power grid and the available capacity.

Project development and licensing

- Project planning: scheduling work and budgeting.
- Granting licenses for the commencement of operations and ensuring environmental and regulatory compliance.
- Choosing the most innovative energy production technologies.
- Establishing responsible relationships and contracts with suppliers and Operating and Maintenance (O&M) and Design- Supply- Construction (EPC) companies.

Project financing

- Preparation and drafting of economic and financial analysis and related reports.
- Optimization of capital structure and adequacy.
- Development of relations with capital providers (international capital markets and financial institutions).
- Planning and negotiation of financing agreements.

Project construction

- Before the project's construction.
    - Project Technical Sustainability Studies.
    - Mapping and preparation of sites for the project's installation.
- During the project's construction.
    - Implementation of infrastructure projects.
    - Mechanical and electrical installations.
    - Implementation of technical work.
    - Development of evacuation infrastructure.
- Supply and installation of production equipment.
- Monitoring environmental management parameters, including biodiversity and occupational health and safety management.

Project operation and management

- Stakeholder accountability and disclosure of financial information.
- Management of licenses and regulatory documents.
- Management and monitoring of project operation.
- Application of preventive and corrective maintenance.
- Development of plans for continuous improvement and management of spare parts.
- Monitoring environmental management parameters, including biodiversity and occupational health and safety management.

1. Sustainable Development Policy

Metric ATHEX C-G4: Sustainability Policy

The Group has a Sustainable Development policy which is aligned with all its goals and actions, putting the promotion of Sustainable Development at the forefront of its business planning. The goal of the policy is to enhance the positive impact of the Group's activity while limiting the negative effects through the implementation of a series of best practices, targeted actions, and sustainable initiatives. At the same time, TERNA ENERGY promotes the creation of reliable partnerships to achieve its activities' continuous improvement and long-term value creation both for its stakeholders and for society.

Through its Sustainable Development policy, TERNA ENERGY Group supports dialogue with stakeholders, listens to their needs and integrates actions for the environment and society into its strategic decisions in full alignment with the 17 Sustainable Development Goals of the United Nations (UN). As part of the Group's Sustainable Development Policy, corporate responsibility will be aligned with the ESG (Environmental-Social-Governance) criteria / principles and will apply to four (4) activity axes:

1. Environmental Protection.
2. Human Value Promotion.
3. Strengthening our Social Footprint.
4. Shaping a Responsible Market.

Based on the above activity axes, the Group sets sustainability goals that are evaluated annually in terms of their performance so that they can be adjusted accordingly if necessary. The Group prepares and implements management systems, policies, procedures, evaluates specific measurement indicators and adopts efficient action plans/programs to implement efficiently and achieve its Sustainable Development strategy.

With regards to enhanced transparency and regular stakeholder engagement, the Group's performance on ESG topics is published in the annual Sustainable Development Report and in the current Statement.

Governance

Metric ATHEX C-G2: Sustainability oversight

Corporate Governance is the set of established rules and business practices that the Group applies to ensure its business continuity and thereby its ability to create long-term value for the benefit of its shareholders and other stakeholders. Responsible corporate governance promoted throughout the company is reflected in the Corporate Governance Code established by the Management.

The Board of Directors (BoD) is the Group's top management body with its members elected by the General Meeting of Shareholders. Its main mission is the establishment of the Group's core guidelines and the development of its business strategy. At the same time, the Board of Directors is responsible for monitoring the procedures that ensure the effective business operation, the implementation of its principles and the expression of the administrative philosophy of the Group. Moreover, the BoD carries out the decision-making for all corporate affairs except those that fall under the competence of the General Assembly.

The BoD's target is to protect and promote Shareholders' long-term interests, with terms and methods that establish the company's credibility in the financial-business community and the wider social environment while ensuring respect from and towards any stakeholder. For the effective performance of its duties and the establishment of a responsible business model, the BoD is supported by individual Committees which have an advisory role with significant weight in the decision-making process:

- Audit Committee
- Nominations Committee
- Remuneration Committee
- Strategic Planning Committee
- Investment Committee
- ESG Committee

For the smoother and more efficient operation of the Group, an Executive Committee has been established, which consists of six (6) executive members. The Executive Committee is responsible for the implementation of the strategic planning, which is determined by the Board of Directors. Moreover, the Executive Committee is responsible for the implementation of the decisions of the Board of Directors and the execution of the acts, required for the management and operation of the Group.

Aiming to achieve better supervision of the Group's Sustainable Development issues, the ESG committee has been established which meets at least 4 times a year or whenever required, discussing the Group's performance and goals regarding ESG issues. The ESG Committee consists of four (4) members, three (3) of which are Independent Non-Executive Members of the Board of Directors of TERNA ENERGY.

Supply chain

The Group's business activities are carried out throughout the supply chain after assessing the potential environmental, social, and economic effects to maximize its positive impact. To address the new challenges arising by supply chain issues, the Group makes sure to incorporate new criteria into its supply chain management procedures, such as the new terms of cooperation with suppliers and the selection of domestic suppliers.

On an annual basis, care is taken to strengthen partnerships with local suppliers by creating relationships of trust so that the Group's activity contributes to the stimulation of local communities and to the upgrading of its socio-economic footprint throughout the supply chain.

TERNA ENERGY Group recognizes that the dissemination of the fundamental principles and values of corporate culture and business ethics in the supply chain is an important aspect of responsible business behavior. In this context, the Procurement Policy was adopted in 2022, defining the basic framework of policies and values that should characterize the professional behavior of all the Group's partners, including its subsidiaries in Greece and abroad.

At the same time, the Group recognizes the risk of incidents occurring linked to the violation of international standards and/or legislation by its suppliers' practices as well as the possibility of not sharing common policies/values with its suppliers. Moreover, potential risks in the supply chain may arise from the non-support of local and domestic suppliers, with a possible reduction in their purchasing power and adverse impact on the wider economic development and prosperity of the areas where it operates. Therefore, the Group consistently chooses its cooperation with local suppliers despite the intense extroversion that characterizes it.

Due diligence and other policies

Metric ATHEX C-S8: Supplier Assessment

The responsible management of the supply chain is placed at the center of the Group's effort to create long-term value through its business operation and the establishment of responsible business relationships with its suppliers and partners. In this direction, the Group selects suppliers and partners that are in line with the provisions of its Procurement Policy. Moreover, the Group communicates its minimum cooperation requirements with the aim of meeting environmental, energy and social criteria by the corresponding policies and procedures.

Principal conditions of cooperation with any supplier are full compliance with the regulatory framework for Health and Safety and environmental management, the Code of Ethics and Conduct, the Human Rights Policy, and the Personal Data Protection Policy for ensuring the proper and safe operation of the supply chain and the safe execution of all operations.

In addition, the main concern of the Group is the use of materials and equipment that are environmentally friendly and belong to a high energy class of low energy consumption with the least possible risk for the user and the environment apart from having enhanced suitability and usability.

2. Personal data protection

Personal data protection policy

Metric ATHEX: C-G6 Data security policy

An issue of particular importance for ensuring regulatory compliance of TERNA ENERGY Group is the management of information and personal data, as underlined in the Code of Ethics and Conduct and the business ethics principles that characterize all the activities, functions and partnerships run by the Group. TERNA ENERGY is committed to complying with the Information Security Management System, recognizing that active participation as well as understanding the information system and its principles is a necessary condition for the proper operation of the company within the regulatory and the current needs of its operation in the sectors in which it operates.

For ensuring a significant level of security that is proportionate to the criticality and confidentiality of the data and information sharing, an Information Security Management System Manager has been appointed, who cooperates with the Group’s Chief Information Security Officer (CISO). The Information Security Management System, which has been developed and implemented, is certified according to the international standard ISO 27001:2013. Through its implementation, the Group aims to:

- The protection of the guarded file, the computing resources and the information transmitted to the Group's services from any threat, internal or external, intentional, or accidental.
- The systematic valuation and evaluation of risks related to the safeguarding of information, aiming at their proper and timely management.
- Data archiving, avoiding viruses and external intrusions, controlling access to systems, recording all security incidents, and managing unexpected developments.
- Regular briefing and training seminars of the Management and the staff on information security issues.
- Full commitment of the Group's Management to the faithful implementation and continuous improvement of the DSS, which complies with the requirements of the ISO 27001 standard.
- Compliance with the General Data Protection Regulation (EU) 2016/679 (GDPR-GDPR) and Law 4624/2019 and adoption of the data protection principles as set out in Article 5 on data protection.

The Group complies with the relevant European and national legal frameworks and has appointed a Data Protection Officer (DPO) who reports to the Board of Directors. Appropriate organizational and technical measures are taken to protect the personal data processed by the Group and those who process the information on its behalf are also bound accordingly. These measures include policies and procedures on the rights of the data subjects and on the management of data breach incidents.

3. Anti-Corruption and Anti-bribery

Major risks and risk management

The fight against corruption is highly important, not only for dealing with potential negative impacts for the Group, but also for society, the economy, and the environment. To serve this purpose, the Group has established and implements an Anti-Corruption and Anti-Bribery Management System, based on the requirements of the ISO 37001 standard, which is certified by an accredited Certification Body.

TERNA ENERGY implements a systematic identification, analysis, and assessment approach to identify and address potential risks of corruption and fraud to effectively tackle any critical issues that arise when performing its activities.

Code of Conduct

Metric ATHEX A-G2: Business ethics violations

Metric ATHEX C-G5: Business ethics policy

The Code of Ethics and Conduct incorporates the basic principles, beliefs, corporate culture, business ethics and voluntary ethical commitments of TERNA ENERGY, which shape its operating model throughout its entire range of activities. The Code captures and strengthens these elements and creates a concrete and transparent framework of operations and behaviors, which affects all employees, customers, partners, subcontractors, suppliers, and the local community.

The Code concerns all TERNA ENERGY's subsidiaries and business sectors in all its countries of operation, and it is applicable to the Partnerships and Joint Ventures in which the entity participates. The content of the Code is not exhaustive and includes the minimum requirements regarding human capital procedures (e.g., Health and Safety of employees and partners) and governance mechanisms and practices (e.g., avoiding bribery practices, anticompetitive behaviour etc.). These minimum commitments are supplemented by policies, procedures, and other internal documents, which are equally binding for all.

The content of the Code complies with the general principles set by international regulations and contracts, as well as international standards. To ensure their implementation, the Group undergoes periodic audits by accredited bodies from which respective certifications have been received. In this context, the entity has adopted a series of Policies, among which the Suitability Policy for Board of Directors members and the Board Members' Remuneration Policy, which are accompanied with specific procedures and documentation for their practical application.

The Code of Ethics and Conduct is an overarching framework that also includes issues related to labor and human rights. Thus, individual issues, such as the fight against violence at work, the violation of human rights, etc., are specified to a greater extent with individual policies and internal procedures of the Group. Any employee may report or express concerns about issues related to the implementation of the Code of Ethics and Conduct, either by name or anonymously via the following channels:

- Send an email to compliance@terna-energy.com
- Using the online platform https://ternaenergy.integrityline.com/frontpage
- Sending a letter to the address: "TERNA ENERGY SA", 85 Mesogeion Street, 115 26 Athens, for the attention of the Company's "Regulatory Compliance Unit" marked "Confidential".

Compliance, Corruption and Bribery Control Policy

Regulatory compliance and control of corruption and bribery are key principles of the Group's voluntary commitments and responsible governance. The objectives of the Group for the efficient and effective management of these issues are reflected in the Compliance, Corruption and Bribery Control Policy as follows:

1. Strict compliance with all requirements arising from the regulatory framework of the Group, as defined by the Management System
2. Strict compliance with the legal framework that governs the issues of corruption and bribery in the activities of the Group.
3. Strict adherence to the legal framework governing the issues of money laundering and terrorist financing.
4. Employee awareness in matters of regulatory compliance, corruption, and bribery but also of the Code of Ethics and Conduct, to create a strong culture of compliance within the Group and compliance with the policies and procedures of the Management System.
5. Identification and management of regulatory compliance and corruption-bribery risks. This includes identifying and assessing the risks associated with the regulatory corruption and bribery framework to take appropriate measures to reduce them.
6. Communication of compliance obligations, including risks, management procedures, non-compliances as well as improvement actions and the results of controls / inspections to all parties involved.
7. Creation of the appropriate control mechanism and prevention measures to detect and prevent issues such as bribery, corruption, money laundering and bribery financing, conflict of interest, general regulatory compliance issues. Prevention mechanisms and measures include the following:

- Clear definition of the principles that govern the Group for these issues through the Code of Ethics and Conduct and the applicable Policies.
- Clear definition of responsibilities through the Internal Rules of Operation.
- Different levels of approval are clearly defined in the Internal Rules of Operation and in the decisions of the Board of Directors.
- Application of the four-eye principle and double signatures in the Group's procedures.
- Continuous training and awareness of staff.
- Due diligence actions in the selection of partners, suppliers, staff, customers.
- Scheduled and extraordinary audits by the Internal Audit Unit.
- Scheduled and extraordinary internal inspections by the Head of Regulatory Compliance.

To achieve the above objectives, the Group is committed to the following:

- Continuous training and staff awareness.
- Reporting and Managing Complaints.
- Independence of the Regulatory Officer.
- Implementation of procedures for managing conflicts of interest.
- Continuous improvement of Management System efficiency.
- Operation of a Mechanism for the evaluation of cases of nonperformance of obligations.
- Drafting and implementation of Policies specializing in regulatory compliance, corruption, and bribery issues, such as unhealthy competition policy, travel and accommodation policy, gift policy, sponsorship, and donation policy.

To this context, TERNA ENERGY installed the Regulatory Compliance Management System during 2022. This Management System is based on the new international standard ISO 37301:2021 and has been certified by an accredited Certification Organization. This specific ISO International Standard is based on the principles of best governance practices, proportionality, transparency, and sustainability, serving as a useful tool for organizations to implement a Compliance Management system seeking to standardize their operating model by developing relevant set of procedures and rules.

Non-financial performance indicators

TERNA ENERGY is certified for all its activities according to the ISO 37001 standard for combating bribery. In July 2022, the re-certification process was successfully completed, resulting in the extension of the validity of the certificate until 22.07.2025.

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

During 2022, there was no confirmed case of corruption, 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 2022, no fines and / or non-monetary sanctions for non-compliance with laws and / or regulations in the social and economic sector were inflicted to the Group.

The valid certificates of the TERNA ENERGY Group for the year 2022 are the following:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 50001:2018 Energy Management System
- ISO 27001:2013 Information Security Management System

- ISO 37001:2016 Anti-Bribery Management System
- ISO 37301:2021 Compliance management systems
- ELOT 1439:2013 Organization friendly to people with disabilities

4. Human rights

Major risks and risk management

TERNA ENERGY acknowledges the high importance of respecting internationally recognized human rights, as it sets the foundation of responsible business behavior while paving the way to its sustainable development.

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

Implementing the 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 contracts. In this regard, 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

Metric ATHEX C-S6: Human Rights Policy

Human Rights Policy

TERNA ENERGY Group has set its Human Rights Policy recognizing the importance of respecting internationally established human rights as the foundation of responsible business behavior and contribution to Sustainable Development. The purpose of this policy is to express the commitment to respect international human rights and to recognize the responsibility for identifying, assessing and managing potential impacts on the rights of stakeholders, throughout the Group's value chain and activities.

The Policy covers all countries that the Group operates by identifying human rights per stakeholder group categories and taking into consideration the following:

- United Nations Universal Declaration of Human Rights/The International Bill of Human Rights
- United Nations International Covenant on Civil and Political Rights
- United Nations International Covenant on Social, Economic and Cultural Rights
- United Nations Guiding Principles on Business and Human Rights
- United Nations Global Compact Principles
- ILO Declaration on Fundamental Principles and Rights at Work
- United Nations Resolution 46/7 on Human Rights and the Environment
- Voluntary Principles on Security and Human Rights
- The Business and Human Rights Resource Centre Benchmark for Renewable Energy & Human Rights

The Human Rights Policy is covered by the complaints mechanism of TERNA ENERGY which is available at the following link: https://www.terna-energy.com/epikinonia/

Non-financial performance indicators

In the year 2022, there was no incident of human rights violations in TERNA ENERGY Group.

5. 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 Group manages potential risks and makes the most of existing opportunities in an ever-changing social and work environment to ensure a balanced and safe working environment, which contributes to the Group's vision.

The Group recognizes the existence of risks from not providing equal opportunities, fair remuneration, appropriate health and safety conditions and training of employees that may adversely affect its ability to effectively implement its activities. Therefore, the Group creates the appropriate structures and conditions that promote the training, development and rewarding of its human resources by offering equal opportunities and supporting diversity.

The Group prioritizes the Health & Safety (H&S) of its employees, while recognizing the potential risk of causing an occupational accident. The Group seeks to minimize the likelihood of such incidents, by conducting special Occupational Risk Assessment studies, to identify potential health and safety risks for each working position. A potential work accident, apart from having important effects on employees which are the most important, may cause negative impacts both on an operational level (e.g., work stoppage) and financial (e.g., imposition of fines, compensation, and other penalties). Moreover, to identify the potential social and environmental risks involved in the execution of the Group's activities for the respective local communities in which it operates, impact studies are carried out to assess the possible environmental and social effects (e.g., effects on the health and safety of inhabitants, in the quality of life) of the planned activities, before the start of each new work.

TERNA ENERGY Group contributes to addressing the potential economic and social effects associated with the reduction of employment in the country (e.g., unemployment) through the increase in jobs it offers. Additionally, emphasis is placed on recognizing the indirect negative economic effects that its activity may cause by taking the necessary measures to effectively deal with them.

Due Diligence and other policies

Through the adoption of responsible policies that aim to create shared value for all its stakeholders, the Group stands by 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.
- Implement 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, highlights the creation of responsible social relationships with local communities. Thereby, the Group puts constant effort to maximize its activities' positive social impact to secure the Group's social license to operate and pave its way to Sustainable Development. Strengthening the relationships with local communities is achieved through the Group's strategy that aims to create positive impacts in the areas where the Group operates.

Indicative measures included in this strategy concern the creation of new jobs and the support of local suppliers and agencies, while emphasis is put on the socio-economic footprint of the projects. At the same time, consultation processes and collaborative efforts are being strengthened, with the aim of building and maintaining relationships of trust with stakeholders.

Equal opportunities, rewards, and benefits

TERNA ENERGY puts equal treatment in the working environment at the center of its action, as well as the elimination of all kinds of discrimination and the provision of equal opportunities to ensure respect for the rights of employees.

The Group supports the filling of vacant positions internally on an initial level, to ensure that existing employees or executives are given the opportunity to move to positions that they believe they can perform better or even to be promoted to positions hierarchically superior to those they fill into the Group and its companies.

The Group cooperates with the largest university institutions of the country (such as N.T.U.A., N.K.U.A., A.U.E.B., University of Piraeus, AUTH etc.) enabling students to have access to internships and professional experience while offering professional opportunities after their graduation. The basic principles of the Remuneration & Benefits Policy are as follows:

- To shape a working environment in such a way as to engage and motivate the Employees.
- To attract new competent executives and competent employees of every level.
- The work is carried out efficiently in a controlled and stable environment of trained human resources, with a common corporate culture and knowledge of the requirements, in which the Group constantly invests.

In this context, all actions related to employees are based on meritocratic criteria which concern the performance, ability, effectiveness, and qualifications of each employee. At the same time, the attraction of new people and the retention of the Group's existing talents are based on transparent and objective procedures that prevail in the Group's business strategy.

The Remuneration Committee is responsible for the Compensation Policy of the BoD, the committees' members, the General Managers or any alternate thereof, as well as the senior management of the Group, as provided for in article 110 paragraph 1 of Law 4548/2018.

Employee training

The Group recognizes the value of human capital in its ability to create value through its activities and therefore consciously invests in the continuous education and training of its human resources.

Therefore, the Group systematically implements training aimed not only at enhancing the performance of employees and upgrading their technical capabilities, but also at improving their ability to respond to emergency situations. The Group is responsible for conducting specialized education and training programs related to the subject of each position, its strategic planning and its human resources needs. Additionally, internal trainings are carried out on an annual basis and on a case-by-case basis by supervisors and specialized colleagues regarding health and safety, environment, personal data, cyber-security and the implementation of the Code of Conduct.

The Group's training plan includes the following categories of training activities:

- Intra-company training programs
- Inter-company training programs of third parties
- Conferences/ Workshops/ Lectures/ Exhibitions
- Foreign Language Courses
- Postgraduate programs

The Training Policy in place is a guiding policy for all the personnel of GEK TERNA Group, i.e., parent company, and its Subsidiaries. The purpose of the Policy is to describe the framework of the internal procedures concerning the training of the Human Resources of GEK TERNA Group and the dissemination of knowledge and experience. The Policy is implemented under the responsibility of the HR Development Department of the Human Resources Division of GEK TERNA Group and is approved by the Management of GEK TERNA Group as a framework and may be specified according to the needs and requirements of each Subsidiary Company.

Health and safety

Recognizing the special importance of its human capital, the Group has designed and adopted a series of measures and actions, aiming to ensure a healthy and safe working environment for all those who are directly or indirectly related to its business operations. Thereby, ensuring the Health & Safety (H&S) of all the Group's human resources is a key part of its wider business policy and philosophy. 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 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,
- the preparation and implementation of emergency management plans,
- the conduct of measurements of harmful factors in the working environment (noise, particulate matter, etc.),
- 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 45001:2018 concerning all the Group's activities.

Workplace violence and harassment

In the context of ensuring a healthy and safe working environment, TERNA ENERGY adopted the Policy against Violence and Harassment at Work within 2022. This Policy recognizes and respects the right of every employee to a work environment that is free from violence and harassment. The purpose of this policy is to create a working environment that respects, promotes and guarantees human dignity and ensures the right of every individual to working environment free of violence and harassment.

Through this policy, the Group declares its zero tolerance for any incident of violence and harassment, in any form, taking all appropriate and necessary measures to prevent and tackle such incidents and forms of behavior.

Non-financial performance indicators

During the year 2022, the Group’s social contribution through sponsorships, donations and infrastructure projects amounted to 3,66 million euros.

Part of TERNA ENERGY’s revenues is converted into social benefit, either directly or indirectly in infrastructure projects that meet local community needs and improve everyday life. In 2022, this amount was close to 6 million euros corresponding to 3% of the gross revenues from the operation of the projects.

Also in 2022, the Group continued to monitor its environmental footprint by applying the relevant environmental impact studies to all its construction projects while conducting consultations and public information programs, where this was required during the implementation of the projects.

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

During the year 2022, there were no reported cases of human rights abuses and / or violations, discrimination due to race, religion, gender, age, disability, nationality, political beliefs, etc., including incidents of harassment, in any of its activities.

Metric ATHEX SS-E6: Backlog cancellations

During the year 2022, there were no backlog cancellations or delays of work related to impacts on society within the TERNA ENERGY Group.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 2-7: Employees

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
Total	**Number of permanent employees**	97	320			417	100	280	0	0	380
	Number of temporary employees	2	8			10	0	8	0	0	8
	Number of non-guaranteed hours employees	0	0			0	0	0	0	0	0
	Number of full-time employees	93	323			416	96	288	0	0	384
	Number of part-time employees	7	4			11	4	0	0	0	4
	Number of freelancers	21	108			129	21	109	0	0	130
	Total number of employees (incl. freelancers)	121	435	0	0	556	121	397	0	0	518
	Total number of employees (excl. freelancers)	100	327	0	0	427	100	288	0	0	388

(Amounts in thousands of Euros unless otherwise mentioned)

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
Greece	**Number of permanent employees**	91	307			398	87	251	0	0	338
	Number of temporary employees	2	8			10	0	8	0	0	8
	Number of non-guaranteed hours employees					0	0	0	0	0	0
	Number of full-time employees	87	310			397	87	259	0	0	346
	Number of part-time employees	7	4			11	0	0	0	0	0
	Number of freelancers	21	108			129	21	109	0	0	130
	Total number of employees (incl. freelancers)	115	422	0	0	537	108	368	0	0	476
	Total number of employees (excl. freelancers)	94	314	0	0	408	87	259	0	0	346

(Amounts in thousands of Euros unless otherwise mentioned)

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
USA	**Number of permanent employees**	0	1	0	0	1	5	16	0	0	21
	Number of temporary employees	0	0	0	0	0	0	0	0	0	0
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	0	1	0	0	1	3	16	0	0	19
	Number of part-time employees	0	0	0	0	0	2	0	0	0	2
	Number of freelancers	0	0	0	0	0	0	0	0	0	0
	Total number of employees (incl. freelancers)	0	1	0	0	1	5	16	0	0	21
	Total number of employees (excl. freelancers)	0	1	0	0	1	5	16	0	0	21

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
Bulgaria	**Number of permanent employees**	2	4	0	0	6	2	4	0	0	6
	Number of temporary employees	0	0	0	0	0	0	0	0	0	0
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	2	4	0	0	6	2	4	0	0	6
	Number of part-time employees	0	0	0	0	0	0	0	0	0	0
	Number of freelancers	0	0	0	0	0	0	0	0	0	0
	Total number of employees (incl. freelancers)	2	4	0	0	6	2	4	0	0	6
	Total number of employees (excl. freelancers)	2	4	0	0	6	2	4	0	0	6

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
Poland	**Number of permanent employees**	3	8	0	0	11	2	6	0	0	8
	Number of temporary employees	0	0	0	0	0	0	0	0	0	0
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	3	8	0	0	11	2	6	0	0	8
	Number of part-time employees	0	0	0	0	0	0	0	0	0	0
	Number of freelancers	0	0	0	0	0	0	0	0	0	0
	Total number of employees (incl. freelancers)	3	8	0	0	11	2	6	0	0	8
	Total number of employees (excl. freelancers)	3	8	0	0	11	2	6	0	0	8

		2022					2021				
		Female	Male	Other[1]	Not disclosed	Total	Female	Male	Other[1]	Not disclosed	Total
Cyprus	**Number of permanent employees**	1	0	0	0	1	1	0	0	0	1
	Number of temporary employees	0	0	0	0	0	0	0	0	0	0
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	1	0	0	0	1	1	0	0	0	1
	Number of part-time employees	0	0	0	0	0	0	0	0	0	0
	Number of freelancers	0	0	0	0	0	0	0	0	0	0
	Total number of employees (incl. freelancers)	1	0	0	0	1	1	0	0	0	1
	Total number of employees (excl. freelancers)	1	0	0	0	1	1	0	0	0	1

[1]Gender as specified by the employees themselves.
[2] The total number of employees has been calculated by using the headcount methodology

Note: The subsidiaries of TERNA ENERGY in the countries of Albania, Serbia, and North Macedonia in the year 2022 were integrated into another subsidiary of the GEK TERNA group, therefore they do not present human resources for 2022.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 2-8: Workers who are not employees.

GRI 2-8: Workers who are not employees	2022[1]
Workers who are not employees and whose work is controlled by the organization	
TOTAL	**127**

[1]Includes all trainees, agency workers and subcontractors. The number of subcontractors has been calculated as the average number of subcontractors who worked at TERNA ENERGY's facilities in 2021 (Greece, Poland, Bulgaria)

Metric ATHEX C-S2: Female employees

ATHEX C-S2: Female employees	2022
Percentage of female employees	**21,8%**

Metric ATHEX C-S3: Female employees in management positions

ATHEX C-S3: Female employees in management positions	2022
Percentage of female employees at the top 10% of employees by total compensation	**16,07%**

GRI 2-30: Collective bargaining agreements

Metric ATHEX C-S7: Collective bargaining agreements

GRI 2-30: Collective bargaining agreements	2022	2021
Percentage of the total number of employees covered by collective bargaining agreements		
%	**100%**	**89%**

[1] All employees of TERNA ENERGY in Greece are covered by the National General Collective Agreement. Correspondingly, the provisions for collective agreements at the national level are followed on a case-by-case basis in the countries where the Group operates abroad.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 403-8: Workers covered by an occupational health and safety management system

GRI 403-8: Workers covered by an occupational health and safety management system	2022
Employees and workers who are not employees but whose work and/or workplace is controlled by the organization[1]	
Total number	683
Number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by a H&S management system	
Number	683
Percentage	100%
Number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by a H&S management system that has been internally audited	
Number	683
Percentage	100%
Number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by a H&S management system that has been audited or certified by an external party[2]	
Number	661
Percentage	96,78%

[1]Workers who are not employees but whose work and/or workplace is controlled by the organization, include all trainees, agency workers as well as subcontractors. The number of subcontractors has been calculated as the average number of subcontractors who worked at TERNA ENERGY's facilities in 2022 (Greece, Poland, Bulgaria).

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 403-9 Work-related injuries

GRI 403-10 Work-related ill health

SASB IF-EU-320a.1: (1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)

GRI 403-9: Work-related injuries	2022
Employees	
Number of hours worked	**857.416**
Number of fatalities as a result of work-related injury	**0**
Rate of fatalities as a result of work-related injury	**0,00**
Number of high-consequence work-related injuries (excluding fatalities)	**0**
Rate of high-consequence work-related injuries (excluding fatalities)	**0,00**
Number of recordable work-related injury[2]	**1**
Rate of recordable work-related injuries (IR) [3]	**0,23**
The main types and number of work-related injuries:	**-**
Light injury during the use of stairs	**1**
All workers who are not employees but whose work and/or workplace is controlled by the organization	
Number of hours worked	**131.040**
Number of fatalities as a result of work-related injury	**0**
Rate of fatalities as a result of work-related injury	**0,00**
Number of high-consequence work-related injuries (excluding fatalities)	**0**
Rate of high-consequence work-related injuries (excluding fatalities)	**0,00**
Number of recordable work-related injury[2]	**3**
Rate of recordable work-related injuries (IR) [3]	**4,58**
The main types and number of work-related injuries	**N/A**

In the table:

- The indicators presented, are rounded.
- There were no deaths injuries (high consequence) or work-related ill health.
- Indicators are calculated at a rate of 200.000 ([total number of recordable work-related injuries or number of working days lost due to work-related accidents / total number of working hours of all employees per year] x 200.000). The rate of 200.000 indicates the number of hours worked by 100 full-time employees in a year.
- Occupational hazards that may result in injuries have been identified and recorded by the safety technician in collaboration with the operation and project managers of each facility, through the occupational risk assessment process. The Safety Technician, in case of any injury, makes recommendations for the proper monitoring of safety rules and instructions to show due care.
- Work related near-misses are not included.
- Workers who are not employees but whose work and/or workplace is controlled by the organization, include all trainees, agency workers as well as subcontractors working in the operations part of Terna Energy's activities. The number of subcontractors has been calculated as the average number of subcontractors who worked at TERNA ENERGY's facilities in 2022 (Greece, Poland, Bulgaria).

[2]Refers to minor injuries.

[3]Accident frequency rate based on terminology of the Athens Stock Exchange Reporting Guide 2022.

Metric ATHEX SS-S6: Health and safety performance

ATHEX SS-S6 Health and safety performance	2022
Employees	
Number of workdays lost due to work-related accidents	**4**
Accident severity rate	**0,93**
Workers who are not employees but whose work and/or workplace is controlled by the organization[1]	
Number of workdays lost due to work-related accidents	**0**
Accident severity rate	**0**

[1] Workers who are not employees but whose work and/or workplace is controlled by the organization, include all trainees, agency workers as well as subcontractors working in the operations part of Terna Energy's activities. The number of subcontractors has been calculated as the average number of subcontractors who worked at TERNA ENERGY's facilities in 2022 (Greece, Poland, Bulgaria).

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 401-1: New employees hires and employee turnover.

Metric C-S4: Employee turnover

		2022									2021								
		<30 years old			30-50 years old			>50 years old			<30 years old			30-50 years old			>50 years old		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Greece	Total number of employees	53	14	67	272	83	355	97	18	115	41	15	56	261	78	339	66	15	81
	Number of new employee hires	38	10	48	74	17	91	23	1	24	20	7	27	49	17	66	10	3	13
	Rate of new employee hires	72%	71%	72%	27%	20%	26%	24%	6%	21%	49%	47%	48%	19%	22%	19%	15%	20%	16%
	Number of voluntary employee exits	9	1	10	38	11	49	4	1	5	6	1	7	24	3	27	1	0	1
	Employee voluntary turnover rate	19%	29%	21%	14%	13%	14%	4%	6%	4%	15%	7%	13%	9%	4%	8%	2%	0%	1%

(Amounts in thousands of Euros unless otherwise mentioned)

	Number of forced employee exits	2	0	2	11	3	14	6	0	6	4	1	5	9	3	12	1	0	1
	Employee involuntary turnover rate	4%	0%	3%	4%	4%	4%	6%	0%	5%	10%	7%	9%	3%	4%	4%	2%	0%	1%
	Total number of turnover	12	4	16	48	14	62	10	1	11	10	2	12	33	6	39	2	0	2
	Total employee turnover rate	23%	29%	24%	18%	17%	17%	10%	6%	10%	24%	13%	21%	13%	8%	12%	3%	0%	2%
USA	Total number of employees	0	0	0	1	0	1	0	0	0	1	0	1	12	3	15	3	2	5
USA	Number of new employee hires	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
USA	Rate of new employee hires	0	0	0	0%	0	0%	0	0	0	0	0	0	0	0	0	0	0	0

(Amounts in thousands of Euros unless otherwise mentioned)

	Number of voluntary employee exits	1	0	1	1	1	2	0	1	1	0	0	0	2	0	2	1	0	1
	Employee voluntary turnover rate	0	0	0	100%	0	200%	0	0	0	0	0	0	17%	0%	13%	33%	0%	20%
	Number of forced employee exits	1	0	1	7	2	9	1	1	2	0	0	0	1	0	1	1	0	1
	Employee involuntary turnover rate	0	0	0	700%	0	900%	0	0	0	0	0	0	8%	0%	7%	33%	0%	20%
	Total number of turnover	2	0	2	8	3	11	1	2	3	0	0	0	3	0	3	2	0	2
	Total employee turnover rate	0	0	0	800%	0	1100%	0	0	0	0%	0%	0%	0.25%	0%	0.20%	67%	0%	40%
Poland	Total number of employees	0	0	0	8	3	11	0	0	0	0	0	0	6	2	8	0	0	0
	Number of new	0	0	0	2	1	3	0	0	0	0	0	0	1	0	1	0	0	0

	employee hires																		
	Rate of new employee hires	0	0	0	25%	33%	27%	0	0	0	0%	0%	0%	17%	0%	13%	0%	0%	0%
	Number of voluntary employee exits	0		0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Employee voluntary turnover rate	0	0	0	0%	0%	0%	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Number of forced employee exits	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Employee involuntary turnover rate	0	0	0	0%	0%	0%	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total number of turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total employee	0	0	0	0%	0%	0%	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%

	turnover rate																		
Cyprus	Total number of employees	0	0	0	0	1	1	0	0	0	0	0		0	1	1	0	0	0
	Number of new employee hires	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0
	Rate of new employee hires	0	0	0	0	0%	0%	0	0	0	0%	0%	0%	0%	100%	100%	0%	0%	0%
	Number of voluntary employee exits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Employee voluntary turnover rate	0	0	0	0	0%	0%	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Number of forced employee exits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Employee involuntary	0	0	0	0	0%	0%	0	0	0	0%	0%	0%	0%	0%	0%	0%	0%	0%

	turnover rate																		
	Total number of turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total employee turnover rate	0	0	0	0	0%	0%	0	0	0	0%	0%	0%	0%	0%		0%	0%	0%
Bulgaria	Total number of employees	0	0	0	3	2	5	1	0	1	0	0	0	3	2	5	1	0	1
	Number of new employee hires	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Rate of new employee hires	0	0	0	0%	0%	0%	0%	0	0%	0	0	0	0%	0%	0	0	0	0
	Number of voluntary employees exits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Employee voluntary turnover rate	0	0	0	0%	0%	0%	0%	0	0%	0	0	0	0%	0%	0	0	0	0

	Number of forced employees exits	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	0	0
	Employee involuntary turnover rate	0	0	0	0%	0%	0%	0%	0	0%	0	0	0	67%	0%	40%	0	0	0
	Total number of turnover	0	0	0	0	0	0	0	0	0	0	0	0	2	0	2	0	0	0
	Total employee turnover rate	0	0	0	0%	0%	0%	0%	0	0%	0	0	0	67%	0%	40%	0	0	0

(Amounts in thousands of Euros unless otherwise mentioned)

Metric ATHEX C-S4: Employee turnover

- **Greece**

	2022			2021		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Ratio of voluntary employee turnover	12,09%	11,30%	11,92%	8,42%	3,70%	7,14%
Ratio of involuntary employee turnover	4,50%	3,00%	4,00%	3,80%	3,70%	3,57%

- **Abroad**

	2022			2021[1]		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Ratio of voluntary employee turnover	15,38%	33,33%	21,05%	10,34%	0,00%	7,14%
Ratio of involuntary employee turnover	69,23%	50,00%	63,00%	13,79%	0,00%	9,52%

[1] The ratio of voluntary employee turnover is calculated by dividing the total amount of voluntary departures within a year by the number of employees within a year and multiplying it by 100 to give the figure as a percentage.

The ratio of involuntary employee turnover is calculated by dividing the total amount of involuntary departures in a year by the number of employees in a year and multiplying by 100 to give the figure as a percentage.

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(Amounts in thousands of Euros unless otherwise mentioned)

GRI 404-1: Average hours of training per year per employee

Metric ATHEX C-S5: Employee training

GRI 404-1 Average hours of training per year per employee	2022				2021			
Gender	Male	Female	Other*	Not Disclosed	Male	Female	Other*	Not Disclosed
By employee level								
Employees in the top 10% of employees by total compensation	0,5	4,0	0,0	0,0	3,6	3,4	0,0	0,0
Employees in the bottom 90% of employees by total compensation	7,7	7,4	0,0	0,0	7,6	7,7	0,0	0,0
Total	7,0	7,1	0,0	0,0	7,2	7,4	0,0	0,0
Gender	Male	Female	Other*	Not Disclosed	Male	Female	Other*	Not Disclosed
By function								
Administrative staff	27,4	16,7	0,0	0,0	22,38	16,46	0,00	0,00
Technicians	6,8	0,7	0,0	0,0	2,76	1,02	0,00	0,00
Rest of workers	0,6	0,0	0,0	0,0	6,73	0,14	0,00	0,00
Total	0,3	7,2	0,0	0,0	7,18	7,43	0,00	0,00

* Gender as specified by employees themselves.

6. Environmental Issues

Major risks and risk management

Metric ATHEX A-E2: Climate change risks and opportunities

The Group has set as a primary goal and priority effective environmental management and the reduction of any negative impact stemming from its business activities, recognizing its responsibility towards the environment. In this context, it seeks to implement practices to minimize negative environmental impacts by applying a systematic prioritization of potential risks and focusing on informing and raising awareness among its stakeholders.

In the context of environmental management, the Group highly prioritizes the protection of biodiversity, as it is essential for the survival of plants and animal species' genetic diversity and natural ecosystems, while constituting a main component for its path towards Sustainable Development. Therefore, its actions are in full compliance with legislation and environmental requirements, as well as with environmental management processes applied to projects related to areas of high environmental value.

The Group is a pioneer in Greece as it has identified that the shift to Clean Energy and the reduction of greenhouse gas emissions contribute to tackling the effects of climate change and promoting the transition to a carbon-free planet. At the same time, it integrates climate risks in the formulation of the Group's business strategy as a prerequisite for its Sustainable Development and its ability to continue to create long-term and sustainable value.

Due Diligence and other polices.

Environmental Management

Environmental protection is an integral part of the Group's strategy and becomes visible through its policies and its strategic, and business decisions and actions. As a result of the high priority given by the Group to environmental issues, the Environmental Manager reports directly to the CEO.

In particular, the Group's environmental strategy includes:

- the implementation of the Environmental Management System,
- the implementation of the Eco-Management and Audit Scheme System (EMAS),
- the mitigation of the climate change impacts,
- the protection and conservation of biodiversity,
- the responsible management of solid and liquid waste,
- the responsible water management.

The Group also has a Management Systems Policy, which is committed to reducing the impact of its operations on the environment and reducing its energy consumption and greenhouse gas emissions in its buildings and facilities, aiming to sustainable development.

Environmental Compliance

By implementing a comprehensive Environmental Management System, TERNA ENERGY Group identifies the environmental impacts of its activities and is therefore able to take the necessary measures in a timely manner, to reduce its environmental footprint and continuously improve its environmental performance.

To ensure environmental compliance both in terms of activities and in terms of operations of the Group, internal and external environmental audits are carried out both on an annual basis and at regular intervals, to assess the degree of compliance with the legislation, protocols and work practices, the requirements of the International Standards, as well as their degree of implementation. Internal environmental audits are carried out by the QHSE Department while all the activities and facilities of the Group in Greece are certified according to ISO 14001:2015 “Environmental Management System”.

Tackling climate change

In terms of mitigation and adaptation to climate change, the Group's activity regarding energy production from RES and integrated waste management aims to reduce its impact on climate change. Specifically, the Group is committed to reducing its carbon footprint through specific actions such as:

- Implementation of a strategy to reduce energy consumption and greenhouse gas emissions in its buildings and facilities.
- Use of 100% green electricity in all the Group's facilities in Greece and abroad from 2021 onwards, and therefore zero indirect greenhouse gas emissions (Scope 2) for the all Group’s facilities.
- Continuous assessment of risks and opportunities related to climate change, carried out within our Environmental Management System, and alignment with TCFD recommendations.
- Acceleration of investment plans in the field of energy storage, with the aim of contributing decisively to maximizing the penetration of RES and to the achievement of the Greek national energy and climate goals.
- Contribute to the global effort to decarbonize, by increasing our installed power generation capacity from RES to 6,4GW by the end of 2029.

Protection and conservation of biodiversity

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

To this end, the Group applies the following:

- Investigation on the areas that the projects are located and the required infrastructure as to whether they are included in 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.
- 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.
- 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.
- Installation of avifauna protection systems in wind farms, as provided by the decision approving environmental terms.

It should be noted that bird protection systems have been installed in 6 wind farms located in the regions of Crete and Evros. Also, the avifauna monitoring study was completed for all the wind farms in the Karystia project under construction, as well as the fauna protection study in the waste management project under construction in the Peloponnese Region (Skala Laconia).

Responsible waste management

Responsible waste management applies to the activities of TERNA ENERGY Group and its suppliers and partners, both in Greece and abroad. A waste management that does not follow responsible guidelines may cause negative impacts both at a local (e.g., contamination of the local environment and deterioration of the residents' quality of life) and at a national level (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, through the identification and selection of best available waste management and disposal practices in cooperation with certified bodies. At the same time, the certified environmental management system is explicitly applied, and internal and external inspections are carried out to identify impacts that need improvement and to adopt preventive and corrective actions to address them.

Non-financial performance indicators

To ensure environmental compliance, more than 50 internal and external audits were carried out in all the Group's facilities during 2022.

SASB IF-EU-000.D: Total electricity generated

The Group, as one of the largest Greek producers of energy from RES, produced in 2022 2.415.493 MWh of clean energy, thus averting the emission of 1.119.436 tCO_2 eq in the atmosphere.

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

During the year 2022, there were no incidents or complaints from regulatory bodies, environmental inspectors, NGOs or 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 2022, no fines or other sanctions were imposed on TERNA ENERGY Group in relation to the violation of the environmental legislation and the relevant regulations.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 302-1: Energy consumption within the Organization

Metric ATHEX C-E3: Energy consumption and production

ATHEX C-E3 Energy consumption and production GRI 302-1: Energy consumption within the organization	2022	2021
Fuel consumption within the organization from non-renewable sources (in MJ)	5.553.517,15	5.001.034,00
Electricity consumption (in MJ)	22.938.192,00	23.881.968,00
Total energy consumption inside the Group (in MJ)	104.967.550,45	98.067.421,00
Total energy consumption inside the Group (in MWh)	29.157,67	27.241,00
Percentage of electricity consumed (in MWh)	22%	24%
Percentage of energy consumed from renewable sources (in MWh)	95%	92%

The energy consumptions refer to the operating facilities controlled by the Group, in Greece, Bulgaria, and Poland.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 305-1: Direct (Scope 1) GHG emissions

Metric ATHEX C-E1: Scope 1 emissions

SASB Topic: Greenhouse Gas Emissions and Energy Resource Planning

GRI 305-2: Energy indirect (Scope 2) GHG emissions

Metric ATHEX C-E2: Scope 2 emissions

Metric ATHEX C-E1 Scope 1 emissions GRI 305-1: Direct (Scope 1) GHG emissions	2022	2021
Total gross direct (Scope 1) GHG emissions (in CO_2e)	372,4	333
Biogenic CO_2 emissions (in CO_2e)	4.273,4	4.318,14
Metric ATHEX C-E2 Scope 2 emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions	**2022**	**2021**
Location-based emissions (in tCO_2e)	2.672,4	3.923
Market-based emissions (in tCO_2e)	0	195
Which gases have been included in the calculation of indirect emissions (e.g., CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all)	ALL	ALL
SASB (IF-WM-120a.1): Air pollutant emissions	**2022**	**2021**
Emissions of NO_x (The scope of NOx includes NO and NO , but excludes N O) (in t)	2,58	3,45
Emissions of SO_x (The scope of SOx includes SO and SO) (in t)	2,98	N/A
Emissions of non-methane volatile organic compounds (VOCs) (in t)	N/A	N/A
Emissions of hazardous air pollutants (HAPs) (in t)	N/A	N/A

The greenhouse gas emissions included in the table above refer to the activities controlled by the Group. The methodology followed for the quantification and compilation of greenhouse gas emissions was based on the standards ISO 14064-1:2018 and the Greenhouse Gas Protocol.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 306-3: Waste generated

GRI 306-4: Waste diverted from disposal

GRI 306-5: Waste directed to disposal

GRI 306-3 Waste generated	Unit	2022			2021		
Hazardous Waste		Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Contaminated packaging - 15 01 10*	t	6.609	6.609	-	7.053	7.053	-
Contaminated absorbents-15 02 02*	t	15.579	15.579	-	25.280	25.280	-
Lubricants - 13 02 05*	t	7.875	7.875	-	20.855	20.855	-
Batteries - 16 06 01*	t	0.105	0.105	-	0.569	0.569	-
Oil filters - 16 01 07*	t	4.037	4.037	-	10.897	10.897	-
Discarded organic chemical gases in pressure containers - 16 05 08*	t	-	-	-	0.232	0.232	-
Oil waste - 13 08 99*	t	0.212	0.212	-	0.191	0.191	-
Antifreeze fluids - 16 01 14*	t	2.689	2.689	-	3.560	3.560	-
Oily water from oil/water separators - 13 05 07*[1]	t	-	-	-	59.000	59.000	-

[1] Waste of this category (Oily water from oil/water separators - 13 05 07) are periodically collected only when there is a risk of overflow. In 2022 there was no such risk so there is no relevant data in the table.

(Amounts in thousands of Euros unless otherwise mentioned)

Fluoroscent light tubes - 20 01 21*	t	0.003	0.003	-	0.200	0.200	-
Waste adhesives and sealants - 08 04 09*	t	0.204	0.204	-	-	-	-
E-waste*	t	-	-	-	-	-	-
Laboratory waste*	t	-	-	-	-	-	-
Non chlorinated hydraulic oils - 13 01 10*	t	4.080	4.080	-	-	-	-
Other engine oils and lubricants - 13 02 08*	t	3.250	3.250	-	-	-	-
Total	t	44.643	44.643		127.837	127.837	-
Contextual information necessary to understand the data and how the data has been compiled.		The above data for 2022 performance include: -Facilities (Site & Office facilities) in operation in countries: Greece, Bulgaria, Poland					
Non-hazardous Waste	Unit	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Municipal Waste[2]	t	51,2	0	51,2	13,51	0	13,51
Recyclables	t	52,97	52,97	0	26,87	26,87	0
Total	t	104,17	52,97	51,2	40,38	26,87	13,51

[2] Municipal waste is waste at the Eleousa hydroelectric power station which are dragged by the river and held on the diversion racks of the hydroelectric power station. No periodic cleaning is performed on a regular basis apart from incidents of increased concentration.

(Amounts in thousands of Euros unless otherwise mentioned)

Contextual information necessary to understand the data and how the data has been compiled.		The above data for 2022 performance include: -Facilities (Site & Office facilities) in operation in countries: Greece, Bulgaria, Poland					
GRI 306-4: Waste diverted from disposal	Unit	2022			2021		
Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse	t	-	-	-	-	-	-
Recycling	t	-	44,64	44,64	-	127,84	127,84
Total	t	-	44,64	44,64	-	127,84	127,84
Non-hazardous Waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse	t	-	-	-	-	-	-
Recycling	t	-	52,97	52,97	-	26,87	26,87
Total	t	-	52,97	52,97	-	26,87	26,87
GRI 306-5: Waste directed to disposal	Unit	2022			2021		
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

(Amounts in thousands of Euros unless otherwise mentioned)

Total	t	0	0	0	0	0	0
Non-hazardous Waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration (with energy recovery)	t	-	-	-	-	-	-
Incineration (without energy recovery)	t	-	-	-	-	-	-
Landfilling	t	-	51,20	51,20	-	13,51	13,51
Total	t	-	51,20	51,20	-	13,51	13,51

ATHEX A-E3 Waste management

ATHEX A-E3 Waste management		2022	2021
Percentage of waste by type of treatment			
Total amount of waste generated	**t**	148,81	168
Recycling	**%**	66%	92%
Preparation for reuse	**%**	0%	0%
Landfilling	**%**	34%	8%
Incineration (with energy recovery)	**%**	0%	0%
Incineration (without energy recovery)	**%**	0%	0%

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 303-3: Water withdrawal **GRI 303-4: Water discharge** **GRI 303-5: Water consumption**

SASB IF-EU-140a.1: Water management

GRI 303-3 Water withdrawal	Unit	2022		2021	
		All areas	Areas with Water Stress	All areas	Areas with Water Stress
Surface water					
Freshwater	ML	3.963.200,00	3.963.200,00	4.700.300,00	4.700.300,00
Other water (>1,000mg/lt total dissolved solids)	ML			-	-
Groundwater					
Freshwater	ML	-	-	-	-
Other water (>1,000mg/lt total dissolved solids)	ML	-	-	-	-
Seawater					
Freshwater	ML			-	-
Other water (>1,000mg/lt total dissolved solids)	ML	1,28	1,28	1,24	1,24
Produced water					
Freshwater	ML	0	0	0	0

(Amounts in thousands of Euros unless otherwise mentioned)

Other water (>1,000mg/lt total dissolved solids)	ML	0	0	0	0
Third-party water					
Freshwater	ML	2,30	2,23	1,33	1,04
Other water (>1,000mg/lt total dissolved solids)	ML	-	-	-	-
Surface water	ML	-	-	-	-
Groundwater	ML	-	-	-	-
Seawater	ML	-	-	-	-
Produced water	ML	-	-	-	-
Total					
Freshwater	ML	3.963.202,30	3.963.202,23	4.700.301,33	4.700.301,04
Other water (>1,000mg/lt total dissolved solids)	ML	1,28	1,28	1,24	1,24

GRI 303-4: Water discharge	Unit	2022		2021	
		All areas	**Areas with Water Stress**	**All areas**	**Areas with Water Stress**
Surface water					
Freshwater	ML	3.963.200,00	3.963.200,00	4.700.300,00	4.700.300,00

(Amounts in thousands of Euros unless otherwise mentioned)

Other water (>1,000mg/lt total dissolved solids)	ML	-	-	-	-
Groundwater					
Freshwater	ML	0	0	0	0
Other water (>1,000mg/lt total dissolved solids)	ML	0	0	0	0
Seawater					
Freshwater	ML	-	-	-	-
Other water (>1,000mg/lt total dissolved solids)	ML	0,89	0,89	0,87	0,87
Third-party water					
Freshwater	ML	0	0	0	0
Other water (>1,000mg/lt total dissolved solids)	ML	0	0	0	0
Total third-party water sent for use to other organizations					
Total					
Freshwater	ML	3.963.200,00	3.963.200,00	4.700.301,33	4.700.301,04
Other water (>1,000mg/lt total dissolved solids)	ML	0,89	0,89	0,87	0,87

(Amounts in thousands of Euros unless otherwise mentioned)

Total water withdrawal, discharge and consumption	Unit	2022		2021	
		All areas	Areas with Water Stress	All areas	Areas with Water Stress
Total water withdrawal					
a) Total water withdrawal	ML	3.963.203,58	3.963.203,51	4.700.302,57	4.700.302,28
b) Total freshwater withdrawal	ML	3.963.200,00	3.963.200,00	4.700.301,33	4.700.301,04
c) Total other water withdrawal (>1,000 mg/lt total dissolved solids)	ML	1,28	1,28	1,24	1,24
Total water discharge					
a) Total water discharge	ML	3.963.200,89	3.963.200,89	4.700.300,87	4.700.300,87
b) Total freshwater discharge	ML	3.963.200,00	3.963.200,00	4.700.300,00	4.700.300,00
c) Total other water discharge (>1,000 mg/lt total dissolved solids)	ML	0,89	0,89	0,87	0,87
Total water consumption					
a) Total water consumption	ML	2,69	2,62	1,70	1,42
b) Change in water storage	ML	-	-	-	-

[1]Data included from all facilities in operation that the Group controls in Greece, Bulgaria, and Poland.
The following data has been calculated:
- River water for the operation of hydroelectric stations (water withdrawn in the case is equal to water discharged)
- Seawater used for the desalination in Agios Georgios Island
- Water from the local networks, water transferred to the facilities with vehicles and bottled water
- Water stress areas have been identified through the WWF Water Risk Filter (Low risk are considered only the facilities in Bulgaria, half of Poland facilities and 2/3 of USA facilities)

(Amounts in thousands of Euros unless otherwise mentioned)

Performance in environmental issues – Other activities

	2022
Total energy consumption (MWh)	1.732,3
Total gross direct (Scope 1) GHG emissions (in CO_2e)	441,2
Energy indirect (Scope 2) GHG emissions - Location-based emissions (in tCO_2e)	3,5
Energy indirect (Scope 2) GHG emissions – Market-based emissions (in tCO_2e)	0
Electricity consumption (in kWh)	8.330,00
Water withdrawal – Third party water	21.550.764,0
Construction waste (tn)	12.621,8
▪ Soils and stones (17 05 04)	12.106,4
▪ Mineral asphalt mixtures (17 03 02)	372,5
▪ Construction and demolition waste mixtures (17 09 04)	14,3
▪ Excavator mortar (17 05 06)	128,6

[1] It concerns the Group's activity for the construction of wind farms in Evia and the support, operation, maintenance and technical management of the electronic ticket system.
[2] The listed price refers to the consumption of electricity at the offices of TERNA ENERGY in the area of Karystos in Evia.
[3] The listed price refers almost entirely to wetting the streets during the construction of the Kafireas works.
[4] The listed price refers to construction waste from Kafirea's projects.

(Amounts in thousands of Euros unless otherwise mentioned)

7. Taxonomy report

Article 8 Taxonomy Regulation

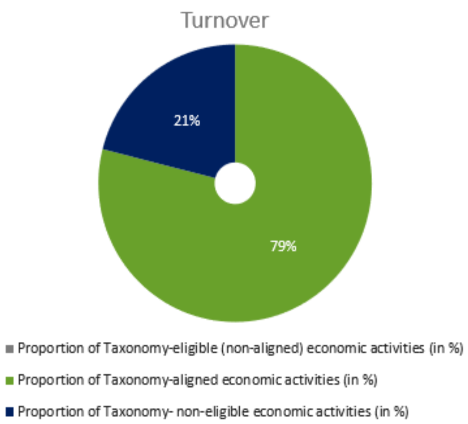
The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU climate goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

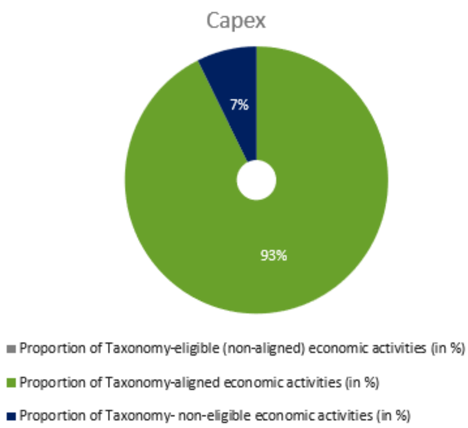
In the following section, we, as a non-financial parent undertaking, present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2022, which are associated with Taxonomy-aligned economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation) in accordance with Art. 8 Taxonomy Regulation.

Our activities

Overview

For details and templates see chapter "Our KPIs and accounting policies".





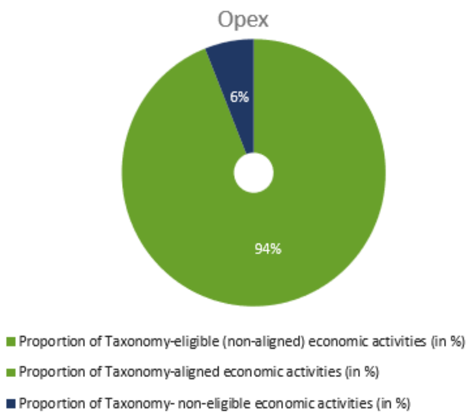


Table 1 - Proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2022

FY 2022	Total (TEUR)	Proportion of Taxonomy-eligible (non-aligned) economic activities (in %)	Proportion of Taxonomy-aligned economic activities (in %)	Proportion of Taxonomy- non-eligible economic activities (in %)
Turnover	298.045	0%	79%	21%
Capital expenditure (CapEx)	258.120	0%	93%	7%
Operating expenditure (OpEx)	26.675	0%	94%	6%

Definitions

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e., the Climate Delegated Act as of now) irrespective of whether that economic activity meets any or all the technical screening criteria laid down in those delegated acts.

An economic activity is taxonomy-aligned when it complies with the technical screening criteria as defined in the Climate Delegated Act and it is carried out in compliance with the minimum safeguards regarding human and consumer rights, anti-corruption and bribery, fair competition, and taxation. To meet the technical screening criteria an economic activity contributes substantially to one or more environmental objectives while not doing significant harm to any of the other environmental objectives.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

Taxonomy-eligible and -aligned economic activities

We have examined all economic activities carried out by the group to see which of these are eligible and aligned in accordance with Annex I and II to the Climate Delegated Act. The table below indicates for which environmental objective the activities qualify as eligible. Information on the extent to which the economic activities (as defined in Annex I to the Climate Delegated Act) are also aligned is provided in the KPI templates below (see chapter "Our KPIs and accounting policies"). The templates also provide a clear indication of which environmental objective is pursued by the respective activity. Our activities primarily contribute to climate change mitigation. With these activities, we generate revenue, and we generally incur both CapEx and OpEx for these activities, too. We describe the economic activities related to individually eligible and aligned CapEx and OpEx in the dedicated sections for the CapEx and OpEx KPI to explain our further investment activities not directly related to our turnover generating activities (see chapter "Our KPIs and accounting policies").

Table 2 – Taxonomy-eligible economic activities

Economic activity	Description	NACE- Code
4.1 Electricity generation using solar photovoltaic technology	Construction and operation of electricity generation facilities that produce electricity using solar photovoltaic	35.11
4.3 Electricity generation from wind power	Construction and operation of electricity generation facilities that produce electricity from wind power.	35.11
4.5 Electricity generation from hydropower	Construction and operation of electricity generation facilities that produce electricity from hydropower.	35.11
4.8 Electricity generation from bioenergy	Construction and operation of electricity generation installations that produce electricity exclusively from biomass, biogas or bioliquids	35.11

Taxonomy-eligibility

We consider all electricity generation facilities complying with the required types as eligible under 4.1, 4.3, 4.5 and 4.8.

We consider Taxonomy-eligible under activities 4.1, 4.3, 4.5 and 4.8 the production of electricity from solar photovoltaic technology, wind power, hydropower, and bioenergy respectively. All activities have the objective of enabling a substantial reduction of GHG emissions by generating, transmitting, storing, distributing, or using renewable energy.

Taxonomy-alignment

Our electricity generation using solar photovoltaic technology (4.1), wind power (4.3), hydropower (4.5) and bioenergy (4.8) is fully Taxonomy-aligned. Details on our alignment assessment are presented below.

Assessment of Taxonomy-alignment

Substantial contribution

To determine if an economic activity is taxonomy-aligned, it must first comply with the first requirement as described in the Taxonomy Regulation. It must contribute substantially to one or more of the environmental objectives. All turnover-generating activities (4.1, 4.3, 4.5 and 4.8) aim at a substantial contribution to climate change mitigation. To contribute to an environmental objective, an activity must meet specific technical screening criteria stated for that activity within the relevant Appendix to the delegated act. We comment on these criteria and how they have been assessed below.

Our electricity generation activities using solar photovoltaic technology (4.1) and wind power (4.3) are substantially contributing to climate change mitigation.

Activity 4.5, which includes electricity generation facilities that produce electricity from hydropower, is substantially contributing to climate change mitigation. The electricity generation facilities are run-of-river plants and do not have an artificial reservoir. More specifically it consists of two small hydroelectric plants on Acheloos River in the Sanidi - Dafnozonara area and on Axios River in the Eleousa area of Thessaloniki.

Finally, activity 4.8, which includes an electricity generation installation that produces electricity exclusively from biomass, is substantially contributing to climate change mitigation. The biogas plant has a total rated thermal input of 1 MW with the purpose of production of electricity. It is supplied with a large amount of liquid waste rich in organic load. This waste comes mainly from businesses whose main activity is breeding dairy cows and is supplemented by animal feed residues (corn stuffing), sludges and wastes with organic load. The installation relies on anaerobic digestion of this organic material, which results in the production of biogas that is used for the generation of electricity. There are countermeasures and action for preventing risks in place regarding the operation of the reactor, including the leakage of gasses such as CH_4.

The assessment of CapEx/OpEx associated with these activities (category a CapEx/OpEx) follows the conclusions made for the purpose of assessing our turnover. For investments that also meet specific individual criteria under other activities (category c CapEx/OpEx) we analyze the investments against these specific criteria.

To learn more about how we determined the KPIs please refer to the chapter “Our KPIs and accounting policies” below.

Do no significant harm (DNSH)

For all economic activities where we are able to demonstrate a substantial contribution to climate change mitigation, we further analyze the DNSH criteria. This assessment usually starts with the relevant sites where we perform the respective economic activity. There are no activities performed outside the EU.

DNSH to climate change adaptation

Activities 4.1, 4.3, 4.5, 4.8

For all our activities contributing to climate change mitigation a physical climate risk assessment is needed pursuant to Appendix A of the Climate Delegated Act.

With respect to the activities carried out by TERNA ENERGY group, the assessment focuses predominantly on:

- our sites where we have solar photovoltaic panels installed for activity 4.1
- our sites where we have wind turbines installed for activity 4.3
- our sites where we have hydropower generation technology installed for activity 4.5
- our sites where we have anaerobic combustion plants for activity 4.8

For each of the sites a preliminary screening of the climate related risks hazards as mapped in Appendix A was conducted and those risks which were found to be relevant were further analyzed in a climate risk assessment. Since the expected lifetime span of all relevant activities is more than ten years, the climate risk assessment was conducted considering an optimistic, a moderate and a pessimistic scenario, compared to the current risk. The impact of scenarios RCP2.6, RCP4.5 and RCP8.5 (Representative Concentration Pathway) of the IPCC were assessed as they represent the optimistic outcome of zero emissions by 2100, the moderate outcome of emissions peaking around 2040, then decline, whereas the global mean temperature increases between 1 and 2℃ by 2100 and the pessimistic one of an increase of global temperature about 4.3˚C by 2100. Risk assessment involves the calculation of the severity (magnitude) of potential impacts (on a five-level scale) and the likelihood (on a five-level scale) of these impacts to occur, as follows:

Risk = likelihood x impact; where:

(i) likelihood is the probability of occurrence of an identified climate risk/opportunity; and,

(ii) impact is the magnitude of a business impact from climate risk/opportunity

The adaptive capacity is based on inter alia existing adaptation plans already in place and internally available measures to mitigate the impact of hazards. The result of the climate risk assessment is, for each of the identified climate risks in each scenario, a physical risk score that indicates the materiality of each risk.

DNSH to Sustainable use and protection of water and marine resources

Activity 4.3, 4.5, 4.8

Electricity production facilities that concern the activities 4.5 and 4.8 located in the EU have all been subject to an environmental impact assessment and successfully passed the assessment including an assessment of the impact on water. In some cases, specific measures were put in place to meet the requirements imposed by the authorities to ensure good water status and good ecological potential.

The technical screening criteria for activity 4.3 do not apply since we do not have a case of construction of an offshore wind farm. Furthermore, the Climate Delegated Act provides no applicable technical screening criteria regarding the sustainable use and protection of water and marine resources for our activity 4.1.

DNSH to Transition to a circular economy

Activity 4.1, 4.3

The solar photovoltaic panels and the wind turbines we use, as well as the related engineering equipment, are purchased from established manufacturers who focus on high durability and recyclability. We have carefully considered the durability and recyclability as well as the options to dismantle and refurbish the components when we decided on the technologies and products used. As a matter of fact, the photovoltaic mechanical equipment is utilized in its entirety as much as possible, being recycled and in any case in accordance with the applicable provisions. The large metal components of our wind turbines that are primarily mono-material (e.g. tower sections, cast iron frame in nacelle, etc.) are assumed to be 98% recycled. Other major components, such as generator, gearbox, cables and yaw system parts are 95% recycled.

There are no applicable technical screening criteria regarding the transition to a circular economy for our activities 4.5 and 4.8.

DNSH to Pollution prevention and control

Activity 4.8

The Pollution and Prevention control DNSH criteria for activity 4.8 requires installations to comply with specific requirements set out in European regulations. The emissions produced by our biogas plant are within the best available techniques (BAT-AEL) ranges. After the anaerobic digestion process, dissolved water organic with solids at a rate of about 5% is produced. Solids are separated and used as a first quality soil improver and solid fertilizer, while meeting the requirements for fertilizing materials set out in national rules on fertilizers or soil improvers for agricultural use. According to the latest studies, our biogas plant is treating over 100 tonnes per day. Emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges. Taking these considerations and measures into account electricity generation from biomass meets all requirements to comply with these DNSH criteria.

There are no applicable technical screening criteria regarding the pollution prevention and control for our activities 4.1, 4.3 and 4.5.

DNSH to Protection and restoration of biodiversity and ecosystems

Activity 4.1, 4.3, 4.5 and 4.8

Appendix D of the Climate Delegated Act requires an Environmental Impact Assessment or screening to have been completed in accordance with Directive 2011/92/EU. All our generation facilities located in the EU have been subject to an environmental impact assessment and successfully passed the assessment. Furthermore, in terms of activities 4.1 and 4.8, our facilities are not located near biodiversity-sensitive areas. For the wind farms (activity 4.3) and the hydropower facilities (activity 4.5) that are in or near biodiversity-sensitive areas, an appropriate assessment has been conducted, which is included in the relevant Environmental Impact Assessment, and based on its conclusions the necessary mitigation measures are implemented.

Minimum Safeguards

The final step to Taxonomy-alignment is compliance with the minimum safeguards (MS). The MS include all procedures implemented to ensure that economic activities are carried out in alignment with:

- The OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines)
- The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work
- The International Bill of Human Rights

In the absence of further guidance from the European Commission, we based our MS assessment on the "Final Report on Minimum Safeguards" published by the Platform on Sustainable Finance (PSF) in October 2022.[3]

The scope of the MS covers the following four topics:

- Human rights (including labor and consumer rights)
- Corruption and bribery
- Taxation
- Fair competition

We follow a two-dimensional assessment approach to assess compliance with MS. On the one hand, adequate processes have been implemented to prevent negative impacts (procedural dimension). On the other hand, outcomes are monitored to check whether our processes are effective (outcome dimension).

In the TERNA ENERGY group we understand that the behavior of all employees and other actors along our value chain plays a central role in complying with MS. We take our responsibility as a global actor in the energy sector seriously by following the ethical business conduct principles for our daily business activities that are manifested in the Group's Code of Conduct. Moreover, TERNA ENERGY group aims to ensure that its operations are aligned with the 17 Sustainable Development Goals of the UN and contribute to the national energy goals. As part of the Group's Sustainable Development Policy, corporate responsibility is aligned with the ESG (Environmental- Social- Governance) criteria / principles and applies to the four MS dimensions.

Annual training is part of our business strategy, and it is mandatory for all employees. In regard to our supply chains and business relationships, we expect the same ethical business conduct as for our own business entities. Therefore, the MS requirements are an integral part of our business contracts and our Supplier's Code of Conduct. The Supplier's Code of Conduct aims to promote and enforce practices relating to human rights, ethics, the protection of the environment safety, meritocracy and transparency, the quality of products and services and the fair competition. We expect each of our suppliers to respect the Group's ethical principles and to ensure that this Code of Conduct is respected by all their employees and subcontractors. Moreover, our supplier selection and evaluation processes include human rights, anti-corruption and anti-bribery due diligence. In addition to these preventive measures, we regularly evaluate incoming complaints about detrimental behavior regarding a variety of ethics, integrity and compliance issues (including the four topics covered by the MS) and assess any necessary adjustments in our procedures.

[3] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf.

Human Rights (including labor and consumer rights)

Based on the UNGPs and the OECD Guidelines for Multinational Enterprises, including the OECD Due Diligence Guidance for Responsible Business Conduct, we have implemented a robust approach in order to identify, prevent and, if necessary, mitigate and remediate any actual and potential negative impacts on human rights. Our human rights statement describing our strategy, the high impact areas and our processes and measures to prevent negative human rights impacts is publicly available on our website. Our strategy for combating human rights violations is based on a thorough impact analysis. The impact analysis includes our own business units and our subsidiaries. Our procedures ensure that remedial action is taken promptly in the event of a serious human rights violation and that affected individuals are provided with what is necessary. The effectiveness of our processes is monitored by carrying out inspections at facilities and construction sites by competent personnel and monitoring the implementation of legislation and changes in the legislative/regulatory framework on a regular basis. Any person who feels that their human rights have been violated by activities of TERNA ENERGY group or an actor of our value chain can contact us through our grievance mechanism.

During the financial year 2022, TERNA ENERGY group has not been convicted of any violation of labor law or human rights. In addition, TERNA ENERGY group has not been involved in a case dealt with by an OECD National Contact Point and was not questioned by the Business and Human Rights Resource Center (BHRRC).

Corruption and bribery

Anti-corruption is an integral part of our business strategy and our Code of Conduct. To prevent and fight against corrupt practices, TERNA ENERGY group develops where appropriate and after conducting a risk assessment, specific control measures in all its activities in order to prevent and avoid corruption and bribery actions. In this context, the Group has installed and implements an Anti-Corruption and Bribery Management System, based on the requirements of the ISO 37001 standard. We have published an anti-corruption policy which is communicated to our employees as well as suppliers and business partners and is publicly available on our website. Regular training of employees on the anti-corruption rules and on the application of those rules, as well as specific training of employees and other actors, identified as specifically exposed to corruption risks, is mandatory.

In the financial year 2022, zero allegations of corruption and bribery have been reported.

Taxation

In line with our ethical business values, tax governance and tax compliance are important elements of our oversight, and we are committed to comply with all relevant tax laws and regulations. The tax governance framework is based on the assessment of selected relevant risks and the application of relevant safeguards and is managed by a team of dedicated and qualified employees, who work closely with our Group management. Therefore, our approach to tax compliance is transparent, sustainable in the long term and complies with our Code of Conduct.

In the financial year 2022, TERNA ENERGY Group has not been convicted in court for any major violation of tax laws.

Fair competition

We carry out our activities in a manner consistent with all applicable competition laws and regulations, considering the competition laws of all jurisdictions in which our activities may have anti-competitive effects. With our guideline for fair competition and ethical business conduct, we pursue the goal of achieving and maintaining lively competition in a free market environment for the entire group by establishing a corresponding corporate culture. The guideline provides our employees with assistance in preventing, detecting, and remedying any competition violations. Raising awareness and conducting training that address competition law risks of our business activities are of particular importance to ensure fair competition.

In the financial year 2022, TERNA ENERGY Group has not been convicted in court for violating competition laws.

Our KPIs and accounting policies

The key performance indicators (“KPIs”) include the turnover KPI, the CapEx KPI and the OpEx KPI. For presenting the Taxonomy KPIs, we use the templates provided in Annex II to the Disclosures Delegated Act (EU) 2021/2178. As the KPIs need to include an assessment of Taxonomy-alignment for the first time for the reporting period 2022 we do not present comparative figures on alignment. As we are not performing any of the activities related to natural gas and nuclear energy (activities 4.26-4.31) we are not using the dedicated templates introduced by the Complementary Delegated Act C/2022/0631 as regards activities in certain energy sectors.

(Amounts in thousands of Euros unless otherwise mentioned)

Table 3 Turnover KPI for FY 2022

				Substantial contribution criteria						DNSH Criteria										
Economic Activities	Code(s)	Absolute Turnover	Proportion of turnover	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)	Minimum Safeguards	Taxonomy Aligned proportion of turnover Year N	Taxonomy Aligned proportion of turnover Year N - 1	Category (enabling activity)	Category (Transitional Activity)
		TEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable Activities (Taxonomy-Aligned)																				
4.1 Electricity generation using solar photovoltaic technology	35.11	3,336.17	1.1%	100	0						Y	Y	Y	Y	Y	Y	1.1%	0	-	-
4.3 Electricity generation from wind power	35.11	224,349.70	75.3%	100	0						Y	Y	Y	Y	Y	Y	75.3%	0	-	-
4.5 Electricity generation from hydropower	35.11	5,862.21	2.0%	100	0						Y	Y	Y	Y	Y	Y	2.0%	0	-	-
4.8 Electricity generation from bioenergy	35.11	1,777.83	0.6%	100	0						Y	Y	Y	Y	Y	Y	0.6%	0	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		235,325.90	79.0%														79.0%			
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%	[redacted]													0	0	-	-
Total Turnover of Taxonomy Eligible Activities (A.1 + A.2) (A)		235,325.90	79.0%														79.0%	0		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total Turnover of Taxonomy non-eligible Activities (B)		62,719.50	21.0%																	
Total (A + B)		298,045.40	100.0%																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Water and marine resources
(4) Circular Economy
(5) Pollution Prevention and Control
(6) Biodiversity

(Amounts in thousands of Euros unless otherwise mentioned)

Table 4 CapEx KPI for FY 2022

				Substantial contribution criteria						DNSH Criteria										
Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)	Minimum Safeguards	Taxonomy Aligned proportion of CapEx Year N	Taxonomy Aligned proportion of CapEx Year N - 1	Category (enabling activity)	Category (Transitional Activity)
		TEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	*Y/N*	Percent	Percent	*E*	*T*
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable Activities (Taxonomy-Aligned)																				
4.1 Electricity generation using solar photovoltaic technology	35.11	6,901.01	2.7%	100%	0%						Y	Y	Y	Y	Y	Y	2.7%	0	-	-
4.3 Electricity generation from wind power	35.11	215,908.40	83.6%	100%	0%						Y	Y	Y	Y	Y	Y	83.6%	0	-	-
4.5 Electricity generation from hydropower	35.11	16,303.46	6.3%	100%	0%						Y	Y	Y	Y	Y	Y	6.3%	0	-	-
4.8 Electricity generation from bioenergy	35.11	0.00	0.0%	100%	0%						Y	Y	Y	Y	Y	Y	0.0%	0	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		239,112.87	92.6%														92.6%	0		
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0.0%															0	-	-
Total CapEx of Taxonomy Eligible Activities (A.1 + A.2) (A)		239,112.87	92.6%														92.6%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total CapEx of Taxonomy non-eligible Activities (B)		19,006.96	7.4%																	
Total (A + B)		258,119.82	100.0%																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Water and marine resources
(4) Circular Economy
(5) Pollution Prevention and Control
(6) Biodiversity

(Amounts in thousands of Euros unless otherwise mentioned)

Table 5 OpEx KPI for FY 2022

				Substantial contribution criteria						DNSH Criteria										
Economic Activities	Code(s)	Absolute OpEx	Proportion of OpEx	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)	Minimum Safeguards	Taxonomy Aligned proportion of OpEx Year N	Taxonomy Aligned proportion of OpEx Year N - 1	Category (enabling activity)	Category (Transitional Activity)
		TEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable Activities (Taxonomy-Aligned)																				
4.1 Electricity generation using solar photovoltaic technology	35.11	1,244.36	4.7%	100%	0%						Y	Y	Y	Y	Y	Y	4.7%	0	-	-
4.3 Electricity generation from wind power	35.11	23,489.50	88.1%	100%	0%						Y	Y	Y	Y	Y	Y	88.1%	0	-	-
4.5 Electricity generation from hydropower	35.11	83.25	0.3%	100%	0%						Y	Y	Y	Y	Y	Y	0.3%	0	-	-
4.8 Electricity generation from bioenergy	35.11	255.72	1.0%	100%	0%						Y	Y	Y	Y	Y	Y	1.0%	0	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		25,072.82	94.0%														94.0%	0		
A.2 Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0.0%															0	-	-
Total OpEx of Taxonomy Eligible Activities (A.1 + A.2) (A)		25,072.82	94.0%														94.0%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total OpEx of Taxonomy non-eligible Activities (B)		1,601.97	6.0%																	
Total (A + B)		26,674.79	100.0%																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Water and marine resources
(4) Circular Economy
(5) Pollution Prevention and Control
(6) Biodiversity

Definition and further explanation

Turnover KPI

Definition

The proportion of Taxonomy-aligned economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-aligned economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1.1.2022 to 31.12.2022.

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a). For further details on our accounting policies regarding our consolidated net turnover, cf. Chapter 4.16 Revenue of our Annual Financial Report for the Year 2022.

The numerator of the turnover KPI is defined as the net turnover derived from products and services associated with Taxonomy-aligned economic activities, i.e.

- Activity 4.1 “Electricity generation using solar photovoltaic technology” generates net turnover from supplying energy into the energy grid
- Activity 4.3 “Electricity generation from wind power” generates net turnover from supplying energy into the energy grid
- Activity 4.5 “Electricity generation from hydropower” generates net turnover from supplying energy into the energy grid
- Activity 4.8 “Electricity generation from hydropower” generates net turnover from supplying energy into the energy grid

Reconciliation

Our consolidated net turnover can be reconciled to our consolidated financial statements, cf. Consolidated Statement of Comprehensive Income of our Annual Financial Report for the Year 2022 (“Revenue”).

CapEx KPI

Definition

The CapEx KPI is defined as Taxonomy-aligned CapEx (numerator) divided by our total Capex (denominator).

Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization, and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40). Additions resulting from business combinations are also included. Goodwill is not included in CapEx, as it is not defined as an intangible asset in accordance with IAS 38. For further details on our accounting policies regarding our Capex, cf. Chapter 4.4 Intangible assets, 4.5 Property, plant, and equipment and 4.13 Leases of our Annual Financial Report for the Year 2022.

The numerator consists of the following categories of Taxonomy-eligible Capex:

a. CapEx related to assets or processes that are associated with Taxonomy-aligned economic activities ("category a"):

   We consider that assets and processes are associated with Taxonomy-aligned economic activities when they are essential components necessary to execute an economic activity. Consequently, all Capex invested into the following areas are considered in the numerator of the Capex KPI:

- the solar photovoltaic plants (under activity 4.1)
- the wind farms (under activity 4.3)
- the hydropower plants (under activity 4.5)
- the biogas plant (under activity 4.8)

   We generally follow the generation of external revenues as a guiding principle to identify economic activities that are associated with CapEx under category a).

b. CapEx that are part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ("category b"):

   We do not have specific upgrade plans since there are not Taxonomy-eligible but not aligned activities. We also have no specific plans to expand economic activities aligned with the Taxonomy Regulation.

c. CapEx related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain target activities to become low-carbon or to lead to greenhouse gas reductions ("category c").

Reconciliation

Our total CapEx can be reconciled to our consolidated financial statements, cf. Chapter 8 Intangible Assets, 9 Rights in use of Assets and 10 Tangible Assets of our Annual Financial Report for the Year 2022 ("table of changes in intangible assets, in right-of-use assets, in tangible assets"). They are the total of the movement types (acquisition and production costs)

- additions and
- additions from business combinations

for intangible assets, right-of-use assets and property, plant and equipment.

In order to avoid double counting in the CapEx KPI (and OpEx KPI), we counted only once the CapEx (OpEx) related to purchased outputs and individual measures that we already considered under "category (a)" (that is, CapEx (OpEx) related to assets or processes that are associated with Taxonomy-aligned economic activities). Due to the limited verification of our individual investments by most of our suppliers, the largest part our aligned CapEx is associated with activities 4.1, 4.3, 4.5 and 4.8 and the individual assessment of our CapEx does not have a substantial impact on our alignment KPIs.

OpEx KPI

Definition

The OpEx KPI is defined as Taxonomy-aligned OpEx (numerator) divided by our total OpEx (denominator).

Total OpEx consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant, and equipment. This includes:

- Research and development expenditure recognized as an expense during the reporting period in our Statement of Comprehensive Income of our Annual Financial Report for the Year 2022. In line with our consolidated financial statements (IAS 38.126), this includes all non-capitalized expenditure that is directly attributable to research or development activities.

- The volume of non-capitalized leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases (cf. note 36 Cost of sales, administrative and research & development expenses of our Annual Financial Report for the Year 2022). Even though low-value leases are not explicitly mentioned in the Disclosures Delegated Act, we have interpreted the legislation as to include these leases.
- Maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment were determined based on the maintenance and repair costs. The related cost items can be found in various line items in our Statement of Comprehensive Income, including production costs (maintenance in operations), sales and distribution costs (maintenance logistics) and administration costs (such as maintenance of IT-systems). This also includes building renovation measures.

In general, this includes staff costs, costs for services and material costs for daily servicing as well as for regular and unplanned maintenance and repair measures. These costs are directly allocated to our PP&E.

This does not include expenditures relating to the day-to-day operation of PP&E such as: raw materials, cost of employees operating the machine, electricity or fluids that are necessary to operate PP&E. Amortization and depreciation are also not included in the OpExKPI.

We exclude direct costs for training and other human resources adaptation needs from the denominator and the numerator. This is because Annex I to Disclosures Delegated Act lists these costs only for the numerator which does not allow a mathematically meaningful calculation of the OpEx KPI.

With regard to the numerator, we refer to the corresponding statements on the CapEx KPI.

Further explanations

For FY 2022 we have not applied any further allocation keys for personnel costs related to the maintenance of our assets due to a lack of relevant information. Our goal is to identify the percentage of these people and apply this ratio to the total personnel cost. Such an allocation may be possible in the coming years. Other production personnel costs are not included in operating costs according to the Taxonomy.

Contextual Information

Turnover KPI

Quantitative breakdown of the numerator

In the table below, we show a quantitative breakdown of the numerator for the turnover KPI. We list revenues by geographic sector. In FY 2021, no key drivers of change were identified as this is the first time we report the detailed overview of the Taxonomy-aligned economic activities.

Table 6 – Quantitative breakdown of Turnover numerator

	Turnover (TEUR)
Greece	206.160
Eastern Europe	29.166
Total	235.326

(Amounts in thousands of Euros unless otherwise mentioned)

CapEx KPI

Quantitative breakdown at the economic activity aggregated level

In FY22 our Taxonomy-aligned CapEx is associated with activities 4.1, 4.3, 4.5 and 4.8. In the table below, we show a breakdown of the amounts included in the numerator.

Table 7 – Quantitative breakdown of the CapEx numerator at economic activity-level

Activity	Additions to PPE (TEUR)	Internally generated or purchased intangibles (TEUR)	Right-of-use assets (TEUR)	Sum (TEUR)
4.1	76	6.778	47	6.901
4.3	212.524	2.695	689	215.908
4.5	14.500	1.803	0	16.303
4.8	0	0	0	0
Total	227.100	11.276	736	239.112

OpEx KPI

Quantitative breakdown of the numerator

Table 8 shows the breakdown of the OpEx numerator into its components based on the definition of Opex in the Disclosure Delegated Act:

Table 8 – Quantitative breakdown of OpEx numerator

	OpEx(TEUR)
R&D costs	6.982
Short-term Leases	562
Maintenance and repair	17.529
Total	**25.073**

The large increase in Turnover and OpEx KPI 2022 compared to 2021 is due to the discontinued operations of non-eligible activities (cf. note 7. Business Combinations).

(Amounts in thousands of Euros unless otherwise mentioned)

H. Transactions 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 the year 2022 the amounts of sales and purchases as well as balances of the Company's and Group's assets and liabilities as of 31/12/2022 arising from transactions with related parties are presented in Note 39 of the financial statements.

Transactions with members of the BoD

The total amounts paid to the members of the Board of the Group accounted for 3.731.313 Euros (for the Parent Company: 3.133.755 Euros), 1.544.000 Euros (for the Parent Company: 1.370.000 Euros) related with Board Rewards, while amount of 2.187.313 Euros (for the Parent Company: 1.763.755 Euros) are related with remuneration for professional services.

I. Share Capital Structure, Treasury Shares, and other information

Share Capital Structure

The share capital of the Company amounts to Thirty Four Million Seven Hundred Five Six Thousand Five Thousand Five Hundred Twenty Seven Euros (€ 34.756.527,00) and is divided into one hundred and fifteen million eight hundred fifty five thousand and ninety units (115.855.090). with a face value of thirty cents (€ 0,30) each.

The Company's shares are listed and traded in the "Main Market" category of the Athens Stock Exchange. From each share derive all the rights and obligations defined by the Law and the Articles of Association of the Company.

Restrictions on the transfer of the Company's shares

The transfer of the Company's shares is performed as stipulated by the Law and there are no restrictions on their transfer from its Articles of Association.

Significant direct participations according to the provisions of Law 3556/2007

The Shareholders who as of 31/12/2022 held a percentage greater than 5%, based on the total number of shares issued, are listed in the following table:

Shareholder name	Shares	Percentage	
GEK TERNA SA.	43.211.556	37,298%	direct
George Peristeris	12.154.747	10,491%	direct
ATALE ENTERPRISES LIMITED	7.479.911	6,456%	direct

Treasury Shares

The Company during the period 01/01/2022 – 31/12/2022 purchased own shares with a nominal value of 129.464 and a market value of 6.608.639 Euros. On 31/12/2021 the Company owned 653.046 Treasury Shares. These shares represented a percentage 0,56% of the paid-up share capital of the Company.

Facilities and Branches

In the context of its business activity, the Company creates Branches, Construction sites and other similar facilities. In the year 2022 140 facilities.

Athens, 19/04/2023
On behalf of the Board of Directors,

Georgios Peristeris
Chairman of the Board of Directors

(Amounts in thousands of Euros unless mentioned otherwise)

III. CORPORATE GOVERNANCE STATEMENT

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

1. Governance documents

Corporate Governance Code

The Company applies in the entirety of its activities and operations all established rules and procedures by the legislative, supervisory, and other competent authorities without derogations. In addition, it has adopted internal rules and business practices that contribute to the compliance with the principles of transparency, professional ethIAS and sound managing of all resources of the Company at every level of its hierarchy for the benefit of its shareholders and related parties.

The Company has adopted the Hellenic Corporate Governance Code ("HCGC") of the Hellenic Corporate Governance Council, as revised in 2021 and in force, with the deviation set out in the table below with an explanation of the reason for non-compliance. The HCGC can be found at the following address https://www.esed.org.gr/web/guest/code-listed . With the application of the HCGC and the individual thematic regulations, the Management ensures the effective contrl and utilization of the Company's resources and promotes corporate responsibility as a key value of the Group's development.

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

Article	HCGC text	Explanation	Data-Comments
2.2.15.	The company ensures that the diversity criteria relate not only to the members of the Board of Directors but also to the senior management personnel with specific gender representation targets and timelines for achieving them.	The selection of senior management personnel is related to the specific requirements and qualifications necessary for each position, depending on the sector of activity and the response to the current demand for executives in the market. The Company hires the most suitable candidate each time, considering the need for balanced representation by gender given the supply of executives.	*22% of the Group's total personnel consists of women.* *25% of the Management positions of the Group's organizational chart are filled by women.*

Internal Rules of Operation

The Company has Internal Rules of Operation ("IRO"), which were approved and entered into force by virtue of the decision of the Company's Board of Directors dated 16.07.2021. The IRO was updated by the decision of the Board of Directors of the Company dated 28.09.2022. The IRO complies with the applicable legislation on corporate governance and in particular with Law 4706/2020, as well as the relevant directives and decisions of the Hellenic Capital Market Commission. The Company's Internal Rules of Operation have the minimum content required by article 14 of Law 4706/2020.

The IRO and other regulations incorporate any new relevant provision, measure, rule, etc. to maintain the required completeness and adapt immediately to the varying conditions of the economic, social and business environment of the Company.

2. Board of Directors

The Board of Directors of the Company formulates the vision of the Group, defines its development strategy and ensures its effective implementation, aiming at safeguarding and promoting the long-term interests of its Shareholders.

In order to ensure transparency and effective management of business risks, the Board of Directors, through the Committees it has established, facilitates its communication with the competent managers on a daily basis in order to gain an immediate understanding of these risks and to proceed promptly and dynamically to make the required decisions and corrective measures.

The operation of the Board of Directors is governed by the Regulation of Operation.

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

In particular, within the scope of its responsibilities the Board of Directors:

<u>Convening of General Assemblies</u>

- Takes all actions for the legal convening of the General Assemblies (regular or extraordinary) and determines the items on their agenda. It addresses the shareholders of the Company and submits proposals for the increase or decrease of the share capital, for the conversion of the Company, as well as for its dissolution before the expiration of its term provided for in the Articles of Association.

<u>Corporate governance</u>

- Defines and supervises the implementation and observance of the corporate governance system in accordance with articles 1 to 24 of Law 4706/2020.
- Monitors and evaluates at least every three (3) financial years the implementation and effectiveness of the corporate governance system and takes appropriate actions to address deficiencies.
- Takes the necessary measures to ensure compliance with the independence requirements for the independent non-executive members of the BoD.

<u>Strategic planning</u>

- Defines the values and strategic orientation of the Company, as well as the continuous monitoring of their observance.
- Ensures that the Company's values and strategic orientation are aligned with the corporate culture, as well as that the Company's values and purpose influence practices, policies and behaviors within the Company at all levels.

- Decides the entry of the Company into other fields of activity through the acquisition or establishment of companies.

Financial statements

- Approves the annual financial statements and annual reports as well as the interim half-yearly financial statements in accordance with the applicable provisions of Law 4548/2018 and Law 3556/2007, and submits the annual financial statements to the ordinary General Assembly for approval, proposing at the same time the regular reserve. Ensures that the annual company and consolidated financial statements, the annual management report, the corporate governance statement, as well as the Remuneration Report of article 112 of Law 4548/2018 are prepared and published in accordance with the provisions of the legislation, proposes the dividends to be distributed, fulfills the implementation of the publicity provided for in articles 12 and 13 of Law 4548/2018 as in force.

Internal Audit System

- Ensures the adequate and effective operation of the Company's Internal Audit System, including the risk management system and compliance.
- Ensures that the functions that constitute the Internal Audit System are independent from the business areas they audit and that they have the appropriate financial and human resources, as well as the powers for their effective operation, in accordance with their role. The baselines of reference and the allocation of responsibilities shall be clear and duly documented.

Risk management

- Determines the nature and extent of exposure to the risks that the Company intends to assume in the context of its long-term strategic objectives.
- Ensures the existence of policies to identify, prevent and address conflicts of interest among its Members or between its Members and/or persons to whom the Board of Directors has delegated its powers, with the interests of the Company. The policy is based on clear procedures, which define how to promptly and fully disclose to the Board of Directors any interests in transactions between related parties or other potential conflicts of interest with the Company or its subsidiaries. Measures and procedures shall be evaluated and renewed with a view to ensuring their effectiveness.

Regulatory compliance

- Ensures the existence of the regulatory compliance policy.
- Ensures the Company's compliance with the applicable institutional and supervisory framework, as well as the internal regulations governing the Company's operation.

Internal audit

- Ensures the effective organization and operation of the Internal Audit Unit.

(Amounts in thousands of Euros unless mentioned otherwise)

- Appoints the head of the Internal Audit Unit upon proposal of the Audit Committee.
- Approves the Rules of Operation of the Internal Audit Unit.

The current Board of Directors of the Company, which was elected by the General Assembly of 23.06.2021, with a five-year term, consists of 11 members, of which 4 executive, 7 non-executive and 5 of them independent non-executive, within the meaning of article 9 of Law 4706/2020. Subsequently, as a result of the amendment of article 9 of the Company's Articles of Association, which was decided by the Extraordinary General Meeting of 14.12.2021, the term of office of the members of the Board of Directors was reduced to four years.

Subsequently, the Board of Directors of the Company at its meeting of 24.06.2021 was constituted into body corporate as follows:

2.1 Composition of the Board of Directors

FULL NAME	POSITION	BEGINNING OF TERM OF OFFICE	END OF TERM OF OFFICE	AGE	GENDER	YEARS OF SERVICE
PERISTERIS GEORGIOS	Chairman – Executive Member	24/06/2021	23/06/2026	66	M	13 YEARS
MERGOS GEORGIOS	Vice-Chairman – Independent & Non-Executive Member	24/06/2021	23/06/2026	74	M	5 YEARS & 10 MONTHS
MARAGOUDAKIS EMMANOUIL	CEO	24/06/2021	23/06/2026	71	M	25 YEARS & 6 MONTHS
SPYROU GEORGIOS	Executive Director	24/06/2021	23/06/2026	76	M	16 YEARS & 9 MONTHS
SPILIOTIS ARISTOTLE	Executive Member	24/06/2021	23/06/2026	50	M	1 YEAR & 9 MONTHS
GOURZIS MICHAEL	Non-Executive Member	24/06/2021	23/06/2026	83	M	19 YEARS & 6 MONTHS
VOUTYCHTIS NIKOLAOS	Non-Executive Member	24/06/2021	23/06/2026	52	M	1 YEAR & 9 MONTHS
SARKISIAN MARINA	Independent Non-Executive Member	24/06/2021	23/06/2026	52	F	1 YEAR & 9 MONTHS
TAPRANTZIS ANDREAS	Independent Non-Executive Member	24/06/2021	23/06/2026	56	M	1 YEAR & 9 MONTHS

(Amounts in thousands of Euros unless mentioned otherwise)

KOUNENAKI-EFRAIMOGLOU SOFIA	Independent Non-Executive Member	24/06/2021	23/06/2026	55	F	1 YEAR & 9 MONTHS
KARAPANAGIOTI TATIANA	Independent Non-Executive Member	24/06/2021	23/06/2026	51	F	1 YEAR & 9 MONTHS

In the exercise of their duties and their meetings in 2022, the Members of the Board of Directors demonstrated "prudent business diligence", devoted all the time required for the effective management of the Company and acted with integrity, responsibility and good judgment, avoiding actions that could jeopardize the Company's competitiveness or conflict with its interests. They also safeguarded the confidentiality of the information they held and ensured the timely and simultaneous information of all shareholders and interested investors on issues that could affect their decision to carry out any transaction in the Company's shares.

	QUALIFICATIONS OF BOARD MEMBERS								
FULL NAME	**CAPITAL MARKETS**	**FINANCIAL SECTOR**	**REGULATORY AND REGULATORY FRAMEWORK**	**ESG ACTIVITIES & ACTIONS**	**POWER GENERATION FROM RES**	**RISK MANAGEMENT**	**STRATEGIC PLANNING**	**MANAGEMENT OF LISTED COMPANIES**	**CORPORATE GOVERNANCE**
PERISTERIS GEORGIOS	√	√	√	√	√	√	√	√	√
MERGOS GEORGIOS	√	√	√	√	√	√	√	√	√
MARAGOUDAKIS EMMAN.	√	√	√	√	√	√	√	√	√
SPYROU GEORGIOS	√	√	√	√	√	√	√		√
SPILIOTIS ARISTOTLE	√	√	√	√		√	√		√
GOURZIS MICHAEL			√		√	√	√	√	√
VOUTYCHTIS NIKOLAOS	√	√	√			√	√		√
SARKISIAN MARINA			√	√		√	√		√
TAPRANTZIS ANDREAS	√	√	√	√		√	√	√	√
KOUNENAKI-EFRAIMOGLOU SOFIA	√	√	√	√				√	√
KARAPANAGIOTI TATIANA			√	√					√

(Amounts in thousands of Euros unless mentioned otherwise)

The Board of Directors held seventeen (17) meetings in 2022.

The dates of the meetings were scheduled in advance in order to ensure the maximum possible quorum.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS/HER TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
PERISTERIS GEORGIOS	**17**	**17**	**0**	**100%**
MERGOS GEORGIOS	**17**	**17**	**0**	**100%**
MARAGOUDAKIS EMMAN.	**17**	**17**	**0**	**100%**
SPYROU GEORGIOS	**17**	**17**	**0**	**100%**
SPILIOTIS ARISTOTLE	**17**	**17**	**0**	**100%**
GOURZIS MICHAEL	**17**	**17**	**0**	**100%**
VOUTYCHTIS NIKOLAOS	**17**	**17**	**0**	**100%**
SARKISIAN MARINA	**17**	**17**	**0**	**100%**
TAPRANTZIS ANDREAS	**17**	**17**	**0**	**100%**
KOUNENAKI-EFRAIMOGLOU SOFIA	**17**	**17**	**0**	**100%**
KARAPANAGIOTI TATIANA	**17**	**17**	**0**	**100%**

During the meetings and works of the Board of Directors for the year 2022, the Members were supported by the Corporate Secretary Mrs. Dimitra Chatziarseniou.

Chairman of the Board of Directors

The Chairman is the main contributor to the implementation of the Corporate Governance Principles in the Company, being responsible, inter alia, for the effective operation of the Board of Directors and the active participation of all its members in making and supervising the implementation of business decisions, as well as for the smooth communication of the Company with its shareholders.

His responsibilities include the convening and directing of the works of the Board of Directors on the items of the agenda composed by him, based on the needs of the Company and relevant requests from all other members of the Board.

Finally, the duty of the Chairman is 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 motivate them to have active and substantial participation in corporate affairs and business decision-making.

Chairman of the Board of Directors of the Company is Mr. Georgios Peristeris.

(Amounts in thousands of Euros unless mentioned otherwise)

Chief Executive Officer

The Chief Executive Officer monitors and controls the implementation of the Company's strategic objectives and the management of the Company's day-to-day affairs and sets the Company's guidelines. He supervises and ensures its smooth, systematic and effective operation, in accordance with the strategic objectives, the operational plans and the action plan, as defined by decisions of the Board of Directors and the General Assembly. The Chief Executive Officer participates and reports to the Company's Board of Directors and implements the Company's strategic choices and important decisions.

The Chief Executive Officer is Mr. Emmanouil Maragoudakis.

Lead Independent Director

The Independent Vice-Chairman of the Board of Directors stands in for the Chairman of the Board of Directors in all his responsibilities, when he is absent or unavailable. He also leads the meetings of the non-executive members of the Board of Directors and monitors and ensures smooth and effective communication between the Committees of the Board of Directors and the Board of Directors itself. He coordinates the non-executive members of the Board of Directors, including independent members, in fulfilling their obligations. He is available and attends the General Assemblies of the Company's Shareholders in order to discuss with them corporate governance issues, if they arise.

Lead Independent Director of the Board of Directors and Head of the Independent Non-Executive Members is Mr. Georgios Mergos.

Independent non-executive members of the Board of Directors

The independent non-executive Members of the Board of Directors are the non-executive members of the Board of Directors of the Company who, upon their appointment or election and throughout their term of office, meet the independence criteria provided for in article 9 of Law 4706/2020, as applicable.

The following members of the Board of Directors are independent non-executive for the following reasons:

Name	**Reasons for independence**
GEORGIOS MERGOS	(a) they do not hold shares representing more than 0.5% of the Company's share capital and (b) they do not have any relationship of dependence with the Company or related persons, as these conditions of independence are described in particular in Article 9 par. 1 and 2 of Law 4706/2020 (Government Gazette A' 136/17.07.2020). Moreover, these Members meet the criteria of the Suitability Policy.
SARKISIAN MARINA	
TAPRANTZIS ANDREAS	
KOUNENAKI-EFRAIMOGLOU SOFIA	
KARAPANAGIOTI TATIANA	

The Board of Directors at its meeting on 29-03-2023, reviewed and confirmed the fulfillment of the independence criteria provided for in article 9 of Law 4706/2020, in accordance with the specific provisions of the relevant Minutes of the meeting.

(Amounts in thousands of Euros unless mentioned otherwise)

2.2 Number of shares held by the members of the Board of Directors and the Company's Executives

On 31.12.2022 the shares of the Company held by the Members of the Board of Directors as well as its Manager Executives are shown in the table below.

FULL NAME	ACTIVE SHARES	PERCENTAGE
PERISTERIS GEORGIOS	**12.154.747**	**10,491%**
MERGOS GEORGIOS	**1.965**	**0,002%**
MARAGOUDAKIS EMMAN.	**1.352.652**	**1,168%**
SPYROU GEORGIOS	-	-
SPILIOTIS ARISTOTLE	-	-
GOURZIS MICHAEL	**2.993.648**	**2,584%**
VOUTYCHTIS NIKOLAOS	-	-
SARKISIAN MARINA	-	-
TAPRANTZIS ANDREAS	**3.000**	**0,003%**
KOUNENAKI-EFRAIM. SOFIA	-	-
KARAPANAGIOTI TATIANA	-	-
FAFALIOS EMMANOUIL	-	-
AGRAFIOTIS GEORGIOS	**20.540**	**0,018%**
DEMETRIOU LOUKAS	-	-
VERRIOPOULOS MICHALIS	-	-
PAIZANIS ILIAS	-	-

2.3 Evaluation of the Board of Directors – findings and corrective actions

The Board of Directors regularly evaluates its effectiveness, the fulfilment of its duties, as well as the same for its committees.

The Board of Directors collectively, as well as the Chairman and the members of the Board individually, are evaluated annually for the effective fulfillment of their duties. The evaluation process is supervised by the Independent Non-Executive Vice-Chairman in cooperation with the Nomination Committee and its results are discussed by the BoD, while following the evaluation, the BoD takes measures to address the identified weaknesses. At least every three years, this evaluation may be facilitated by an external consultant. The evaluation of the performance of its Chairman is also headed by the Nomination Committee.

On January 11, 2023, a questionnaire was distributed for the evaluation of the members of the Board of Directors of the Company for the year 2022. The questionnaire was drafted, distributed and processed by the Nomination Committee with the Chairman of the Committee, Ms. Sofia Kounenaki Efraimoglou, in charge of the evaluation. The questionnaire was divided into seven main evaluation sections, which included: i) Evaluation (as a body) of the BoD, ii) Evaluation of Board Committees, iii) Evaluation of the Chairman, Vice-Chairman, Chief Executive Officer, Corporate Secretary and iv) Individual evaluation of BoD members.

The overall conclusion from the evaluation was that the members, as a group, are knowledgeable and consistently informed about developments in the industry as well as in the regulatory framework. Each member shall be fully aware of its respective responsibilities.

The following areas for improvement were identified:

- The delivery of introductory documents and suggestions should take place earlier than the time provided for in the Internal Rules of Operation, so that members have more time for proper preparation.
- Business risk management
- More effective monitoring of executive management on issues related to new technologies and environmental issues.
- Larger contribution to the planning, development and control of the Company's strategy.
- More consultation for decisions related to Group policy and more effective guidance in business activities.
- Clearer objectives and actions as a result of strategic planning.

2.4 Executive Committee

The Company's Articles of Association provide for the possibility of establishing an Executive Committee in order to assist the Board of Directors and the Management by enhancing the sound and responsible administration and operation of the Company, in order to meet the needs of the sectors in which it operates.

The Board of Directors of the Company at its meeting of 24.06.2021 established the Executive Committee with the following members:

1. Emmanouil Maragoudakis
2. Georgios Agrafiotis
3. Michael Verroiopoulos
4. Emmanouil Fafalios
5. Loukas Demetriou
6. Elias Paizanis

Terms of operation

The Executive Committee meets regularly on a weekly basis and extraordinarily whenever it is deemed necessary, with or without an agenda.

Any member of the Committee may request in writing that it be convened to discuss specific inquiries.

The Chairman may convene the Committee extraordinarily or change the day or frequency of meetings.

The Executive Committee meets regularly every working Tuesday of the month at 10 a.m.

Meetings shall be held either physically or remotely by means of any technology enabling discussion or written exchange of views.

The Executive Committee meets validly if at least five of its six members are present or represented, and its decisions are always taken by unanimity. If unanimity is not reached, the matter shall be referred to the Board of Directors of the Company for decision making.

The Executive Committee elects a Secretary, who keeps the minutes of meetings or is assisted by the Corporate Secretary or another lawyer of the Company.

The minutes of the meetings of the Executive Committee shall be signed by all members present at the meeting. Copies and extracts from minutes shall be signed by the person authorized by the Executive Committee by special decision.

Responsibilities

— Management of the Company's day-to-day operations.

— Representation of the Company judicially and extrajudicially, with the possibility of further authorization of third parties, generally or for specific acts.

— Acquisition, establishment or transfer of rights in rem over movable property (excluding securities) or contractual rights in movable and immovable property, with a consideration of up to Twenty Million Euros (€ 20.000.000).

— Approval of the acquisition, establishment or transfer of rights in rem in movable property (excluding securities) by or to subsidiaries or of contractual rights in movable and immovable property of subsidiary companies.

— Provision of credits, guarantees or financial support to companies consolidated with TERNA ENERGY S.A. up to the amount of Twenty Million Euros (€ 20,000,000).

— Undertaking or awarding service contracts with a consideration of up to Two Million Euros (€2,000,000) one-off or on an annual basis.

— Participation in public or other tenders as well as in public or private, bidding auctions.

— Sponsorships or donations in favor of third parties up to the amount of Fifty Thousand Euros (€ 50.000) per case.

The commencement of construction sites, branches or other facilities of the Company in Greece and abroad.

— The appointment of Operation, Health and Safety Officers of the Company's facilities.

The Executive Committee reports on its activities to the Board of Directors on a quarterly basis.

Acts

The topics discussed at the Executive Committee meetings during 2022 can be summarized as follows:

1. The Committee decided to lease land for the installation of new projects.
2. The Committee decided to lease offices in Alexandroupolis.
3. The Committee decided to launch offices and construction sites.
4. The Committee decided to subscribe for Bond Loans issued by its subsidiaries.
5. The Committee decided to amend the terms of Bond Loans issued by its subsidiaries.
6. The Committee provided security in favor of subsidiaries.
7. The Committee provided security for the issuance of letters of guarantee in favor of a Company acquisition of which was imminent.
8. The Committee appointed attorneys to appear in court.
9. The Committee granted authorizations to non-members of the Board of Directors to carry out specific actions.
10. The Committee authorized the substitution of the Company by a newly established subsidiary.
11. The Committee activated a new Business Activity Code (BAC) number.
12. The Committee appointed a new Operations Manager for the Dafnozonara project.
13. The Committee decided to grant donations and sponsorships.
14. The Committee decided to purchase plots in order to transfer them to Municipalities as a donation.
15. The Committee decided to compensate businesses.
16. The Committee decided to issue a credit card.
17. The Committee decided the participation of the Company in the following tenders:
    A. CONSTRUCTION OF AN ORGANIC FRACTION MECHANICAL SORTING AND COMPOSTING PLANT – OPERATION OF A UNIT» PHASE B – STAGE 2
    B. CONSTRUCTION OF A WASTE TREATMENT PLANT (MEA) & A BIOWASTE TREATMENT PLANT (MEB) AT FLOKA IN THE MUNICIPALITY OF WEST ACHAIA
    C. Design, Civil Engineering, Supply (excluding PV modules), Transmission, Installation and Commissioning of one (1) Photovoltaic (PV) Station, with a total nominal power of 550 MW, within the Lignite Center of Western Macedonia, at the location "PPC PTOLEMAIDA MINE" of the municipalities of Eordaia & Kozani, the Region of Western Macedonia and projects connecting it to the system
    D. Supply, Installation, Testing, Commissioning, Maintenance and Support of Equipment for the Automatic Fare Collection System of the Metro Line 3 extension to Piraeus and the Tramway extension to Piraeus
    E. Provision of interconnection services of the AFCS system of OASA with the central academic identity management information system

F. Design, Civil Engineering, Supply, Transmission, Installation and Commissioning, of four (4) Photovoltaic (PV) Stations, with a total nominal power of 93.98122 MW, within the Lignite Center of Western Macedonia, at the locations "HARAVGI 1" (36,00004 MW), "HARAVGI 5" (24,993 MW), "PTELEONAS 1" (14,988 MW) and "PTELEONAS 2" (18,00018 MW), of the Municipalities of Eordaia & Kozani, the Region of Western Macedonia and expansion works of the existing 33/150 kV Substation "HARAVGI" with the addition of two (2) new gates M/S 33/150 kV

3. BoD Committees

The Board of Directors is supported by the following Committees:

3.1 Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its supervisory duties regarding (i) the Financial Reporting process, (ii) the internal audit system, (iii) the internal audit, (iv) the external audit process, (v) the TERNA ENERGY Group's procedures for monitoring compliance with laws, regulations and the Code of Conduct and (vi) the Corporate Governance System. The Committee is established and operates in accordance with all applicable laws and regulations.

The Rules of Operation of the Audit Committee, approved by the Company's Board of Directors, are posted on the Company's website, as shown in the following link:

https://www.terna-energy.com/wp-content/uploads/2021/07/TENERGY_Audit_Committee_Charter_July_2021_GR.pdf

Committee Composition

The General Meeting of 23.06.2021 elected a new Audit Committee for a two-year term, which was constituted into body corporate as follows:

1. George Mergos, Independent & Non-Executive member of the BoD, appointed as Chairman of the Committee,
2. Andreas Taprantzis, Independent & Non-Executive Member of the BoD and
3. Nikolaos Kalamaras, who is not a member of the Board of Directors and meets the independence criteria provided for in article 9 of Law 4706/2020.

The above composition of the Audit Committee is in accordance with the provisions of article 44 of Law 4449/2017, i.e. all members of the Audit Committee have sufficient knowledge in the field in which the Company operates. In addition, Mr. Nikolaos Kalamaras has sufficient knowledge in the field of auditing and accounting.

Terms of operation

The Audit Committee meets on average 10 times a year in compliance with its action plan agreed at the beginning of the financial year in order to effectively perform the duties and responsibilities assigned thereto.

The Chairman of the Audit Committee, after communicating with the other members of the Committee, the Head of the Internal Audit Unit and other executives or third parties if required, sends (himself or another authorized executive) to the members of the Committee, the items of the agenda and a relevant invitation by e-mail to those expected to attend or an electronic invitation via videoconference platform if the meeting is held via teleconference.

All members of the Audit Committee are expected to participate in the meetings, either in person or via teleconference.

Decisions shall be taken by a majority of the members present.

The Committee may invite members of the Company's Management, executives of the Company or its subsidiaries, or any other person (employee, partner, etc.) to participate in meetings and provide relevant information, where necessary.

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

If required, joint meetings may be held with the Audit Committee of the parent company GEK TERNA, as well as with the Audit Committees of subsidiaries of the Group.

Agendas shall be prepared and provided to members in advance, along with appropriate information material.

Minutes are kept with a full record of decisions and actions on the topics of discussion.

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

The Audit Committee will be evaluated periodically every 3 years.

Responsibilities of the Committee

The Audit Committee has the following, per section, basic responsibilities:

- Oversees the drafting process of the Company's corporate and consolidated financial statements and other financial reporting and examines their reliability. Ensures the smooth conduct of internal audit work by providing its support to the competent Internal Audit Unit and periodically evaluating the adequacy and reliability of the methods and procedures used to carry out its work. Its main objective is the early diagnosis and analysis of business risks so that the Board of Directors can react quickly to address them.
- In addition, the Committee investigates any transactions of the Company with any related person and submits relevant reports to the Board of Directors in order to examine with absolute transparency the possibility of conflicting interests and to prevent possible harm or damage to the Company.
- The Audit Committee receives the reports of the Internal Audit Unit, evaluates their content, proposes to the Board of Directors the head of the Unit, evaluates its efficiency and effectiveness and based on these recommends the continuation or termination of its duties.
- Monitors the conduct of the regular auditor's work and assesses whether it complies with the relevant legal – regulatory framework, international standards and best practices. It also investigates and evaluates the adequacy of knowledge, professional consistency, independence and effectiveness of

(Amounts in thousands of Euros unless mentioned otherwise)

the regular auditor, and based on these recommends to the Board of Directors the continuation or termination of the performance of his duties.

Method of Evaluation

The evaluation for the selection of candidate members is carried out by the Board of Directors, upon the recommendation of the Company's Nomination Committee.

Activities of the Audit Committee for the year 2022

During 2022, the Audit Committee met ten (10) times in full quorum.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
Georgios Mergos	**10**	**10**		**100%**
Andreas Taprantzis	**10**	**10**		**100%**
Nikolaos Kalamaras	**10**	**10**		**100%**

The topics of the meetings included meetings with the Head of the Internal Audit Unit, the Head of the General Directorate of Financial and Administrative Departments and the Certified Auditors Grant Thornton.

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

Financial reporting

The Committee examined and confirmed the correctness of the drafting process of the corporate and consolidated financial statements (interim biannualand annual) for the year 2021 and the year 2022 (interim biannual) following the regular briefing the Committee had from the Head of the General Directorate of Financial and Administrative Department, in the presence of the Head of the Finance Division.

The Committee was informed by the Chartered Auditors Accountants about the Audit Report and in particular about the Key Audit Matters that were included in it for the audit of the financial year 2021, for the Overview Report of the six-month period ending on 30/06/2022 as well as later for planning the 2022 audit. The Committee evaluated the content of the Supplementary Audit Report submitted by the Certified Auditors Accountants for the financial year 2021 in accordance with article 11 of Regulation 537/2014 of the European Union and Law 4449/2017 (article 31, par. 1a).

The Committee took note of the purpose and approved the accepted non-audit work assigned to the Certified Auditors, taking into account the maximum remuneration limit (cap) under Regulation (EU) 537/2014.

The Committee recommended to the Board of Directors, as it proposes in turn to the General Meeting of Shareholders, the approval of the financial statements for the year 2021 and the election of Chartered Auditors Accountants for the audit of the year 2022.

Internal Audit Unit

The Committee was constantly informed and cooperated with the Head of the Internal Audit Unit, who was present at all meetings of the Committee.

The Committee approved and monitored the progress of the implementation of the Annual Audit Program for the financial year 2022, which incorporated the advisory work of harmonizing the Company with the Law 4706/2020 on Corporate Governance of Sociétés Anonymes and in particular with article 14 thereof for the upcoming evaluation of the Internal Audit System by an external auditor.

The Committee evaluated the findings arising from the conduct of the audit projects and was informed about the implementation of the corrective actions agreed between the Internal Audit Unit and the heads of the audited units.

The Committee was informed about the results of the quality assessment of the Internal Audit Unit based on International Standards for the professional implementation of Internal Audit. This evaluation was carried out by an external auditor and the relevant report was submitted to the Audit Committee in July 2022.

The Committee was informed about the budget for the financial year 2023 regarding the operation of the Internal Audit Unit and recommended to the CEO its approval.

The Committee was informed about each training activity of the Internal Audit Unit's executives and evaluated the purpose and results of each training program.

Risk Management

The Committee monitored the work of the Risk Management Unit and assessed the impact of risks on the design and operation of the Group's companies (parent companies and subsidiaries).

The Committee was informed about any new risks that were included in the Risk Register within the financial year 2022.

The Committee evaluated the work of the Risk Management function, taking into account the requirements of Law 4706/2020.

Regulatory Compliance

The Committee monitored the implementation of the action plan of the Compliance Officer for the year 2022 and evaluated the course of harmonization of the Company with the applicable legislation. The Committee dealt more intensively with issues related to Law 4706/2020 on corporate governance of sociétés anonymes.

The Committee has been updated on the action plan of the Compliance Unit for the financial year 2023 (according to decision no. 2/917/17.06.2021 of the Hellenic Capital Market Commission, its approval by the Committee is not required).

Internal Audit System

The Committee examined and evaluated the effectiveness and efficiency of the Internal Audit System procedures applied by the Group in relation to its evaluation until 31.03.2023.

The Committee informed the Board of Directors about IT security issues as well as about the change that has been decided by the Company's Management to take place in infrastructure management.

3.2 Remuneration Committee

The main purpose of the Remuneration Committee is to formulate a proposal for the preparation and periodic review of the Remuneration Policy, to examine the information in the Company's Remuneration Report, to provide a relevant opinion and to formulate proposals regarding the remuneration range of persons falling under the Remuneration Policy. The above proposals/opinions of the Committee are submitted to the Board of Directors, which decides on these issues or makes recommendations to the General Assembly, where required.

The Committee is established by decision of the Board of Directors.

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

The Rules of Operation of the Remuneration Committee, approved by the Board of Directors of the Company, are posted on the Company's website, in the following link:

TENERGY_Regulation_of_Remuneration_Committee_July_2021_GR.pdf (terna-energy.com)

Committee Composition

With the decision of the Board of Directors of the Company dated 24.06.2021, the Remuneration Committee was established which was constituted into body corporate as follows:

Andreas Taprantzis,	Chairman
Georgios Mergos,	Member
Michael Gourzis,	Member

Terms of operation

The Committee meets at least four (4) times a year and whenever circumstances require.

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

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

In order for a decision to be made, all members of the Committee are required to be present or represented, either in person at the meeting venue or remotely using technology. Committee decisions shall be taken by a majority of at least 75% of the members of the Committee. In case a member of the Committee is absent without justification and without being represented by another member as above, at two (2) meetings within the same year, that member shall be deemed to have resigned.

Each member shall be notified of the place, time and date of each meeting by means of an invitation sent at least two (2) working days prior to the meeting and, in the case of ameeting outside the headquarters, at least five (5) working days prior to the meeting. The invitation shall contain the items on the agenda of each meeting with any accompanying material attached, otherwise decisions may be made only if no member of the Committee objects to the decision-making. The invitation and related documents can also be circulated by e-mail.

In any event, the Committee may meet at any time, even without an invitation having been sent, provided that all its members are present and noone opposes to the holding of the meeting and decision making.

The minutes of the meetings are kept by a person appointed by the Chairman of the Committee as secretary who, in addition to keeping the minutes of the meetings, undertakes the role of technical support and coordination of the works of the Committee, as well as the organization, assignment and preparation of studies carried out either internally or commissioned by external consultants.

The Committee may receive scientific or technical support from executives of the Company or the Group, either by selecting and appointing them as Technical Advisors of the Committee or by inviting them to prepare a specific project. The Secretary of the Committee, the technical or scientific advisor and the legal advisor are appointed by a Decision of the Committee recorded in the minutes of the relevant meeting.

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

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

Responsibilities of the Committee

- Formulates proposals to the Board of Directors regarding the Remuneration Policy or its revision.
- Ensures that the Company has a clear, objective, well-documented and transparent Remuneration Policy in accordance with applicable legislation and is consistent with the Company's business strategy, market conditions, profile and risk appetite and does not encourage excessive and short-term risk-taking.
- Formulates proposals to the Board of Directors regarding the range of remuneration of persons falling within the scope of the Remuneration Policy, in accordance with article 110 of Law 4548/2018, and regarding the remuneration of the Company's managers, as well as the head of the Internal Audit Unit and makes a relevant proposal to the Board of Directors, which decides thereupon or proposes to the General Assembly, where required.
- Monitors the implementation of the Remuneration Policy.
- Examines the information included in the final draft of the Annual Remuneration Report, providing an opinion to the Board of Directors before its submission to the General Meeting.
- Examines and submits proposals to the Board of Directors regarding share option programs, share bonuses, additional retirement benefit programs and any other long-term reward programs.
- May invite managers and members of the Board of Directors to its meetings, in order to ensure that it receives comprehensive information for the proper fulfillment of its duties.

Method of Evaluation

The Committee conducts an annual review of its work, a summary report of which is submitted to the Board. This includes proposals to the Board for improving its operation and efficiency.

Activities of the Remuneration Committee for the year 2022

(Amounts in thousands of Euros unless mentioned otherwise)

The Committee submitted for approval to the Board of Directors, the Remuneration Report on the amount of remuneration of Executive Members, Non-Executive Members and Independent Members of the Board of Directors, which was prepared for the financial year 2021, in accordance with the applicable legislation and Law 4548/2018.

During the Meeting of April 28, 2022, the Committee drafted the proposal on the amount of compensation of Executive Members, Non-Executive Members and Independent Members of the Board of Directors for the financial year 2021, in accordance with the applicable legislation and Law 4548/2018.

In the context of the Internal Audit System, for the Committee's evaluation, its members proceeded to complete a relevant questionnaire from which relevant results were extracted that were approved during the Committee's meeting on September 28, 2022.During the meeting of the Committee on December 27, 2022, with subject matter the Achievement of the Objectives of the Share Bonus Program (Share Bonus), the Chairman of the Committee informed its members about a letter from the CEO, Mr. Emmanouil Maragoudakis, presenting data and documents for the achievement of objectives 1, 2 and 3 of the Share Bonus.

The Remuneration Committee took into account the recommendation of the CEO, Mr. Emmanouil Maragoudakis, who participated in the said meeting and submitted the relevant documents, and unanimously decided to authorize its Chairman, Mr. Andreas Taprantzis, to make a positive recommendation for the implementation of Objectives 1, 2 and 3 to the Board of Directors of the Company, so that the award of 48% of the shares of the Share Bonus to its beneficiaries can progress, pursuant to the relevant decisions of the Company.

On the same day, the Remuneration Committee held a meeting on its Activitiy Report during the year 2022, for submission to a subsequent meeting of the Board of Directors.

During 2022, the Committee met six (6) times in full quorum.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
Andreas Taprantzis	**6**	**6**	**-**	**100%**
Georgios Mergos	**6**	**6**	**-**	**100%**
Michael Gourzis	**6**	**6**	**-**	**100%**

3.3 Nomination Committee

The main purpose of the Nomination Committee is to assist the Board of Directors by proposing to it persons suitable for obtaining the status of member of the Board of Directors, based on the principles and criteria provided for in the Suitability Policy.

Committee Composition

With the decision of the Board of Directors of the Company dated 24.06.2021, the Nomination Committee was established, which was constituted into body corporate as follows:

Sofia Kounenaki-Efraimoglou, Chairman

Marina Sarkisian – Ohanesoglou,	Member
Nikolaos Voutychtis,	Member

Terms of operation

The term of office of the members of the Nomination Committee coincides with the term of office of the Board of Directors, with the possibility of renewal. In any case, their term of office in the Committee will not exceed nine (9) years in total.

The Committee meets at least four (4) times a year and whenever circumstances require.

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

Meetings are held either in person or remotely, through any technology that enables discussion and/or written exchange of views. A member of the Committee may authorize another member in writing to represent him/her at a particular meeting and to vote on his behalf on the items on the agenda. No member may represent more than one other member of the Committee.

The Committee meets at least once a year to check the self-evaluation of the members of the Board of Directors and to nominate new candidate members, if required. At least every three years, the collective evaluation of the Board of Directors, as well as of the Chairman, the CEO and the other members of the Board of Directors shall be facilitated by an external director. It also meets when it is decided to evaluate the members of the Board of Directors for the effective fulfillment of their duties.

In the latter case, the evaluation process is headed by the Chairman of the Board of Directors in cooperation with the Nomination Committee. Regarding the evaluation of the performance of the Chairman of the Board of Directors, the evaluation process is headed by the Chairman of the Nomination Committee.

In order for a decision to be made, all members of the Committee are required to be present or represented, either in person at the meeting venue or remotely using technology. Committee decisions shall be taken by a majority of at least 75% of the members of the Committee. In case a member of the Committee is absent without justification and without being represented by another member as above, at two (2) meetings convened in time during the same year, that member shall be deemed to have resigned.

Each member shall be notified of the place, time and date of each meeting by means of an invitation sent at least two (2) working days before the meeting. The invitation shall contain the items on the agenda of each meeting and any accompanying material, otherwise decisions may be taken only if no member of the Committee objects. The invitation and related documents can also be circulated by e-mail. In any event, the Committee may meet at any time, even without an invitation having been sent, provided that all its members are present and noone opposes to the meeting and the decision making.

The Rules of Operation of the Nomination Committee, approved by the Board of Directors of the Company, are posted at the following link:

TENERGY_Regulation_of_Nominations_Committee_July_2021_GR.pdf (terna-energy.com)

Responsibilities of the Committee

- The main role of the Nomination Committee is to investigate and highlight the appropriate candidates for election to the Board of Directors of the Company.
- The Committee determines the eligibility criteria of the members of the Board of Directors, in order to ensure individual and collective suitability.
- The Committee prepares and updates the Suitability Policy, which it submits to the Board of Directors for approval, and which is then approved by the General Assembly when required.
- The Committee investigates, highlights and proposes suitable candidates for the election of the Board of Directors in accordance with the criteria set by the Company in its Suitability Policy, following the process of recruitment/selection of senior managers and the process of appointment of senior managers and provision of authorizations.
- The Committee conducts periodic reassessment of the size and composition of the Board of Directors in accordance with the Company's Suitability Policy to identify any gaps regarding the suitability of the members of the Board of Directors on an individual and collective level and submits proposals for improvements, when deemed necessary.

Method of Evaluation

The Committee conducts an annual review of its work, a summary report of which is submitted to the Board. This includes proposals to the Board of Directors to improve its operation and efficiency. The Committee at its meeting on 22-03-2023, reviewed and confirmed the fulfilment of the independence criteria provided for in article 9 of Law 4706/2020.

Activities of the Nomination Committee in 2022

Following the approval by the Board of Directors of the Company on 16-07-2021 of the Rules of Operation of the Nomination Committee, during its meeting on 22-02-2022, their revision was decided in order to reflect more fully and accurately the operation and responsibilities of the Nomination Committee.

At the same meeting of the Committee, on 22-02-2022, the Chairman presented to the members the Results of the Evaluation of the Members of the Board of Directors. Specifically, on 21/12/2021 a questionnaire was distributed for the evaluation of the members of the Board of Directors of the Company. The questionnaire, drafted by the Chairman of the Committee in collaboration with the Corporate Secretary, was distributed and uploaded on a specialized digital platform for the preparation of the Board of Directors Evaluation Results.

The Report aimed to contribute to ensuring the effective operation and successful fulfillment of the role of the Board of Directors, in accordance with the Group's strategy and long-term business plan, ensuring the exercise of sound and effective management for the benefit of shareholders and all stakeholders.

During the same meeting, and after fully analyzing the results in all key sections, the members unanimously approved their presentation to the next Board of Directors of the Company by the Chairman of the Committee.

In relation to the Internal Audit System, for the evaluation of the Committee its members proceeded to complete a relevant questionnaire from which relevant results were extracted which were approved during the Committee meeting on 13-09-2022.During the meeting on 12-10-2022, the Committee proceeded to the elaboration and updating of the existing succession plan of the Chairman, the Members and the Committees that make up the Board of Directors. The determination of the parameters for the elaboration of the succession plan is the responsibility of the Nomination Committee, including the re-evaluation of the criteria taken into account for inclusion in the plan under preparation.

(Amounts in thousands of Euros unless mentioned otherwise)

At the same meeting, the Committee approved the elaborated and updated succession plan and presented it to its members.

According to the Greek Corporate Governance Code adopted by the Company, the Board of Directors must annually evaluate its effectiveness, as well as its Committees and the Chairman. In this context, the Committee at its meeting on 14-12-2022, decided to proceed with the evaluation of the Board of Directors as a Body, the Chairman, the CEO and the Corporate Secretary, the Committees as well as the individual evaluations of the members of the Board of Directors for the year 2022. The evaluation was decided to be based on questionnaires prepared on the basis of the parameters set by the Nomination Committee. The results of the evaluation are expected to be discussed at a future meeting of the Commission and will then be presented to the Board of Directors.

Finally, on 27-12-2022, the Committee, after being informed by its Chairman, about the results extracted based on the internal Questionnaire along with its additional data, for the evaluation of the Company's own Committee, in the context of the Internal Audit System for the period from 17/07/2021 to 31/12/2022, proceeded to their approval and then to their presentation at the next meeting of the Board of Directors of the Company. On 27-12-2022, at the same meeting of the Committee, amendments to the updated procedure for the recruitment and selection of Senior Management in the Company were decided and its members authorized its Chairman to present them at a subsequent Meeting of the Board of Directors of the Company.

During 2022, the Nomination Committee met seven (7) times.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS/HER TERM OF OFFICE		NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
Sofia Kounenaki-Efraimoglou,	**7**		**7**	-	**100%**
Marina Sarkisian – Ohanesoglou,	**7**		**7**	-	**100%**
Nikolaos Voutychtis,	**7**		**7**	-	**100%**

The Committee at its meeting on 22-03-2023, confirmed the fulfillment of the eligibility criteria of the members of the Board of Directors.

3.4 Investment Committee

The Investment Committee is established by the Board of Directors. Its main role is to help ensure that new investments are aligned with the Company's objectives and have a benefit to the Company.

Committee Composition

The Board of Directors of the Company at its meeting of 24.06.2021 established the Investment Committee, which was constituted into body corporate as follows:

Emmanouil Maragoudakis, Chairman

Nikolaos Voutychtis, Member

Aristotelis Spiliotis, Member

Terms of operation

The Committee meets following an invitation by its Chairman to examine investment or divestment proposals and to prepare a relevant recommendation to the Board of Directors.

The invitation shall set the agenda, place and time of the meeting.

Meetings shall be held either physically or remotely by means of any technology enabling discussion or written exchange of views.

In order for a decision to be made, a quorum of 80% of the members of the Committee is required to be present in person either at the meeting venue or elsewhere using conference technologies.

A member of the Committee may authorize another member in writing to represent him at a particular meeting and to vote on his behalf on the items on the agenda. No member may represent more than one other member of the Committee.

Decisions of the Committee shall be made by unanimity of its members present in person or represented.

The Committee appoints a Secretary, who keeps the minutes of the meetings or is assisted by the Corporate Secretary or another lawyer of the Company.

The minutes of the meetings of the Committee shall be signed by all members present at the meeting.

Responsibilities of the Committee

- Ensures that new investments are in line with the Company's approved strategy or that they constitute new decisions that the Board of Directors approves. Specifically, all Committee decisions for investments over 10 million Euros are forwarded to the Board of Directors for approval, as well as strategic investment decisions that are not included in the approved strategy of the Company, regardless of the amount. For investments approved by the Committee up to an amount of 10 million Euros and are not classified as strategic, the Committee may recommend their approval by the Chief Executive Officer, who makes the final decision.
- Evaluation of the return on implemented investments.
- Monitoring the Company's performance per business activity in achieving goals.
- Examination of new investments and submission of a relevant proposal to competent bodies of the Company / to the Board of Directors of the Company regarding:
    - the capital adequacy of the Company for the implementation of the investment,
    - the assessment of the business risks associated with the implementation of each investment proposal,
    - the documentation of its feasibility and confirmation that the implementation is part of the approved strategy of the Company or leads to the development of new market segments
- Examines partnerships of subsidiaries aimed at establishing new companies or joint ventures of strategic importance with third parties, mergers and acquisitions of companies.

Activities of the Investment Committee for the year 2022

During 2022, the Investment Committee met three (3) times in full quorum, dealing with the implementation of new investments/divestments and the monitoring of approved investments.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
Emmanouil Maragoudakis	**3**	**3**	**-**	**100%**
Nikolaos Voutychtis	**3**	**3**	**-**	**100%**
Aristotelis Spiliotis	**3**	**3**	**-**	**100%**

3.5 ESG Committee

The Company's ESG Committee was established at the meeting of the Board of Directors on 24.06.2021 and its purpose is to monitor the Company's performance and recommend to the Board of Directors improvements on environmental, social and governance (ESG) issues in order to create value for the Company, which is regularly evaluated based on its performance on these issues. The Committee's work includes, inter alia, monitoring the integration of non-financial ESG factors into business strategy and decision-making, with the aim of providing the Company with added value and being ready to adapt to changes in the environment in which it operates.

The ESG Committee consists of up to 3 non-executive members of the BoD, of whom at least 1 is an independent non-executive member and up to 2 executive members or Senior Management, appointed by the BoD.

The Chairman of the Committee is elected by the members of the Committee or by the Board of Directors. The Chairman of the Committee is an independent non-executive member of the BoD. The term of office of the members of the Committee is equal to the term of office of the BoD.

The members of the Committee as a whole have the required knowledge and experience regarding the Company's activity and especially regarding sustainable development, environment, society and governance issues in order to adequately perform the role of the Committee.

The Committee appoints a Secretary, who keeps the minutes of the meetings or is assisted by the Corporate Secretary of the Company or another lawyer of the Company. The Secretary of the Committee is responsible for the general support of its operation and monitors the notification of the Committee's recommendations to the Board of Directors and the relevant decisions approved by the Board of Directors to the involved units of the Company and/or the Group. Legal support in the work of the Committee may be provided either by the Corporate Secretary, who is provided by the Company's Internal Rules of Operation to be a lawyer, or by another lawyer of the Group.

The ESG Committee meets whenever necessary, but at least 4 times a year, in order to perform its duties effectively.

Company executives may participate in the meeting of the Committee, provided that, depending on the field of their duties, their participation is deemed necessary for the effective operation of the Committee. The role of these persons is to carry out studies, suggest or provide clarification on the issues discussed in the Committee.

Responsibilities of the Committee

The Committee has, inter alia, the following responsibilities:

1. Promotes and monitors the integration of ESG criteria into business strategy and decision-making.
2. It examines the Sustainable Development Policy and other policies related to issues within its duties, as well as their revisions, and proposes them to the Board of Directors for approval.
3. Monitors the implementation of the Sustainable Development Policy and other ESG policies.
4. Monitors the materiality analysis process.
5. Examines the content of the Company's annual report on ESG issues contained in the annual and CSR reports and proposes them to the Board of Directors for approval.
6. Approves the Company's strategic goals for carbon dioxide (CO_2) emission reduction, water management, and other ESG issues and proposes them to the Board of Directors for approval. At the same time, the Committee is informed about the implementation plan for the achievement of these objectives and informs the Board of Directors.
7. It is informed about the company's participation in ESG management programs, such as TCFD, SBTi, CBT.
8. It informs the Board of Directors on matters falling within the Committee's duties and proposes measures for improvement if necessary.
9. It monitors new developments on ESG issues in Greece and internationally and promotes their incorporation into the Company's policies.
10. It is informed, examines and, where appropriate, gives opinions or approves relevant issues promoted by the management.
11. Conducts annually reviews on its work with any suggestions for improving its operation and efficiency, by submitting a relevant summary report to the BoD.

Composition

The Board of Directors of the Company at its meeting on 24.06.2021 established the ESG Committee, the composition of which was subsequently expanded by decision on 16.07.2021. The Committee was constituted into body corporate as follows:

Marina Sarkisian – Ohanesoglou, Chairman

Sofia Kounenaki – Efraimoglou, Member

Tatiana Karapanagioti, Member

Georgios Agrafiotis, Member

Activities of the ESG Committee for the year of 2022

Information on the meetings and activities of the Committee in the year 2022 is set out below.

The ESG Committee in the year 2022 met seven (7) times.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS/HER TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS

(Amounts in thousands of Euros unless mentioned otherwise)

Marina Sarkisian – Ohanesoglou,	**7**	**7**	-	**100%**
Sofia Kounenaki-Efraimoglou,	**7**	**7**	-	**100%**
Tatiana Karapanagioti	**7**	**7**	-	**100%**
George Agrafiotis	**6**	**6**	-	**100%**

The Secretary of the ESG Committee is Ms. Danae Kalantidis, executive of the Communication Division, responsible for CSR and ESG issues.

The main topics of the meetings in 2022 were:

07/02/2022

1. Presentation of the Decarbonization plan of GEK TERNA Group and participation of Terna Energy in the Group's plan.
2. Annual information plan for the Committee.

24/03/2022:

1. Approval of the Activity Report for 2021
2. Approval of Non-Financial Reporting Report for 2021. The content of the report was discussed, as well as the completeness and reliability of the information.
3. Update of the ESG Committee's Rules of Operation. The revised regulation provides for an independent member of the Board of Directors as Chairman, at least four meetings per year, and the following responsibilities of the Committee, which:
   i. Promotes and monitors the integration of ESG criteria into business strategy and decision-making.
   ii. examines the Sustainable Development Policy and other policies related to issues within its duties, as well as their revisions, and proposes them to the Board of Directors for approval.
   iii. Monitors the implementation of the Sustainable Development Policy and other ESG policies.
   iv. Monitors the materiality analysis process.
   v. Examines the content of the Company's annual report on ESG issues contained in the annual and CSR reports and proposes them to the Board of Directors for approval.
   vi. Approves the Company's strategic goals for CO2 emission reduction, water management, and other ESG issues and proposes them to the Board of Directors for approval. At the same time, the Committee is informed about the implementation plan for the achievement of the objectives and informs the Board of Directors.
   vii. Is informed about the Company's participation in ESG management programs, such as TCFD, SBTi, CBT.
   viii. Informs the Board of Directors on matters falling within the Committee's duties and proposes measures for improvement if necessary.
   ix. Monitors new developments on ESG issues in Greece and internationally and promotes their incorporation into the company's policies.
   x. Is informed, examines and, where appropriate, gives opinions or approves relevant issues promoted by the management.
   xi. Reviews annually its work with any suggestions for improving its operation and efficiency, submitting a relevant summary report to the Board of Directors.

24/05/2022

The Committee was briefed by the Company's Human Resources Director on the operation and the Human Resources Department's plan for 2022.

08/06/2022

1. Briefing of the Committee on the methodology for analyzing material issues of the Group (materiality). The members of the committee participated in the materiality analysis by completing the questionnaire.
2. Update on the progress in completing CDP questionnaires on climate change and water.
3. Update on the progress of the decarbonization project implemented at parent level.

26/08/2022

Finalization of the 2021 Sustainable Development Report. The content of the report was discussed, as well as the completeness and reliability of the information.

21/10/2022

1. Update from the Human Resources Director on the progress made in the Human Resources Department's program compared to June, when the strategic axes of the Directorate for 2022 were presented.
2. Update of the committee on the progress of the 2022 targets published in the 2021 Sustainability Report.
3. Briefing on emergency management by the competent Director.

12/12/2022

1. Gap Anlalysis on the implementation of Law 4706 by the ESG committee.
2. Committee evaluation and suggestions for improvement. In the context of continuous improvement, measures were decided regarding the better information of the Board of Directors in relation to the work of the Committee, as well as the Committee 's topics for 2023.

Finally, in the context of the training of the Independent Board Members, that the Members of the Committee on 12 and 13/07/2022 visited the Dervenochoria Wind Park as well as the Waste Management Unit of Epirus, where they had the opportunity to see up close two representative projects of the Company and to be informed in detail about their operation by the competent executives.

4. Detailed CVs of BoD members, BoD committee members, BoD Secretary and senior executives

Georgios Peristeris

In 1980 he received a degree in Civil Engineering from NTUA. His activity with TERNA S.A. began in 1981. From 1982-1984 he was Director of Construction of major Hydraulic and Railway projects.
Since 1984 he assumed the duties of Chairman and CEO of TERNA S.A.
Since 1997 he has been developing intense business activity in the field of Renewable Energy Sources (RES). In fact, in the same year he founded TERNA ENERGY S.A. where he served as Chairman and from 2000 until today he is Chairman of the Hellenic Association of Renewable Energy Producers (ESIAPE). The Association is a founding member and is represented in the Board of Directors of the respective European Renewable Energies Federation (EREF).

Emmanouil Maragoudakis

He holds a degree in Mechanical Engineering from Newcastle University, UK and a Master's degree in Production Management and Construction Technology from the University of Strathclyde, Scotland. He started his professional career as a factory manager at VIDOMET S.A., where he worked from 1980 to 1988. From 1988 to 1989 he was plant manager at Sabo S.A., specializing in the manufacture and installation of mechanical equipment. From 1988 to 2013 he was the CEO of VIOMEK S.A. In 1997 he started his collaboration with the Group and today he holds the position of CEO of the Company and General Manager of the Environment and Renewable Energy Sources Sector.

Georgios Mergos

He is a Professor Emeritus of Economics at the National and Kapodistrian University of Athens, where he has been teaching since 1986. He studied Economics at the University of Athens, holds an MSc from the University of Oxford and a PhD from Stanford University, USA. Before joining the University of Athens, he worked at the World Bank. He has served as Secretary General of the Ministry of Finance, Governor of IKA and Secretary General of the Ministry of National Economy. He has collaborated with IOBE, consulting with International Organizations and as an Expert with the European Commission (DG External Relations), on development cooperation issues in many countries (China, India, Egypt, other countries of South Asia, all countries of former Eastern Europe and some countries of the former Soviet Union). He has served, among others, as a member of the Board of Directors of GEK TERNA, PPC, National Bank, Alpha Bank and member of the Board of Governors of Black Sea Trade and Development Bank.

Aristotelis Spiliotis

He studied Business Administration at the Athens University of Economics and Business (former ASOEE). He did postgraduate studies in Finance and Investment at Brunel University, London. From 1993 to 2000 he worked in positions in the Financial sector (Portfolio Investments, Venture Capital) as an Investment Analyst. From 2000 to 2003 he worked as Investor Relations Manager at INTRALOT, while in the same year he joined GEK TERNA Group, where he assumed the same duties. Since 2009 he has been working in the company, with the responsibility of Deputy Chief Financial Officer and later until recently Chief Financial Officer in the field of Finance. He is currently an Investor Relations Advisor and monitors the financing of the Company's investments for the information of the Board of Directors.

George Spyrou

He graduated from the National Technical University of Athens in 1969 with a Diploma in Electrical and Mechanical Engineering and since 1970, he attended the postgraduate department of the Athens University of Economics and Business. He was a founding member and partner of CH. ROKAS S.A., where he worked from 1972 to 2004 in the fields of Design, Design and Construction of Industrial and Energy Projects, as well as in its Management. He served as General Manager, Chairman and CEO of various subsidiaries of the Company and for 20 years Vice-Chairman of the Board of Directors of this Group. From 1994 to 2004, he was the main responsible for the design, development and implementation of the Group's Energy program. In 2004, after the sale of ROKA Group, he started his cooperation with GEK-TERNA Group, as a consultant for energy projects. Today he is a member of the Board of Directors of TERNA ENERGY S.A. and holds the position of Executive Director and Development Manager of the electricity production sector outside Greece. He is a member of the Technical Chamber of Greece. He was a member of the Board of Directors of the Hellenic

Association of Renewable Energy Producers, in which he was elected for a decade as Chairman or Vice-Chairman of its Board.

Marina Sarkisian Ohanesoglou

Ms. Sarkisian Ohanesoglou holds a degree in Civil Engineering from the Imperial College of Science, Technology and Medicine in London and an MSc in Environmental Engineering from the same university. Since May 2020 she is a Member of the Board of Directors of Cenergy Holdings. She has more than twenty years of experience in environmental management and climate change. He worked for 15 years at the Environmental Service of Athens International Airport S.A. in positions of responsibility in Climate Change, Air Quality and Aviation Noise. Previously, she has worked as an independent environmental consultant (1994-1997) with Ecos Meletitiki and Panagopoulos & Associates, participating in a wide range of Environmental Impact Assessment Studies for infrastructure projects and other studies.

Nikolaos Voutychtis

Mr. Voutychtis holds an undergraduate degree (BSc, Hons) in Business Administration from the University of Bradford (UK) and an MSc in International Banking and Financial Services from the University of Reading (UK). He is also a Fellow Chartered and Certified Accountant. He has extensive experience in finance having worked as a Senior Financial Services Manager at PricewaterhouseCoopers, as Head of Group Accounting Policy at Eurobank/EFG Group and as Chief Financial Officer (CFO) at NBG Group in Greece and abroad, initially as Deputy Country manager in Egypt, while in 2014 he took over the position of Deputy General Manager of Finance of the Group (Deputy Group CFO). Since the beginning of 2016 he holds the position of Chief Investment Officer of Latsco Family Office Greece. At the same time, he is a Non-Executive Member of the Board of Directors of Viva Wallet Group, including Viva Bank, as well as a member of the Board of Directors of Vouliagmeni Thermal Baths S.A. and EKALI S.A. Finally, he participates in the Advisory Committee of EOS Capital partners.

Michael Gourzis

Mr. Gourzis graduated in 1964 from the Athens School of Engineering. He worked as a freelancer – Contractor of Public Works from 1969 to 1976. He holds a Fourth Class MEK degree and since 1977 he has been managing projects of TERNA SA.

Tatiana Karapanagioti

Ms. Karapanagioti is the founder and CEO of FULLVIEW, a strategic communications company with clientele from the banking, industrial and wider business sectors. She is also currently Chairman of the Civil Non-Profit Society, Journalism Initiative, Member of the Advisory Board of ELIAMEP, Member of the Advisory Board of DESMOS, Member of the Board of Directors of the Association of Friends of Music and Member of the Board of Directors of insidestory.gr. She has received the Gold Medal of Honour from the Republic of Austria in 2018. She has served as Minister of Culture and Tourism in the caretaker Government of Pikrammenos, May-June 2012, as well as Member of Parliament, February-April 2012. She has extensive experience as a Communication Consultant, 09/2011-12/2017. As founder and CEO of FULLVIEW, she has deep knowledge and long experience in communication, media relations and perception of the operation of the State and market operators. Previously, as Executive Producer of LYNX PRODUCTIONS, 09/2005-08/2011 she was involved in the production of journalistic and informative programs in collaboration with private and public television channels. Also, as founder and CEO of URGH PRODUCTIONS, Founder and CEO, 09/2005-09/2015 in the production of educational and cultural documentaries in collaborations with private and public television channels, with the Athens Concert Hall (Athens Concert Hall), the Lambrakis Foundation, etc. She was editor of THEATIS MAGAZINE, 2005-2006, editor of SALVO PUBLICATIONS, ROYAL COLLEGE OF ART, London, 2001-2003 and participated in solo and group photography exhibitions, Athens & London, 2000-2010.

Sofia Kounenaki-Efraimoglou

Ms. Efraimoglou is the Elected Chairman of the Athens Chamber of Commerce and Industry and an Elected Chairman of the National Chamber Network of Greek Women Entrepreneurs, International Partner of the Global Summit of Women Leaders and Entrepreneurs. She is the Executive Vice- Chairman of the Board of Directors of the Foundation of the Hellenic World and Head of the Hellenic Cosmos Cultural Center. She is Treasurer of the Board of Directors of ALBA Graduate Business School, Member of the General Council of SEV and Member of the Board of Directors of EENE. She is Chairman and CEO of ARDITTOS Holdings, Technologies and Exploitation S.A. and Member of the Board of Directors of Lavipharm Group S.A. She is Second Vice-Chairman of the Board of Directors of Technopolis - Acropolis S.A., Member of the Non-Executive Directors' Club and Member of the Business Advisory Council of the MBA International Program of the Athens University of EconomIAS and Business. She is a member of the Advisory Committee of the Maniatakeio Foundation and of the diaNEOsis Organization. She is a Member of the Initiative Committee "KOMVOS", which includes selected members of Hellenism and a Member of the Council of Competitiveness of Greece. She is also Chairman of the Jury of the Responsible Business Awards.

In 2008, as a member of the Board of Directors of SEV, she led the creation of the Greek Corporate Governance Code and its promotion to businesses as well as the subsequent establishment of the Hellenic Corporate Governance Council, in the 15-member Board of which he is currently a member. She was Chairman and CEO of the telecommunications company Vivodi Telecom and Chairman of the brokerage company Fortius Finance AHEPEY, which she founded. She has served as a Member of the Board of Directors for eleven consecutive years at the Hellenic Exchanges S.A. Group and a Member of the Board of Directors of the Hellenic Centre for European Studies of the Ministry of Foreign Affairs. She holds university and postgraduate degrees in Philosophy, Business Administration and Computer Programming and speaks English, French and Italian. She has been awarded by the Athens Chamber of Commerce and Industry and the Region of Attica for successful business activity. She is married to Dimitris L. Efraimoglou with three children.

Andreas Taprantzis

Mr. Taprantzis has been the CEO of Avis since November 2014. He planned and completed the radical reorganization of the Company with a view to its sale by Piraeus Bank. The transaction took place in 2017 at €325m. (EV) and was among the largest in the country. He continued in the same position with the new shareholders. Prior to his current position, he was the Executive Director of the Hellenic Republic Asset Development Fund (HRADF), from its inception in August 2011 until November 2014. He was responsible for the development of private public real estate, which included airports, ports, marinas, hotels and large tracts of land. During its tenure, HRADF implemented contracts amounting to €12.5 billion, such as the Hellinikon contract, Asteras Vouliagmenis and Regional Airports, attracting multiple secondary investments. In 2009, he was appointed COO and Managing Director of Retail Banking at TT Hellenic Postbank. In December 2010, he assumed the duties of An. Managing Director of T Bank (a subsidiary of TT). From 2005 to 2009, he was CEO of Hellenic Post (ELTA), while at the same time he was a member of the Board of Directors of Hellenic Postbank and Chairman of the Audit Committee. During his tenure, ELTA was profitable with a turnover of more than €600 million. and profits of €50m. annually, as a result of radical reorganization and investment in new technologies. His work at ELTA has been internationally recognized. In August 2008, he was elected by the 192 Postal Companies of the world, Chairman of the Universal Postal Council (POC) of the International Postal Union (UPU), a UN agency based in Bern, for the period 2008 to 2012. Since July 2019 he is a member of the Board of Directors of Attica Bank, as well as Chairman of the Risk Management Committee. Dr.. Taprantzis holds a degree in Chemical Engineering (MSc) and a PhD from the National Technical University of Athens, in the area of automatic regulation of systems with artificial intelligence (AI) models. He has an MBA and an AMP certificate from INSEAD.

(Amounts in thousands of Euros unless mentioned otherwise)

Nikolaos Kalamaras

Mr. Kalamaras is a graduate of the Athens School of Economic and Commercial Sciences (former ASOEE). He has been working as an Accountant and Business Tax Advisor since 1977. He is the Managing Director and 100% Shareholder of the company under the name "Taxistiki S.A. Accounting, Tax Consultancy Auditing Company". He is also a member of the Greek and American Institute of Internal Auditors (AM 1374)-(ID 1521425). Since 1998 he has been a lecturer in Tax Seminars and author of Accounting books. He participated as an independent, non-executive member of the Board of Directors of TERNA ENERGY S.A. from 2007 to 2018. He is a member of the Nomination Committee, the Audit Committee of the same company and Chairman the Audit Committee of its subsidiary, TERNA ENERGY SINGLE MEMBER FINANCE SOCIETE ANONYME. Since 2001 he has served as internal auditor in companies listed on the Stock Exchange such as "Hermes Real Estate Enterprises SA", "KEKROPS Tourist Property Management SA" and "General Construction Company SA", while he also served as internal auditor at "TERNA Tourism, Technical and Shipping Company S.A.", with a dependent employment relationship, from 2002 to 2009.

Dimitra Chatziarseniou

Ms. Dimitra Chatziarseniou is a lawyer, member of the Athens Bar Association, since 1998. She holds the position of Head of the Legal Department of GEK TERNA Group and has been appointed Corporate Secretary of GEK TERNA S.A. and TERNA ENERGY SA. She joined GEK TERNA Group in 2002. During her career she has organized the legal department of the Group and currently manages a team of four esteemed lawyers. She has successfully handled large real estate transactions, mergers and acquisitions, listings, PPP projects and EPC contracts and has gained extensive experience in project development and financing of RES projects in Greece, Southeast Europe and the USA. She is a graduate of the Law School of Athens and holds a master's degree in Commercial Law from the same school. She is fluent in Greek, English and French.

External professional commitments of the BoD members.

FULL NAME	**EXTERNAL PROFESSIONAL COMMITMENTS**
PERISTERIS GEORGIOS	Chairman and CEO of GEK TERNA SA
MERGOS GEORGIOS	• Member of the Board of Directors of IOBE • Member of the BoD, Minoan Group Plc.
MARAGOUDAKIS EMMANOUIL	-

SPYROU GEORGIOS	-
SPILIOTIS ARISTOTLE	-
GOURZIS MICHAEL	• Vice- Chairman of GEK TERNA SA • Chairman TERNA SA
VOUTYCHTIS NIKOLAOS	Chief Investment Officer Latsco Family Office Greece
SARKISIAN MARINA	Independent Non-Executive Member of the BoD of Cenergy Holdings
TAPRANTZIS ANDREAS	CEO OLYMPIC ETE MAE
KOUNENAKI-EFRAIMOGLOU SOFIA	• Chairman of the Athens Chamber of Commerce & Industry • Chairman of the National Chamber Network of Women Entrepreneurs • Vice- Chairman of the Board of Directors of the Foundation of the Hellenic World • Chairman Board of Directors & CEO of Ardittos Exploitation Technology Holdings S.A. and the Institute of Migrant Education and Integration, companies of the Foundation of the Hellenic World • Non-Executive Member of the BoD of Lavipharm S.A. • Treasurer of the Board of Directors of ALBA • Member of the Advisory Board of the Hellenic Corporate Governance Council • Member of the General Council of the Hellenic Federation of Enterprises • Member of the Advisory Council of the MBA International Programme of the Athens University of EconomIAS and Business and of the diaNEOsis Organization • Second Vice- Chairman of the Board of Directors of Technopolis - Acropolis S.A.
KARAPANAGIOTI TATIANA	CEO FULLVIEW MAE

5. Internal Audit and Risk Management

The Internal Audit System is defined as the set of rules and procedures applied by the Company aiming at the preventive and ex-post control of operations and procedures at all levels of its hierarchy and organizational structure, in order to ensure: the legality and security of management and transaction announcement, asd reliability of published financial statements and any other financial information and announcement, as well as the efficiency of the Company's operating systems and operations.

The Board of Directors utilizes the internal audit system in order to protect the Company's assets, assess the emerging risks from all its operations and provide accurate and comprehensive information to shareholders on the actual situation and prospects of the Company, as well as on ways to address the identified risks.

For the implementation of the above, the Board of Directors determines the operating framework of internal audit, approves the procedures for conducting and evaluating its results and decides on its staffing, in compliance with the requirements of the applicable legal and institutional framework as well as the Greek Corporate Governance Code. It establishes a special internal audit department, which is independent, does not belong hierarchically to any other organizational unit and is supervised by the Company's Audit Committee.

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

The assessment and management of risks in the preparation of the Financial Statements for the Year 2022 is described in the relevant chapter of the Company's Annual Financial Report.

5.1 Risk Assessment Report – consequences of any findings – Management response

The Company is driven by continuous sustainable development and the continuous expansion of its portfolio both in RES and in new areas of activity. Equity, fairness, inclusion, entrepreneurship, integrity, personal participation and informed decision-making are the basic operating principles of the Group and govern its business activity. In this context, the Company, in order to address risk factors from both the national and international business environment, has adopted procedures that regularly identify, evaluate and control the risks that arise.

Risk Management Policy

The Company has an internal audit, quality assurance and risk management system. The Company has also established a separate Risk Management Policy, which is posted on its official website at https://www.terna-energy.com/enimerosi-ependyton/ir-etairiki-diakyvernisi/diacheirisi-kindynon/#row-zen , which also applies to the preparation of the Company's and the Group's Financial Statements. Also, the implementation manual of the Internal Rules of Operation describes the risk management policy and procedures.

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

Directorates-General prepare and submit to the Risk Manager studies that capture the most significant risks, taking into account the following levels of consideration:

- Identifying, analyzing, assessing and managing risks in project development, construction and operation
- Portfolio management regarding operating and general administrative expenses,
- Portfolio management in the company's fields of activity
- Management of enterprise risks through processes at Group level.

Actions to strengthen the company's Risk Management System during the period of 2022

During the financial year 2022, significant changes were made to the Company's Risk Management System.

- Studies were carried out on individual Risk Management policies & practices that will be applied within the various Management Systems (e.g. Quality Management, Safety and Health, Information Security, etc.) for risk assessment. Inevitably, the introduction of these policies and practices takes place with varying degrees of maturity and focus on each directorate and on a specific area and topic.

- An effort is made to ensure that the overall picture of Risk Management as required, is integrated and assists the Group and corporate strategy, as well as the operations as an integrated approach to the daily operation of the Group.

IT and Information Security

Information security is a priority for the Company. Administratively, the monitoring of actions to strengthen the Company's IT and Information Security system has been assigned to the Deputy CEO, Mr. G. Agrafiotis. A comprehensive information security program has already been launched under the direct supervision of Mr. Taprantzis and Ms. Kounenaki-Efraimoglou, as defined by decision of the Board of Directors.

Risk Management in the preparation of Financial Statements

Risk management during the preparation of the company's corporate and consolidated Financial Statements implemented at three levels of control and risk management until their preparation by the Auditor. The financial statements are then forwarded to the Director of Financial and Administrative Services for review and approval.

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

It should be noted that the recent launch of SAP S/4HANA across the Group automatically implements a series of controls and ensures that a wide range of risks are addressed in the preparation of financial statements.
The Audit Committee oversees the process of preparing the Company's financial statements and other financial reporting and examines their reliability. After examining and confirming the correctness of the process of preparing corporate and consolidated financial statements (interim, biannual and annual) following and updating by the Director of Financial and Administrative Services, the Committee recommends to the Board of Directors their approval and their signature and publication.

5.2 Annual review of corporate strategy, principal business risks and internal audit systems

The annual review of the corporate strategy is made with reference to the update of business risks and the review of internal audit systems.

In the financial year 2022, the Audit Committee: (a) Monitored the Internal Audit, Risk Management and Compliance functions to ensure the correctness of their operation and their independence. (b) Monitored the adequacy and effectiveness of the Internal Audit System and, taking into account the content of the audit reports of the Internal Audit Unit, submitted relevant recommendations to the Board of Directors for its further improvement and reinforcement. (c) Monitored the Risk Management process and, taking into account the Risk Management reports, submitted recommendations to the Board of Directors regarding the identification, assessment and management of risks. (d) Monitored the compliance procedures of the Company and the Group with the laws and regulations regulating its organization, operation and activities and, taking into account the reports of the Compliance Unit, submitted recommendations to the Board of Directors regarding the revision of the Company's internal regulatory framework.

The Company assigned and completed during the financial year 2022, following a competitive process in collaboration with an external consultant, the qualitative evaluation of the operation of the Internal Audit Unit based on its approved by the Board of Directors Rules of Operation and the international standards for the professional implementation of Internal Audit (The Standards).

The Internal Audit Unit submitted to the Audit Committee, and through it to the Board of Directors, the Annual Audit Project Plan for 2023, which was prepared on the basis of a risk assessment and was prepared in accordance with §5, article 15 of Law 4706/2020 and which may be revised during the financial year.

5.3. Conclusion of the Evaluation Report on the adequacy and effectiveness of the Company's Internal Audit System ("IAS")

The Company, by decision of its Board of Directors, assigned to Grant Thornton SA of Certified Auditors and Business Consultants the project "Provision of Internal Audit System Evaluation Services", aiming at evaluating the adequacy and effectiveness of the Internal Audit System ("IAS") of the company " TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY " with reference date 31/12/2022, in accordance with the provisions of per. I of para. 3 and para. 4 of article 14 of Law 4706/2020 and Decision 1/891/30.09.2020 of the Board of Directors of the Hellenic Capital Market Commission, as in force (the "Regulatory Framework").

This evaluation of the Internal Audit System was successfully completed in March 2023 and covered the following areas: the Audit Environment, Risk Management, Audit Mechanisms and Safeguards, the Information and Communication System as well as the Monitoring of the Company's Internal Audit System.

The Conclusion of the Independent Evaluator, namely Ms. Athina Moustaki, Certified Public Accountant with AM 28871, which is included in the final evaluation report of the adequacy and effectiveness of the IAS dated 21/03/2023, concludes that from the work carried out and the evidence obtained regarding the evaluation of the adequacy and effectiveness of the Company's IAS, no weaknesses were identified that could be considered as material weaknesses in the Company's IAS in accordance with the Regulatory Framework.

This result is another confirmation that the Company is in constant compliance with the legislative and regulatory framework governing the Internal Audit System and adopts best practices for the lawful and orderly operation of the IAS.

6. REMUNERATION REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY " TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY " FOR THE FINANCIAL YEAR 1.1.2022 – 31.12.2022.

INTRODUCTION

This Remuneration Report has been prepared by the Remuneration Committee of the Company " TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL COMPANY " (hereinafter: the Company), in accordance with the provisions of article 112 of the law. 4548/2018 and provides to shareholders an overview of the remuneration of the members of the Board of Directors of the Company for the financial year 1.1.2022 – 31.12.2022. The remuneration of the members of the Board of Directors complies with the approved Remuneration Policy and the applicable legislation.

The Remuneration Committee consists of three (3) non-executive members of the BoD, the majority of whom are independent and the President of the Committee is an independent, non-executive member.

The Remuneration Committee consists of the following members:

1. Mr. Andreas Taprantzis, Independent Non-Executive Member
2. Mr. George Mergos, Independent Non-Executive Member

3. Mr. Michael Gourzis, Non-Executive Member

The Remuneration Committee:

It ensures that the Company has a clear, objective, well-documented and transparent Remuneration Policy in accordance with applicable legislation and is consistent with the Company's business strategy, market conditions, profile and risk appetite and does not encourage excessive and short-term risk-taking.

Formulates proposals to the Board of Directors regarding the range of remuneration of persons falling within the scope of the Remuneration Policy, in accordance with article 110 of Law 4548/2018, and regarding the remuneration of the Company's managers, and in particular the head of the internal audit unit, and makes a relevant recommendation to the Board of Directors, which decides on them or proposes to the General Assembly, where required.

Monitors the implementation of the Remuneration Policy.

Supervise compliance with the relevant decisions regarding the remuneration of persons falling within the scope of the Remuneration Policy, at least as defined by applicable law.

Examines and submits proposals for general guidelines as well as appropriate policies and practices regarding the formulation of the remuneration framework of employees, Board members and managers.

It examines the information included in the final draft of the annual remuneration report, providing an opinion to the Board of Directors before its submission to the General Meeting.

Examines and submits proposals to the Board of Directors regarding share option programs, share giveaways, additional retirement benefit programs and any other long-term reward programs.

Examines and advises the Board of Directors on policies and systems for determining annual fixed and variable remuneration and benefits at all levels of the Company.

Monitors the effectiveness of the Company's Remuneration Policy in relation to attracting and retaining BoD members of recognized prestige and experience and competent management executives.

It may use the services of external consultants in cases where it deems it necessary for the preparation of studies or projects related to its responsibilities.

It ensures that the approach adopted by each non-listed subsidiary of the Group in relation to remuneration complies with the principles of the Company's Remuneration Policy.

Examines and submits proposals to the Board of Directors regarding the total size of annual variable remuneration.

Submits proposals to the Board of Directors for business strategies in the part of their connection with remuneration.

It may invite managers and members of the Board of Directors to its meetings, in order to ensure that it receives comprehensive information for the proper fulfillment of its duties.

The Company's Remuneration Policy, as revised by the decision of the Annual General Meeting of shareholders of June 23, 2021, is posted on the Company's website.

Annual Remuneration Report of BoD members

According to article 112 of Law 4548/2018, the Board of Directors of the Company is obliged to prepare a clear and comprehensible remuneration report, which contains a comprehensive overview of the total remuneration regulated in the Remuneration Policy for the last financial year and the information required at least by the above article 112 of Law 4548/2018, as in force from time to time.

The report also includes all kinds of allowances granted or due to persons whose remuneration has been included in the Remuneration Policy during the last financial year, regardless of whether they are newly elected or older members of the Board of Directors.

The remuneration report shall be submitted for discussion to the ordinary general meeting of shareholders as the subject of the agenda. The vote of the shareholders on the remuneration report shall be advisory.

The remuneration report concerns, on the one hand, (i) the existing rights of the members of the Board of Directors and the respective General Managers and the Company's obligations towards the above persons and, on the other hand, (ii) the terms under which remuneration will be provided to existing BoD members, taking into account the salary and working conditions of employees.

This Remuneration Report aims to review compliance with the approved Remuneration Policy, the current legislative framework and to enhance transparency regarding the payment of all types of remuneration in a comprehensible, clear and understandable way. In particular, this Remuneration Report:

- presents in a transparent manner the structure of all kinds of remuneration covered by the Remuneration Policy.
- Contributes to the dissemination and consolidation of the principles of transparency, meritocracy, justice, proportionality in the implementation of the remuneration framework from the top to the bottom of the organization, taking into account the type and level of remuneration with the importance and weight of the responsibilities of each position and the performance of each executive.
- Demonstrates the Company's ability to formulate and implement competitive remuneration packages, which are in line with market practices and at the same time are capable of attracting or retaining capable and remarkable executives within corporate structures.
- Notes the reasonable and fair level of remuneration that should aim to create goodwill both in the long term and through the achievement of shorter-term objectives with a view to preventing decisions with excessive business risk and maintaining viability and profitability.
- Provides information on the total remuneration granted or paid, broken down into their individual components, the distinct recording of fixed and any variable remuneration, including the control of any remuneration referred to in paragraph 2 of article 109 of Law 4548/18 and the way in which the total remuneration complies with the approved Remuneration Policy.

- Monitors the general implementation of the basic guidelines for the management and payment of remuneration to the members of the Board of Directors, the CEO and the General Managers in accordance with the Company's Organizational Chart and the approved Remuneration Policy.
- Monitors cases of conflict of interest.

This Remuneration Report refers to the Members of the Board of Directors and the General Manager in accordance with the provisions of article 112 of Law 4548/2018.

The remuneration recorded includes both the fixed part and any variable part of the remuneration. These reflect all kinds of remuneration from any company consolidated in the Group, as defined in article 32 of Law 4308/2014. Finally, there was no record of the existence or use of any possibility to recover variable remuneration. Pursuant to Article 112(1) of the Treaty, 2 (g) of Law 4548/2018, no deviations from the approved Remuneration Policy according to article 110 par. 7, regarding a temporary extraordinary remuneration to the Executive Director Mr. G. Spyrou, due to his additional significant efforts for the development of two new projects, one in Poland and one in Bulgaria.

Approved Fees based on remuneration policy

The fixed fees in accordance with the provisions of article 109 par.1 of Law 4548/2018 on remuneration to BoD members and the Remuneration Policy, as approved by the General Meeting of 23/6/2021, is as follows:

The Executive Chairman and the Chief Executive Officer, as members of the BoD, may receive annually a fixed fixed remuneration of the A+ scale defined below, taking into account the payments pursuant to article 5.1(b.1) of the Remuneration Policy. The upper limit of total fixed remuneration for the Executive Chairman is set at €1,000,000. The remuneration may come entirely from BoD fees or from the sum of (a) remuneration of a fixed relationship of scale A+ as defined in the Remuneration Policy and up to the amount determined by a relevant decision of the Board of Directors and (b) remuneration of a BoD member.

The executive members of the Board of Directors who receive remuneration from other roles within the Company, as members of the Board of Directors and members of committees of the Board of Directors receive a fixed remuneration per year, which is calculated in the total annual sum of their fixed remuneration.

In case the Company wishes to proceed with the preparation of a service contract or any other special relationship of article 109 par.3 of Law 4548/2018, where fees will be paid to a person covered by the Remuneration Policy, the provisions of articles 99-101 of Law 4548/2018 will apply.

In addition, the executive members of the Board of Directors who hold roles and managerial positions either in the Company or in Group companies and are paid either as employees through relevant contracts signed with these legal entities, or as freelancers through contracts for the provision of services or work on a regular basis, have in any case the same rights and obligations to fixed remuneration, compensation and severance clauses, variable remuneration and benefits, in full compliance both in terms of social security, tax and labor legislation, as well as in terms of corporate governance legislation.

The Executive Members of the Board of Directors may be paid in total for their services to companies of the Group, with annual fixed remuneration falling within the ranges from B (from € 40,000 to € 100,000), A (from € 60,000 to € 160,000) to A + (from € 120,000).

(Amounts in thousands of Euros unless mentioned otherwise)

The remuneration table of the Members of the Board of Directors as well as the respective remuneration of those provided by the Company's Remuneration Policy is presented.

FULL NAME	POSITION	SCALE OF FIXED GROSS REMUNERATION OF BOD MEMBERS	COMMITTEES	VARIABLE FEES
Peristeris Georgios	Chairman	A+	-	do not exceed 100% of the constants
Maragoudakis Emmanouil	Ceo	A+	-	do not exceed 100% of the constants
Spyrou Georgios	Executive Director	A	-	do not exceed 100% of the constants
Gourzis Michael	Non-executive member, Member of the Audit Committee	up to 40.000 €	up to 10,000 € per committee	-
Mergos Georgios	Independent non-executive member, Chairman of the Audit Committee, Member of the Remuneration Committee	up to 40.000 €	up to 10.000 € per committee and up to 30.000 € as Chairman of the Audit Committee	-
Kalamaras Nikolaos	Member of the Audit Committee, Specialist in Auditing-Accounting	-	Up to 30.000 €	-
Aristotelis Spiliotis	Executive Member			
Nikolaos Voutychtis	Non-executive member, Member of the Nomination Committee	up to 40.000 €	up to 10,000 € per committee	-
Tatiana Karapanagioti	Independent non-executive member, Member of the ESG Committee	up to 40.000 €	up to 10,000 € per committee	-
Andreas Taprantzis	Independent non-executive member, Chairman of the Remuneration Committee & Member of the Audit Committee	up to 40.000 €	up to 10,000 € per committee	-
Marina Sarkisian Ohasenoglou	Independent non-executive member, Chairman of the ESG Committee, Member of the Nominations Committee	up to 40.000 €	up to 10,000 € per committee	-
Sofia Kounenaki Efraimoglou	Independent non-executive member, Chairman of the Nomination Committee & Member of the ESG Committee	up to 40.000 €	up to 10,000 € per committee	-

(Amounts in thousands of Euros unless mentioned otherwise)

In addition to the above, all BoD Members are provided with Additional Benefits that include liability insurance, participation in the Company's Group Health Insurance, corporate expenses coverage, travel and overnight expenses for Independent Non-Executive Board Members residing outside Athens. No company car is provided to the members of the Board of Directors with the exception of the CEO of the Company. Further, to certain members of the Board of Directors as well as to the General Manager, the Company also provides a credit card for the sole purpose of paying expenses incurred on behalf of the Company in accordance with the table below.

Name	Bank Institution	Credit limit
Georgios Peristeris	ALPHA BANK	15.000,00
Emmanouil Maragoudakis	ALPHA BANK	15.000,00
Emmanouil Moustakas	ALPHA BANK	15.000,00
George Agrafiotis	ALPHA BANK	15.000,00

Remuneration of the Board of Directors and Committees of the Company and Group companies:

For the Executive, Non-Executive and Independent Non-Executive Members of the BoD, Fixed Annual Remuneration is provided for their participation in the BoD and their participation in the BoD Committees, which may be granted once a year from the taxed profits of the Company, as was done during the financial year 2021.

The General Meeting of 22/6/2022 approved by a majority of 91.99% of those present the payment of remuneration, pursuant to article 109 of Law 4548/2018, to the members of the Board of Directors and the members of the Company's Committees for the financial year 2022 of a total amount of € 1,370,000, from the taxed profits of the Company until the year 2021. The Table below presents the remuneration and benefits granted by the Company to the members of the Board of Directors during the year 2022:

(Amounts in thousands of Euros unless mentioned otherwise)

N/A	NAME	POSITION ON THE BOARD OF DIRECTORS	PARTICIPATION IN BOD COMMITTEES	FIXED REMUNERATION FROM TERNA ENERGY					VARIABLE REMUNERATION FROM TERNA ENERGY	FIXED REMUNERATION FROM SUBSIDIARIES		VARIABLE REMUNERATION SUBSIDIARY COMPANIES	TOTAL VARIABLE REMUNERATION	TOTAL FIXED REMUNERATION	TOTAL REMUNERATION	PERCENTAGE OF VARIABLE REMUNERATION IN RELATION TO FIXED RATES	COMMENTS
				FIXED REMUNERATION	REMUNERATION OF THE BOARD OF DIRECTORS & COMPANY COMMITTEES	FACILITIES: COMPANY CAR	FACILITIES: GROUP LIFE - HEALTH / LIABILITY INSURANCE POLICY	FACILITIES: TRAVEL EXPENSES	SHORT-TERM VARIABLE REMUNERATION (BONUS)	FIXED REMUNERATION	GROUP COMPANY BOD REMUNERATION	SHORT-TERM VARIABLE REMUNERATION (BONUS)					
1	Peristeris Georgios	CHAIRMAN		0	700.000	YES*	YES*	NO	0	0	0	0	0	700.000	700.000	0,00%	
2	Maragoudakis Emmanouil	CHIEF EXECUTIVE OFFICER	INVESTMEN	0	100.000	YES	€ 1.031	NO	0	238.600	0	0	0	338.600	338.600	0,00%	
3	Spyrou Georgios	EXECUTIVE DIRECTOR, EXECUTIVE MEMBER		0	70.000	NO	€ 1.031	NO	0	101.400	108.000	0	0	279.400	279.400	0,00%	
4	Gourzis Michael	NON-EXECUTIVE MEMBER	REMUNERATION	0	50.000	YES*	YES *1	NO	0	0	0	0	0	50.000	50.000	0,00%	
5	Mergos Georgios	VICE-CHAIRMAN, INDEPENDENT NON-EXECUTIVE MEMBER	AUDIT, REMUNERATION	0	90.000	NO	€ 1.031	NO	0	0	0	0	0	90.000	90.000	0,00%	
6	Kalamaras Nikolaos	NON-MEMBER OF THE BOARD	AUDIT COMMITTEE	0	20.000	NO	No insurance	NO	0	0	0	0	0	20.000	20.000	0,00%	
7	Agrafiotis Georgios	GENERAL MANAGER	ESG	0	0	NO	€ 1.031	NO	0	188.600	0	0	0	188.600	188.600	0,00%	
8	Aristotelis Spiliotis	EXECUTIVE MEMBER	INVESTMENT	0	50.000	NO	€1.031	NO	0	81.400	0	0	0	131.400	131.400	0,00%	
9	Nikolaos Voutychtis	NON-EXECUTIVE MEMBER	INVESTMENT, NOMINATIONS	0	60.000	NO	No insurance	NO	0	0	0	0	0	60.000	60.000	0,00%	
10	Tatiana Karapanagioti	INDEPENDENT NON-EXECUTIVE MEMBER	ESG	0	50.000	NO	No insurance	NO	0	0	0	0	0	50.000	50.000	0,00%	
11	Andreas Taprantzis	INDEPENDENT NON-EXECUTIVE MEMBER	AUDIT, REMUNERATION	0	60.000	NO	No insurance	NO	0	0	0	0	0	60.000	60.000	0,00%	
12	Marina Sarkisian Ohasenoglou	INDEPENDENT NON-EXECUTIVE MEMBER	ESG, NOMINATIONS	0	60.000	NO	No insurance	NO	0	0	0	0	0	60.000	60.000	0,00%	
13	Sofia Kounenaki Efraimoglou	INDEPENDENT NON-EXECUTIVE MEMBER	ESG, NOMINATIONS	0	60.000	NO	No insurance	NO	0	0	0	0	0	60.000	60.000	0,00%	
	Total			0	1.370.000				0	610.000	108.000	0	0	2.088.000	2.088.000	0,00%	

* Covered by GEK TERNA S.A. or another company of GEK TERNA Group
*Regarding the total fixed remuneration of Mr. Spyrou for the year 2022, the increase observed compared to the year 2021, is justified due to extraordinary increased obligations for the development of two new projects in Poland and Bulgaria.

(Amounts in thousands of Euros unless mentioned otherwise)

Variable Remuneration and Benefits:

The Executive Members of the Board of Directors have not been granted variable remuneration for the financial year 2022 (such as Bonus, share option programs pursuant to Article 113 of Law 4548/2018).

Regarding the program for the distribution of bonus shares to the Company's executives, at the meeting of 27.12.2022 the Board of Directors accepted the Recommendation of the Remuneration Committee of the Company regarding the certification of the achievement of the first three objectives of the Program for the Provision of Free Shares decided by the General Meeting of 16.12.2020 which provides for the issuance of up to 2,500,000 new shares with capitalization of reserves from the issue of shares premium accounts and their free distribution to the beneficiaries, which was subsequently incorporated into the Company's Remuneration Policy. The three objectives achieved correspond to 48% of the shares of the Program and in this regard, the Board of Directors, pursuant to the authority of the General Meeting of 16.12.2020, at its meeting on 18/1/2023 decided the issuance of One Million Two Hundred Thousand (1,200,000) new ordinary voting registered shares of nominal value of thirty cents (€ 0.30) each with capitalization of reserves from the issue of shares premium account, increasing the share capital of the Company by the amount of Euro Three Hundred and Sixty Thousand (€ 360,000) and amending accordingly the Share Capital article 5 of the Company's Articles of Association. The above costs were valued and recognised in accordance with IFRS 2, for 2022, at € 48.8 million.

Comparative Table of Total Annual Remuneration of BoD Members

The Comparative Table of Total Annual Remuneration of Members of the Board of Directors of the Company, Fixed and Variable, as well as the Average Annual Gross Remuneration of Employees for the years 2018 - 2022 is presented below (article 112 par. 2 b of Law 4548/2018). The Table presents the total remuneration of the members of the Board of Directors, the EBIDTA of the Group, the taxed profits of the Group after minority interests, the Group's staff, the gross remuneration and the average annual remuneration of employees.

USE	TOTAL ANNUAL REMUNERATION OF BOD MEMBERS €	EBIDTA GROUP* Million. €	NET PROFIT GROUP* Million. €	STAFF GROUP	GROSS ANNUAL EARNINGS PERSONNEL €	AVERAGE ANNUAL REMUNERATION OF EMPLOYEES €
2022	2.088.000	116,3	21,6	427	9.905.374	23.198
2021	1.616.790	161,8	69,4	355	8.625.988	24.299
2020	1.056.984	194,7	71,8	334	8.666.236	25.947
2019	1.092.889	182,0	51,6	311	7.515.027	24.164
2018	726.466	167,9	44,9	257	6.240.633	24.283

**They refer to results from ongoing activities.*

Approval and Publication of the Remuneration Report

According to Art. 112 para. 3 of Law 4548/18, the remuneration report is submitted for discussion to the ordinary general meeting, as the subject of the agenda. The vote of the shareholders on the remuneration report shall be advisory. The Board of Directors must explain in the next Remuneration Report how the above result of the vote was taken into account at the ordinary general meeting.

According to Art. 112 para. 4 of Law 4548/18, this Remuneration Report together with the date and results of the advisory vote of the General Assembly is submitted to publicity formalities and remains available on the Company's website at least for as long as provided by the aforementioned provision. The Remuneration Report does not include special categories of personal data within the meaning of Article 9 para. 1 of Regulation (EU) 2016/679 of the European Parliament and of the Council (L 119/1) or personal data concerning the marital status of the members of the Board of Directors of the Company. The Company processes personal data of the members of the Board of Directors included in the Remuneration Report under article 112 for the purpose of increasing corporate transparency regarding the remuneration of the members of the Board of Directors, with the aim of enhancing the accountability of members and the supervision of shareholders over such remuneration. Without prejudice to any longer period provided for by a special provision, the Company shall not disclose personal data included in the Remuneration Report after ten (10) years have elapsed since the publication of this Remuneration Report. According to Art. 112 para. 6 of the aforementioned law, the Members of the Board of Directors have ensured that the Remuneration Report has been prepared and is planned to be published, in accordance with the requirements of the provisions of article 112 para. 6 of Law 4548/2018.

7. Eligibility Policy

The Company has a Suitability Policy for the Members of the Board of Directors, which was prepared by its Nomination Committee in accordance with the provisions of article 3 of Law 4706/2020 and the guidelines of Circular no. 60 of the Hellenic Capital Market Commission.

The Policy was approved by the General Meeting of the Company's shareholders dated 23.06.2021 following the approval of the Board of Directors dated 02.06.2021 and entered into force from the date of its approval by the General Meeting. Individual amendments require re-approval by the Board of Directors, while the Review of the Policy requires a Decision of the General Meeting.

Revision is characterized by the adoption of substantial amendments that introduce significant deviations or also significantly change the content of the Policy, in particular in terms of the applied principles and criteria or the original writing of the Policy.

In addition, the increased monitoring needs of the framework of Corporate Governance, Risk Management, Compliance, as well as the operation of Company Sectors such as Human Resources, Information Technology and Technology, Information Security Management, Health, Safety and Environment were taken into account, with management or supervision responsibilities assigned to executive members of the BoD. technical support of the BoD Committees

The Suitability Policy aims to ensure quality staffing, effective operation and fulfillment of the role of the Board of Directors based on the overall strategy and medium to long-term business objectives of the Company, with the aim of promoting the corporate interest.

The aim of this policy is to have **a highly effective Board of Directors.** As such, it is considered a Board of Directors with a structured team, working together with a shared commitment to protecting and enhancing shareholder value, rather than a typical gathering of executives who manage corporate affairs without the capacity for constructive cooperation and growth prospects.

The Policy takes into account best practices and is harmonized with the corporate culture and what is provided for in the Articles of Association, the Internal Regulation of Operation and the Greek Corporate Governance Code to which the Company is subject, is clear and adequately documented and is governed by the principle of transparency and proportionality while promoting diversity, meritocracy and efficiency in the selection and during the term of office of the members of the Board. S.

Furthermore, during the preparation of the Policy, the size, internal organization, risk appetite, nature, scale and complexity of the Company's activities were taken into account, including but not limited to the sectors of construction, concessions, energy, real estate management and development, mining, waste management, services, PPP projects, the operation of large infrastructure projects.

The guiding principles governing this policy are as follows:

- Compliance
- Transparency
- Proportionality
- Diversity
- Meritocracy
- Effectiveness
- Experience and historicity

8. Diversity policy

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

The Board can perform well if it consists of a wide range of members with diverse but complementary groups of skills or knowledge. Its culture is positively shaped by different approaches and views and will certainly be quite representative of the Group's values. In this way, the Governing Council ultimately forms a progressive and thoughtful view of its affairs, while promoting prudent risk-taking.

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

In this context, adequate representation per gender is provided, at least as defined by the relevant legislation, as a percentage of the total members of the Board of Directors. At the same time, all necessary measures are taken so that there is no exclusion whatsoever due to discrimination based on sex, age, race, color, ethnic or social origin, religion or belief, birth, disability, age or sexual orientation, property and sole role of choice to have the criteria of individual suitability identified in this Policy.

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

9. Transactions with related parties and relevant information of the Board of Directors

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

10. Sustainable development policy

Sustainable Development for TERNA ENERGY Group is not only a practice of alignment with international good practices but a holistic strategic approach based on the regular assessment of the most important social, economic, and environmental impacts of the Group's activities and their review and/or modification, if necessary, through a process of dialogue and consultation with stakeholders.
Furthermore, TERNA ENERGY Group acts in accordance with the United Nations (UN) Global Sustainable Development Goals (SDGs) and is an ally in the fight for social equality, prosperity and the development of a sustainable natural environment, given that it has recognized that the seventeen (17) global goals are inextricably linked to the principles of Corporate Governance and Corporate Social Responsibility / Sustainable Development to which it is committed.

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

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

In this context, the Group's corporate responsibility is aligned with the ESG (Environmental-Social-Governance) criteria/principles, concerns four (4) axes of activity and is developed in eight (8) strategic directions/individual areas that incorporate the Group's specific approach-policy regarding the identified material issues:

Axis 1: Environmental Protection

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

The achievement of sustainable development through the continuous reduction of the environmental footprint of the Group's activities in Greece and abroad, the continuous adaptation to the conditions for Climate Change and the implementation of the principles of Circular Economy in combination with the investment in innovative services and technologies and the faithful adherence to the existing environmental management system.
Environmental protection is an integral part of the Group's strategy and becomes visible through its policies, strategies and business decisions and actions. The Group acts in a targeted manner and takes measures that

lead to the reduction of its environmental and energy footprint through the responsible management of energy and the natural resources it uses (e.g. water, energy, materials, tackling Climate Change and protecting and preserving biodiversity). It focuses on the transition to an economy that is less dependent on fossil fuels and ensures sustainable cities and societies for all its stakeholders.

Axis 2: Promotion of Human Value

Strategic Direction / Area of Activity: Health & Safety at Work

The recognition of the value of human health and life and the assurance of a working environment without risks of accidents.

Safeguarding Health and Safety is a priority for the Group, which is constantly improving the strategic framework within which issues related to the protection of Health and Safety of all its stakeholders are managed.

Strategic Direction / Area of Activity: Personnel development and protection of human rights

The recognition that surplus value is created by human capital. The aim is to develop a balanced and safe working environment of meritocracy, transparency, equal opportunities-benefits, which enhances diversity, ensures human - labor rights and at the same time invests in the continuous improvement of employees' skills, the development and retention of talents and the strengthening of youth entrepreneurship.

The Group applies and respects international principles and standards of Human Rights and has developed its framework of principles and values based on fundamental Human Rights. Respecting all its employees and partners, it ensures the prevention of incidents of violation of their rights, through the adoption of policies, actions and control mechanisms, which apply and apply to all its activities, to all its subsidiaries and to all the projects it undertakes. The Group actively participates, supports and considers as a top priority the investment in its people by providing the necessary resources to promote the continuous improvement of the working environment.

Axis 3: Strengthening the Social Footprint

Strategic Direction / Area of Activity: Care for local communities

The continuous consultation with the social partners and the preparation of social impact studies with the ultimate goal of maximizing direct and indirect social benefits, the support of solidarity actions such as donations and sponsorships and the constant cooperation with local suppliers to build long-term relationships of trust.

Through the adoption of responsible policies aimed at creating shared value to all its stakeholders, the Group supports the development of the local communities in which it operates and with which it interacts, through continuous consultation and efforts to identify and respond to the real needs that exist, but also through its own activity.

Strategic Direction/Area of Activity: Emergency response

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

Axis 4: Shaping a Responsible Market

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

The creation of economic value - the main objective of the Group is to generate and distribute income for its stakeholders through the payment of salaries to employees, payments to suppliers and partners, direct and indirect taxes in the states of operation, the distribution of dividends to shareholders and investments in local communities while avoiding uncertainties and risks, financial and non-financial, with the aim of safeguarding economic activity, sustainable development and improving living standards.

Strategic Direction / Area of Activity: Business ethics and regulatory compliance

The Group ensures the assurance of business ethics and regulatory compliance of all its operations and activities, having as a priority the detection and combating of potential corruption incidents, faithfully applying the procedures and policies incorporated in the corporate operation (Code of Ethics and Ethics, Anti-Bribery Management System ISO 37001), and the regular training of human resources.

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

Strategic Direction / Area of Activity: Responsible supply chain management

Responsible supply chain management requires responsible partnerships. Therefore, it is mandatory for all suppliers and partners to fully comply with the Group's Regulatory Framework of Principles and Values, both in matters of corruption and respect for human rights, as well as in matters of Environmental Management and Social Corporate Policy.

Above all, the proper management of the supply chain starts from the responsible attitude of the Group towards all its stakeholders. The Group's business activities throughout its supply chain are carried out once the potential environmental, social and economic impacts have been assessed in order to maximize the positive impact. In order to address the new challenges brought by supply chain issues, the Group makes sure to incorporate new criteria in the management procedures of supply chain issues, such as the new terms of cooperation with suppliers and the preference it gives to domestic suppliers.

For the above issues, the Group sets individual Sustainable Development goals, which it evaluates on an annual basis in terms of their progress and revises them appropriately when necessary.

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

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

The Chairman and CEO, through the direct reference line of the Strategic Communication, Press Office, CSR and Sustainable Development Division, has undertaken the overall management / supervision of Sustainable Development issues, sealing the commitment of the Group's top management towards a sustainable operation.

With a view to transparency and regular information to stakeholders, the results of the Group's performance on Sustainable Development issues are published to the public through the annual Sustainable Development Report.

IV. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of the company "TERNA ENERGY S.A."

Report on Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of "TERNA ENERGY S.A." ("the Company"), which comprise the separate and consolidated statement of financial position as at December 31, 2022, 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 S.A." and its subsidiaries (the Group) as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matter
Recoverability of non-current assets	
As at 31 December 2022, the Group recognized Intangible Assets of Euros 60.5 million (Company: Euros 2.9 million) and Property, Plant and Equipment (PPE) of Euros 1,169.3 million (Company: Euros 63.3 million) mainly related to "Electricity and RES" segment. Also, as at 31 December 2022, the Company holds Investments in Subsidiaries of Euros 390.8 million. According to IAS 36 Intangible Assets with definite useful life, Property plant & Equipment and Investments in Subsidiaries are tested for impairment whenever Management assesses 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 the determination of the recoverable amounts of each Cash Generation Unit (CGU) using appropriate methodologies based on discounted cash flows. No impairment losses were recognized within the current year in the consolidated financial statements, while in the separate financial statements impairment losses from investments in subsidiaries of Euros 18.4 million were recognized. 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 (vi), 4.1(a), 4.4, 4.5, 4.7, 8, 10 and 11 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")" and "Concessions"). In particular, the Group's revenue arising from: (i) RES produced electricity is recognized within the period when the respective services are rendered, (ii) construction contracts is defined by IFRS 15 applying the input method of measuring the progress based on inflows, as arising from the balance between the incurred cost and the total	The key audit procedures we carried out included, among others: – Understanding the internal controls designed by the Management that relate 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

estimated cost until the completion of the project, (iii) concession contracts is recognized in accordance with the provisions of IFRIC 12 "Service Concession Arrangements" and the management's estimates at construction and operations stages.

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), 4.11, 4.16, 6 and 34 of the financial statements.

accordance with the provisions of IFRS and related supporting documents, (ii) regarding revenue from for construction contracts, reviewing, on a sample basis, realized construction costs recognized in the current year in line with the corresponding supporting documents, as well as recalculating the amount of revenue from construction contracts recognized based on completion percentage as at December 31, 2022. (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.

Discontinuation of the activities in the "Trade in electric energy" operating segment

The Company and the Group announced the divestment from the Trade in electric energy segment during the current year. The results from the operation of this sector and the transactions carried out in the context of the divestment have been presented as a Discontinued Operation in the consolidated and separate financial statements respectively in accordance with the requirements of IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Specifically, on 11.11.2022, the Company sold 51% of its participation in the subsidiary company "OPTIMUS ENERGY SA", which falls under the Trade in electric energy segment for a total price of Euros 20.9 million. On the same date, the Company through its 100% subsidiary TERNA ENERGY OVERSEAS LTD in Cyprus, sold 100% of its participation in TERNA ENERGY TRADING LTD, through which it retained 100% of its participation in all the subsidiaries of the Trade in electric energy segment in the geographical area of Eastern Europe, for a total price of Euros 3,2 million. Further information regarding the aforementioned transactions are presented in Notes 7.1 and 7.2 of the financial statements.

The total profit from the operation of the Trade in electric energy operating segment, as a result of the Management's decision to divest, was determined at Euros 35.3 million for the Group and Euros 27 million for the Company. The above amounts also include profit from sales transactions amounting to Euros 3.2 million for the Group and Euros 20.8 million for the Company, respectively.

The key audit procedures, performed included, among others:

- We obtained and reviewed the agreements related to the sales in order to assess the accounting treatment of the transactions on Group's and Company's financial figures.
- We assessed the appropriateness of accounting of the transactions under IFRSs requirements.
- We examined the computation of the total profit of Euros 3.2 million for the Group and Euros 20.8 million for the Company, respectively from the divestment of the Trade in electric energy segment.
- We assessed the adequacy of related disclosures in the accompanying financial statements according to IFRS requirements, in relation to the above matters.

Due to the significance of the effect of the above on Group's and Company's financial figures, we have identified the above transactions as one of the Key Audit Matters.

The Group's and Company's disclosures regarding accounting policy, judgments and estimates used in respect of the abovementioned transactions are included in Notes 4.1, 7.1 and 7.2 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 31/12/2022.

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 S.A." 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, 2022 are disclosed in Note 35 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 16 years.

5. Internal Regulation Code

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

6. Assurance Report on European Single Electronic Format

We examined the digital files of "TERNA ENERGY S.A." ("the Company"), prepared in accordance with the European Single Electronic Format (ESEF) as defined by the European Commission Delegated Regulation 2019/815, amended by the Regulation (EU) 2020/1989 (ESEF Regulation), which comprise of the separate and consolidated financial statements of the Company and the Group for the year ended December 31, 2022, in XHTML format 5493006164JBW2E60O73-2022-12-31-en.xhtml, as well as the provided XBRL file 5493006164JBW2E60O73-2022-12-31-en.zip with the appropriate mark-up, on the aforementioned consolidated financial statements, including other explanatory information (Notes to the financial statements).

7. Regulatory Framework

The digital records of the ESEF are prepared in accordance with the ESEF Regulation and the Commission Interpretative Communication 2020/C379/01 of November 10, 2020, in conformance with Law 3556/2007 and the relevant announcements of the Hellenic Capital Market Commission and the Athens Stock Exchange (ESEF Regulatory Framework). In summary, this framework includes, inter alia, the following requirements:

- All annual financial reports shall be prepared in XHTML format.
- For the consolidated financial statements in accordance with IFRS, financial information included in the statements of comprehensive income, financial position, changes in equity and cash flows, as well as the financial information included in the other explanatory information, shall be marked-up with XBRL tags (XBRL "tags" and "block tag"), in accordance with the effective ESEF Taxonomy. ESEF technical specifications, including the relevant taxonomy, are set out in the ESEF Regulatory Technical Standards.

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

8. Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and submission of the separate and consolidated financial statements of the Company and the Group for the year ended December 31, 2022, in accordance with the requirements of ESEF Regulatory Framework, and for such internal controls as management determines necessary to enable the preparation of digital records that are free from material misstatement, whether due to fraud or error.

9. Auditor's Responsibilities

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

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

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

10. Conclusion

Based on the procedures performed and the evidence obtained, the separate and consolidated financial statements of the Company and the Group for the year ended December 31, 2022, in XHTML format 5493006164JBW2E60O73-2022-12-31-en.xhtml, as well as the provided XBRL file 5493006164JBW2E60O73-2022-12-31-en.zip with the appropriate tagging on the above consolidated financial statements including the other explanatory information, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, April 19, 2023
The Certified Auditor Accountant

George P. Panagopoulos
SOEL Reg. No 36471

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

ANNUAL SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT DECEMBER 31st, 2022 (1 January 2022-31 December 2022)

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

The accompanying annual separate and consolidated financial statements were approved by the Board of Directors of TERNA ENERGY S.A. as of 19/04/2023 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 the Board of Directors of Hellenic Capital Market Commission Num. 8/754/14.4.2016, as amended on 23/9/2020, are posted atwww.terna-energy.com.

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2022

		GROUP		COMPANY	
	Note	31/12/2022	31/12/2021	31/12/2022	31/12/2021
ASSETS					
Non-current assets					
Goodwill		–	3.994	–	–
Intangible assets	8	60.473	50.909	2.872	2.857
Tangible assets	10	1.169.349	983.391	63.336	73.645
Right-of-use assets	9	27.057	19.535	19.570	12.158
Investement in subsidiaries	11	–	–	390.829	416.851
Investment in joint ventures	13	4.164	4.259	4.425	4.706
Investment in associates	12	34	59	–	–
Other long-term receivables	15	6.461	4.963	142.783	124.380
Receivables from derivatives	24	26.544	1.409	935	–
Financial Assets – Concessions	16	70.873	61.353	–	–
Investments in equity interests	14	3.499	2.583	3.499	2.583
Deferred tax assets	33	18.350	8.041	9.411	2.000
Total non-current assets		**1.386.804**	**1.140.496**	**637.660**	**639.180**
Current assets					
Inventories	17	9.902	10.889	7.067	8.690
Trade receivables	18	64.736	76.208	150.868	135.249
Receivables from contracts with customers	20	30.551	2.795	13.050	9.251
Prepayments and other receivables	19	131.745	135.531	36.537	55.417
Income tax receivables		7.487	4.691	5.806	3.265
Other short-term investments		4.322	1.762	–	–
Receivables from derivatives	24	7.973	137	176	–
Cash and cash equivalents	21	391.896	397.409	110.917	100.536
Total current assets		**648.612**	**629.422**	**324.421**	**312.408**
TOTAL ASSETS		**2.035.416**	**1.769.918**	**962.081**	**951.588**
EQUITY AND LIABILITIES					
Share capital	30	34.757	34.757	34.757	34.757
Share premium	30	209.870	209.870	209.870	209.870
Reserves	31	107.180	63.071	48.012	17.469
Retained earnings		129.287	113.191	43.718	50.385
Total equity attributable to the shareholders of the parent		**481.094**	**420.889**	**336.357**	**312.481**
Non-controlling interest		10.082	10.754	–	–
Total equity		**491.176**	**431.643**	**336.357**	**312.481**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2022

		GROUP		ENTITY	
	Note	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Long-term liabilities					
Long-term loans	22	951.326	872.144	388.408	389.790
Lease liabilities	23	25.372	18.701	18.185	11.783
Liabilities from derivatives	24	14.596	2.162	7.845	158
Provision for staff indemnities	25	245	204	218	179
Other provisions	26	19.416	18.071	4.741	4.954
Grants	27	167.146	76.736	11.257	16.398
Liabilities from contracts with customers	20	2.766	703	2.766	703
Deferred tax liabilities	33	48.080	37.137	–	–
Other long-term liabilities	29	7.496	10.549	7.388	10.549
Total long-term liabilities		**1.236.443**	**1.036.407**	**440.808**	**434.514**
Short-term liabilities					
Suppliers	28	75.084	138.326	63.068	77.007
Short-term loans	22	60.632	40.425	60.632	40.425
Long-term liabilities carried forward	22	111.101	70.966	14.086	14.318
Lease liabilities	23	1.654	1.151	1.369	694
Liabilities from derivatives	24	5.768	6.659	5.670	5.726
Liabilities from contracts with customers	20	8.611	3.371	17.494	54.554
Accrued and other short-term liabilities	29	33.458	31.119	22.597	11.551
Income tax payable		11.489	9.851	–	318
Total short-term liabilities		**307.797**	**301.868**	**184.916**	**204.593**
Total liabilities		**1.544.240**	**1.338.275**	**625.724**	**639.107**
TOTAL LIABILITIES AND EQUITY		**2.035.416**	**1.769.918**	**962.081**	**951.588**

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

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF FISCAL YEAR 2022

		GROUP		COMPANY	
	Note	01/01 - 31/12/2022	01/01 - 31/12/2021*	01/01 - 31/12/2022	01/01 - 31/12/2021*
Continuing operations					
Revenue	34	298.045	273.089	234.469	159.972
Cost of sales	35	(152.729)	(133.602)	(215.361)	(134.014)
Gross profit		**145.316**	**139.487**	**19.108**	**25.958**
Administrative and distribution expenses	35	(77.861)	(24.226)	(63.626)	(10.565)
Research and development expenses	35	(7.367)	(5.273)	(6.507)	(5.262)
Other income/(expenses)	36	14.133	11.128	4.881	3.182
Operating results		**74.221**	**121.116**	**(46.144)**	**13.313**
Financial income	37	8.795	5.872	5.486	5.400
Financial expenses	37	(45.117)	(32.486)	(20.066)	(16.989)
Gains/(losses) from financial instruments	24	873	(873)	873	(873)
Revenue from participating interest and other	11, 12, 14	–	735	74.505	32.329
Gains/(Losses) from disposals and valuation of participations and other investments	7, 11	(23)	–	(18.718)	557
Share of results of assosiates and joint ventures	12, 13	(98)	350	–	–
(Losses)/profit before tax from continuing		**38.651**	**94.714**	**(4.064)**	**33.737**
Income tax expense	33	(17.007)	(25.306)	5.575	(1.845)
Net profit for the year from continuing		**21.644**	**69.408**	**1.511**	**31.892**
Discontinued operations					
Net (losses)/profit for the year from	7.2	**35.294**	**(90.525)**	**26.993**	**1.237**
Net (losses)/profit for the year from continuing and discontinuing operations		**56.938**	**(21.117)**	**28.504**	**33.129**
Other comprehensive income					
Items subsequently reclassified in the Income					
Foreign exchange translation differences from incorporation of foreign operations					
- Gains of the current year		489	247	–	–
-Reclassification to Income Statement	7.1	25	706	–	–
Cast flows hedges					
-(Losses)/gains of the current year	24	19.659	(39.175)	(7.394)	(3.634)
-Reclassification to Income Statement		–	39.219	–	–
Corresponding income tax		(4.500)	(581)	1.627	772
Total		**15.673**	**416**	**(5.767)**	**(2.862)**
Items not subsequently reclassified in the					
Losses from valuation of participating interest at		(190)	(295)	(190)	(295)
Actuarial gains/(losses) from defined benefit plans		16	(11)	11	(10)
Corresponding income tax		38	56	40	56
Total		**(136)**	**(250)**	**(139)**	**(249)**
Other comprehensive (loss)/income for the year		**15.537**	**166**	**(5.906)**	**(3.111)**
Total comprehensive (loss)/income for the year		**72.475**	**(20.951)**	**22.598**	**30.018**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF FISCAL YEAR 2022

	Note	GROUP	
		01/01 - 31/12/2022	01/01 - 31/12/2021*
Net profit/(losses) for the year attributed to:			
Shareholders of the parent from:			
- continuing operations		19.810	68.357
- discontinued operations		22.825	(90.558)
Total		**42.635**	**(22.201)**
Non-controlling interests from:			
- continuing operations		1.833	1.051
- discontinued operations		12.470	33
Total		**14.303**	**1.084**
Net Earnings/(losses) after taxes from continuing and discontinued operations		**56.938**	**(21.117)**
Total comprehensive income/(loss) for the year			
Shareholders of the parent from:			
- continuing operations		35.347	68.524
- discontinued operations		22.825	(90.558)
Total		**58.172**	**(22.034)**
Non-controlling interests from:			
- continuing operations		1.833	1.050
- discontinued operations		12.470	33
Total		**14.303**	**1.083**
Total comprehensive income		**72.475**	**(20.951)**
Basic Earnings per share (in Euro) attributed to shareholders of the parent			
- from continuing operations	32	0,17171	0,59091
- from discontinued operations	32	0,19784	(0,78282)
- from continuing and discontinued operations	32	**0,36955**	**(0,19191)**
Diluted Earnings per share (in Euro) attributed to shareholders of the parent			
- from continuing operations	32	0,16866	0,59091
- from discontinued operations	32	0,19432	(0,78282)
- from continuing and discontinued operations	32	**0,36298**	**(0,19191)**

Note:

** The comparative figures of the Group and Company for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment. The results of discontinued operations are included separately and analyzed in a separate note (see Notes7.1 and 7.2), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

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

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS OF FISCAL YEAR 2022

		GROUP		COMPANY	
	Note	01/01 - 31/12/2022	01/01 - 31/12/2021*	01/01 - 31/12/2022	01/01 - 31/12/2021*
Cash flows from operating activities					
(Losses)/profit before tax from continuing operations		38.651	94.714	(4.064)	33.737
Adjustments for reconciliation of net flows from operating activities					
Amortisation/depreciation of intangible, tangible and right-of-use assets	8, 9, 10	47.959	46.947	7.699	7.118
Grants' amortisation	27	(5.367)	(5.374)	(1.259)	(1.259)
Impairment	36	34	2	18.676	(448)
Liabilities write-off		(12)	–	(13)	–
Provisions	26.27	(919)	3.513	(926)	3.507
Interest and related income	37	(8.795)	(5.872)	(5.486)	(5.400)
Interest and other financial expenses	37	45.117	32.486	20.066	16.989
Results from intangible and tangible assets, investment property and right-of-use assets		(109)	(713)	(656)	(538)
Revenue from participating interest and other investments	11	1	(735)	(74.455)	(32.329)
Results from derivatives	24	(873)	873	(873)	873
Proportion in profit after income tax on associates and joint ventures	12, 13	98	(350)	–	–
Foreign currency exchange differences	36	(1.220)	(640)	–	–
Results from Share based payments programms	31	48.814	–	48.814	–
Operating profit before changes in working capital		**163.379**	**164.851**	**7.523**	**22.250**
(Increase)/Decrease in:					
Inventories		993	(5.599)	1.623	(5.133)
Trade receivables and receivables from contracts with customers		(42.868)	26.114	217	(72.901)
Prepayments and other short term receivables		(9.490)	(40.293)	4.844	(18.429)
Increase/(Decrease)\ in:					
Suppliers and liabilities from contracts with customers		9.366	68.040	(47.048)	102.218
Accrued and other short term liabilities		3.350	(39.335)	(2.111)	2.473
Other long term receivables and liabilities		503	(9.476)	2.115	714
Income tax paid		(15.005)	(18.203)	(3.421)	(3.363)
Net cash (outflows)/inflows from operating activities-continuing operations		**110.228**	**146.099**	**(36.258)**	**27.829**
Cash flows from operating activities - discontinued		(2.223)	(25.615)	(2.551)	(16.315)
Net cash (outflows)/inflows from operating activities		**108.005**	**120.484**	**(38.809)**	**11.514**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS OF FISCAL YEAR 2022

	Note	GROUP 01/01 - 31/12/2022	GROUP 01/01 - 31/12/2021*	ENTITY 01/01 - 31/12/2022	ENTITY 01/01 - 31/12/2021*
Cash flows from investing activities					
Acquisition of tangible and intangible fixed assets	8, 10	(239.999)	(181.628)	(11.449)	(4.126)
Disposal of tangible and intangible fixed assets	8, 10	1.617	3.688	–	1.416
Grants collected	27	100.000	–	–	–
Interest and related income collected		847	758	5.249	2.353
Payments for acquisition of companies	7.4	(1.633)	–	(1.653)	–
Disposal of interest in subsidiaries	7.1, 7.3	18.612	–	15.412	–
Cash and cash equivalent of acquaried companies and of companies whose consolidation was discontinued	7.1, 7.3, 7.4	(30.958)	14.619	–	–
Payments for acquisition or increase in participating interest in associates and joint ventures		–	(140)	–	(17)
Payments for acquisition of shares, bonds and other securities		(3.589)	(374)	(1.107)	(374)
Disposal of shares, bonds and other securities		–	858	–	249
Dividends received		–	735	77.949	29.615
Issued loans		(310)	–	(54.456)	(43.431)
Proceeds from issued loans		–	500	50.823	16.885
Net cash (outflows)/inflows from investing activities-continuing operations		**(155.413)**	**(160.984)**	**80.768**	**2.570**
Net cash (outflows)/inflows from investing activities		**(155.413)**	**(160.984)**	**80.768**	**2.570**
Cash flows from financing activities					
Proceeds from share capital increases	30	–	39	–	–
Acquisition of treasury shares	31	(6.609)	(2.709)	(6.609)	(2.709)
Proceeds from changes in participating interest		–	–	16.047	26.823
Proceeds from long term loans	22	519.969	253.392	32.814	41.070
Payments for long term loans	22	(409.978)	(88.363)	(35.707)	(13.135)
Lease liability payments	23	(2.809)	(2.046)	(1.924)	(1.244)
Proceeds from short term loans	22	20.000	30.000	20.000	30.000
Payments of short-term loans	22	–	(31)	–	–
Dividends paid	30	(40.544)	(41.521)	(39.374)	(39.375)
Interest paid		(39.259)	(29.819)	(16.820)	(14.799)
Net cash (outflows)/inflows from financing activities-continuing operations		**40.770**	**118.942**	**(31.573)**	**26.631**
Cash flows from financting activities - discontinued		(199)	26.261	(5)	(4)
Net cash (outflows)/inflows from financing activities		**40.571**	**145.203**	**(31.578)**	**26.627**
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(4.415)**	**104.057**	**12.937**	**57.030**
Net (decrease)/increase in cash and cash equivalents from discontinued operations		**(2.422)**	**646**	**(2.556)**	**(16.319)**
Net (decrease)/increase in cash and cash equivalents		**(6.837)**	**104.703**	**10.381**	**40.711**
Effect of exchange rate changes on cash and cash equivalents		1.324	1.799	–	–
Opening cash and cash equivalents	21	**397.409**	**290.907**	**100.536**	**59.825**
Closing cash and cash equivalents	21	**391.896**	**397.409**	**110.917**	**100.536**

Note:

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment. The results of discontinued operations are included* *separately and analyzed in a separate note (see Notes 7.1 and 7.2), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

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

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2021

	Note	Share capital	Share premium	Reserves	Retained Earnings	Subtotal	Non-controlling interests	Total
1 January 2021		**34.757**	**209.870**	**58.448**	**181.313**	**484.388**	**11.277**	**495.665**
Adjustments due to retrospective application of change in IAS 19 accounting		–	–	(70)	499	**429**	–	**429**
1 January 2021, Adjusted balance		**34.757**	**209.870**	**58.378**	**181.812**	**484.817**	**11.277**	**496.094**
Net losses for the year from continuing operations		–	–	–	(22.201)	**(22.201)**	1.084	**(21.117)**
Other comprehensive income								**–**
Foreign exchange translation differences from incorporation of foreign		–	–	953	–	**953**	–	**953**
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	(239)	–	**(239)**	–	**(239)**
Cast flows hedges	24	–	–	(536)	–	**(536)**	(1)	**(537)**
Actuarial losses from defined benefit plans	25	–	–	(11)	–	**(11)**	–	**(11)**
Other comprehensive income for the year (after tax)		**–**	**–**	**167**	**–**	**167**	**(1)**	**166**
Total comprehensive losses for the year		**–**	**–**	**167**	**(22.201)**	**(22.034)**	**1.083**	**(20.951)**
Share capital increase of subsidiary		–	–	–	–	**–**	39	**39**
Formation of reserves	31	–	–	7.242	(7.242)	**–**	–	**–**
Distribution of dividends	30	–	–	–	(39.391)	**(39.391)**	(2.146)	**(41.537)**
Treasury shares	31	–	–	(2.709)	–	**(2.709)**	–	**(2.709)**
Change in the percentage of a consolidated subsidiary	5	–	–	–	208	**208**	(273)	**(65)**
Discontinuing subsidiary's consolidation	5	–	–	–	(6)	**(6)**	6	**–**
Acquision of subsidiaries	7.4	–	–	–	–	**–**	768	**768**
Transfers-Other movements		–	–	(7)	11	**4**	–	**4**
Transactions with shareholders		**–**	**–**	**4.526**	**(46.420)**	**(41.894)**	**(1.606)**	**(43.500)**
Total equity 31st December 2021		**34.757**	**209.870**	**63.071**	**113.191**	**420.889**	**10.754**	**431.643**

Note:

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

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2022

	Note	Share capital	Share premium	Reserves	Retained Earnings	Subtotal	Non-controlling interests	Total
1 January 2022		**34.757**	**209.870**	**63.071**	**113.191**	**420.889**	**10.754**	**431.643**
Net profit for the year from continuing operations		–	–	–	42.635	**42.635**	14.303	**56.938**
Other comprehensive income								**–**
Foreign exchange translation differences from incorporation of foreign		–	–	514	–	**514**	–	**514**
Gains/(losses) from valuation of participating interest at fair value (not		–	–	(148)	–	**(148)**	–	**(148)**
Cast flows hedges	24	–	–	15.159	–	**15.159**	–	**15.159**
Actuarial gains from defined benefit plans	25	–	–	12	–	**12**	–	**12**
Other comprehensive income for the year (after tax)		**–**	**–**	**15.537**	**–**	**15.537**	**–**	**15.537**
Total comprehensive income for the year		**–**	**–**	**15.537**	**42.635**	**58.172**	**14.303**	**72.475**
Formation of reserves	31	–	–	41.377	7.412	**48.789**	25	**48.814**
Distribution of dividends	30	–	–	–	(34.572)	**(34.572)**	(1.420)	**(35.992)**
Treasury shares	31	–	–	(6.609)	–	**(6.609)**	–	**(6.609)**
Change in the percentage of a consolidated subsidiary	5	–	–	5	597	**602**	(482)	**120**
Distribution of reserves	30	–	–	(6.177)	–	**(6.177)**	–	**(6.177)**
Disposal of subsidiaries	7.2	–	–	(24)	24	**–**	(13.098)	**(13.098)**
Transactions with shareholders		**–**	**–**	**28.572**	**(26.539)**	**2.033**	**(14.975)**	**(12.942)**
Total equity 31st December 2022		**34.757**	**209.870**	**107.180**	**129.287**	**481.094**	**10.082**	**491.176**

Note:

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

(Amounts in thousands of Euros unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2021

	Note	Share capital	Share premium	Reserves	Retained Earnings	Subtotal
1 January 2021		**34.757**	**209.870**	**21.418**	**58.518**	**324.563**
Net profit for the year from continuing operations		–	–	–	33.129	**33.129**
Other comprehensive income						
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	(239)	–	**(239)**
Cast flows hedges	24	–	–	(2.862)	–	**(2.862)**
Actuarial gains from defined benefit plans	25	–	–	(10)	–	**(10)**
Other comprehensive income for the year (after tax)		**–**	**–**	**(3.111)**	**–**	**(3.111)**
Total comprehensive income for the year		**–**	**–**	**(3.111)**	**33.129**	**30.018**
Formation of reserves	31	–	–	1.871	(1.871)	**–**
Distribution of dividends	30	–	–	–	(39.391)	**(39.391)**
Treasury shares	31	–	–	(2.709)	–	**(2.709)**
Transactions with shareholders		**–**	**–**	**(838)**	**(41.262)**	**(42.100)**
31st December 2021		**34.757**	**209.870**	**17.469**	**50.385**	**312.481**

Note:

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

(Amounts in thousands of Euros unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2022

	Note	Share capital	Share	Reserves	Retained	Total
1 January 2022		**34.757**	**209.870**	**17.469**	**50.385**	**312.481**
Net profit for the year from continuing operations		–	–	–	28.504	**28.504**
Other comprehensive income						
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	(148)	–	**(148)**
Cast flows hedges	24	–	–	(5.767)	–	**(5.767)**
Actuarial gains from defined benefit plans	25	–	–	9	–	**9**
Other comprehensive income for the year (after tax)		**–**	**–**	**(5.906)**	**–**	**(5.906)**
Total comprehensive income for the year		**–**	**–**	**(5.906)**	**28.504**	**22.598**
Formation of reserves	31	–	–	49.235	(421)	**48.814**
Distribution of dividends	30	–	–	–	(34.572)	**(34.572)**
Treasury shares	31	–	–	(6.609)	–	**(6.609)**
Change in the percentage of a consolidated subsidiary		–	–	–	(178)	**(178)**
Distribution of reserves	30	–	–	(6.177)	–	**(6.177)**
Transactions with shareholders		**–**	**–**	**36.449**	**(35.171)**	**1.278**
31st December 2022		**34.757**	**209.870**	**48.012**	**43.718**	**336.357**

Note:

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

NOTE AND DISCLOSURES OF FINANCIAL STATEMENTS

1. GROUP GENERAL INFORMATION

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 main 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 or self-financed 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 and Eastern Europe. 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.
- **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 Group and the Company until the year 2022 were operating in the sector of trading in electric energy. Pursuant to the Decision of the Board of Directors of the Company from November 11, 2022 for the transfer of the consolidated subsidiaries of the Trade sector to the affiliated company HERON II VIOTIAS S.A. the operation of the activity was interrupted (see in detail note 7).

The companies of TERNA ENERGY Group included in the consolidated Financial Statements and their tax non-inspected FYs are analytically recorded in Note 5 of the Financial Statements.

The parent company of TERNA ENERGY is GEK TERNA S.A., which is also listed on the Athens Stock Exchange, Greece. On 31/12/2022 GEK TERNA SA held 37,298% (31/12/2021: 37,298%) of TERNA ENERGY'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 the full consolidation method, given the fact that they comply with the provisions of IFRS 10 assessing that GEK TERNA S.A. exercises control over TERNA ENERGY S.A.

The accompanying separate and consolidated Financial Statements as of 31st December 2022 were approved by the Board of Directors on 19/04/2023 and are subject to the final approval of the General Meeting of Shareholders. The Financial Statements are available to the investing public at the Company's premises (Greece, Athens, 85 Mesogeion Ave.), the Company's website on the Internet as well as ATHEX website.

2. FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Disclosure Framework of Financial Statements

The Company's separate and consolidated financial statements as of December 31st, 2022 cover the financial year starting on January 1st until December 31st, 2022 have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until December 31st, 2022.
The Group applies all the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and their Interpretations that apply to its operations. The relevant accounting policies, a synopsis of which is presented in the Note 4, have been consistently applied in all the presented periods.

2.2 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 short-term 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 the war raging in the wider region of Ukraine. The Management has estimated that there is no essential uncertainty regarding the going concern of the Group and the Company thereby implementing the framework for the preparation of the Financial Statements for the year ended on 31/12/2022.

2.3 Measurement basis

The accompanying Consolidated and Separate Financial Statements as of December 31st, 2022 have been prepared according to the principle of historical cost, apart from financial derivatives, liability for contingent consideration and investments in equity instruments which are being measured at fair value.

2.4 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.

2.5 Comparability

The comparative figures of the separate and consolidated Statement of Comprehensive Income and the separate and consolidated Statement of Cash Flow have been restated to present the necessary adjustments to reflect only the continuing operations of the Group (see notes 7.1 and 7.2).

2.6 New Standards, Interpretations and Amendments of Standards

The accounting principles applied for the preparation of the financial statements are the same as those followed in the preparation of the financial statements of the Group and the Company for the year ended 31st of December 2021, except for the adoption of the amendments of certain standards, the application of which became mandatory in the European Union for fiscal years beginning on 1 January 2022 (see Notes 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 01/01/2022.

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 2018-202**0 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 amendments do not affect the consolidated and separate Financial Statements.

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

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 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 The above have been adopted by the European Union with effective date of 01/01/2023.

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. The above have been adopted by the European Union with effective date of 01/01/2023.

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

In May 2021, the IASB issued targeted amendments to IAS 12 to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2023.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (effective for annual periods starting on or after 01/01/2024)

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. However, in October 2022, the IASB issued an additional amendment that aim to improve the information companies provide about long-term debt with covenants. IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback" (effective for annual periods starting on or after 01/01/2024)

In September 2022, the IASB issued narrow-scope amendments to IFRS 16 "Leases" which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. A sale and leaseback is a transaction for which a company sells an asset and leases that same asset back for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The issued amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the Accounting Standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

2.7 Use of estimations

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

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

Particularly, 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 experience and other factors, including expectations for future events that judged to be reasonable in the circumstances. Estimates and judgments are continually reassessed based on all the available data and information.

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

3.1 Differed tax recognition

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. 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 33).

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 11).

iii) Acquisition of "business" according to the definition provided in IFRS 3 or acquisition of assets

In accordance with IFRS 3 "Business Combinations", the Management 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 4.20, 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 4.21.

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 the 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 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, as revenue and expense, respectively.

The Group uses the completion stage to determine the appropriate amount of revenue and expense which it will recognize in a specific period. Based on the input method under IFRS 15, the construction cost at every reporting date is compared to the total budgeted cost to determine the percentage of completion. The completion stage is measured based on 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) 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 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 33).

iii) 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 increases 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 25).

iv) 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 this 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 43).

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 24. Also, any contingent consideration, provided by the Group during 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 4.20 (for cases where the acquisition is a business combination) and under IFRS 3, or in accordance with the accounting policy described in Note 4.21 (for cases when acquisitions meet the effective prerequisites to be characterized as assets) (more information is presented in Note 30).

v) 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.

vi) Estimates in calculation of the value in use of non-current assets

In accordance with the applied accounting policies and the requirements of IAS 36, the Group conducts a related impairment test on the assets at the end of each annual reporting period. The relevant test, in accordance with the requirements of IAS 36, may be carried out earlier, when there are indications of contingent impairment loss. 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 calculating 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 number of various CGUs are recorded in Note 11 of the Financial Statements.

vii) Useful lives of depreciated asset

For the calculating of depreciations, 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 31/12/2022, the Management estimates that useful lives represent the expected usefulness of assets.

viii) 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 4.15 and 26).

ix) Contingent liabilities and receivables

The existence of contingent liabilities and assets 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 contingent liabilities and assets 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 46).

x) 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 this 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 to adequately cover the loss that can be reliably estimated and arises from these receivables. In respect of the year ended as at 31/12/2022, the Management also considered the potential effects of COVID-19 regarding collecting the Group's revenue. It is noted that the Group did not identify significant discrepancies regarding the course of receipts in each key operating segment, to the extent that it is an indication of significant delays in the receipts of each operating segment. 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 15, 18, 19 and 20).

4. 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 31/12/2022. 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 most the subsidiaries' voting rights. 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 most 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 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 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 considers 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 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) 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. Assets and liabilities are proportionally incorporated in the Company's financial statements.

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) it shares 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.

(d) 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 associate 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 Group's and Parent'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 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 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 Foreign exchange 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 date. 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 debited/(credited) to Foreign currency translation difference to Euro reserves from foreign operations, in 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 the internal financial reports in order to assess the Company's and Group's performance and make decisions regarding the allocation of resources. The Management has set the operating segments based on these 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 Note4.11) 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	Straight-line	3
Generation and energy units installation and operation licenses	Straight-line	25
Forestry plots use rights	Straight-line	25-27
Intangible assets recognized due to Concession arrangements (Note 4.11)	Straight-line	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. The amortization of the acquired licenses starts on the date of completion of the construction of each park and the date of electrification of the wind parks. 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.

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 is reviewed at least at the end of every reporting period.

When the book values of the tangible 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 asset's construction period, provided that the recognition criteria are met (please refer to Note 10).

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

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 they incurred.

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

In respect of tangible and intangible assets subject to depreciation/ amortization, 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 assets exceeds their recoverable amount, then the excess amount relates to an impairment loss is recognized directly as an expense in the income statement. Respectively, financial assets that are subjected 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 impairment test purposes, 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 Present 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 - 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.

The 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 Inventory

The 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.

4.9 Cash and cash quivalent

Cash and cash equivalents include cash in hand, sight deposits, time deposits, bank overdrafts and other highly liquid investments that are directly convertible into particular amounts of cash equivalents which are subject to non-significant risk of change in value.
The Group considers time deposits and other highly liquid investments with less than three months maturity as cash, as well as time deposits with 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 19).

4.10 Financial instruments

4.10.1 Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position if and only if the Group becomes a party to the financial instrument.
The Group ceases to recognize a financial asset if and only if the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and all the risks and rewards, associated with the particular financial asset, are substantially transferred. A financial liability is derecognized from the Statement of Financial Position, if and only if, it is repaid - that is, when the commitment sets out in the contract is fulfilled, canceled or expires.

4.10.2 Classification and initial recognition of financial assets

Except for 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 for those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit and loss, and
- Financial assets at fair value through other comprehensive income without recycling cumulative profit and losses on derecognition (equity instruments)

Classification of every financial 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 within operating results.

4.10.3 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 method includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, cash and cash equivalents, as well as 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 foreseeable 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 other comprehensive income (equity instruments)

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 instrument 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 instruments designated at fair value through other comprehensive income are not subject to an impairment test. This option is effective for every equity instrument separately.

The Group has chosen to classify investments in this category (please refer to Note14).

4.10.4 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 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, considering 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 18, 19 and 20.

4.10.5 Classification and measurement of financial liabilities

The Group's financial liabilities include mainly borrowings, suppliers and other liabilities, as well as derivative financial instruments. 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 4.10.6).

In particular:

(i) Loan liabilities

The Group's loan liabilities are initially recognized at cost, which reflects the fair value of the receivable amounts 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 rate 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 rate method.

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

4.10.6 Derivative financial instruments and hedge accounting

The Group's risk management policies are in line with the provisions of standards and hedge accounting is being applied.

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) and
- derivative financial instruments to hedge the risks associated with the future fluctuation of variable income (Fixed for Floating swap contract).

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 instruments are measured at fair value at the reporting date and changes to be 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 "Profits 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 accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the hedge accounting 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.

4.10.7 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in 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.

4.11 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 subject to amortization on the basis of the time of the concession and to 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 concession agreements, 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 and income based on the completion rate method and the asset is measured at amortized cost less any impairment losses. More information is provided in Note 16.

4.12 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 establishment of the right to participate in these plans is carried out through the distribution of benefits in the last 16 years until the date of retirement of employees following the scale provided by Law 4093/2012.

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 the discount of fiscal year 2022, the selected interest rate follows the tendency of European Bonds of 10-year maturity as at December 31, 2022, 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 Statement of Comprehensive Income and comprise the current and past service cost, the relative financial cost, the actuarial gains or losses and potentially any 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 the following:

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.

4.13 Leases

4.13.1 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.

4.13.2 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 in interest rate, initially measured using the index or interest 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 the call option if it is substantially certain that the Group will exercise the right, and
v. payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

4.13.3 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, as follows:

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 interest rate 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.

4.14 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 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 required so they are matched with the expenses they are intended to compensate.

4.15 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 adjusted in order 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 provisions for rehabilitation 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 rehabilitation 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 rehabilitation. The related provision is recognized as an increase in the acquisition cost of wind turbines and is amortized on a straight-line basis over the 25-year term of the energy production contract.
Amortization -expense of the capitalized decommissioning and rehabilitation 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 the cost of the asset, respectively. The effect of discounting the estimated cost is recognized in the income statement as an interest expense.

4.16 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. Recognize 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 is 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 (e.g. 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, the revenue from electricity purchased by DAPEEP or another customer not yet invoiced, is considered as revenue received but not invoiced.

Regarding the Group’s wind farms operating which they are selling electricity to energy market (Hellenic Energy Exchange) 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 4.10.6 above. The proceeds from the liquidation of these derivatives are included in the proceeds from the sale of electricity.

Green Certificates constitute an economic benefit achieved through the operation of a wind farm. Green Certificates are generated by the wind power generation of wind farms and can be sold either through Green Certificate’s organized markets or directly to individual buyers under contracts. Green Certificates held for sale, are classified as inventories which will be recognized at their fair value, while recognizing a revenue receivable until the time they are sold. When Green Certificates are sold, they are recognized as a component of revenue. Gains or losses from the subsequent sale of Green Certificates to third parties are also recognized as a component of revenue (Turnover).

(iv) 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.

(v) Dividends

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

(vi) Interests

Interest income is recognized on an accrual basis.

(vii) <u>Revenue from concession contracts</u>

During the construction phase, the revenues are recognized gradually during the execution of the construction project, based on the method of measuring the progress based on inputs (input method), according to the accounting policy of the Group for the recognition of revenues 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.

4.17 Income tax

Income tax burden the fiscal 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 they have 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 liabilities are measured at the tax rates expected to be effective for the year in which the asset will be 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 which is applicable, is the one of the next fiscal year of the Statement of Financial Position's date.
Income tax related to items, recognized in other comprehensive income is also recognized in other comprehensive income.

4.18 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.
Diluted earnings per share are calculated when the Group has contingently issuable common shares, that is, common shares issuable for no cash or no cash after the fulfillment of certain conditions of a contingent share agreement.
As in the calculation of basic earnings per share, contingently issuable shares are treated as shares outstanding and are included in the calculation of diluted earnings per share if the necessary conditions are met (if the events have occurred). Contingent issuable shares are included from the beginning of the period (or from the date of the potential share agreement, if later). If the conditions are not met, the number of conditional issuable shares, included in the calculation of diluted earnings per share, is based on the number of shares that would have been issued if the end of the period/year had been the end of the term of the option.

4.19 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.
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, during the consolidation of foreign subsidiaries, 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.

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.

Treasury shares reserves

The Company has proceeded to 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.

Share-based payments program

IFRS 2 "Share-based payments" requires an expense to be recognized when the Company acquires goods and services in exchange for shares (equity settled transactions) or stock options (stock options) or in exchange for other assets equivalent in value to a given number of shares or rights on shares (cash-settled transactions). The Company provides rights to free distribution of shares to its executives. The fair value of the services of the executives, who are granted the rights to free distribution of shares, is recognized in accordance with IFRS 2 as an expense in the statement of comprehensive income, with a corresponding increase in equity as " Reserves from Share based payments programs", during the period the services for which the rights are granted are, received. The total option expense during the vesting period is calculated based on the fair value of the options granted on the grant date. The fair value of options is measured in each reporting period, by adopting an appropriate valuation model depending on the terms of each plan, taking into account appropriate inputs such as volatility, discount rate and dividend yield.

Dividends

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.

4.20 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 company recognizes the goodwill arising on the acquisition 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, and (iii) in a business combination that is completed in stages, the fair value at the date of acquisition of the equity interests previously held by the acquirer in the acquiree, less
- the net fair value at the acquisition date of the identifiable assets acquired and liabilities assumed.

Goodwill is tested for potential impairment on annual basis and the difference 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 (e.g. fees of consultants, lawyers, accountants, appraisers and other professional and advisory fees) are recognized as expenses and burden the income statement in the period when they incurred.
Otherwise, when the acquiree acquires an equity interest, in which, at the acquisition date, net value of assets acquired and the liabilities assumed exceeds the consideration transferred, then it is a purchase opportunity. Following the necessary reviews, the excess amount arising from the above difference 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 the contingent consideration that meet the conditions for their classification 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.

4.21 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, i.e. 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 4.20 "Business combination") does not apply to the acquisition of an asset (or group of assets) that does not constitute a "business".
In this context, in the case of acquisition of entities that do not meet the definition of "business" according to IFRS 3:

- The acquirer shall identify and recognize the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for intangible assets according to 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 from a bargain purchase shall not be recognized from 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 (e.g. 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 the contingent consideration that meet the conditions for their classification as an asset or liability are recognized by a corresponding change in the value of the recognized asset (e.g. IAS 38).

(Amounts in thousands of Euros unless mentioned otherwise)

5. CONSOLIDATED COMPANIES AS ON 31/12/2022

The following table presents the consolidated companies of TERNA ENERGY as on 31/12/2022, their headquarters, business activity, the Company's direct and indirect participating interest in their share capital, method of consolidation and tax non-audited years.

5.1 Company Structure

Separate financial statements include joint venture GEK TERNA – TERNA ENERGY, at a percentage of 50%, under proportional consolidation method as well as the entities ILIAKI PIKROLIMNIS S.A., ILIAKA VAKOUFIA SINGLE MEMBER PC and FOTOVOLTAIKA KILKIS SINGLE MEMBER PC.

ECONOMIC ENTITY	DOMICILE	DIRECT PARTI-CIPATION %	INDIRECT PARTI-CIPATION %	TOTAL PARTI-CIPATION %	CONSOLIDATION METHOD	SUBSIDIARY OF INDIRECT PARTICIPATION	UNAUDITED FISCAL YEARS
CONSTRUCTION SEGMENT - JOINT OPERATIONS							
J/V GEK TERNA - TERNA ENERGY (INSTALLATION AND OPERATION ASSK)	Greece	50,00	–	50,00	Proportional	-	2017-2022
RES ENERGY SEGMENT - JOINT OPERATIONS							
ILIAKI PIKROLIMNIS S.A.	Greece	51,00	–	51,00	Proportional	-	2020-2022
ILIAKA VAKOUFIA SINGLE MEMBER PC	Greece	–	51,00	51,00	Proportional	ILIAKI PIKROLIMNIS S.A.	2020-2022
FOTOVOLTAIKA KILKIS SINGLE MEMBER PC	Greece	–	51,00	51,00	Proportional	ILIAKI PIKROLIMNIS S.A.	2020-2022

5.2 Group Structure

As at 31/12/2022, the Group structure is as follows:

ECONOMIC ENTITY	DOMICILE	DIRECT PARTI-CIPATION %	INDIRECT PARTI-CIPATION %	TOTAL PARTI-CIPATION %	CONSOLIDATION METHOD	SUBSIDIARY OF INDIRECT PARTICIPATION	UNAUDITED FISCAL YEARS
HOLDINGS AND FINANCING - SUBSIDIARIES							
TERNA ENERGY FINANCE S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
TERNA ENERGY OVERSEAS LTD	Cyprus	100,00	–	100,00	Full	-	2017-2022
TERNA ENERGY USA HOLDING CORPORATION	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	2011-2022
TERNA ENERGY TRANSATLANTIC sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2015-2022
GALLETTE LTD	Cyprus	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2015-2021

(Amounts in thousands of Euros unless mentioned otherwise)

RES ENERGY SEGMENT - SUBSIDIARIES							
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
PPC RENEWABLES - TERNA ENERGY S.A.	Greece	51,00	–	51,00	Full	-	2017-2022
ENERGIAKI SERVOUNIOU S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
IWECO HONOS CRETE S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
TERNA ENERGY EVROU S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI RACHOULAS DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGIAKI DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI MARMARIOU EUVOIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGEIAKI DYSTION EUVOIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI KARYSTIAS EVOIA S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGEIAKI KAFIREOS EUVOIAS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGIAKI STYRON EVIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI MALEA LAKONIAS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
TERNA ENERGY SA AND CO ENERGEIAKI VELANIDION LAKONIAS G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
AIOLIKI EASTERN GREECE M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI PASTRA ATTIKIS S.A.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
ENERGIAKI PELOPONNISOU S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI PROVATA TRAIANOUPOLEOS M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022

(Amounts in thousands of Euros unless mentioned otherwise)

AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
ENERGIAKI FERRON EVROU M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
TERNA ENERGY S.A. AND CO ENERGIAKI ARI SAPPON G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
TERNA ENERGY S.A. AND Co AIOLIKI POLYKASTROU G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
ENERGEIAKI XIROVOUNIOU S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI ILIOKASTROU M.A.E.	Greece	–	100,00	100,00	Full	TERNA ENERGY EVROU S.A.	2017-2022
EUROWIND S.A.	Greece	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2017-2022
DELTA AXIOU ENERGEIAKI S.A.	Greece	80,00	–	80,00	Full	-	2017-2022
TERNA ENERGY S.A. AND VECTOR GREECE WIND PARKS - TROULOS WIND PARK G.P.	Greece	90,00	–	90,00	Full	-	2017-2022
TERNA ENERGY SEA WIND PARKS S.A.	Greece	85,00	–	85,00	Full	-	2017-2022
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	Greece	77,00	–	77,00	Full	-	2017-2022
VATHICHORI ENVIRONMENTAL S.A.	Greece	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
VATHICHORI ONE PHOTOVOLTAIC S.A.	Greece	–	100,00	100,00	Full	VATHICHORI ENVIRONMENTAL S.A.	2017-2022
ALISTRATI ENERGY LTD	Greece	80,00	–	80,00	Full	-	2017-2022
TERNA ENERGY AI-GIORGIS S.A.	Greece	99,40	0,60	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
TERNA AIOLIKI XEROVOUNIOU S.A.	Greece	–	100,00	100,00	Full	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	2017-2022
TERNA AIOLIKI AITOLOAKARNANIAS S.A.	Greece	–	100,00	100,00	Full	AIOLIKI MALEA LAKONIAS S.A.	2017-2022
TERNA AIOLIKI AMARINTHOU S.A.	Greece	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2017-2022
TERNA ILIAKI PANORAMATOS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022

(Amounts in thousands of Euros unless mentioned otherwise)

TERNA ILIAKI PELLOPONISSOU S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
TERNA ILIAKI VIOTIAS S.A.	Greece	100,00	–	100,00	Full	-	2017-2022
AIOLIKI STEREAS ELLADOS M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
VATHICHORI TWO ENERGY S.A.	Greece	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
TERNA ENERGY OMALIES M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
EVOIKOS ANEMOS S.A.	Greece	70,00	–	70,00	Full	-	2020-2022
KEY SOLAR ENERGY SINGLE MEMBER PC	Greece	100,00	–	100,00	Full	-	2020-2022
KASTRAKI SOLAR ENERGY SINGLE MEMBER PC	Greece	100,00	–	100,00	Full	-	2020-2022
TERNA ENERGY-PUMPED STORAGE I S.M.S.A.	Greece	100,00	–	100,00	Full	-	2022
TERNA ENERGY FIVE TOWERS GP	Greece	90,00	10,00	100,00	Full	IWECO HONOS CRETE S.A.	2017-2022
HAOS INVEST 1 EAD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
ECO ENERGY DOBRICH 2 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
ECO ENERGY DOBRICH 3 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
ECO ENERGY DOBRICH 4 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
EOLOS NORTH sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
EOLOS NOWOGRODZEC sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
EOLOS POLSKA sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
EOLOS EAST sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
JP GREEN sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022

(Amounts in thousands of Euros unless mentioned otherwise)

WIRON sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
BALLADYNA sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2017-2022
EOLOS DEVELOPMENT Sp.z o.o	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2021-2022
AEGIS RENEWABLES, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2011-2021
MOUNTAIN AIR HOLDINGS, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2011-2021
MOHAVE VALLEY ENERGY LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
TERNA RENEWABLE ENERGY PROJECTS LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
TERNA DEN LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
FLUVANNA INVESTMENTS LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
FLUVANNA HOLDINGS LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
FLUVANNA I INVESTOR, INC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2017-2021
FLUVANNA INVESTMENTS 2, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2018-2021
CI-II BEARKAT QFPF, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
CI-II BEARKAT HOLDING B, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
SPONSOR BEARKAT I HOLDCO, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2017-2021
TERNA HOLDCO INC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2021
RES ENERGY SEGMENT - JOINT VENTURES							
EN.ER.MEL S.A.	Greece	50,00	–	50,00	Equity	-	2016-2021
RES ENERGY SEGMENT - ASSOCIATES							
CYCLADES RES ENERGY CENTER SA	Greece	–	45,00	45,00	Equity	IWECO HONOS CRETE S.A.	2016-2021
ARMONIA ENERGY SOCIETY	Greece	12,50	–	12,50	Equity	-	2019-2021

(Amounts in thousands of Euros unless mentioned otherwise)

CONCESSIONS SEGMENT - SUBSIDIARIES							
HELLAS SMARTICKET S.A.	Greece	35,00	–	35,00	Full	-	2017-2022
PERIVALLONTIKI PELOPONNISOU M.A.E.	Greece	100,00	–	100,00	Full	-	2017-2022
EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE	Greece	100,00	–	100,00	Full	-	2017-2022
CONCESSIONS SEGMENT - JOINT VENTURES							
WASTE CYCLO S.A.	Greece	51,00	–	51,00	Equity	-	2017-2022
CONSTRUCTION SEGMENT - JOINT VENTURES							
JV TENERGY-INDIGITAL-AMCO	Greece	70,00	–	70,00	Equity	-	2020-2022

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 S.A. ("HST") is fully consolidated as a subsidiary, as the Group exercises control in accordance with the provisions of IFRS 10 (See Note 11.2).

5.3 Changes in the Group structure within 2022

On April 14, 2022, the parent company of the Group, TERNA ENERGY S.A., acquired all the shares of the companies KEY SOLAR ENERGY I.K.E. and KASTRAKI SOLAR ENERGY I.K.E.

The above companies develop Photovoltaic Stations in the wider area of the Regional Unit of Thessaly. Specifically, among the acquired companies, KEY Solar Energy I.K.E. is in the licensing phase and is developing one (1) 50 MW Photovoltaic Station while KASTRAKI Solar Energy I.K.E. is in the licensing phase and is developing four (4) Photovoltaic Stations with a total power of 172.3 MW.

On April 15, 2022, the Group acquired an additional 10% of the shares of its subsidiary company TERNA ENERGY TRADING LTD for an amount of €1, thus changing the percentage of participation in the latter to 100%. As a consequence of the above transactions, the Group now, through TERNA ENERGY TRADING LTD, owns all the shares of the subsidiaries TERNA ENERGY TRADING EOOD, TETRA DOOEL SKOPJE, TERNA ENERGY TRADING D.O.O and TERNA ENERGY TRADING SHPK.

On May 20, 2022, the liquidation of the VALE PLUS LTD company, which was based in Cyprus and had no substantial production activity since it has completed its purpose, was completed.

On July 1, 2022, the company was established under the name TERNA ENERGY-PUMPED STORAGE I S.M.S.A. which is the special purpose vehicle for the construction and operation of pumped storage projects in the Regional Unit of Etoloakarnania.

On July 15, 2022, the Group's parent company and its subsidiary IWECO HONOS CRETE S.A. proceeded to acquisition of all the corporate shares of TEKAL AEOLIKI O.E. which was renamed to TERNA ENERGY FIVE TOWERS GP which is developing a 21.5 MW Wind Farm in the Regional Unit of Pieria.

During the second half of the year, the Group sold for a nominal price the companies DIRPYS ENERGY S.A., of which the Company owned the 51% of its shares, and the company ENERGY PETRION EVIAS O.E., of which the Group held all corporate shares. The Group also withdrew from the Amalthia Energy Community Limited

Liability Partnership. The companies in question had not developed any activity up to date and did not hold significant assets.

The subsidiary company IWECO HONOS CRETE S.A. left the Energy Community Limited Liability Partnership on November 8, 2022.

On November 11, 2022, the Company's Board of Directors granted permission for the sale of 51% of the shares of OPTIMUS ENERGY S.A. and 100% of the shares it owns, through its subsidiary TERNA ENERGY OVERSEAS LTD, in TERNA ENERGY TRADING LTD in the context of the implementation of the decision of the Board of Directors of TERNA ENERGY S.A. to cease the Group its activity in the field of trade in electric energy. As a result of the last transaction, the Group also lost control of TERNA ENERGY TRADING LTD's subsidiaries, namely TERNA ENERGY TRADING EOOD (Bulgaria), TETRA DOOEL SKOPJE (North Macedonia), TERNA ENERGY TRADING D.O.O. (Serbia) and TERNA ENERGY TRADING SHPK (Albania) (see Note 7.1).

6. SEGMENT REPORTING

Under the provisions of IFRS 8, an operating sector is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), and, b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The term “chief operating decision maker” defines the function of the Group, which is to allocate resources to and assess the performance of the operating segments of an entity. For the application of IFRS 8, this function is assigned to the Board of Directors.

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

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

i. **Constructions:** This 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:** This 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. **Concessions:** This 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.

According to the meeting of the Company's Board of Directors held on November11th, it was decided to divest from the Group the subsidiary companies active in the Trade segment, namely Optimus Energy SA. and TERNA ENERGY TRADING LTD. (for more details see Note 7.1).

These transactions implement the intention of the Management of the TERNA ENERGY Group to stop its activity in the field of Trading segment, thus facilitating the concentration on its core activity, the production and storage of energy from renewable sources, releasing additional funds for the implementation of the investment program.

As of December 31, the Group and the Company are no longer active in the previously mentioned sector, while based on the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations", the financial results and cash flows of the forementioned sector, for the current and comparative periods, have been presented as results and cash flows from discontinued operations respectively (see Notes 7.1 and 7.2 in more detail).

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
31st December 2022								
Continuing operations								
Revenue								
Sales of products and services	40.278	236.176	8.976	12.615	–	298.045	–	**298.045**
Intersegment revenue	158.654	–	–	–	(158.654)	–	–	**–**
Total revenue from continuing operations	**198.932**	**236.176**	**8.976**	**12.615**	**(158.654)**	**298.045**	**–**	**298.045**
Cost of sales	(184.184)	(93.811)	(7.074)	(10.610)	142.950	(152.729)	–	**(152.729)**
Gross profit from continuing operations	**14.748**	**142.365**	**1.902**	**2.005**	**(15.704)**	**145.316**	**–**	**145.316**
Administrative and distribution expenses	(684)	(76.253)	(394)	(501)	(29)	(77.861)	–	(77.861)
Research and development expenses	(385)	(6.982)	–	–	–	(7.367)	–	(7.367)
Other income/(expenses) and other gain/(losses)-EBIT determinants	530	12.508	152	9	(10)	13.189	–	13.189
Operating results (EBIT) from continuing operations	**14.209**	**71.638**	**1.660**	**1.513**	**(15.743)**	**73.277**	**–**	**73.277**
Other income/(expenses) and other gain/(losses)- non-EBIT determinants	–	944	–	–	–	944	–	944
Operating results from continuing operations	**14.209**	**72.582**	**1.660**	**1.513**	**(15.743)**	**74.221**	**–**	**74.221**
Financial income	617	855	3.774	3.549	–	8.795	–	**8.795**
Financial expenses	(225)	(39.504)	(4.817)	(760)	189	(45.117)	–	**(45.117)**
Gains/(Losses) from financial instruments measured at fair value	–	873	–	–	–	873	–	**873**
Gains/(losses) from disposals and valuation of participations and other investments	–	(23)	–	–	–	(23)	–	**(23)**
Share of results of assosiates and joint ventures	(31)	(67)	–	–	–	(98)	–	**(98)**
(Losses)/profit before tax from continuing operations	**14.570**	**34.716**	**617**	**4.302**	**(15.554)**	**38.651**	**–**	**38.651**
Income tax expense	(203)	(16.102)	187	(889)	–	(17.007)	–	**(17.007)**
Net profit for the year from continuing operations	**14.367**	**18.614**	**804**	**3.413**	**(15.554)**	**21.644**	**–**	**21.644**
Depreciation	(281)	(45.927)	(140)	(15)	(1.596)	(47.959)	–	**(47.959)**
Grants' amortisation	–	5.367	–	–	–	5.367	–	**5.367**

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
Discontinued operations								
Revenue and other income from discontinued operations	–	–	–	–	–	–	283.092	**283.092**
Net (losses)/profit for the year from discontinued operations	–	–	–	–	–	–	35.294	**35.294**
Net (losses)/profit for the year from continuing and discontinuing operations	**14.367**	**18.614**	**804**	**3.413**	**(15.554)**	**21.644**	**35.294**	**56.938**

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
31st December 2022								
Segment assets (except of investments)	44.855	1.865.487	101.915	33.752	(59.998)	1.986.011	45.207	**2.031.218**
Investment in associates and joint ventures	–	4.198	–	–	–	4.198	–	**4.198**
Total assets	**44.855**	**1.869.685**	**101.915**	**33.752**	**(59.998)**	**1.990.209**	**45.207**	**2.035.416**
Segment liabilities	**26.931**	**1.398.300**	**82.320**	**20.066**	**–**	**1.527.617**	**16.623**	**1.544.240**
Long-term loans	–	865.793	73.633	11.900	–	951.326	–	**951.326**
Short-term loans	–	60.632	–	–	–	60.632	–	**60.632**
Long-term liabilities carried forward	–	104.381	3.184	3.536	–	111.101	–	**111.101**
Cash and cash equivalents	–	(362.464)	(21.765)	(7.667)	–	(391.896)	–	**(391.896)**
Grants to be rebated (Note 27)	–	3.260	–	–	–	3.260	–	**3.260**
Restricted cash (Note 21)	–	(63.379)	(1.320)	(399)	–	(65.098)	–	**(65.098)**
Net debt/(surplus)	**–**	**608.223**	**53.732**	**7.370**	**–**	**669.325**	**–**	**669.325**
Lease liabilities	9.116	17.905	–	5	–	27.026	–	**27.026**
Capital expenditures for the year	3	253.603	458	–	(13.706)	240.358	–	**240.358**

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	**Construction**	**Electricity from RES**	**Waste management**	**E-Ticket**	**Intersegment consolidation eliminations**	**Consolidated total**	**Discontinued activies of Electricity trading**	**Consolidated total**
31st December 2021								
Continuing operations								
Revenue								
Sales of products and services	27.694	224.427	4.321	16.647	–	273.089		**273.089**
Intersegment revenue	96.345	–	–	–	(96.345)	–	–	**–**
Total revenue from continuing operations	**124.039**	**224.427**	**4.321**	**16.647**	**(96.345)**	**273.089**	**–**	**273.089**
Cost of sales	(113.606)	(87.623)	(3.810)	(14.682)	86.119	(133.602)		**(133.602)**
Gross profit from continuing operations	**10.433**	**136.804**	**511**	**1.965**	**(10.226)**	**139.487**	**–**	**139.487**
Administrative and distribution expenses	(805)	(22.277)	(511)	(641)	8	(24.226)		**(24.226)**
Research and development expenses	(306)	(4.967)	–	–	–	(5.273)	–	**(5.273)**
Other income/(expenses) and other gain/(losses)-EBIT determinants	41	9.114	50	1.183	1	10.389	–	**10.389**
Operating results (EBIT) from continuing operations	**9.363**	**118.674**	**50**	**2.507**	**(10.217)**	**120.377**	**–**	**120.377**
Other income/(expenses) and other gain/(losses)- non-EBIT determinants	–	739	–	–	–	739	–	**739**
Operating results from continuing operations	**9.363**	**119.413**	**50**	**2.507**	**(10.217)**	**121.116**	**–**	**121.116**
Financial income	370	521	1.284	3.697	–	5.872	–	**5.872**
Financial expenses	(650)	(30.082)	(1.120)	(673)	39	(32.486)	–	**(32.486)**
Gains/(Losses) from financial instruments measured at fair value	–	(873)	–	–	–	(873)	–	**(873)**
Revenue from participating interest and other investments	–	735	–	–	–	735	–	**735**
Share of results of assosiates and joint ventures	–	350	–	–	–	350	–	**350**
(Losses)/profit before tax from continuing operations	**9.083**	**90.064**	**214**	**5.531**	**(10.178)**	**94.714**	**–**	**94.714**
Income tax expense	(1.848)	(22.258)	(40)	(1.160)	–	(25.306)	–	**(25.306)**
Net profit for the year from continuing operations	**7.235**	**67.806**	**174**	**4.371**	**(10.178)**	**69.408**	**–**	**69.408**
Depreciation	(109)	(48.563)	(144)	(14)	1.883	(46.947)	–	**(46.947)**
Grants' amortisation	–	5.374	–	–	–	5.374	–	**5.374**

(Amounts in thousands of Euros unless mentioned otherwise)

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
Discontinued operations								
Revenue and other income from discontinued operations	–	32.746	–	–		32.746	–	**32.746**
Net (losses)/profit for the year from discontinued operations	–	(94.035)	–	–	–	(94.035)	3.510	**(90.525)**
Net (losses)/profit for the year from continuing and discontinuing operations	**7.235**	**(26.229)**	**174**	**4.371**	**(10.178)**	**(24.627)**	**3.510**	**(21.117)**

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
31st December 2021								
Segment assets (except of investments)	79.970	1.542.667	53.874	43.104	(44.443)	1.675.172	90.428	**1.765.600**
Investment in associates and joint ventures	–	4.318	–	–	–	4.318	–	**4.318**
Total assets	**79.970**	**1.546.985**	**53.874**	**43.104**	**(44.443)**	**1.679.490**	**90.428**	**1.769.918**
Segment liabilities	**17.283**	**1.180.388**	**56.205**	**29.037**	**–**	**1.282.913**	**55.362**	**1.338.275**
Long-term loans	126	805.739	50.992	15.287	–	872.144	–	**872.144**
Short-term loans	–	40.425	–	–	–	40.425	–	**40.425**
Long-term liabilities carried forward	180	66.946	310	3.530	–	70.966	–	**70.966**
Cash and cash equivalents	(50.860)	(312.169)	(2.567)	(10.407)	–	(376.003)	(21.406)	**(397.409)**
Grants to be rebated	–	3.024	–	–	–	3.024	–	**3.024**
Restricted cash	–	(59.401)	(1.316)	(399)	–	(61.116)	(77)	**(61.193)**
Net debt/(surplus)	**(50.554)**	**544.564**	**47.419**	**8.011**	**–**	**549.440**	**(21.483)**	**527.957**
Lease liabilities	1.876	17.925	–	8	–	19.809	43	**19.852**
Capital expenditures for the year	27	229.112	227	3	(11.997)	217.372	3	**217.375**

** Amounts adjusted to include only continuing operations. The results of discontinued operations are disclosed separately and analyzed in a special note (see Note 7.3), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

(Amounts in thousands of Euros unless mentioned otherwise)

Geographical segments (continuing operations)	Greece	Eastern Europe	USA	Consolidated total
31/12/2022				
Revenue	268.029	29.166	850	**298.045**
Non-current assets	1.284.35	99.936	2.512	**1.386.804**
Capital expenditures	239.698	–	660	**240.358**
31/12/2021*				
Revenue	248.618	23.274	1.197	**273.089**
Non-current assets	1.025.66	111.876	2.959	**1.140.496**
Capital expenditures	217.102	19	254	**217.375**

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading sector. The results of discontinued operations are included separately and analyzed in a separate note (see Note 7.2), in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".*

The turnover in the energy segment, from continuing operations, 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 and in Bulgaria and Poland.

During the fiscal year ended December 31st, 2022, an amount of € 149,9million (50,3%) 2021: € 146,7 million (53,7%) of the turnover from continuing operations of the Group derived from an external customer (Customer A) active in the electricity sector.

7. BUSINESS COMBINATION

7.1 Sale of the subsidiaries OPTIMUS ENERGY S.A. and TERNA ENERGY TRADING LTD

According to the meeting of the Board of Directors of the Company held on November 11th, it was decided: a) to grant a special authorization for the sale of 51% of the shares of the subsidiary OPTIMUS ENERGY S.A. to the affiliated company HERON II VOIOTIAS S.A., i.e. a 100% subsidiary of GEK TERNA S.A, in accordance with the provisions of article 100 of Law 4548/2018 and b) the granting of special permission and the approval of the decision of the subsidiary TERNA ENERGY OVERSEAS LTD for the sale of 100% of the shares held in TERNA ENERGY TRADING LTD to the affiliated company HERON II VOIOTIAS S.A. pursuant to the provisions of article 101 par. 3(b) of Law No. 4548/2018.

These transactions were carried out in the context of the continuous optimisation of the organisational structure of the two groups TERNA ENERGY and GEK TERNA respectively. The transfer price for the 51% of OPTIMUS ENERGY S.A. amounted to EUR 20.9 million and EUR 3.2 million for the 100% of TERNA ENERGY TRADING LTD, respectively.

For these transactions, a verification of the fairness and reasonableness of the transaction for the Company and the shareholders who are not related parties, including minority shareholders, was required based on the provisions of articles 101, par. 1 of Law 4548/2018. Based on the above, an independent consultant was appointed to prepare the reports required by article 101 of Law 4548/2018 regarding the assessment of the fairness and reasonableness.

(Amounts in thousands of Euros unless mentioned otherwise)

The Group, through its subsidiary TERNA ENERGY TRADING LTD, held 100% of the companies in the Trading segment in Eastern Europe, namely TERNA ENERGY TRADING EOOD (Bulgaria), TETRA DOOEL SKOPJE (North Macedonia), TERNA ENERGY TRADING D.O.O. (Serbia) and TERNA ENERGY TRADING SHPK (Albania).

The carrying amounts of the net assets of the companies transferred at the date of transfer were as follows:

Disposal electricity trading entities	Entities Net Assets at the date of disposal
Assets	
Non current assets	3.903
Current assets other than cash	167.226
Cash and cash equivalents	31.054
Total assets	**202.183**
Liabilities	
Long term liabilities	18
Short term liabilities	168.169
Total liabilities	**168.187**
Disposal costs	**(13.089)**
Net assets disposed	**20.907**

The results of the disposal of these companies for the Terna Energy Group are as follows:

Cash consideration paid	18.602
Cash consideration to be collected	5.498
Total cash consideration (a)	**24.100**
Net Assets of the Disposal of Entities (b)	**20.907**
Profit from the disp;osal of trading entities (a) - (b)	**3.193**
Plus: Reclassification of other comprehensive income related to discontinued operations in current year results	25
Total profit from the sale electricity trading entities	**3.218**
Results from the discontinued operations for the period	32.076
Overall results from discontinued operations	**35.294**

7.2 Discontinued Operations of the Group

7.2.1 Discontinued operations for the comparative reporting period (01/01 - 31/12/2021)

The figures of the consolidated Statement of Comprehensive Income for the comparative reporting period (01/01 -31/12/2021) have been adjusted in order to include only continuing operations. Included in the comparative discontinued operations is also the result of the 3 Wind Farms (Sponsor Bearkat I, Gopher HoldCo and Fluvanna HoldCo) in Texas, USA for 01/01 - 31/12/2021 (due to loss of control as at 30/06/2021 - see. Notes 7.1.3 and 7.1.4 of the Financial Statements as at 31 December 2021).

7.2.2 Net Results of the Group from Discontinued Operations

The net results of the Group from discontinued operations for the periods 01/01 – 31/12/2022 and 01/01 – 31/12/2021 are analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	01/01 - 31/12/2022	01/01 - 31/12/2021
Revenue	283.093	164.449
Cost of sales	(240.486)	(151.165)
Gross profit	**42.607**	**13.284**
Administrative and distribution expenses	(965)	(725)
Other income/(expenses)	(758)	(147.447)
Results from Operating Activities	**40.884**	**(134.888)**
Financial income	–	260
Financial expenses	(140)	(19.499)
Gains from valuation of participations and other investment	–	3.994
Losses from financial instruments measured at fair value	–	(7.991)
Profit/Losses before income tax	**40.744**	**(158.124)**
Income tax expense	(8.668)	(358)
Net operating profit / losses	**32.076**	**(158.482)**
Plus/Less: Reclassification of other comprehensive income related to discontinued operations in current year results	25	(39.925)
Gain from sale of Trading Companies	3.193	–
Profit from the deemed disposal of the 3 Wind Farms as a result of the loss of control	–	107.882
Net profit/loss for the period from discontinued operations	**35.294**	**(90.525)**

The results of the comparative period relate to both the discontinued operations of the trading segment and the discontinued operations of the Group in the US in 2021 (due to the loss of control of 3 Wind Farms as at 30/06/2021 - see. Notes 7.1.3 and 7.1.4 of the Financial Statements as at 31 December 2021).

The analysis of the comparative period results from discontinued operations by segment is broken down as follows:

	Energy Trading Segment 01/01 -31/12/2021	Renewable Energy Segment 01/01 -31/12/2021
Revenue	132.317	32.132
Cost of sales	(129.828)	(21.337)
Gross profit	**2.489**	**10.795**
Administrative and distribution expenses	(621)	(104)
Other income/(expenses)	(2.087)	(145.360)
Results from Operating Activities	**(219)**	**(134.669)**
Financial income	–	260
Financial expenses	(52)	(19.447)
Gains from valuation of participations and other investment	3.994	–
Losses from financial instruments measured at fair value	–	(7.991)
Profit / Losses before income tax	**3.723**	**(161.847)**
Income tax expense	(213)	(145)
Net operating profit / losses	**3.510**	**(161.992)**
Plus/Less: Reclassification of other comprehensive income related to discontinued operations in current year results	–	(39.925)
Profit from the deemed disposal of the 3 Wind Farms as a result of the loss of control	–	107.882
Net profit/loss for the period from discontinued operations	**3.510**	**(94.035)**

(Amounts in thousands of Euros unless mentioned otherwise)

The following table presents the net cash flows from operating, investing and financing activities related to discontinued operations for the periods 01/01 - 31/12/2022 and 01/01 - 31/12/2021:

Cash flow analysis of discontinued operations	01/01 - 31/12/2022	01/01 - 31/12/2021
Net cash flows from operating activities	(2.223)	(25.615)
Net cash flows from financial activities	(199)	26.261
Total net cash flows from discontinued operations	**(2.422)**	**646**

Basic earnings per share from discontinued operations for the reporting periods 01/01-31/12/2022 and 01/01-31/12/2021 amount to € 0,19784 and € (0,78282) respectively and for diluted earnings per share from discontinued operations for the reporting periods 01/01 - 31/12/2022 and 01/01 - 31/12/2021 amount to € 0,19432 and € (0,78282) respectively (see detailed calculation in Note 32).

7.2.3 Discontinued operations of the Company

As part of the implementation of the plan to release the Company's resources and potential from the operational area of Trading, the Company has discontinued the operation of Trading at the corporate level as well.

The figures in the corporate Statement of Comprehensive Income for the comparative reporting period (01/01 - 31/12/2021) have been adjusted to include only continuing operations.

The Company's net results from discontinued operations for the periods 01/01 - 31/12/2022 and 01/01 - 31/12/2021 are analysed as follows:

	01/01 - 31/12/2022	01/01 - 31/12/2021
Revenue	125.408	79.737
Cost of sales	(117.279)	(77.988)
Gross profit	**8.129**	**1.749**
Administrative and distribution expenses	(416)	(319)
Other income/(expenses)	(56)	11
Results from Operating Activities	**7.657**	**1.441**
Financial expenses	(6)	(4)
Profit / Losses before income tax	**7.651**	**1.437**
Income tax expense	(1.434)	(200)
Net operating profit/losses	**6.217**	**1.237**
Gain from sale of OPTIMUS ENERGY S.A.	20.776	–
Net profit/loss for the period from discontinued operations	**26.993**	**1.237**

The following table presents the net cash flows from operating, investing and financing activities related to discontinued operations for the periods 01/01 - 31/12/2022 and 01/01 - 31/12/2021:

Cash flow analysis of discontinued operations	01/01 - 31/12/2022	01/01 - 31/12/2021
Net cash flows from operating activities	(2.551)	(16.315)
Net cash flows from financial activities	(5)	(4)
Total net cash flows from discontinued operations	**(2.556)**	**(16.319)**

(Amounts in thousands of Euros unless mentioned otherwise)

7.3 Sale of the subsidiaries DIRPHYS ENERGY S.A. and ENERGY PETRIAKI PETRION EVVOIA O.E.

During the second semester of the financial year, the Group sold for an amount of € 10 thousand the companies DIRPHYS ENERGY S.A., of which it held 51% of its shares and ENERGY PETRION EVVOIA O.E., of which the Group held all the shares. The book value of the net assets of these companies at the date of their sale was € 10 thousand. These transactions had no accounting impact on the Group. The contribution of these investments to the consolidated results for the 2022 financial year was a total loss of € 13 thousand.

7.4 Acquisition of new subsidiaries

On 14 April 2022, the Group's parent company, TERNA ENERGY S.A. acquired all the shares of the companies KEY SOLAR ENERGY I.K.E. and KASTRAKI SOLAR ENERGY I.K.E. The aforementioned companies develop Photovoltaic Stations in the wider area of the Regional Unit of Thessaly. Specifically, of the acquired companies, KEY Solar Energy I.K.E. is in the licensing phase and is developing one (1) Photovoltaic Plant of 50 MW, while KASTRAKI Solar Energy I.K.E. is in the licensing phase and is developing four (4) Photovoltaic Plants with a total capacity of 172.3 MW.

Furthermore, on 15 July 2022, the Company and its subsidiary IWECO HONOS CRETE S.A. proceeded to acquire all the shares of the company TEKAL AIALIKI O.E. which was renamed TEKLA ENERGY AND CO. AILIKO PARK PETE PYRGIOI FIVE Towers S.A. which is developing a 21,5 MW Wind Farm in the Regional Unit of Pieria.

The purpose of these acquisitions is the subsequent implementation of new investments of the Group in the production of energy from renewable sources. Upon examination of the requirements of IFRS 3, it was found that the acquired assets and assumed liabilities of the above companies do not constitute an "enterprise" as defined by IFRS 3 and therefore do not fall within the scope of that Standard, but these transactions were accounted for as an acquisition of assets. The accounting policy for the recognition of these transactions is described in Note 4.21 to the Annual Consolidated and Company Financial Statements as at 31/12/2022. The cost of their acquisition was allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition, and no goodwill arises from this type of transaction.

The total price of the acquisition of the above companies, based on the terms of the Sale and Transfer of Shares Agreement, will depend on the successful outcome of securing the necessary permits for the installation of the photovoltaic panels or wind turbines, and was estimated for all three companies at €8. 737 thousand using an appropriate discount rate of 8.31% for KEY SOLAR ENERGY INC. and KASTRAKI SOLAR ENERGY INC. and 8.01% for TERNA ENERGY AND CO.

The fair value of the liability for the contingent swaps will be measured at each reporting date and until the estimated date of final valuation and settlement, i.e. until 31/12/2023 for KEY SUN ENERGY I. KASTRAKI SOLAR ENERGY INC. and KASTRAKI SOLAR ENERGY INC. and until 31/03/2024 for TERNA ENERGY AND CO.

Detailed information related to the acquisition of the above companies is presented below:

KEY SOLAR ENERGY SINGLE MEMBER PC	**Fair values at the acquisition of entity**
Intangible assets and Right-of-use assets	1.530
Prepayments and other receivables	3
Cash and cash equivalents	10
TOTAL ASSETS	**1.543**

(Amounts in thousands of Euros unless mentioned otherwise)

Liabilities	
Suppliers and Liabilities from contracts with customers	7
Total liabilities	**7**
Fair Value of acquired net assets	**1.536**
Cash paid as of December 31st, 2022 (a)	79
Minus: Cash received (b)	(10)
Total Cash outflow as of December 31st, 2022 (a) - (b)	69

The estimated total amount of the acquisition, net of the cash of the acquired company, amounts to € 1.527 thousand, of which € 69 thousand was settled in cash and € 1,458 thousand is a contingent liability (at discounted value).

KASTRAKI SOLAR ENERGY SINGLE MEMBER PC	**Fair values at the acquisition of entity**
ASSETS	
Intangible assets and Right-of-use assets	4.943
Property, plant and equipment	29
Other long-term receivables	232
Prepayments and other receivables	56
Cash and cash equivalents	99
TOTAL ASSETS	**5.359**
Liabilities	
Suppliers and Liabilities from contracts with customers	–
Accrued and other short-term liabilities	3
Total liabilities	**3**
Fair Value of acquired net assets	**5.356**
Cash paid as of December 31st, 2022 (a)	753
Minus: Cash received (b)	(99)
Total Cash outflow as of December 31st, 2022 (a) - (b)	654

The estimated total amount of the acquisition, deducting the cash of the acquired company, amounted to € 5.256 thousand, of which € 654 thousand was settled in cash and € 4,602 thousand is a contingent liability (at discounted value).

TERNA ENERGY FIVE TOWERS GP	**Fair values at the acquisition of entity**
ASSETS	
Intangible assets and Right-of-use assets	2.237
Property, plant and equipment	143
Prepayments and other receivables	20
TOTAL ASSETS	**2.400**
Liabilities	
Lease liabilities	489
Accrued and other short-term liabilities	67
Total liabilities	**556**
Fair Value of acquired net assets	**1.844**
Cash paid as of December 31st, 2022 (a)	800
Minus: Cash received (b)	–
Total Cash outflow as of December 31st, 2022 (a) - (b)	800

(Amounts in thousands of Euros unless mentioned otherwise)

The estimated total amount of the acquisition was € 1.845 thousand, of which € 800 thousand was settled in cash and € 1,045 thousand is a contingent liability (at discounted value).
Of the above acquisitions, the Group recognized intangible assets (licenses for photovoltaic and wind power plants) amounting to € 7.921 thousand. The fair value of the intangible assets has been based on a report by an independent appraiser. During the period from the date of acquisition of the companies until 31 December2022, the total income after tax of the acquired companies totalled a loss of € 449 thousand and has been included in the consolidated statement of comprehensive income of the Group.

8. INTANGIBLE ASSETS

The intangible assets of the Group and the Company and their movement for the periods 1 January to 31 December 2022 and 2021, presented in the attached financial statements, are analyzed as follows:

	GROUP		
	Concessions and Rights	**Software**	**Total**
Acquisition value			
1 January 2021	**62.405**	**1.319**	**63.724**
Additions	791	904	**1.695**
Impairment/write-offs	(49)	(222)	**(271)**
Additions due to acquisition	184	29	**213**
Foreign exchange differences	(1)	–	**(1)**
31st December 2021	**63.330**	**2.030**	**65.360**
1 January 2022	**63.330**	**2.030**	**65.360**
Additions	2.851	204	**3.055**
Disposals/Write offs	(103)	–	**(103)**
Transfers	(2.364)	–	**(2.364)**
Additions due to acquisition of subsidiaries (Note 7.4)	8.221	–	**8.221**
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	(189)	**(29)**	**(218)**
Foreign exchange differences	(1)	**–**	**(1)**
31st December 2022	**71.745**	**2.205**	**73.950**
Accumulated Amortization			
1 January 2021	**(12.843)**	**(578)**	**(13.421)**
Amortization	(1.044)	(181)	**(1.225)**
Impairment/write-offs	8	222	**230**
Additions due to acquisition	(26)	(9)	**(35)**
31st December 2021	**(13.905)**	**(546)**	**(14.451)**
1 January 2022	**(13.905)**	**(546)**	**(14.451)**
Amortisation	(1.106)	(366)	**(1.472)**
Amortization of disposals/write-offs	20	–	**20**
Transfers	2.364	–	**2.364**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated amortization of subsidiaries disinvested (see Notes 7.1 and 7.2)	47	15	**62**
31st December 2022	**(12.580)**	**(897)**	**(13.477)**
Net Book Value			
31st December 2021	**49.425**	**1.484**	**50.909**
31st December 2022	**59.165**	**1.308**	**60.473**

	COMPANY		
	Concessions and Rights	**Software**	**Total**
Acquisition value			
1 January 2021	**3.397**	**1.309**	**4.706**
Additions	–	904	**904**
Impairment/write-offs	(44)	(222)	**(266)**
31st December 2021	**3.353**	**1.991**	**5.344**
1 January 2022	**3.353**	**1.991**	**5.344**
Additions	2.108	204	**2.312**
Disposals/Write offs	(1.803)	–	**(1.803)**
31st December 2022	**3.658**	**2.195**	**5.853**
Accumulated Amortization			
1 January 2021	**(1.846)**	**(576)**	**(2.422)**
Amortization	(116)	(178)	**(294)**
Impairment/write-offs	7	222	**229**
31st December 2021	**(1.955)**	**(532)**	**(2.487)**
1 January 2022	**(1.955)**	**(532)**	**(2.487)**
Amortization	(134)	(360)	**(494)**
31st December 2022	**(2.089)**	**(892)**	**(2.981)**
Net Book Value			
31st December 2021	**1.398**	**1.459**	**2.857**
31st December 2022	**1.569**	**1.303**	**2.872**

Amortization of the Group's intangible assets for the year 2022 has been recorded in the Cost of Sales by € 1.052 thousand (€ 996 thousand in 2021), in the Administrative and Distribution Expenses € 382 thousand (€ 218 thousand in 2021) and in the Research and Development Expenses by € 4 thousand (€ 11 in 2021). Respectively, the amortization of the Company's intangible assets for the year 2022 has been recorded in the Cost of Sales by € 142 thousand (€ 114 thousand in 2021), in the Administrative and Distribution Expenses by € 334 thousand (€ 169 thousand in 2021) and in Research and Development Expenses by € 4 thousand (€ 11 in 2021). The results of discontinued activities include amortization of intangible assets amounting to € 35 thousand (€ 15 thousand for the Company) see Note 7.2.2

(Amounts in thousands of Euros unless mentioned otherwise)

During the current year, the Group recognized intangible assets of € 7.921 thousand, as a result of the acquisition of the subsidiary KEY SOLAR ENERGY I.K.E., KASTRAKI SOLAR ENERGY I.K.E. and TEKAL AIOLIKI O.E. which was subsequently renamed into TERNA ENERGY FIVE TOWERS GP. These intangible assets (wind farm licenses) will start to be amortized on the date of completion of the construction of each farm and the date of electrification of the wind farms. In the interim reporting periods, they are examined for any impairment, in accordance with the relevant requirements of IAS 36 "Impairment of Assets". From the performance of the relevant audit on the reporting date of the annual financial statements, i.e. on 31/12/2022, there was no need to recognize any impairment losses on these intangible assets.

9. RIGHTS IN USE OF ASSETS

The Group and the Company right-in-use assets and changes for the periods 1 January to 31 December 2022 and 2021, presented in the accompanying financial statements, are analyzed as follows:

Group - Rights-in-use Assets

	GROUP			
	Land-Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
1 January 2021	**11.319**	**2.455**	**146**	**13.920**
Additions and changes due to modification of existing contract	6.083	2.921	6	**9.010**
Additions due to acquisition of subsidiaries	–	1	–	**1**
Foreign exchange differences	(29)	35	–	**6**
31st December 2021	**17.373**	**5.412**	**152**	**22.937**
1 January 2022	**17.373**	**5.412**	**152**	**22.937**
Additions and changes due to modification of existing contract	8.875	(677)	–	**8.198**
Additions due to acquisition of subsidiaries	489	–	–	**489**
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	–	(7)	(74)	**(81)**
Foreign exchange differences	(65)	27	–	**(38)**
31st December 2022	**26.672**	**4.755**	**78**	**31.505**
Accumulated Depreciation				
1 January 2021	**(778)**	**(1.408)**	**(57)**	**(2.243)**
Depreciation	(668)	(577)	(27)	**(1.272)**
Changes due to modifications of exsiting contracts	107	23	–	**130**
Foreign exchange differences	5	(22)	–	**(17)**
31st December 2021	**(1.334)**	**(1.984)**	**(84)**	**(3.402)**

(Amounts in thousands of Euros unless mentioned otherwise)

1 January 2022	**(1.334)**	**(1.984)**	**(84)**	**(3.402)**
Depreciation	(987)	(435)	(23)	**(1.445)**
Changes due to modifications of exsiting contracts	–	357	–	**357**
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	–	4	47	**51**
Foreign exchange differences	11	(20)	–	**(9)**
31st December 2022	**(2.310)**	**(2.078)**	**(60)**	**(4.448)**
Net Book Value				
31st December 2021	**16.039**	**3.428**	**68**	**19.535**
31st December 2022	**24.362**	**2.677**	**18**	**27.057**

Depreciation of the Group's right-in-use assets for the fiscal year 2022 has been recorded in the Cost of Sales by € 573 thousand (€ 686 thousand in 2021), in the Administration and Distribution Expenses by € 478 thousand (€ 387 thousand in 2021), in the Research and Development Expenses by € 135 thousand (€ 148 thousand in 2021) and in the item Other Income / (expenses) by € 1 thousand (€ 1 thousand in 2021). A further amount of € 245 thousand of depreciation of the Group's rights-of-use assets was transferred to the cost of tangible assets under construction and an amount of € 12 thousand concerns discontinued operations (see notes 7.1 and 7.2).

The additions and changes from the amendment of existing contracts of the year 2022 of the Group amounting to € 8.198 thousand derive mostly from the Company's additions amounting to € 8.014 thousand and are mainly due to additions of land plots.

Entity - Rights-in-use Assets

	COMPANY			
	Land-Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
1 January 2021	**3.406**	**1.894**	**46**	**5.346**
Additions and changes due to modification of existing contract	5.717	2.897	6	**8.620**
31st December 2021	**9.123**	**4.791**	**52**	**13.966**
1 January 2022	**9.123**	**4.791**	**52**	**13.966**
Additions and changes due to modification of existing contract	8.696	(682)	–	**8.014**
31st December 2022	**17.819**	**4.109**	**52**	**21.980**
Accumulated Depreciation				
1 January 2021	**(64)**	**(1.134)**	**(34)**	**(1.232)**
Depreciation	(239)	(434)	(7)	**(680)**
Write-offs	95	9	–	**104**
31st December 2021	**(208)**	**(1.559)**	**(41)**	**(1.808)**

(Amounts in thousands of Euros unless mentioned otherwise)

1 January 2022	**(208)**	**(1.559)**	**(41)**	**(1.808)**
Depreciation	(543)	(410)	(6)	**(959)**
Write offs	–	357	–	**357**
31st December 2022	**(751)**	**(1.612)**	**(47)**	**(2.410)**
Net Book Value				
31st December 2021	**8.915**	**3.232**	**11**	**12.158**
31st December 2022	**17.068**	**2.497**	**5**	**19.570**

Depreciation of the Company's right-in-use assets for the fiscal year 2022 has been recorded in Cost of Sales by € 452 thousand (€ 248 thousand in 2021), in Administrative and Distribution Expenses by € 371 thousand (€ 284 thousand in 2021), in Research and Development Expenses by € 135 thousand (€ 148 thousand in 2021) and in the other income/ (expenses) by € 1 thousand (€ 1 thousand in 2021).

10. TANGIBLE ASSETS

The Group's and the Company's Tangible Assets and their movements for the periods from 1 January to 31 December 2022 and 2021, in the accompanying financial statements, are analyzed as follows:

	GROUP						
	Land-Plots	**Buildings and Installation**	**Technological and Mechanical equipment**	**Vehicles**	**Furniture and fixtures**	**Assets under construction**	**Total**
Acquisition value							
1 January 2021	**3.052**	**125.502**	**1.594.944**	**1.851**	**3.542**	**40.115**	**1.769.006**
Additions	350	2.819	27.608	38	1.183	182.708	**214.706**
Borrowing cost	–	–	186	–	–	529	**715**
Disposals/Write offs	(200)	–	(3.381)	(411)	–	–	**(3.992)**
Dismatling provision	–	–	258	–	–	–	**258**
Impairment/write-offs	–	–	–	–	(422)	–	**(422)**
Tranfers	–	607	9.351	–	–	(9.949)	**9**
Additions due to acquisition of subsidiaries	–	–	–	–	7	–	**7**
Reductions from loss of control of subsidiaries	–	(18.358)	(589.477)	–	(8)	118	**(607.725)**
Foreign exchange differences	–	534	17.778	25	2	190	**18.529**
31st December 2021	**3.202**	**111.104**	**1.057.267**	**1.503**	**4.304**	**213.711**	**1.391.091**
1 January 2022	**3.202**	**111.104**	**1.057.267**	**1.503**	**4.304**	**213.711**	**1.391.091**
Additions	2.583	5.993	9.435	–	386	210.687	**229.084**
Borrowing cost	–	–	194	–	–	7.131	**7.325**
Disposals/Write offs	–	–	(122)	(310)	–	(4.995)	**(5.427)**
Dismatling provision	–	–	894	–	–	–	**894**
Tranfers/Reclassifications	–	2.452	(2.402)	–	–	(50)	**–**
Additions due to acquisition of subsidiaries (see Note 7.4)	–	–	–	–	–	172	**172**
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	–	–	3	–	(11)	(1)	**(9)**
Foreign exchange differences	–	(99)	(2.139)	23	–	169	**(2.046)**
31st December 2022	**5.785**	**119.450**	**1.063.130**	**1.216**	**4.679**	**426.824**	**1.621.084**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated Depreciation							
1 January 2021	**–**	**(37.214)**	**(381.461)**	**(1.289)**	**(2.076)**	**–**	**(422.040)**
Depreciation	–	(4.080)	(39.994)	(98)	(367)	17	**(44.522)**
Depreciation of disposals/write-offs	–	–	650	250	–	–	**900**
Impairment/write-offs	–	–	–	–	422	–	**422**
Tranfers/Reclassifications	–	–	(9)	–	–	–	**(9)**
Depreciation from discontinued operations	–	(373)	(11.769)	–	(1)	–	**(12.143)**
Additions due to acquisition of subsidiaries	–	–	–	–	(1)	–	**(1)**
Accumulated depreciation of deconsolidated subsidiaries	–	2.614	68.550	–	1	–	**71.165**
Foreign exchange differences	–	(52)	(1.407)	(10)	(3)	–	**(1.472)**
31st December 2021	**–**	**(39.105)**	**(365.440)**	**(1.147)**	**(2.025)**	**17**	**(407.700)**
1 January 2022	**–**	**(39.105)**	**(365.440)**	**(1.147)**	**(2.025)**	**17**	**(407.700)**
Depreciation	–	(4.307)	(40.594)	(69)	(376)	250	**(45.096)**
Depreciation of disposals/write-offs	–	–	56	145	–	–	**201**
Accumulated depreciation of subsidiaries disinvested	–	–	(1)	–	4	–	**3**
Foreign exchange differences	–	38	831	(11)	(1)	–	**857**
31st December 2022	**–**	**(43.374)**	**(405.148)**	**(1.082)**	**(2.398)**	**267**	**(451.735)**
Net Book Value							
31st December 2021	**3.202**	**71.999**	**691.827**	**356**	**2.279**	**213.728**	**983.391**
31st December 2022	**5.785**	**76.076**	**657.982**	**134**	**2.281**	**427.091**	**1.169.349**

	COMPANY						
	Land-Plots	**Buildings and Installation**	**Technological and Mechanical equipment**	**Vehicles**	**Furniture and fixtures**	**Assets under construction**	**Total**
Acquisition value							
1 January 2021	**1.020**	**11.195**	**150.840**	**1.040**	**2.836**	**10.518**	**177.449**
Additions	329	1.994	4	38	685	1.657	**4.707**
Borrowing cost	–	–	–	–	–	57	**57**
Disposals/Write offs	–	–	(1.120)	–	–	–	**(1.120)**
Impairment/write-offs	–	–	–	–	(422)	–	**(422)**
Tranfers	–	–	9	–	–	–	**9**
31st December 2021	**1.349**	**13.189**	**149.733**	**1.078**	**3.099**	**12.232**	**180.680**
1 January 2022	**1.349**	**13.189**	**149.733**	**1.078**	**3.099**	**12.232**	**180.680**
Additions	2.351	2.103	430	–	278	2.231	**7.393**
Grants deductable from fixed	–	–	–	–	–	(3.882)	**(3.882)**
Disposals/Write offs	–	–	–	–	–	(7.557)	**(7.557)**
31st December 2022	**3.700**	**15.292**	**150.163**	**1.078**	**3.377**	**3.024**	**176.634**
Accumulated Depreciation							
1 January 2021	**–**	**(7.449)**	**(91.841)**	**(882)**	**(1.691)**	**–**	**(101.863)**
Depreciation	–	(341)	(5.460)	(45)	(314)	–	**(6.160)**
Depreciation of disposals	–	–	575	–	–	–	**575**
Impairment/write-offs	–	–	–	–	422	–	**422**
Tranfers	–	–	(9)	–	–	–	**(9)**
31st December 2021	**–**	**(7.790)**	**(96.735)**	**(927)**	**(1.583)**	**–**	**(107.035)**

(Amounts in thousands of Euros unless mentioned otherwise)

1 January 2022	**–**	**(7.790)**	**(96.735)**	**(927)**	**(1.583)**	**–**	**(107.035)**
Depreciation	–	(517)	(5.428)	(42)	(276)	–	**(6.263)**
31st December 2022	**–**	**(8.307)**	**(102.163)**	**(969)**	**(1.859)**	**–**	**(113.298)**
Net Book Value							
31st December 2021	**1.349**	**5.399**	**52.998**	**151**	**1.516**	**12.232**	**73.645**
31st December 2022	**3.700**	**6.985**	**48.000**	**109**	**1.518**	**3.024**	**63.336**

The account “Technological and mechanical equipment” amounting to € 657.982 thousand regarding the Group and € 48.000 thousand regarding the Company includes Wind Farm generators that have been collateralized at credit institutions as security for long-term loans. The Group and the Company, for the needs of financing their new projects, establish a fictitious pledge on their equipment as well as real encumbrances (usually a mortgage note) on their real estate assets to secure the lenders.

The categories "Land-Plots", "Buildings and installations" and "Technological and mechanical equipment" include Group’s fixed assets at book value of € 68.093 thousand (2021: € 72.228 thousand) relating to Installations Distribution Networks built by the Company and as provided for in contracts with HEDNO are being 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.

The most significant Group's additions for the year 2022 to Technological and Mechanical Equipment of € 9.435 thousand in total, mainly relate to additions of amount:

- € 3.159 thousand concerning the construction of a wind farm at the location TARATSA (33.6 MW) of the Municipality of Thebes through the subsidiary AIOLIKI PROVATA TRAIANOUPOLEOS MAE,
- € 6.276 thousand concerning the construction of a wind farm at the location NTOUGEZA (10.8 MW) of the Municipality of Karustias - Euvoias through the subsidiary ENERGIAKI KAFIREOS EUVOIAS S.A.
- € 268 thousand, concerning the wind farms at the location MESOKIPI (9 MW) and AGRIACHLADIA (22.5 MW), respectively, of the Municipality of Kymi - Aliveri through the subsidiary ENERGIAKI DYSTION EUVOIAS M.A.E.
- € 122 thousand, concerning the wind farms at the location VOUREZA (7.2 MW), PYRGARI II (9.9 MW) and KOSKINA-LAKKA (7.65MW), respectively, of the Municipality of Kymi - Aliveri through the subsidiary AIOLIKI EASTERN GREECE SA.

The additions to the Group’s assets under construction for the fiscal year 2022 amount to € 210.687 thousand mainly related to additions:

- € 204,795 thousand concerning the construction of the following wind farms (W/F) in the Municipality of Karystos: OMALIES W/F 30MW, OMALIES II W/F 15MW, KORAKOVRACHOS W/F 21MW, KORAKOVRACHOS II W/F 6MW, KALAMAKI W/F 6MW, KALAMAKI II W/F 18MW, MILZA W/F 18MW, MOLIZEZA I W/F 18MW, DEXAMENES II W/F 15MW, PRARO W/F 36MW, AIDONI W/F 18MW, MILIA W/F 18MW, MOURIZA W/F 21.6MW, TSOUKA MANDRAGIARA W/F 21.6MW, TSOUKA SKOURA W/F 32.4MW, DOUZGA W/F 10.8MW, VIOS KALAMAKI BATHRIZA W/F 21.6MW through the subsidiaries TERNA ENERGY OMALIES M.A.E., AIOLIKI KARYSTIAS EVOIAS S.A. and ENERGEIAKI KAFIREOS EUVOIAS S.A.

(Amounts in thousands of Euros unless mentioned otherwise)

The reductions presented in the line "Reductions from loss of control of subsidiaries" for the fiscal year 2022 relate to reductions due to the disposal of subsidiaries OPTIMUS ENERGY A.E. and TERNA ENERGY TRADING (see Note 7.1 and 7.2).

Depreciation of tangible assets of the Group for the year 2022 has been recorded in the Cost of Sales by € 44.946 thousand (€ 43.773thousand in 2021), in the Administration and Distribution Expenses by € 264 thousand (€ 167 thousand in 2021) and in the Research and Development Expenses by € 124 thousand (€ 85 thousand in 2021).

Respectively, the depreciation of the tangible assets of the Company for the year 2022 have been recorded in the Cost of Sales by € 5.863thousand (€ 5.927 thousand in 2021), in the Administration and Distribution Expenses by € 274 thousand (€ 147 thousand in 2021) and in the Research and Development Expenses by € 124 thousand (€ 85 thousand in 2021).

Within the current year 2022, there was no need to recognize impairment losses on the value of the tangible assets of the Group and the Company.

11. INVESTMENTS IN SUBSIDIARIES

11.1 Analysis of changes of investments in subsidiaries for the year 2022

The subsidiaries of the Company are presented analytically in Note 5.
The movement in the book value of investments in subsidiaries in the Company's financial statements is as follows:

	Company data	
	31/12/2022	**31/12/2021**
Opening balance	**416.851**	**435.525**
Additions	9.902	12.635
Disposals	(184)	–
Capital return	(17.299)	(31.990)
(Impairment)/recovery of impairment	(18.386)	558
Transfer from/to joint ventures	(55)	123
Closing balance	**390.829**	**416.851**

The additions of € 9.902 thousand in 2022, relate to entities' acquisitions of amount € 8.574 thousand and share capital increases and entity's establishment of amount € 1.328 thousand.

More specifically, the acquisitions within the fiscal year 2022 are analyzed as follows:

- Acquisition of the company KEY SOLAR ENERGY SINGLE MEMBER PC. amount of € 1.536 thousand.
- Acquisition of the company KASTRAKI SOLAR ENERGY SINGLE MEMBER PC amount of € 5.354 thousand.
- Acquisition of the new company TERNA ENERGY FIVE TOWERS GP amount of € 1.660 thousand.
- Acquisition of the percentage of participation held by the subsidiary company IWECO CHONOS CRETE S.A. in the subsidiary company AIOLIKI KARYSTIAS EVOIA S.A.amount of € 6 thousand.
- Acquisition of the percentage of participation held by the subsidiary company IWECO CHONOS CRETE S.A. also in the subsidiary company ENERGEIAKI KAFIREOS EUVOIAS S.A. amount of € 18 thousand.

The share capital increases, and entity's establishment are analyzed as follows:

- Share capital increase of € 7 thousand in subsidiary ENERGEIAKI PETRIES GP
- Share capital increase of € 1.221 thousand in the subsidiary PERIVALLONTIKI PELOPONNISOU M.A.E. on 27/05/2021.
- Establishment of new entity TERNA ENERGY-PUMPED STORAGE I S.M.S.A. with initial capital of € 100 thousand.

Return of share capital € 17.298 thousand that took place in 2022, are related with subsidiaries TERNA ENERGY OVERSEAS LTD, ENERGIAKI DERVENOCHORION S.A., AIOLIKI PASTRA ATTIKIS S.A.,ENERGIAKI FERRON EVROU M.A.E. , ILIAKI PIKROLIMNIS S.A. up € 11.000 thousand, € 2.406 thousand, € 1.386 thousand, €2.333thousand and € 173 thousand, respectively.

Within the year 2022, the liquidation of the company VALUEPLUS LTD, which was under liquidation status, was completed. The participation in question had been fully written off in the Company's books.
During the year 2022 the Company recognized dividends collected from the subsidiaries amounting to € 76.257 thousand Those amounts are included in the item "Income from participations and other investments" in the attached separate Financial Statements (see Note 39).

11.2 Assessment of control under IFRS 10

The company HELLAS SMARTICKET SA («HST»), which is 35% owned by the Group in terms of voting rights, 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.

11.3 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.

(Amounts in thousands of Euros unless mentioned otherwise)

- 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 50% and 89% while for the biomass 38% and 48%.
- Discount rate from 5,61% up to7,20% per case (for Greece 5,75% - 7,20%, for Poland 5,83% and for Bulgaria 5,61%).

Impairment test results

Based on the results of the impairment test as of 31 December 2022, the comparison of the recoverable amount from the investment costs of the wind farms of the subsidiaries and their book value, resulted in an impairment of € 18.387 thousand, which is relate to TERNA ENERGY IVERSEAS LTD.

The above losses are included in the item "Gains / (losses) from sale and valuation of participations and other investments" of the separate Statement of Comprehensive Income. At the level of consolidated Financial Statements, there was no need to recognize losses or reversal of impairment.

11.4 Subsidiaries with significant percentage of non-controlling interests

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

Condensed items of the statement of financial position

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
Non-controlling interest (%)	**65,00%**	**65,00%**	**49,00%**	**49,00%**	**20,00%**	**20,00%**
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/202**	**31/12/2022**	**31/12/2021**
Non-current assets	16.841	23.494	9.428	9.276	3.007	3.219
Current assets	15.094	16.524	8.657	7.991	1.405	1.493
Total assets	**31.935**	**40.018**	**18.085**	**17.267**	**4.412**	**4.712**
Total long-term liabilities	12.524	15.691	10.680	11.572	4.024	3.975
Total short-term liabilities	7.468	13.052	2.454	911	396	295
Total liabilities	**19.992**	**28.743**	**13.134**	**12.483**	**4.420**	**4.270**
Total equity	**11.943**	**11.275**	**4.951**	**4.785**	**(8)**	**442**
Attributed to:						
Non-controlling interest	7.763	7.329	2.426	2.345	(2)	88

Condensed items of the statement of comprehensive income

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
	1-Jan		**1-Jan**		**1-Jan**	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Revenue	10.556	14.490	2.547	2.190	1.778	1.631
Net profit/(losses) for the year	**2.465**	**2.687**	**675**	**561**	**(450)**	**(187)**
Other comprehensive income for the year (after tax)	3	–	1	–	–	–
Total comprehensive income/(losses)	**2.468**	**2.687**	**676**	**561**	**(450)**	**(187)**
Profit/(losses) for the year attributed to non-controlling interests	1.604	1.747	331	275	(90)	(37)

Condensed items of the statement of cash flows

(Amounts in thousands of Euros unless mentioned otherwise)

	HST S.A.		DEI RENEWABLES- TERNA ENERGY S.A.		DELTA AXIOU S.A.	
	1-Jan		1-Jan		1-Jan	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Total inflows/(outflows) from operating activities	4.802	3.191	4.845	(13)	19	406
Total inflows/(outflows) from investing activities	–	63	(885)	(251)	–	(1)
Total inflows/(outflows) from financing activities	(5.964)	(2.589)	(880)	(1.890)	(126)	(169)
Net increase/(decrease) in cash and cash equivalents	**(1.162)**	**665**	**3.080**	**(2.154)**	**(107)**	**236**

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

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

12. 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 based on 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, its aggregate share in these associates:

	GROUP	
	31/12/2022	31/12/2021
Net losses for the year	(25)	(2)
Total comprehensive loss for the year	**(25)**	**(2)**
Total participating interest of the Group in the carrying amount of associates	**34**	**59**

The movement in investments in associates for the years 2022 and 2021 is as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**59**	**62**	**–**	**–**
Share of results from assosiates	(25)	(3)	–	–
Closing balance	**34**	**59**	**–**	**–**

13. INVESTMENTS IN JOINT ARRANGEMENT

13.1. Investments in joint ventures

(Amounts in thousands of Euros unless mentioned otherwise)

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

Based on the contribution of joint ventures to consolidated profits / (losses) before taxes, the Group considered that each of the joint venture individually is immaterial and, therefore it discloses in the table below, its aggregate share in these joint ventures:

	GROUP	
	31/12/2022	**31/12/2021**
Net (losses)/profit for the year	**(73)**	**352**
Total comprehensive (loss)/income for the year	**(73)**	**352**
Total participating interest of the Group in the carrying amount of joint ventures	**4.164**	**4.259**

The movement in investments in joint ventures, is as follows:

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Opening balance	**4.259**	**4.567**	**4.706**	**4.689**
Additions	–	140	–	140
Impairment of investments	(22)	–	(281)	–
Transfers	–	(800)	–	(123)
Share of results from joint ventures	(73)	352	–	–
Closing balance	**4.164**	**4.259**	**4.425**	**4.706**

The impairments are related to the company WASTE CYCLO SA. which within the year 2023 was put into liquidation with the cost of participating in it no longer being considered recoverable.

13.2. Investments in joint operations – Proportional consolidation

The companies accounted for using the proportionate consolidation method in the Company's consolidated and separate financial statements is thoroughly presented in Note 5. From the before mentioned companies, the company which relates to a joint venture with the partner shareholders and which is essentially the tax construction consortium, is J/V GEK TERNA S.A. - TERNA ENERGY S.A. (joint operation), which is not a separate entity under IFRS.

Following the entry into the share composition of ILIAKI PIKROLIMNIS A.E., (which owns 100% of the voting rights of the companies ILIAKA VAKOUFIA MONOPROSOPI I.K.E. and PHOTOVOLTAIKA KILKIS MONOPROSOPI I.K.E.) of the ECONERGY Group and the formation of a new cooperation framework between shareholders, these companies are now classified as Investments in joint operations. It is noted that these companies are at an early stage of developing their business plans.

The assets and liabilities of these companies are integrated in the proportion they concern, in the Group’s and the Company’s Financial Statements.

The following amounts represent the Group's share in the assets and liabilities accounts as well as on the profits after tax of the jointly controlled company and are included before eliminations in the Statement of Financial Position, as well as in the Statement of Comprehensive Income of the Group and the Company for the years 2022 and 2021:

(Amounts in thousands of Euros unless mentioned otherwise)

	31/12/2022	31/12/2021
Non-current assets	379	115
Cash and cash equivalents	1.106	2.495
Other current assets	1.162	813
Total assets	**2.647**	**3.423**
Long-term liabilities	18	35
Suppliers	90	69
Other short-term liabilities	228	670
Total liabilities	**336**	**774**
Equity	**2.311**	**2.649**
Revenue	2.126	2.177
Gross profit	963	1.105
Profit (before tax)	823	1.765
Profit (after tax)	640	1.376
Total comprehensive income (after tax)	640	1.377

In 2022, a turnover amount of € 68 thousand of J/V GEK TERNA - TERNA ENERGY, related to the construction sector while an amount of € 2.058 thousand related to the concessions sector.

14. INVESTMENTS IN EQUITY INTERESTS

The movement of investments in equity interests for the years 2022 and 2021, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**2.583**	**2.753**	**2.583**	**2.753**
Additions	1.107	374	1.107	374
Return of capital	–	(249)	–	(249)
Fair value adjustment through other comprehensive income	(191)	(295)	(191)	(295)
Closing balance	**3.499**	**2.583**	**3.499**	**2.583**

The total amount of the above investments, concern shares of unlisted securities and the determination of their fair value is presented in Note 43.

(Amounts in thousands of Euros unless mentioned otherwise)

During 2022, no dividends from investments in equity securities, were received.

15. OTHER LONG-TERM RECEIVABLE

Other Long-term receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Loans to subsidiaries of the Group and other related companies	1.200	5	138.918	120.464
Guarantees granted	2.342	2.603	1.783	1.835
Other long-term receivables	2.894	3.167	2.892	2.893
Impairments	(810)	(812)	(810)	(812)
Long term grants receivables	835	–	–	–
Total	**6.461**	**4.963**	**142.783**	**124.380**

The Company participates in issuances of subsidiary bond loans, which are repaid either by bank borrowing or through premature repayments or at their maturity. The interest rates of these loans vary between 3,25%-4,00%. During 2022 loans amounting to € 54.456 thousand were granted to subsidiary companies and were repaid by subsidiary companies, loans amounting to € 50.582 thousand and loans amounting to € 15.204 thousand were converted from short-term to long-term. The increase in the item "Loans to subsidiaries of the Group and other related companies" is mainly due to financing the construction of wind farms of the Group subsidiaries by the parent company.

The increase in the item "Loans to subsidiaries of the Group and other related companies" at Group level, it concerns loans granted by the Group to electricity trading companies which were transferred to the company HERON II THERMOELECTRIKI SA of the GEK TERNA Group (see Note 7.1).

The "Long-term grants receivable" relate to the receivable that the Group's subsidiary company AIOLIKI RACHOULAS DERVENOCHORION S.A. (see Note 27).

Provision for impairment of long-tern financial assets for the years 2022 and 2021, is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	**–**	**1**	**811**	**812**	**–**	**1**	**811**	**812**
31st December 2021	**–**	**1**	**811**	**812**	**–**	**1**	**811**	**812**

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	**–**	**1**	**811**	**812**	**–**	**1**	**811**	**812**
Recovered provisions for credit loss	–	(1)	–	**(1)**	–	(1)	–	**(1)**
31st December 2022	**–**	**–**	**811**	**811**	**–**	**–**	**811**	**811**

16. FINANCIAL ASSETS – CONCESSIONS

The Group constructs and operates three concession contracts:

A. Unified Automatic Fare Collection System: On 29/12/2014, a public and private 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 were completed in 2017, and during the first half of 2017, the operation started, which is expected to last 10 years and 4 months. During the project, the company performs additional construction works on the fare collection system in the OASA line extensions.

B. Urban Waste Treatment Plant of the Region of Epirus: On 21/07/2017 a public and private partnership agreement (PPP) was signed between the EPIRUS REGION and the subsidiary company " EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE", 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 2019 when the start of the service period was performed.
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), with the contribution of the Public and Private Partnerships (PPP) Special Secretariat. With Waste Treatment Plant of Epirus, an important part of the Regional Waste Management Plan (PESDA) of Epirus Region has been implemented, in compliance with the National Waste Management Plan (ESDEA) and European legislation. The maximum annual capacity of MEA Epirus is 105,000 tn. MEA Epirus will be recycling a total of 17,000 tons of appropriate materials and will be producing 10,800 KWh/year of Green Energy, capable of covering the needs of 3,000 families, saving 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 M.A.E.” for the implementation of the project “Urban waste treatment plant of Peloponnese Region” for construction and operation of OSDA units which consist of three (3) Waste Treatment Units (WTUs) and an equal number of (Landfills) 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 duration of the construction of the OSDA Units is 24 months from the effective date of the contract, while from the 10th month from the effective date of the contract and until the completion of the construction of the OSDA Units, it is planned to start transitional waste management on a single date for the whole of the Transitional Management Units that will be constructed, in order to alleviate the major problem of waste management in the Peloponnese Region.

The partnership agreement entered into force on 29/01/2021 and was amended on 31/01/2022 in order to contractually foresee the possibility of starting waste management at the time of completion of the construction of each Transitional Management Unit and respectively OSDA Unit. Therefore, on 18/03/2022 a relevant certificate was issued by the Independent Auditor of the project with which the operation of the Transitional Management Unit of Arcadia and the Waste Transfer Station of Argolidas began, while on 25/08/2022, following the issuance of a relevant certificate by the Independent Auditor, the Waste Transfer Station of Corinthia was put into operation, while the construction of the Transitional Management Units of Messinia and Laconia and further the construction of the OSDA Units is in progress. This project is implemented with the main aim of providing modern waste management services aimed at protecting the environment, ensuring public health and providing multiple benefits to local communities as development cells of the circular economy.

(Amounts in thousands of Euros unless mentioned otherwise)

Financial Contribution of Peloponnese Region

During the fiscal year 2022, the Peloponnese Region paid the amount of € 18.195 within the framework of the Partnership Agreement. This amount has reduced the item "Financial Assets - Concessions" and is specifically included in the line of the following table "Reductions of financial item”.

Detailed information on the accounting policy followed and the concessions mentioned above is presented in Note 4.11.

The analysis of the movement of the generated Financial Data from Concessions as well as the revenue per category are analyzed as follows:

Financial Assets - Concessions	**Unified Automated System for Ticket Collection**	**Installation of civil waste processing Epirus Region**	**Installation of civil waste processing Peloponnese Region**	**Total**
Opening balance as at 1 January 2021	**22.179**	**17.652**	**7.121**	**46.952**
Increase/(decrease) in financial asset	(2.381)	(1.773)	13.418	**9.264**
Reversion of discounting	3.631	1.254	266	**5.151**
Impairment	(1)	(4)	(9)	**(14)**
Closing balance as at 31st December 2021	**23.428**	**17.129**	**20.796**	**61.353**
Opening balance as at 1 January 2022	**23.428**	**17.129**	**20.796**	**61.353**
Increase/(decrease) in financial asset	(6.488)	(1.713)	17.827	**9.626**
Reversion of discounting	3.549	1.301	3.089	**7.939**
Recovery of impairment/(impairment)	1	(2)	9	**8**
Closing balance as at 31st December 2022	**20.490**	**16.715**	**41.721**	**78.926**
Financial Assets - Concessions Long term part	**16.799**	**16.304**	**37.770**	**70.873**
Financial Assets - Concessions Short term part (Note 20)	**3.692**	**410**	**3.951**	**8.053**
Analysis of revenues per category of year 2021				
Revenue from construction services	4.592	–	25.915	**30.507**
Revenue from operation services	9.898	4.320	–	**14.218**
Reversion of discounting	3.631	1.254	266	**5.151**
Total	**18.121**	**5.574**	**26.181**	**49.876**

(Amounts in thousands of Euros unless mentioned otherwise)

Analysis of revenues per category of year 2022				
Revenue from construction services	217	–	38.278	**38.495**
Revenue from operation services	10.339	4.945	4.307	**19.591**
Reversion of discounting	3.549	1.301	3.089	**7.939**
Total	**14.105**	**6.246**	**45.674**	**66.025**

Impairment of Financial Asserts – Concessions for the years 2022 and 2021, is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2021	–	**5**	–	**5**	–	–	–	–
Provision for credit loss	–	14	–	**14**	–	–	–	–
31st December 2021	–	**19**	–	**19**	–	–	–	–

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	–	**19**	–	**19**	–	–	–	–
Provision for credit loss	–	2	–	**2**	–	–	–	–
Recovered provisions for credit loss	–	(10)	–	**(10)**	–	–	–	–
31st December 2022	–	**11**	–	**11**	–	–	–	–

17. INVENTORIES

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

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Raw and auxiliary materials	2.686	6.171	2.613	5.936
Spare parts	7.331	4.833	4.569	2.869
Goods and products finished and semi-finished	33	33	33	33
Write-down of inventories	(148)	(148)	(148)	(148)
Total	**9.902**	**10.889**	**7.067**	**8.690**

The decrease of raw materials is linked to their consumption in the context of the construction operation of the parent company. Furthermore, the Company has increased the inventory of Spare parts due to the commencement of new Wind Farms.

On 31st of December 2022 there was no need to form an additional provision for obsolete or slow-moving inventory.

Inventory is not burdened with any encumbrances.

18. TRADE RECEIVABLES

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

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Customers	67.998	81.367	148.417	133.504
Customers-withheld guarantees	105	1.218	3.189	2.433
Bills/checks receivables	12	18	12	18
Impairment of trade receivables	(3.379)	(6.395)	(750)	(706)
Total	**64.736**	**76.208**	**150.868**	**135.249**

The above trade receivables also include trade receivables from the Energy segment amounting to € 4.835 thousand (31/12/2021: € 27.330 thousand), which are pledged to banks as security against provided long-term and bond loans to finance the construction of Wind Parks. The decrease in the Group's trade receivables is mainly due to the change in the invoicing policy imposed by DAPEEP, which resulted in the invoicing within January 2023 of the generated revenue of December 2022 and for this reason the relevant revenue has been recognized incrementally of the "Receivables from other contracts with customers" item and has not increased the "Customers" account, as was done in fiscal year 2021 (see Note 20).

The increase in the Company's trade receivables is mainly due to intra-group requirements of the construction segment as a consequence of the construction of the new electricity generation units as well as the waste management units.

Trade receivables are measured at fair value.

The table below presents the total of trade receivables before impairment:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-oustanding balances	61.556	75.670	139.955	125.962
Outstanding balances	6.559	6.933	11.663	9.993
Total receivables from customers	**68.115**	**82.603**	**151.618**	**135.955**

The maturity of the balances is analyzed as follows:

	GROUP 2022				
	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	61.556	3.142	109	3.308	68.115
Expected credit loss	(101)	–	–	(3.277)	(3.378)

	GROUP 2021				
	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	75.670	2.665	1.029	3.239	82.603
Expected credit loss	(3.124)	–	(144)	(3.127)	(6.395)

(Amounts in thousands of Euros unless mentioned otherwise)

	COMPANY 2022				
	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	139.954	8.932	1.561	1.170	151.617
Expected credit loss	(96)		–	(654)	(750)

	COMPANY 2021				
	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	125.962	3.887	1.429	4.677	135.955
Expected credit loss	(140)	–	(144)	(422)	(706)

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 the context of the Group's activity, all necessary measures are taken on a case-by-case basis to ensure the collectability of receivables. The Company's trade receivables that are over one year past due, amounting to € 1.170 thousand which have not been impaired relate to receivables from Group’s subsidiaries. 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 soon.

Provisions for impairment of trade receivables regarding 2022 and 2021 are analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2021	**–**	**309**	**3.629**	**3.938**	**–**	**125**	**850**	**975**
Provision for credit loss	–	56	2.896	**2.952**	–	58	–	**58**
Recovered provisions for credit loss	–	(198)	(75)	**(273)**	–	(110)	(75)	**(185)**
Use of impairment	–	–	(143)	**(143)**	–	–	(143)	**(143)**
Reductions from disposal of subsidiary	–	(82)	–	**(82)**	–	–	–	–
Foreign exchange differences	–	3	–	**3**	–	–	–	–
31st December 2021	**–**	**88**	**6.307**	**6.395**	**–**	**73**	**632**	**705**

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	**–**	**88**	**6.307**	**6.395**	**–**	**73**	**632**	**705**
Provision for credit loss	–	87	21	**108**	–	90	21	**111**
Recovered provisions for credit loss	–	(53)	–	**(53)**	–	(67)	–	**(67)**
Other transfers	–	(1)	1	**–**	–	(1)	1	**–**
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	–	(20)	(3.056)	**(3.076)**	–	–	–	–
Foreign exchange differences	–	–	6	**6**	–	–	–	–
31st December 2022	**–**	**101**	**3.279**	**3.380**	**–**	**95**	**654**	**749**

(Amounts in thousands of Euros unless mentioned otherwise)

19. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments and other receivables of the Group and the Company in the attached financial statements are analyzed as follows:

Prepayments and other financial receivables

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Short-term part of receivables from long-term intra-group loans and leases	–	–	5.338	19.920
Restricted cash	68.098	66.191	3.000	8.337
Other intra-group receivables / receivables from other related parties	274	879	1.031	5.367
Other receivables	7.553	845	6.443	758
Impairments	(31)	(1)	(29)	–
Total	**75.894**	**67.914**	**15.783**	**34.382**

Prepayments and other non-financial receivables

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Prepayments to suppliers	6.042	17.423	9.761	14.455
Prepayments to social security funds	353	204	306	175
VAT for return-offsetting	36.021	38.875	37	–
Receivables from other taxes other than income tax	88	90	–	–
Prepaid expenses and other transitory asset accounts	12.720	9.546	10.650	6.405
Receivables from grants	627	1.479	–	–
Total	**55.851**	**67.617**	**20.754**	**21.035**
Total prepayments and other receivables	**131.745**	**135.531**	**36.537**	**55.417**

On 31/12/2022, the "Other intra-group receivables / receivables from other related parties" item of the Company, an amount of € 260 thousand is included regarding approved dividends of subsidiary companies, which, until the date of approval of the attached Financial Statements, had not been collected (see Note 39).
The item "Prepayments to suppliers" of the Company is mainly due to advances related to the construction operation of the Group. It is noted that for the Group, the advances for new wind farms are advances for the acquisition of fixed assets. Therefore, at a consolidated level, they are classified under item "Property, plant and equipment" (see Note 10).
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.
The increase in the item "Prepaid expenses and other transitory assets accounts" of both the Group and the Company, is mainly due to prepayments related to the construction of the PPP project "Integrated Waste Management of Peloponnese Region".
The receivables from grants is related to AIOLIKI RACHOULAS DERVENOCHORION S.A. and their change concerns a transfer to "Long-term Receivables from approved but uncollected grants" amounting to €835 thousand while maintaining in "Advances and other receivables" approved but uncollected grants, an amount of €627 thousand based on the collection schedule provided by law (see Note 27).

(Amounts in thousands of Euros unless mentioned otherwise)

Provisions/recovery of impairment of other financial and non-financial receivables for the years 2022 and 2021 are analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2021	–	29	4	33	–	5	4	9
Recovered provisions for credit loss	–	(28)	(4)	**(32)**	–	(5)	(4)	**(9)**
31st December 2021	–	1	–	1	–	–	–	–

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	–	1	–	1	–	–	–	–
Provision for credit loss	–	–	30	**30**	–	–	29	**29**
31st December 2022	–	1	30	31	–	–	29	29

20. RECEIVABLES (LIABILITIES) FROM CONTRACTS WITH CUSTOMERS

Receivables from contracts with customers are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Receivables from construction contracts with customers	1.290	86	1.481	108
Receivables from other contracts with customers	21.256	2.756	11.569	9.143
Financial Assets - Concessions Short term part	8.053	–	–	–
Less: Impairments of receivables from contracts with customers	(48)	(47)	–	–
	30.551	**2.795**	**13.050**	**9.251**

The Group's "Receivables from other contracts with customers" in fiscal year 2022 have been increased due to the recognition of the unbilled income of the RES energy production in December 2022. The corresponding amount of the comparative period had been billed within 2021 and was included in the "Customers" account (see Note 18 Trade Receivables).

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
1st January 2021	–	61	–	61	–	–	–	–
Provision for credit loss	–	1	–	**1**	–	–	–	–
Recovered provisions for credit loss	–	(14)	–	**(14)**	–	–	–	–
31st December 2021	–	48	–	48	–	–	–	–

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	–	48	–	48	–	–	–	–
31st December 2022	–	48	–	48	–	–	–	–

Liabilities from contracts with customers are analyzed as follow:

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Liabilities from construction contracts with customers	109	381	6.049	4.644
Liabilities from other contracts with customers	8.502	2.990	11.445	49.910
	8.611	**3.371**	**17.494**	**54.554**

The movements in receivables and liabilities from contracts with customers for the years 2022 and 2021 are due to the following factors:

Receivables from contracts with customers	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**2.795**	**19.352**	**9.251**	**5.187**
Effect of the existing contracts implementation	–	(15.524)	5.111	87.450
Effect from new contracts	25.507	1.892	105.685	1.869
(Invoices for the period)	(356)	(156)	–	(82.511)
Transfer from liabilities from contracts with customers	2.607	(2.781)	(105.365)	(2.744)
Impairments of receivables from contracts with customers	–	13	(1.632)	–
Foreign exchange differences	(2)	(1)	–	–
Closing balance	**30.551**	**2.795**	**13.050**	**9.251**

Liabilities from contracts with customers are analyzed as follows:

Liabilities from contracts with customers	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**3.371**	**3.246**	**54.554**	**2.006**
Effect of the existing contracts implementation	–	2.032	(2.484)	20.551
Effect from new contracts	2.634	200	(123.960)	(11.326)
(Invoices for the period)	–	657	91.016	46.067
Transfer from receivables from contracts with customers	2.607	(2.781)	(1.632)	(2.744)
Foreign exchange differences	(1)	17	–	–
Closing balance	**8.611**	**3.371**	**17.494**	**54.554**

21. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group and the Company as of December 31st, 2022 and 2021 are analyzed as follows:

	GROUP		ENTITY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Cash in hand	7	2	–	–
Sight deposits	391.889	394.361	110.917	100.536
Time deposits	–	3.046	–	–
Total	**391.896**	**397.409**	**110.917**	**100.536**

The Group’s cash and cash equivalents include amounts for return, of € 3.260 thousand (2021: € 3.024 thousand) which relate to grants received from subsidiaries, due to cancellation of construction or expiration of the time limits set by the decisions of inclusion of certain Wind Parks. The above amount of the grant to be returned had not been reimbursed until the date of approval of the attached financial statements, as the relevant audit by the competent services had not been completed.

(Amounts in thousands of Euros unless mentioned otherwise)

In addition, on 31/12/2022 the Group and the Company possessed restricted deposits amounting to € 68.098 thousand and € 3.000 thousand respectively (31/12/2021: € 66.191 thousand for the Group and € 8.337 thousand for the Company), which were maintained in specific bank accounts to service their short-term operating and financial liabilities. Those restricted cash deposits were classified under "Prepayments and other receivables" (Note 19). Of the aforementioned restricted cash deposits, those who are directly related to the bank borrowings, amounted to € 65.098 thousand for the Group while there are no pledged deposits directly related to borrowing for the Company.

22. LOANS

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

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Long-term loans				
Bank loans	24.199	35.683	–	–
Bond loans	927.127	836.461	388.408	389.790
Total long-term loans	**951.326**	**872.144**	**388.408**	**389.790**
Long-term liabilities carried forward				
Bank loans	7.780	7.714	–	–
Bond loans	103.321	63.252	14.086	14.318
Total long-term liabilities carried forward	**111.101**	**70.966**	**14.086**	**14.318**
Short-term loans				
Bank loans	60.632	40.425	60.632	40.425
Total short-term loans	**60.632**	**40.425**	**60.632**	**40.425**
Total loans	**1.123.059**	**983.535**	**463.126**	**444.533**

The analysis of changes in the aforementioned loan liabilities of the Group and the Company in 2022 and 2021, is presented below as follows:

	GROUP		COMPANY	
Long-term loans	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Opening balance	**872.144**	**857.232**	**389.790**	**343.792**
New loans	488.676	294.991	17.814	41.070
Loan repayment	(13.455)	(11.070)	(8.700)	–
Capitalization of interest	9.785	913	1.369	1.085
Transfer between long-term and short-term loan liabilities	(405.443)	(79.497)	(11.865)	3.843
Interest for the year from discontinued operations	–	1.992	–	–
Foreign exchange differences	(381)	4.458	–	–
Derecognition from Disposal of the 3 Wind Parks in Texas	–	(196.875)	–	–
Closing balance (a)	**951.326**	**872.144**	**388.408**	**389.790**

(Amounts in thousands of Euros unless mentioned otherwise)

Long-term liabilities carried forward				
Opening balance	**70.966**	**69.364**	**14.318**	**31.467**
New loans	31.293	–	15.000	–
Loan repayment	(396.523)	(77.293)	(27.007)	(13.136)
Capitalization of interest	(27)	262	(90)	(170)
Transfer between long-term and short-term loan liabilities	405.443	79.497	11.865	(3.843)
Interest for the year from discontinued operations	–	5.240	–	–
Foreign exchange differences	(51)	(21)	–	–
Derecognition from Disposal of the 3 Wind Parks in Texas	–	(6.083)	–	–
Closing balance (b)	**111.101**	**70.966**	**14.086**	**14.318**
Short-term loans				
Opening balance	**40.425**	**27.487**	**40.425**	**10.013**
New loans	20.000	44.323	20.000	30.000
Loan repayment	–	(3.828)	–	–
Capitalization of interest	207	(212)	207	412
Interest for the year from discontinued operations	–	401	–	–
Reductions from loss of control of subsidiaries	–	(28.264)	–	–
Foreign exchange differences	–	518	–	–
Closing balance (c)	**60.632**	**40.425**	**60.632**	**40.425**
Total loans (a) +(b) +(c)	**1.123.059**	**983.535**	**463.126**	**444.533**

The Group's long-term loans mainly concern financing its business activities and mainly pertain to financing 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 which are renewed as needed. Collected amounts are mainly used 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 significantly differ from their carrying amount.

To secure the Group loans, wind turbines of the Wind Farms are collateralized, as well as cash while insurance contracts, receivables from the sale of electric energy to DAPEEP or/and DEDDIE and debt securities (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 restricted bank accounts, which serve the above liabilities. The submitted collaterals exceed the amount of the Group's loan liabilities.

On 31/12/2022, the total borrowings include amounts from non-recourse debt to the parent company in the amount of € 748.614 thousand, while the amounts of loans with the right of recourse to the parent company (recourse debt) amount to € 374.441 thousand. The loans guaranteed by the parent company include the common bond loan of TERNA ENERGY FINANCE SPSA issued in 2019, with a total unamortized value on December 31st, 2022 of € 148.545 thousand.

The weighted average interest rate of the Group's long-term loans for fiscal 2022 and 2021 amounted to 4,50% and 3,20%, respectively. The weighted average interest rate of the short-term loans was 3,90% and 3,35% for fiscal 2022 and 2021, accordingly.

Regarding the Group's long-term borrowings totaling € 1.062.427 thousand liabilities plus long-term liabilities payable in the following year): (a) in Greece it consists in Euro standing 98,18% of the total, (b) in Poland - in PLN 1,57% of the total and (c) in Bulgaria - in EUR 0,25% of the total. Of the total Group long term debt, as reported at the end of the fiscal year,18,34%, are at a fixed interest rate, 56,29%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 25,37% % are floating-rate loans based on euribor or wibor, as the case may be each time.

The total interest on long-term and short-term loans for the years 2022 and 2021 regarding the Group amounted to € 38.387 thousand and € 27.923 thousand respectively, and for the Company amounted to € 17.213 thousand and € 15.209 thousand respectively (see Note 37).

The Company's long-term loans also include the loans received by its subsidiaries, amounted to € 322.313 thousand on December 31st 2022.

Significant changes in the loan liabilities of the Group and the Company for the annual period ended on 31/12/2022 are presented below.

New loans

Within the year 2022, the Group received by financial institutions new loans amounting to € 539.968 thousand. The liquidity raised, was mainly used to finance investments in wind farms of subsidiaries, as well as for the construction of waste management units in the Peloponnese Region, in particular:

- Regarding the wind farm "Aidoni" of the subsidiary company Aioliki Karystias Evias S.A., a bond loan with a nominal value of € 6,141 thousand was disbursed, based on the loan agreement signed in 2022. The duration of the loan was set at 18 years, with a maturity date in the year 2040. The interest rate was set at 6-month Euribor plus margin.
- Regarding the wind farms "Milia", "Mouriza - Petra Megali - Vranouli", "Tsouka-Mandriyara", "Tsouka-Skoura", "Dugza-Antias" and "Vios-Kalamaki-Bathriza" of the subsidiary ENERGIAKI KAFIREOS EVIAS S.A., a bond loan with a nominal value of € 78,458 thousand was disbursed, based on the loan agreement signed in 2022. The duration of the loan was set at 18 years, with a maturity date in the year 2040. The interest rate was set at 6-month Euribor plus margin. In addition, for the same wind farms, a fixed interest rate bond loan with a nominal value of € 36,200 thousand was raised from GEK TERNA S.A. in order to cover their liquidity needs, based on the loan agreements signed in 2022. As of 31/12/2022, the total borrowing of € 86,200 drawn from the Company's parent company, GEK TERNA S.A., was repaid.
- Regarding the wind farms "Omalies", "Omalies II", "Korakovrachos", "Korakovrachos II", "Milza", "Tanks II", "Praro", "Molisea I", "Kalamaki" and "Kalamaki II" of the subsidiary TERNA ENERGY OMALIES M.A., a bond loan with a nominal value of € 230,350 thousand was disbursed, based on the loan agreement signed in 2022. The duration of the loan was set at 18 years, with a maturity date in the year 2040. The interest rate was set at 6-month Euribor plus margin. In addition, for the same

(Amounts in thousands of Euros unless mentioned otherwise)

wind farms, a fixed interest rate bond loan with a nominal value of € 115,000 thousand was raised from GEK TERNA S.A. in order to cover their liquidity needs, based on the loan agreements signed in 2022. As of 31/12/2022, the total borrowing of €205,000 drawn from the Company's parent company, GEK TERNA S.A., was repaid.

- Regarding the wind farm "Lefkes-Kerasia" of the subsidiary company ENERGEIAKI NEAPOLEOS LAKONIA S.A., a bond loan with a nominal value of € 558 thousand was disbursed, based on the already existing loan agreement of the company. The duration of the loan was set at 13 years, with a maturity date in the year 2032. The interest rate was set at 6-month Euribor plus a margin which is progressively reduced.
- Regarding the wind farm "Eressos-Hump Fourka" of the subsidiary ENERGEIAKI PELOPONNISOU S.A., a bond loan with a nominal value of € 2,423 thousand was disbursed, based on the company's existing loan agreement. The duration of the loan was set at 13 years, with a maturity date in the year 2032. The interest rate was set at 6-month Euribor plus a margin which is progressively reduced.
- Regarding the subsidiary company PERIVALLONTIKI PELOPONNISOU S.A., in order to finance the construction of the municipal waste treatment facilities of the Peloponnese Region, a bond loan with a nominal value of € 35,837 thousand was disbursed. The duration of the loan was set at 20 years, with a maturity date in the year 2041. The interest rate was set at Euribor 6 months plus margin.
- For serving the short-term financing needs of the parent company, a bond loan with a nominal value of € 15.0 million was disbursed in 2022 from its parent company GEK TERNA S.A., which was repaid in 2022.
- The new loans also include the raising of short-term bank financing of € 20.0 million by the Company.

The Group has the obligation to maintain specific financial ratios relating to bond loans. As of December 31st, 2022, the Group was in full compliance with the required limits of these ratios, according to the provisions of the respective loan agreements.

23. LEASE LIABILITIES

The movement in lease liabilities for the years 2022 and 2021 are presented below as follows:

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Opening balance	**19.853**	**11.782**	**12.477**	**4.416**
Additions and changes due to modification of existing contract	8.029	8.971	7.890	8.553
Repayments under lease agreements	(2.309)	(1.733)	(1.456)	(945)
Financial cost for the year	858	751	643	395
Interest capitalised on assets	186	93	–	57
Change due to acquisition of subsidiaries (see Note 7.4)	489	1	–	–
Reductions from loss of control of subsidiaries (see Notes 7.1 and 7.2)	(32)	–	–	–
Foreign exchange differences	(48)	(13)	–	–
Closing balance	**27.026**	**19.852**	**19.554**	**12.476**

For the period 01/01/2022 - 31/12/2022, the Group and the Company recognized rental expenses from short-term leases of € 1.442 thousand and € 2.757 thousand, respectively, while no leases of low values assets are effective.

(Amounts in thousands of Euros unless mentioned otherwise)

24. FINANCIAL DERIVATIVES

The Group and the Company financial derivatives as at 31/12/2022 and 31/12/2021 are analyzed as follows:

		GROUP		COMPANY	
Liabilities from derivatives	**Note**	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
- Cash flow hedging					
Interest Rate Swaps	24.1	6.849	3.658	–	720
Fixed for floating swap contracts	24.2.1	13.515	5.164	13.515	5.164
Total liabilities from derivatives		**20.364**	**8.822**	**13.515**	**5.884**
Long-term liabilities from derivatives		*14.596*	*2.162*	*7.845*	*158*
Short-term liabilities from derivatives		*5.768*	*6.659*	*5.670*	*5.726*

		GROUP		ENTITY	
Receivables from derivatives	**Note**	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
- Cash flow hedging					
Interest Rate Swaps	24.1	34.517	1.546	1.111	–
Total receivables from derivatives		**34.517**	**1.546**	**1.111**	**–**
Long-term receivables from derivatives		*26.544*	*1.409*	*935*	–
Short-term receivables from derivatives		*7.973*	*137*	*176*	–

The aforementioned financial instruments are measured at their fair value (see Note 43).
During the financial year 2022, a total profit of € 873 thousand was recognised for the Group and the Company in the results of the fiscal year from changes in fair value, which is included in the item "Gains/Losses on financial instruments at fair value" (see Note 24.2.1). Total changes in fair value recognised in other comprehensive income amounted to a profit of € 19.659 thousand (2021: loss of € 39.175 thousand) for the Group and a loss of € 7.394 thousand (2021: loss of € 3.634 thousand) for the Company.

24.1 Forward Interest Rate Swaps

In order to manage the interest rate risk that 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 31/12/2022, throughout the time horizon of such contracts.
The fair value of these contracts as of 31/12/2022 amounted to a total net liability of € 27.668 with the total nominal value of the contracts amounting to € 449.088 thousand for Greece and Bulgaria). As of 31/12/2022, these derivatives met the requirements for cash flow hedging, in accordance with the provisions of IFRS 9 and from their measurement at fair values a profit of € 28.884 thousand (2021: loss € 6.280 thousand) was recognized in the item "Cash flow hedging" in the other comprehensive income statement. These financial liabilities are classified in the fair value hierarchy at level 2 (see Note 43).

(Amounts in thousands of Euros unless mentioned otherwise)

24.2 Derivatives for hedging changes in energy market prices

24.2.1 Fixed for floating swap contracts HERON EN.A and HERON EN.A BUSINESS

On 25/01/2021, HERON ENERGY (ENERGIAKI) SA, in collaboration with TERNA ENERGY Group presented in the Greek market the plan "HERON EN.A", through which the TERNA ENERGY Group has agreed to sell the production of Renewable Energy Sources (RES) to HERON for 25 years. In addition, on 20/09/2021, HERON ENERGY SA, in collaboration with TERNA ENERGY Group presented to the Greek market the plan "HERON EN.A BUSINESS", through which the TERNA ENERGY Group has agreed to sell the production of Renewable Energy Sources (RES) to HERON for 20 years. TERNA ENERGY Group, based on these agreements, will receive fixed cash flows from the EN.A plan, while it will pay the floating cash flows (Proxy Market Revenues) to HERON (fixed for floating swap contract).

During the year 2022, from the above-mentioned derivatives, a total loss of € 873 thousand was recognized in the results of the year from changes in fair value, which is included in the item "Losses from financial instruments valued at fair value".

The fair value of this derivative on 31/12/2022 amounted to a total liability of € 13.515 thousand. On 31/12/2022, this derivative met the requirements for cash flow hedging, in accordance with the provisions of IFRS 9 and from its measurement at fair value a loss of € 9.225 thousand was recognized in the item "Cash flow hedging" in the other comprehensive income. This financial liability has been classified in the fair value hierarchy at level 3 (see Note 43).

25. PROVISION FOR STAFF INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.

The liabilities for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the consolidated Statement of Comprehensive Income for the fiscal year 2022 and the movement of the relevant provision accounts for staff indemnities presented in the attached consolidated Statement of financial position for the year ended on 31/12/2022.

The expense for personnel indemnities which was recognized in Statement of Comprehensive Income is analyzed as follows:

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Current service cost	86	79	78	73
Financial cost	1	1	1	1
Actuarial (gains)/losses	(16)	11	(10)	10
	71	**91**	**69**	**84**

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

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**204**	**146**	**179**	**128**
Provision recognized in the income statement	87	80	79	74
Provision recognized in other comprehensive income	(16)	11	(10)	10
Provisions used	(30)	(33)	(30)	(33)
Closing balance	**245**	**204**	**218**	**179**

The key actuarial assumptions for fiscal year 2022 are as follows:

	31/12/2022	31/12/2021
Discount rate	2,90%	0,60%
Salary increases	2,50%	1,80%
Inflation	2,80%	1,80%
Service tables	EVK 2000	EVK 2000
TurnOver	Table 1	Table 1

Table 1	
Years of experience	**Departure rate**
From 0 to 1 year	1,50%
From 1 to 5 years	1,00%
From 5 to 10 years	0,50%
Over 10 years	0,00%

26. OTHER PROVISIONS

The movement in other provisions of the Group and the Company for the years 2022 and 2021 has as below:

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	Provisions for loss-bearing construction	Other provisions	Provisions for environmental rehabilitation	Provisions for loss-bearing construction	Other provisions
Balance January 1st 2021	**20.450**	**–**	**896**	**3.549**	**–**	**760**
Balance January 1st 2021, Adjusted	**20.450**	**–**	**896**	**3.549**	**–**	**760**
Provision recognized in the income statement	881	435	–	210	435	–
Provision recognized in tangible assets	258	–	–	–	–	–
Provisions from discontinued operations	147	–	–	–	–	–
Reductions from loss of control of subsidiaries	(5.133)	–	–	–	–	–
Foreign exchange differences	137	–	–	–	–	–
Balance 31st December 2021	**16.740**	**435**	**896**	**3.759**	**435**	**760**

(Amounts in thousands of Euros unless mentioned otherwise)

Long-term provisions	*16.740*	*435*	*896*	*3.759*	*435*	*760*
Short-term provisions	–	–	–	–	–	–

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	**Provisions for loss-bearing construction**	**Other provisions**	**Provisions for environmental rehabilitation**	**Provisions for loss-bearing construction**	**Other provisions**
Balance January 1st 2022	**16.740**	**435**	**896**	**3.759**	**435**	**760**
Balance January 1st 2022, Adjusted	**16.740**	**435**	**896**	**3.759**	**435**	**760**
Provision recognized in the income statement	930	–	–	222	–	–
Provision recognized in tangible assets	894	–	–	–	–	–
Provisions used	–	(435)	–	–	(435)	–
Foreign exchange differences	(44)	–	–	–	–	–
Balance 31st December 2022	**18.520**	**–**	**896**	**3.981**	**–**	**760**
Long-term provisions	*18.520*	–	*896*	*3.981*	–	*760*
Short-term provisions	–	–	–	–	–	–

In the above table, in addition to the analysis of the provisions based on the nature of the commitment, their analysis is also presented based on the expected schedule of the outflow of financial resources. 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 Group's companies of the 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 € 18.520 thousand (31/12/2021: € 16.740 thousand) 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.

The other provisions mainly concern provisions for pending legal litigations amounting to € 335 thousand (31/12/2021: € 335 thousand) and provisions for unaudited financial years amounting to € 560 thousand (31/12/2021: € 560 thousand) (see Note 46).

Provisions for loss-making construction contracts, in aggregate, have been classified as current liabilities (see Note 29).

27. GRANTS

Grants on 31st December 2022 and 31st December 2021 in the accompanying financial statements are analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	**76.736**	**82.140**	**16.398**	**17.657**
Approved and collected grants	100.000	–	–	–
Grants to be returned	(277)	–	–	–
Amortisation recognized in the Income Statement	(5.367)	(5.374)	(1.259)	(1.259)
Grants related with fixed assets disposal	(3.882)	–	(3.882)	–
Foreign exchange differences	(64)	(30)	–	–
Closing balance	**167.146**	**76.736**	**11.257**	**16.398**

Grants, relate to government grants for the development of Wind Farms and other renewable electricity generation units, are amortized in the Statement of Comprehensive Income in accordance with the rate of amortization of the fixed assets being subsidized. The above grants are being amortized in the revenue side only to the extent which corresponds to any fully completed and operating wind farms.

The Grants of fixed assets sold are related to the transfer of the fixed assets under construction of the pumped storage of the Company to the newly established subsidiary of the company TERNA ENERGY-PUMPED STORAGE I S.M.S.A. which is now the vehicle for the implementation of the construction of the relevant project in the wider area of Amfilochia. In August 2022, the forementioned subsidiary company received the first installment, amounting to €100 million, of investment support through the Public Investment Program, for the project "Sub-project 1. Pumped Storage Station of Western Greece (Amfilochia), with a capacity of 680MW" which has included in the Recovery and Resilience Fund.

For the subsidiary company "AIOLIKI RACHOULAS DERVENOCHORION S.A.", on December 29, 2022, a decision was published in the Official Gazette 6806B/29.12.2022 on completion - finalization of the cost and certification of the commencement of production operation of the expansion of the 1st investment project of Law 3299/ 2004 in the location "Rahoula - Pashalies" of the Municipality of Dervenochoria, of the Regional Unit of Viotia. According to the above decision, there was a curtailment of the aid amounting to € 17 thousand and at the same time the company is obliged to return the amount of € 260 thousand out of the total grant received amounting to € 10.731 thousand.

On December 22, 2022, a decision was published in the Official Gazette 6642B/22.12.2022 on completion - finalization of the cost and certification of the commencement of production of the 2nd investment project of Law 3908/2011, extension of the 1st, in the location "Rahoula - Pashalies" of the Municipality of Dervenochoria, of the Regional Unit of Viotia. Furthermore, article 77 of Law 4399/2016 now applies to this aid, according to which if a decision to complete and commence production is issued without the entity of the investment project having received any amount of aid, with the issuance of the decision to complete and commence production operation of the investment, a grant amount corresponding to 3/7 of the total amount is granted. The remaining amount of the grant is paid in four (4) annual installments from the year following the payment of the previous paragraph. Therefore, the subsidiary company "AIOLIKI RACHOULAS DERVENOCHORION S.A." classified in "Long-term Receivables from approved but uncollected grants" an amount of € 835 thousand, keeping in "Advances and other receivables" approved but uncollected grants, an amount of € 627 thousand, (see Notes 15 and 19).

These grants were recognized based on the certainty of the Group's Management that all the conditions for their collection are properly met and that these amounts will be collected with the final approval of the completion of the relevant investments.

(Amounts in thousands of Euros unless mentioned otherwise)

28. SUPPLIERS

The suppliers in the accompanying financial statements, as of December 31st, 2022 and 2021, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Suppliers	75.084	138.326	63.068	77.007
Total	**75.084**	**138.326**	**63.068**	**77.007**

Liabilities to suppliers mainly relate to obligations related to the construction and operation of renewable wind and hydroelectric power plants, photovoltaic farms as well as other Renewable Energy Sources (RES). The decrease of liabilities to suppliers at the Group and Company level for the year 2022 amounting to € 63.242 thousand for the Group and € 13.939 thousand for the Company, is mainly due to the construction of the wind plants in the wider region of the Municipality of Karystos Evia, as well as the project "Integrated Waste Management of Peloponnese Region".

29. ACCRUED AND OTHER LONG – TERM AND SHORT-TERM LIABILITIES

The item "Other Long-Term Liabilities" of the consolidated financial statements as of 31/12/2022, amounting to € 7.496 thousand, concerns the potential consideration for the acquisition of the entities KEY SOLAR ENERGY SINGLE MEMBER PC, KASTRAKI SOLAR ENERGY SINGLE MEMBER PC and TERNA ENERGY FIVE TOWERS GP (see Note 7.4)

The accrued and other short-term liabilities as of December 31st 2022 and December 31st 2021 in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accrued and other short-term financial liabilities				
Liabilities from dividends payable and return of capital	495	229	245	229
Other liabilities to related parties	523	257	503	136
Employee fees due	525	431	478	384
Accrued expenses	5.021	10.318	2.007	1.327
Short term liabilities from entities aqcusitions	11.028	–	11.028	–
Sundry creditors	724	1.036	366	417
Total	**18.316**	**12.271**	**14.627**	**2.493**

	GROUP		COMPANY	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other short-term non-financial liabilities				
Liabilities from taxes-duties other than income tax	8.801	12.265	5.006	5.593
Social security funds	651	560	534	466
Grants to be returned (see Notes 21 and 27)	3.260	3.024	–	–
Provisions for loss-bearing construction contracts	2.430	2.999	2.430	2.999
Total	**15.142**	**18.848**	**7.970**	**9.058**

(Amounts in thousands of Euros unless mentioned otherwise)

The short-term debts from business acquisitions concern the contingent price for the acquisition of the shares of the company TERNA ENERGY OMALIES S.A. (formerly RF OMALIES S.A.) which are estimated to be paid by the end of the year 2023.
The account "Liabilities from taxes-duties other than income tax" for the year 2022, concerns VAT liabilities of € 3.965 thousand for the Group (€ 3.608 thousand for the Company) as well as liabilities from other taxes, which mainly come from withholding taxes on subcontractors and fees.

30. SHARE CAPITAL AND SHARE PREMIUM

As of 31/12/2022 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 of 31/12/2022 stands at € 209.870 thousand.

Company's Events 2022

30.1 Dividends

- On 22/06/2021, the Ordinary General Meeting of the Company's Shareholders approved the distribution of a dividend of € 39.390.730,60, € 0,34 per share, in accordance with article 162, par. 3 of Law 4548/2018. Given that this amount is subject to withholding tax of 5%, according to article 24 of Law 4646/2019, the shareholders are entitled to a total net amount of Euro 37.421.194,07, i.e. a net amount of € 0,323000 per share. This amount was increased by the dividend corresponding to the 379.181 treasury shares held by the Company. All shareholders received on July 11, 2022 an additional amount of € 0,341116437 per share, i.e. a total net amount of € 0,324060615 per share. From the above distribution of € 39.390.730,60, the payment of € 4.818.361,20 came from reserves of Law 3299 which are taxed at the time of their distribution in accordance with the provisions of the Income Tax Law, consequently, a tax amount of € 1.359.024,85 to be recognized in the "Liabilities from income tax" account at the expense of the formed reserves.

31. RESERVES

The reserves for the fiscal years 2022 and 2021, in the accompanying financial statements, are analyzed as follows:

GROUP	Statutory reserves	Treasury shares	Foreign currency translation diff. to Euro reserves from foreign operations	Reserves from Share based payments programms	Differences from cash flows risk hedges reserves	Actuarial gains/(losses) from defined benefit plan reserves	Valuation reserves at fair value of participations	Develop ment and tax legislatio n reserves	Total
1 January 2021	**15.173**	**–**	**(12.239)**	**–**	**(3.567)**	**20**	**(334)**	**59.325**	**58.378**
Other comprehensive income (after tax)	–	–	953	–	(536)	(11)	(239)	–	**167**
Formation of reserves	2.982	–	–	–	–	–	–	4.260	**7.242**
Acquisition of treasury shares	–	(2.709)	–	–	–	–	–	–	**(2.709)**
Transfer to non-	–	–	(7)	–	–	–	–	–	**(7)**
31st December 2021	**18.155**	**(2.709)**	**(11.293)**	**–**	**(4.103)**	**9**	**(573)**	**63.585**	**63.071**

(Amounts in thousands of Euros unless mentioned otherwise)

1 January 2022	**18.155**	**(2.709)**	**(11.293)**	**–**	**(4.103)**	**9**	**(573)**	**63.585**	**63.071**
Other comprehensive	–	–	514	–	15.159	12	(148)	–	**15.537**
Formation of reserves	1.804	–	–	48.814	–	–	–	(9.242)	**41.376**
Distribution of reserves	–	–	–	–	–	–	–	(6.177)	**(6.177)**
Acquisition of treasury	–	(6.609)	–	–	–	–	–	–	**(6.609)**
Change in the percentage	–	–	5	–	–	–	–	–	**5**
Reductions from disposal of subsidiaries (see Note	(24)	–	–	–	–	–	–	–	**(24)**
31st December 2022	**19.935**	**(9.318)**	**(10.774)**	**48.814**	**11.056**	**21**	**(721)**	**48.166**	**107.179**

COMPANY	**Statutory reserves**	**Treasury shares**	**Foreign currency translation diff. to Euro reserves from foreign operations**	**Reserves from Share based payments programm**	**Differences from cash flows risk hedges reserves**	**Actuarial gains/(losses) from defined benefit plan reserves**	**Valuation reserves at fair value of participations**	**Develop ment and tax legislatio n reserves**	**Total**
1 January 2021	**7.751**	**–**	**–**	**–**	**(1.030)**	**8**	**(334)**	**15.023**	**21.418**
Other comprehensive losses (after tax)	–	–	–	–	(2.862)	(10)	(239)	–	**(3.111)**
Formation of reserves	1.450	–	–	–	–	–	–	421	**1.871**
Acquisition of treasury shares	–	(2.709)	–	–	–	–	–	–	**(2.709)**
31st December 2021	**9.201**	**(2.709)**	**–**	**–**	**(3.892)**	**(2)**	**(573)**	**15.444**	**17.469**
1 January 2022	**9.201**	**(2.709)**	**–**	**–**	**(3.892)**	**(2)**	**(573)**	**15.444**	**17.469**
Other comprehensive	–	–	–	–	(5.767)	9	(148)	–	**(5.906)**
Formation of reserves	–	–	–	48.814	–	–	–	421	**49.235**
Distribution of reserves	–	–	–	–	–	–	–	(6.177)	**(6.177)**
Acquisition of treasury shares	–	(6.609)	–	–	–	–	–	–	**(6.609)**
31st December 2022	**9.201**	**(9.318)**	**–**	**48.814**	**(9.659)**	**7**	**(721)**	**9.688**	**48.012**

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

The Company during the period 01/01/2022 – 31/12/2022 purchased 431.546 treasury shares of a nominal value of € 129.464 and a market value of € 6.608.639. The total number of treasury shares held by the Company on 31/12/2022 was 653.046 with a total acquisition cost of € 9.317.349. These shares represented a percentage of 0,56% of the paid-up share capital of the Company.

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 hedge transaction relates affects the statement of comprehensive income, then the corresponding amounts are also transferred from the other comprehensive income to the statement of comprehensive income. During the year 2022, the Group recognized as an increase to these reserves, derivative profit after taxes amounting to € 15.159 thousand with the total of these reserves amounting on 31/12/2022 to a debit balance of € 11.056 thousand (see Note 24).

Proportional actuarial gains/(losses) reserves

Actuarial gains / (losses) from defined benefit pension plans arising from (a) experience 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 based on 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.

With the decision of the Ordinary General Meeting of the parent company dated on June 22, 2022, it was decided that part of the dividend payment of € 4.818 thousand should be made from reserves of Law 3299 which are taxed at the time of their distribution in accordance with the provisions of the Income Tax Law. As a result of the above distribution, an amount of € 1.359 thousand was recognized in the "Liabilities from income tax" account, with the result that the "Development and tax legislation reserves" account was reduced by a total of € 6.177 thousand.

Furthermore, the reduction of € 9.242 thousand is related to the distribution of tax-free reserves of the Group's subsidiaries to other subsidiaries. These transactions at the level of Consolidated Financial Statements are eliminated thus transferring these amounts to the "Balance of retained earnings" account.

The Group and the Company hold non-taxable reserves for the amount of € 45.488 thousand and € 8.289 thousand, respectively, which, if disposed or capitalized, will be taxed at the applicable tax rate and subject to the provisions of the relevant development laws.

Reserves from Share based payments programs

The Extraordinary General Meeting of 16.12.2020 of TERNA ENERGY A.V.E.T.E. approved the distribution of up to two million five hundred thousand (2.500.000) new shares to be issued with capitalization of reserves from the issue of premium shares to Executive Members of the Board of Directors and senior executives of the Company due to their contribution to the achievement of financial goals, in the implementation of new projects as well as in increasing the profitability of the Company within the three-year period 01.01.2021-

31.12.2023. The Board of Directors was further authorized to determine the beneficiaries, the way of exercising the right and the conditions of the program, as well as the regulation of all relevant procedural issues for the implementation of the decision.

The Board of Directors of the Company at its meeting of 19.03.2021, in implementation of the above decision of the Extraordinary General Meeting of Shareholders, accepted the recommendation of the Nominations and Remuneration Committee regarding the Revision of the Remuneration Policy, the Review of the Program Implementation Period (extension of the Program by one year, i.e. ending on 31.12.2024 – the extension of the duration of the program, in combination with its inclusion in the Remuneration Policy was approved by the Regular General Meeting of the Company's Shareholders on 23.06.2021), the conditions for the implementation of the Program, as well as the Criteria - Objectives of the Program (refer to the fulfillment of performance conditions not related to the market - e.g. project construction objectives, EBITDA, etc.), as well as regarding the Distribution of the shares per Criterion – Objective. At the same meeting, the Board of Directors reserved to decide further on the selection criteria of the beneficiaries, the distribution of the shares to the beneficiaries and on the vesting criteria per beneficiary at a new meeting after a new relevant proposal from the Nominations and Remuneration Committee.

At the meeting of January 26, 2022, the Board of Directors proceeded with the selection of the beneficiaries of the Share based payments programs as well as the allocation percentages in accordance with the recommendation of the Nominations and Remuneration Committee.

On February 2, 2023, the 18.01.2023 decision of the Board of Directors of "TERNA ENERGY" was published in GEMI, which approved the increase of the Company's Share Capital and the amendment of the relevant Article 5 (Share Capital) of its articles of association.

Specifically, it was unanimously decided to increase the Company's Share Capital by the amount of Three Hundred Sixty Thousand Euros (€360.000,00) with the issuance of One Million Two Hundred Thousand (1.200.000) new voting registered shares, with a nominal value of thirty Euro cents (€0,30) each, with capitalization of reserves from the issue of shares at a premium and their free distribution to Executive Members of the Board of Directors and senior management of the Company, in accordance with the approved Share based payment program. This decision is related to the achievement of the targets representing 48% of all shares included in the Share based payment program.

Furthermore, according to the performance reported in the Management Report of the attached Consolidated Financial Statements of the Group as of December 31, 2022, the achievement of targets representing 42% of the shares, i.e. 1.050.000 shares, included in the Share based payment Program.

For the valuation of the shares linked to the vesting conditions, which do not include a market condition (non market KPIs), the fair value was determined using the Monte Carlo valuation model. The input data in this model is the share price which, on the date of revaluation (31/12/2022) of the fair value of the Share based payment program amounted to €20,38, the exercise price (€0,00)/ free float, the discount rate or risk free yield (2,57%), the average monthly share price return which was 2,52% and the monthly volatility of the share price which was 0,62%. Based on the above, the fair value was determined in a price range of €20,38 to

(Amounts in thousands of Euros unless mentioned otherwise)

€35,51. (Alternatively: Based on the above, the weighted average fair value of the shares linked to the vesting conditions was determined at €21,89).

The expense which was recognized in the Administration Expenses of the year as "Share option expenses", in the context of the valuation of this program for the year 2022, amounted for the Group and the Company, to an amount of € 48.814 thousand forming an equal reserve from Share based payment program (see Note 35).

32. 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	
	31/12/2022	**31/12/2021***
Net profit attributed to shareholders of the parent basic EPS (in thousand Euro)		
- from continuing operations	19.810	68.357
- from discontinued operations	22.825	(90.558)
	42.635	**(22.201)**
Average weighted number of shares used to calculate basic EPS	115.368.929	115.681.726
Basic Earnings per share attributed to shareholders of the parent (Amounts in Euro per share)		
- from continuing operations	**0,17171**	**0,59091**
- from discontinued operations	**0,19784**	**(0,78282)**
- from continuing and discontinued operations	**0,36955**	**(0,19191)**

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.*

Based on the Share based payment program, there are reduced earnings per share of the Group, for the year ended 31/12/2022, which are presented below:

Average weighted number of shares used to calculate basic EPS	115.368.929	115.681.726
Shares deemed to have been issued without consideration as a result of the achievement of the objectives of the free share program	2.089.726	–
Average weighted number of shares used to calculate diluted EPS	117.458.655	115.681.726
Diluted Earnings per share attributed to shareholders of the parent (Amounts in Euro per share)		
- from continuing operations	**0,16866**	**0,59091**
- from discontinued operations	**0,19432**	**(0,78282)**
- from continuing and discontinued operations	**0,36298**	**(0,19191)**

33. INCOME TAX – DEFERRED TAXATION

The tax rate for legal entities in Greece in the year 2022, as for the year 2021, after the enactment of Law 4799/2021 which amended par. 1 of no. 58 of Law 4172/2013 is set at 22%.

(Amounts in thousands of Euros unless mentioned otherwise)

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 non-exemption of specific expenses, depreciation rates differences, arising between the fixed asset's useful life and the rates defined under Law 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 2022 and 2021, is analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Current income tax	20.807	17.907	170	1.393
Deferred tax	(3.800)	7.399	(5.745)	452
Total	**17.007**	**25.306**	**(5.575)**	**1.845**

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
(Losses)/profit before tax	**38.651**	**98.437**	**(4.063)**	**35.174**
Nominal tax rate	22%	22%	22%	22%
Income tax based on the effective nominal tax rate	**8.503**	**21.656**	**(894)**	**7.738**
Adjustments for:				
Expenses not included in the tax calculation	11.072	141	11.072	141
Effect of change in tax rate and tax rate differences of foreign subsidaries	(771)	(1.791)	–	95
Adjustments of tax of previous years and additional taxes	199	–	175	–
Difference in taxation of foreign companies	–	(312)	–	–
Write-off/(offsetting) of tax losses	239	853	–	–
Effect of participations of associates and joint ventures in net results	–	756	–	–
Direct results on other comprehensive income or equity	–	(23)	–	–
Non-taxable results	(3.598)	(811)	(16.833)	(7.322)
Permanent tax differences (results not included in the tax calculation)	1.363	4.837	905	1.193
Actual income tax expense	**17.007**	**25.306**	**(5.575)**	**1.845**
Effective tax rate	44,00%	25,71%	137,21%	5,25%

The increase in effective tax rates is mainly due to the fact that the Group's accounting results include expenses such as the expense from the free distribution of shares which are not taxable. At the Company level, in addition to these expenses, the opposite effect is caused by the recognition of dividends from subsidiaries, which are not taxable.

The income tax return is filed on an annual basis, but the profits or losses declared remain provisional until the tax authorities audit the taxpayer's books and records and a final audit report is issued. In February 2021,

(Amounts in thousands of Euros unless mentioned otherwise)

the Company received an order for a partial tax audit of the tax years 2015 and 2016, which was conducted by the Large Business Audit Center (BACC). This audit was completed and the impact on the results of the Company and the Group for the 2022 financial year amounts to €105 thousand.
Furthermore, in September 2022, the Company received an order for a partial tax audit of the tax years 2017 and 2018, which is also being carried out by the Centre for the Control of Large Enterprises (KEMEP). This audit has commenced and the Company's management believes that the audit is not expected to have a material impact on the results of the Company and the Group.

The Group annually estimates any contingent liabilities, expected to arise from the audit of past years, making relevant provisions where appropriate. The Group made provisions of € 560 for tax non-inspected years and the Management believes that apart from the provisions made, any potentially arising tax amounts will not have a significant impact on the Group's and Company's equity, results, and cash flows. Information regarding tax non-inspected years is presented in Notes 5 and46.1 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 of 31/12/2022 and 31/12/2021 regarding the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
Deferred tax asset	18.350	8.041	9.411	2.000
Deferred tax liability	(48.080)	(37.137)	–	–
Net deferred tax (liability)/asset	**(29.730)**	**(29.096)**	**9.411**	**2.000**
Opening balance	**(29.096)**	**(22.501)**	**2.000**	**1.503**
Change in opening balance due to take over of subsidiaries/Adjustments due to retrospective application of change in IAS 19 accounting policy	–	1.186	–	–
Adjusted opening balance	**(29.096)**	**(21.315)**	**2.000**	**1.503**
Credit/(debit) recognised in net profit for the year	3.800	(7.401)	5.745	(451)
(Debit)/credit recognised in other comprehensive income	(4.462)	(523)	1.665	831
Deferred tax of non continuing	–	122	1	117
Foreign exchange differences	28	21	–	–
Closing balance	**(29.730)**	**(29.096)**	**9.411**	**2.000**

Deferred tax assets and obligations for 2022 and 2021, in the consolidated and separate Statement of Comprehensive Income, are analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2021*						31st December 2021
GROUP	**Opening balance**	**Change in opening balance due to take over of subsidiaries/Adjustments due to retrospective application of change in IAS 19 accounting policy**	**Adjusted opening balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	36	–	**36**	2	8	–	**46**
Investment valuation	1.028	–	**1.028**	(579)	–	–	**449**
Derivative valuation	1.971	–	**1.971**	142	(531)	–	**1.582**
Other provisions	70	–	**70**	872	–	–	**942**
Receivables-Liabilities from contracts with customers	(339)	–	**(339)**	404	–	–	**65**
Loans	3.028	–	**3.028**	(709)	–	(9)	**2.310**
Lease liabilities	2.031	–	**2.031**	2.275	–	(5)	**4.301**
Recognized tax losses	3.440	–	**3.440**	(1.748)	–	–	**1.692**
Other	382	–	**382**	(1.338)	–	–	**(956)**
Intangible assets	11.577	–	**11.577**	5.255	–	–	**16.832**
Tangible assets	(34.807)	1.186	**(33.621)**	1.781	–	37	**(31.803)**
Financial Assets – Concessions	(9.580)	–	**(9.580)**	(13.436)	–	–	**(23.016)**
Grants	(1.338)	–	**(1.338)**	(200)	–	(2)	**(1.540)**
Deferred tax of net profit/other comprehensive income				**(7.279)**	**(523)**	**21**	
Deferred tax asset/(liability)	**(22.501)**	**1.186**	**(21.315)**				**(29.096)**

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2022						31st December 2022
GROUP	**Opening balance**	**Change in opening balance due to take over of subsidiaries/Adjustments due to retrospective application of change in IAS 19 accounting policy**	**Adjusted opening balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	46	–	**46**	15	(3)	–	**58**
Investment valuation	449	–	**449**	5.824	42	–	**6.315**
Derivative valuation	1.582	–	**1.582**	(190)	(4.500)	–	**(3.108)**
Other provisions	942	–	**942**	3.130	176	–	**4.248**
Receivables-Liabilities from contracts with customers	65	–	**65**	(249)	–	–	**(184)**
Loans	2.310	–	**2.310**	1.127	–	(18)	**3.419**
Lease liabilities	4.301	–	**4.301**	(2.480)	–	(11)	**1.810**
Recognized tax losses	1.692	–	**1.692**	1.052	–	–	**2.744**
Other	(956)	–	**(956)**	1.068	(1)	1	**112**
Intangible assets	16.832	–	**16.832**	1.095	–	–	**17.927**
Tangible assets	(31.803)	–	**(31.803)**	1.252	(176)	60	**(30.667)**
Financial Assets – Concessions	(23.016)	–	**(23.016)**	(8.044)	–	–	**(31.060)**
Grants	(1.540)	–	**(1.540)**	200	–	(4)	**(1.344)**
Deferred tax of net profit/other comprehensive income	–			**3.800**	**(4.462)**	**28**	
Deferred tax asset/(liability)	**(29.096)**	**–**	**(29.096)**				**(29.730)**

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2021*						31st December 2021
ENTITY	**Opening balance**	**Change in opening balance due to take over of subsidiaries/Adjustments due to retrospective application of change in IAS 19 accounting policy**	**Adjusted opening balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	30	–	**30**	1	8	–	**39**
Investment valuation	3.050	–	**3.050**	(303)	–	–	**2.747**
Derivative valuation	330	–	**330**	142	823	–	**1.295**
Other provisions	51	–	**51**	872	–	–	**923**
Receivables-Liabilities from contracts with customers	182	–	**182**	816	–	–	**998**
Loans	663	–	**663**	19	–	–	**682**
Lease liabilities	307	–	**307**	2.483	–	–	**2.790**
Recognized tax losses	2.214	–	**2.214**	(2.214)	–	–	**–**
Other	(67)	–	**(67)**	(415)	–	–	**(482)**
Intangible assets	(125)	–	**(125)**	9	–	–	**(116)**
Tangible assets	(5.222)	–	**(5.222)**	(1.621)	–	–	**(6.843)**
Financial Assets – Concessions	–	–	**–**	33	–	–	**33**
Grants	90	–	**90**	(156)	–	–	**(66)**
Deferred tax of net profit/other comprehensive income				**(334)**	**831**	**–**	
Deferred tax asset/(liability)	**1.503**	**–**	**1.503**				**2.000**

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2022						31st December 2022
ENTITY	**Opening balance**	**Change in opening balance due to take over of subsidiaries/Adjustments due to retrospective application of change in IAS 19 accounting policy**	**Adjusted opening balance**	**(Debit)/credit recognised in net profit for the year**	**(Debit)/credit recognised in other comprehensive income**	**Foreign exchange differences**	**Closing balance**
Deferred tax asset/(liability)							
Provision for staff indemnities	39	–	**39**	11	(2)	–	**48**
Investment valuation	2.747	–	**2.747**	2.959	41	–	**5.747**
Derivative valuation	1.295	–	**1.295**	(192)	1.626	–	**2.729**
Other provisions	923	–	**923**	655	–	–	**1.578**
Receivables-Liabilities from contracts with customers	998	–	**998**	98	–	–	**1.096**
Loans	682	–	**682**	1.505	–	–	**2.187**
Lease liabilities	2.790	–	**2.790**	(2.533)	–	–	**257**
Other	(482)	–	**(482)**	482	–	–	**–**
Intangible assets	(116)	–	**(116)**	(3)	–	–	**(119)**
Tangible assets	(6.843)	–	**(6.843)**	2.320	–	–	**(4.523)**
Financial Assets – Concessions	33	–	**33**	(33)	–	–	**–**
Grants	(66)	–	**(66)**	476	–	–	**410**
Deferred tax of net profit/other comprehensive income	–		**–**	**5.745**	**1.665**	**–**	
Deferred tax asset/(liability)	**2.000**	**–**	**2.000**				**9.410**

(Amounts in thousands of Euros unless mentioned otherwise)

34. TURNOVER

Turnover in the financial statements as of December 31st, 2022 and 2021, in the attached Financial Statements, is analyzed as follows:

Turnover from contracts with customers per category

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Revenue from construction services segment				
Road construction works	431	1.302	431	1.302
Railway construction works	206	192	206	192
Construction works	–	2	–	2
Electromechanical works	–	203	–	203
Industrial works	38.580	25.939	35.988	25.015
Energy RES works	989	56	159.644	96.563
Other services in construction segment (except leases)	72	–	72	–
	40.278	**27.694**	**196.341**	**123.277**

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Revenue from RES energy generation segment				
Revenue from RES energy generation segment	226.168	212.357	16.959	21.046
Energy generation from other RES technologies	8.429	10.387	3.530	3.294
Repair and maintenance of RES	1.362	1.291	7.966	6.717
Other revenue RES energy segment (except leases)	217	392	20	14
	236.176	**224.427**	**28.475**	**31.071**

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Revenue from concession operating segment				
Revenue from the operation of waste management plants	8.976	1.670	7.595	3.468
Revenue from installation of e-ticketing	280	2.651	62	–
Revenue from operation of e-ticketing	12.335	16.647	1.996	2.157
	21.591	**20.968**	**9.653**	**5.625**
Total Revenue from contracts with customers from continuing operations	**298.045**	**273.089**	**234.469**	**159.973**
Total Revenue from contracts with customers from discontinued operations	283.093	164.449	125.408	79.737
Total	**581.138**	**437.538**	**359.877**	**239.710**

(Amounts in thousands of Euros unless mentioned otherwise)

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

	GROUP		COMPANY	
	01/01 - 31/12/2022	**01/01 - 31/12/2021***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Transfer of goods at a specific time	237.525	221.591	20.516	22.975
Services at a specific time	–	2.838	–	8.096
Services over time	60.520	48.660	213.953	128.902
Total Revenue from contracts with customers from continuing operations	**298.045**	**273.089**	**234.469**	**159.973**
Total Revenue from contracts with customers from discontinued operations	283.093	164.449	125.408	79.737
Total	**581.138**	**437.538**	**359.877**	**239.710**

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

	GROUP		COMPANY	
	01/01 - 31/12/2022	**01/01 - 31/12/2021***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Closed-value contracts	236.176	224.429	28.475	31.071
Cost contracts plus profit percentage	61.869	48.660	205.994	128.902
Total Revenue from contracts with customers from continuing operations	**298.045**	**273.089**	**234.469**	**159.973**
Total Revenue from contracts with customers from discontinued operations	283.093	164.449	125.408	79.737
Total	**581.138**	**437.538**	**359.877**	**239.710**

Turnover analysis from contracts with customers per contract term

	GROUP		COMPANY	
	01/01 - 31/12/2022	**01/01 - 31/12/2021***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Long-term contracts	298.045	140.771	234.469	80.236
Short-term contracts	–	132.318	–	79.737
Total Revenue from contracts with customers from continuing operations	**298.045**	**273.089**	**234.469**	**159.973**
Total Revenue from contracts with customers from discontinued operations	283.093	164.449	125.408	79.737
Total	**581.138**	**437.538**	**359.877**	**239.710**

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

	GROUP		COMPANY	
	01/01 - 31/12/2022	**01/01 - 31/12/2021**	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
1 year	47.189	73.510	98.500	242.326
1-5 years	6.798	10.466	9.739	23.599
Total Revenue from contracts with customers from continuing operations	**53.987**	**83.976**	**108.239**	**265.925**
Total	**53.987**	**83.976**	**108.239**	**265.925**

(Amounts in thousands of Euros unless mentioned otherwise)

**The comparative figures of the Group and the Company for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading sector.*

35. COST OF SALES, ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

Cost of sales, administrative and research and development expenses on December 31st, 2022 and 2021, in the financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Cost of sales and inventory consumption	20.372	12.562	51.157	16.590
Employees remuneration and expenses	6.116	5.067	6.408	4.891
Subcontractors fees and expenses	15.523	16.022	107.946	83.102
Fees for engineers, studiers, technical consultants and third parties	20.273	16.263	22.592	9.098
Utilities	3.171	2.752	1.285	1.154
Leases	1.215	633	2.685	1.357
Taxes, duties and contributions	10.866	8.016	4.523	879
Travel expenses	88	62	106	76
Subscriptions and contributions	749	532	51	11
Donations-grants	1	4	–	6
Display and advertising costs	6	7	2	12
Laboratory inspection costs	107	7	92	6
Depreciation	46.571	45.434	6.457	6.286
Provisions for loss-making projects	(1.004)	3.434	(1.004)	3.434
Insurance premiums	5.147	4.938	1.509	1.219
Transportation expenses	3.726	1.500	4.696	2.197
Repairs and maintenance	17.533	15.859	3.979	3.010
Legal damages and litigation costs	40	5	40	5
Other	2.229	505	2.837	681
Total cost of sales from continuing operations	**152.729**	**133.602**	**215.361**	**134.014**
Total cost of sasles from discontinued operations	240.489	151.573	117.279	77.988
Total	**393.218**	**285.175**	**332.640**	**212.002**

**The comparative figures of the Group and Company for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.*

The increase in the item "Cost of sale and inventory consumption" in 2022 compared to the previous year is due to the operation of electricity generation units as well as to the inventory consumption in the construction segment.

(Amounts in thousands of Euros unless mentioned otherwise)

The increase in the "Taxes, fees and contributions" account in 2022 compared to the previous year is due to the temporary amount of an extraordinary contribution, i.e. € 3,596, according to the decision of November 4, 2022 by the ENERGY REGULATORY AUTHORITY (RAE) which the Company recognized in its accounting records. Within 2023, the Company submitted all the necessary records in accordance with the provisions of Law 4936/2022 and of the Ministry of Internal Affairs/DIE/111281/4111 (Government Gazette B 5537/26.10.2022) for the finalization of the amount in question for which it is estimated that no additional amount will arise.

In the "Provisions for loss-making projects" account of fiscal year 2022, the results from the reversal of provisions from previous fiscal years are shown to the extent that the projects in question have been executed.

The increase in the item " Subcontractors fees and expenses" of the Company in 2022 compared to the previous year is mainly due to the construction activity of the company related to the construction of the Wind Parks in the wider area of the Municipality of Karystos as well as the PPP project "Integrated Waste Management Region of Peloponnese".

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Cost of sales and inventory consumption	23	–	23	–
Employees remuneration and expenses	5.618	5.149	3.482	2.758
Subcontractors fees and expenses	117	50	117	13
Fees for engineers, studiers, technical consultants and third parties	14.008	11.424	3.887	2.652
Utilities	301	232	249	203
Leases	217	92	62	30
Taxes, duties and contributions	1.170	727	452	128
Travel expenses	437	262	366	205
Subscriptions and contributions	623	502	489	238
Donations-grants	291	389	291	387
Display and advertising costs	1.459	1.219	1.445	1.211
Depreciation	1.124	1.268	978	587
Insurance premiums	244	283	156	139
Transportation expenses	133	148	117	134
Repairs and maintenance	343	331	293	304
Auditors' fees	527	595	152	164
BoD members fees	1.436	1.146	1.370	1.080
Stock option expenses	48.814	–	48.814	–
Legal damages and litigation costs	25	9	25	7
Other	951	400	858	325
Total administration expenses from continuing operations	**77.861**	**24.226**	**63.626**	**10.565**
Total administration expenses from discontinued operations	964	727	416	319
Total	**78.825**	**24.953**	**64.042**	**10.884**

(Amounts in thousands of Euros unless mentioned otherwise)

*The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.

The account "Stock option expense" amounting to € 48,814 thousand is related to the Share based payment program (see Note 31).

	GROUP		COMPANY	
RESEARCH AND DEVELOPMENT EXPENSES	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Employees remuneration and expenses	270	383	270	383
Subcontractors fees and expenses	12	22	12	22
Fees for engineers, studiers, technical consultants and third parties	4.162	2.828	3.547	2.818
Utilities	1	10	1	10
Leases	10	7	10	7
Taxes, duties and contributions	2.092	1.413	1.854	1.412
Travel expenses	67	9	67	9
Subscriptions and contributions	35	107	35	107
Display and advertising costs	7	–	7	–
Depreciation	263	244	263	244
Transportation expenses	9	6	9	6
Repairs and maintenance	348	178	348	178
Legal damages and litigation costs	45	42	45	42
Other	46	24	39	24
Total	**7.367**	**5.273**	**6.507**	**5.262**

In research and development expenses, the account "Taxes, duties and contributions" relates to duties for issuing and maintaining licenses and production certificates paid to regulatory authorities for which the conditions for receiving installation permits have not matured. Furthermore, the expenses for "Fees for engineers, studiers, technical consultants and third parties" concern expenses of environmental impact studies, construction studies, studies of connection to electricity transmission networks, measurement of wind potential, etc.

Regarding fiscal year ended as of December 31st, 2022, expenses for the year, analyzed in the item “Auditors’ fees” include statutory auditors’ and auditing firm’s fees amounting to € 24.5 thousand (2021: € 19.5 thousand) for the Group and € 15.5 thousand (2021: € 14.5 thousand) for the Company, which include permitted non-audit services (excluding statutory and tax audit).

36. OTHER INCOME/(EXPENSES)

The other income / (expenses) on December 31st, 2022 and 2021, in the financial statements, are analyzed as follows:

	GROUP		COMPANY	
Other income	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Income from sale of waste material	43	12	186	11
Income from other services	–	68	–	–
Income from leases	28	27	70	70
Income from transfer of expenses	113	54	9.297	6.426

(Amounts in thousands of Euros unless mentioned otherwise)

Income from insurance indemnities	3.962	361	214	235
Income from legal damages	2.233	–	491	–
Income from the forfeiture of guarantees received and penalty clauses	–	2.074	–	–
Grants amortisation (see Note 27)	5.367	5.374	1.259	1.259
Income from the grants for expenses (expenses included in cost)	–	118	–	118
Other income	1.531	4.994	1.707	1.546
Recovery of impairment	–	–	4	5
Foreign exchange differences (credit)	932	880	–	–
Total other income from continuing operations	**14.209**	**13.962**	**13.228**	**9.670**
Total other income from discontinued operations	61	8.200	–	10
Total other income	**14.270**	**22.162**	**13.228**	**9.680**

The movement in the "Income from legal damages" account is due to the amount received based on the 23.06.2022 Private Agreement Irrevocable Legal Dispute Resolution entered into by the subsidiary company the subsidiary company TERNA ENERGY A.I. GIORGIS S.A.

	GROUP		**COMPANY**	
Other expenses	**01/01 - 31/12/2022**	**01/01 - 31/12/2021 ***	**01/01 - 31/12/2022**	**01/01 - 31/12/2021***
Fees for engineers, studiers, technical consultants and third parties	–	–	(8.286)	(6.056)
Leases	(1)	–	(1)	–
Taxes, duties and contributions	(1)	–	(1)	–
Donations-grants	–	(15)	–	(4)
Non accounted for fixed assets depreciation	(1)	(1)	(1)	(1)
Other	(8)	(2.822)	–	(245)
Taxes, fees and insurance contributions of previous years and fines and surcharges related to these	(65)	6	(57)	(64)
Impairments/write-offs	–	(2)	–	(115)
Foreign exchange differences (debit)	–	–	(1)	(3)
Total other expenses from continuing operations	**(76)**	**(2.834)**	**(8.347)**	**(6.488)**
Total other expenses from discontinued operations	(819)	(155.645)	–	–
Total other expenses	**(895)**	**(158.479)**	**(8.347)**	**(6.488)**
Total other income/(expenses) from continuing operations	**14.133**	**11.128**	**4.881**	**3.182**
Total other income/(expenses) from discontinued operations	(758)	(147.445)	–	10
Total other income/(expenses)	**13.375**	**(136.317)**	**4.881**	**3.192**

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.*

The item "Fees for engineers, studiers, technical consultants and third parties" of the Company amounting to € 8,286 thousand, includes costs of administrative support of the Company for the year 2022, which are then passed on to the subsidiaries of the Group. Income from the transfer of these expenses is included in the item "Income from transfer of expenses ".

(Amounts in thousands of Euros unless mentioned otherwise)

37. FINANCIAL INCOME/(EXPENSES)

The financial income/(expenses) in the attached Financial Statements are analyzed as follows:

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021*	01/01 - 31/12/2022	01/01 - 31/12/2021*
Interest on short-term Loans	(1.565)	(788)	(1.565)	(787)
Interest on long-term Loans	(36.822)	(27.135)	(15.648)	(14.422)
Interest on lease liability	(858)	(749)	(643)	(395)
Expenses from unwinding of provisions and long-term liabilities	(1.805)	(1.140)	(1.093)	(469)
Commissions, bank charges and other expenses	(4.031)	(2.512)	(1.117)	(813)
Other financial expenses	(36)	(162)	–	(103)
Financial expenses from continuing operations	**(45.117)**	**(32.486)**	**(20.066)**	**(16.989)**
Financial expenses from discontinued operations	(140)	(19.870)	(4)	(4)
Financial expenses	**(45.257)**	**(52.356)**	**(20.070)**	**(16.993)**
Interest from sight deposits	846	497	1	3
Interest income from bond and other intercompany loans	9	17	5.485	5.284
Income from unwinding of long-term receivables	7.940	5.255	–	104
Other financial income	–	103	–	9
Financial income from continuing operations	**8.795**	**5.872**	**5.486**	**5.400**
Financial income from discontinued operations	–	264	–	–
Financial income	**8.795**	**6.136**	**5.486**	**5.400**
Net financial results from continuing operations	**(36.322)**	**(26.614)**	**(14.580)**	**(11.589)**
Net financial results from discontinued operations	(140)	(19.606)	(4)	(4)
Net financial results	**(36.462)**	**(46.220)**	**(14.584)**	**(11.593)**

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.*

38. PAYROLL COST

Employee remuneration and the average number of personnel are analyzed as follows:

	GROUP		COMPANY	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Salaries and other employee benefits	9.905	8.626	8.193	6.324
Social security contributions	2.014	1.894	1.889	1.635
Provision for staff indemnities	85	79	78	73
Total payroll cost from continuing operations	**12.004**	**10.599**	**10.160**	**8.032**
Total payroll cost from discontinued operations	481	273	305	206
Total	**12.485**	**10.872**	**10.465**	**8.238**
Average Headcount				
Day-waged workers	106	75	102	65
Regular staff	321	280	269	217

(Amounts in thousands of Euros unless mentioned otherwise)

**The comparative figures of the Group for the year 2021 have been integrated in order to include only the continuing operations, as a consequence of the recognition as discontinued operations of the Trading segment.*

39. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2022 and 01/01-31/12/2021, as well as the balances of receivables and liabilities arising from such transactions as of 31/12/2022 and 31/12/2021, are as follows:

Company's transactions with subsidiaries

a) Assets	**Company**	
Amounts in € '000	**31/12/2022**	**31/12/2021**
Trade receivables	111.703	122.258
Long-term loans	138.918	120.464
Short-term part of receivables from long-term loans	5.338	19.920
Intercompany receivables from cash and other receivables	2.005	5.300
Total	**257.964**	**267.942**

b) Liabilities	**Company**	
Amounts in € '000	**31/12/2022**	**31/12/2021**
Suppliers	15.068	56.210
Long-term loans	322.313	313.199
Long-term liabilities carried forward	1.056	1.061
Other liabilities	15.808	5
Total	**354.245**	**370.475**

c) Income	**Company**	
Amounts in € '000	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Income from trading electric energy	32.003	21.585
POC construction material	194.632	121.482
Repairs and maintenance	7.258	6.622
Other services	7.579	3.554
Other income and sales	9.563	6.620
Financial income	5.485	5.284
Total	**256.520**	**165.147**

d) Expenses	**Company**	
Amounts in € '000	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Electric energy acquisition cost	21.717	8.433
Fees and other third party expenses	1.059	39
Other expenses	8	16
Financial expenses	10.304	9.092
Total	**33.088**	**17.580**

(Amounts in thousands of Euros unless mentioned otherwise)

e) Revenue from participating interest and other investments	Company	
Amounts in € '000	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Derivative income	74.505	31.594
Total	**74.505**	**31.594**

Transactions with other related parties

a) Assets	Group		Company	
Amounts in € '000	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Trade receivables	41.046	1.514	36.018	1.430
Loans and Guarantees	887	5	–	–
Prepayments and other receivables	5.828	277	5.543	–
Total	**47.761**	**1.796**	**41.561**	**1.430**

b) Liabilities	Group		Company	
Amounts in € '000	**31/12/2022**	**31/12/2021**	**31/12/2022**	**31/12/2021**
Suppliers	31.159	4.662	17.675	4.455
Long-term loans	–	140.000	–	–
Long-term liabilities carried forward	–	472	–	–
Other liabilities	12.335	2.843	1.309	599
Total	**43.494**	**147.977**	**18.984**	**5.054**

c) Income	Group		Company	
Amounts in € '000	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Income from trading electric energy	21.369	600	4.085	600
Income from construction services	122	4.344	122	344
Other income	235	8	234	7
Financial income	28	84	–	68
Total	**21.754**	**5.036**	**4.441**	**1.019**

d) Expenses	Group		Company	
Amounts in € '000	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**	**01/01 - 31/12/2022**	**01/01 - 31/12/2021**
Electric energy acquisition cost	60.042	2.008	22.075	1.209
Fees and other third party expenses	2.443	1.893	2.418	1.892
Other expenses	18.043	5.299	1.691	1.688
Financial expenses	21	59	20	57
Total	**80.549**	**9.259**	**26.204**	**4.846**

Transactions with other related parties mainly concern the companies HERON ENERGY SA and HERON II VIOTIAS SA.

The most significant transactions and balances of the Company with its subsidiaries as of 31/12/2022 presented below as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

		ASSETS	LIABILITIES	INCOME	EXPENSES
AIOLIKI EASTERN GREECE M.A.E.	Subsidiary	2.278	2	1.195	14
AIOLIKI MARMARIOU EUVOIAS M.A.E.	Subsidiary	2.697	2	1.353	67
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Subsidiary	227	25.100	677	1.063
ENERGIAKI SERVOUNIOU S.A.	Subsidiary	118	15.695	478	788
IWECO HONOS CRETE S.A.	Subsidiary	38	1.101	182	44
AIOLIKI PROVATA TRAIANOUPOLEOS M.A.E.	Subsidiary	19.777	–	1.477	–
EUROWIND S.A.	Subsidiary	106	17.340	306	608
ENERGEIAKI DYSTION EUVOIAS M.A.E.	Subsidiary	1.855	8	973	25
AIOLIKI KARYSTIAS EVOIA S.A.	Subsidiary	12.314	25	3.656	–
ENERGEIAKI KAFIREOS EUVOIAS S.A.	Subsidiary	24.070	71	26.715	–
ENERGIAKI STYRON EVIAS M.A.E.	Subsidiary	2.192	1	750	26
TERNA ENERGY AI-GIORGIS S.A.	Subsidiary	1.531	–	2.003	88
TERNA AIOLIKI AMARINTHOU S.A.	Subsidiary	1.323	–	507	23
AIOLIKI PASTRA ATTIKIS S.A.	Subsidiary	224	6.500	419	239
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Subsidiary	3.525	–	266	10
ENERGIAKI PELOPONNISOU S.A.	Subsidiary	15.405	–	1.153	42
EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE	Subsidiary	12.486	4	4.445	43
PERIVALLONTIKI PELOPONNISOU M.A.E.	Subsidiary	31.075	14.791	40.311	210
ENERGIAKI SERVOUNIOU S.A.	Subsidiary	118	15.695	478	788
TERNA ENERGY FINANCE S.A.	Subsidiary	1	147.688	1	5.352
TERNA ENERGY EVROU S.A.	Subsidiary	178	37.700	527	1.415
OPTIMUS ENERGY A.E. *	Subsidiary	–	–	19.581	253
TERNA ENERGY TRADING D.O.O *	Subsidiary	–	–	47	104
TETRA DOOEL SKOPJE *	Subsidiary	–	–	12.594	21.338
TERNA ENERGY OMALIES M.A.E.	Subsidiary	102.574	107	132.033	1
		234.112	**281.830**	**252.127**	**32.541**

Remuneration of Board of Directors members and senior executives of the Company: The fees of the Board of Directors for the periods 01/01-31/12/2022 and 01/01-31/12/2021 are presented below:

(Amounts in thousands of Euros unless mentioned otherwise)

	Group		Company	
	01/01 - 31/12/2022	01/01 - 31/12/2021	01/01 - 31/12/2022	01/01 - 31/12/2021
Fees of Board of Directors	1.544	1.228	1.370	1.080
Remuneration granted to executives who are executive members of the Board of Directors	2.187	1.103	1.764	746
	3.731	**2.331**	**3.134**	**1.826**

The separate and consolidated Statement of Comprehensive Income, for the year 2022, was burdened with the amount of € 48,814 thousand, which concerns the valuation of the share based payment program to executive members of the Board of Directors and Managers that was recognized at the beginning of the year 2022.

40. RISK MANAGEMENT POLICIES AND PROCEDURES

The Group is exposed to multiple financial risks such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk. The Group periodically monitors and evaluates its exposure to the above risks, both separately and in combination, and uses financial instruments to hedge its exposure to specific categories of risks.
The assessment and management of the risks faced by the Group and the Company are carried out by the top management and the Board of Directors of the Company. The main objective is to monitor and assess all types of risks to which the Group and the Company are exposed through their business and investment activities.
The Group uses various financial instruments or implements specific strategies in order to limit its exposure to variability in investment values that may arise from market fluctuations, including changes in prevailing interest rates and exchange rates.

40.1 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This type of risk may arise, for the Group, from foreign currency transactions denominated in foreign currencies, with countries outside the Eurozone and countries that have not pegged their currency to the Euro. Transactions mainly relate to purchases of fixed assets and inventories, trade sales, investments in financial assets, borrowings, and net investments in foreign entities.

The Group operates, besides Greece, in Eastern Europe and therefore may be exposed to foreign exchange rate risk arising from the exchange rate between the euro and other currencies. This type of risk can only arise from commercial transactions in foreign currencies, from investments of financial assets in foreign currencies, as well as from net investments in foreign entities. In order to limit this risk, the Group utilises locally generated cash surpluses in local currency. During the operating phase, all related costs and revenues are incurred in local currency, eliminating any possibility of generating foreign exchange differences.
To mitigate this risk, the Group's financial management department systematically monitors exchange rate movements and ensures that they do not have a negative impact on the Group's cash resources.
With regard to the Company's transactions with foreign entities, these are generally with European Groups where the settlement currency is the euro and therefore no exchange rate risk arises.

(Amounts in thousands of Euros unless mentioned otherwise)

	2022				
	Amounts in € of balances in currency trades where differences in payments and valuations arise				
Nominal amounts	**MKD**	**ALL**	**PLN**	**RSD**	**USD**
Current financial assets	–	–	3.538	–	19
Current financial liabilities	–	–	–	–	–
Total	**–**	**–**	**3.538**	**–**	**19**
Non-current financial assets	–	–	131	–	–
Non-current financial liabilities	–	–	–	–	–
Total	**–**	**–**	**131**	**–**	**–**

	Amounts in € of balances in local currency where differences in conversion arise				
Nominal amounts	**MKD**	**ALL**	**PLN**	**RSD**	**USD**
Current financial assets	–	–	15.385	–	10.114
Current financial liabilities	–	–	(14.73	–	(98)
Total	**–**	**–**	**650**	**–**	**10.017**
Non-current financial assets	–	–	8	–	18
Non-current financial liabilities	–	–	(32.87	–	(13.908
Total	**–**	**–**	**(32.86**	**–**	**(13.891**

	2021				
	Amounts in € of balances in currency trades where differences in payments and valuations arise				
Nominal amounts	**MKD**	**ALL**	**PLN**	**RSD**	**USD**
Current financial assets	–	–	5.740	–	18
Current financial liabilities	–	–	–	–	–
Total	**–**	**–**	**5.740**	**–**	**18**
Non-current financial assets	–	–	131	–	–
Non-current financial liabilities	–	–	–	–	–
Total	**–**	**–**	**131**	**–**	**–**

	Amounts in € of balances in local currency where differences in conversion arise				
Nominal amounts	**MKD**	**ALL**	**PLN**	**RSD**	**USD**
Current financial assets	17.835	91	17.176	13.235	25.776
Current financial liabilities	(18.094)	(84)	(4.536)	(16.77	(548)
Total	**(259)**	**7**	**12.641**	**(3.541)**	**25.228**
Non-current financial assets	–	–	3	347	17
Non-current financial liabilities	–	–	(47.62	(27)	(27.737
Total	**–**	**–**	**(47.62**	**320**	**(27.720**

(Amounts in thousands of Euros unless mentioned otherwise)

The table below presents the sensitivity of the year's result as well as of the other comprehensive income versus the exchange rate fluctuations through their effect on financial assets and liabilities. For the BGN currency we did not review the change as the currency has a fixed exchange rate against the Euro. For the other currencies we reviewed the sensitivity to a change of +/- 10%.

	2022									
	USD		MKD		RSD		ALL		PLN	
Nominal amounts	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**
Effect on net profit after tax	2	(2)	–	–	–	–	–	–	(321)	321
Effect on other comprehensive income	2.007	(2.007)	–	–	–	–	–	–	2.040	(2.040)

	2021									
	USD		MKD		RSD		ALL		PLN	
Nominal amounts	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**	**10%**	**(10)%**
Effect on net profit after tax	1	(1)	–	–	–	–	–	–	514	(514)
Effect on other comprehensive income	2.523	(2.523)	1403	(1.403)	(403)	403	(7)	7	(1.288)	1.288

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 (e.g. Bulgarian lev (BGN)) with euro or in the same currency so that they could offset.

40.2 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, on 31/12/2022, 18,34%of long-term loans received by the Group bear a fixed interest rate, 56,29% 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 25,37% of long-term loans refer to floating rate loans on a case-by-case basis euribor or wibor.

The Group's short-term bank borrowings are all in euros with a variable interest rate linked to the euribor. Short-term loans are mainly taken as a bridge to cover temporary financing needs during the implementation - construction phase of the Group's investments (Wind Farms). These loans are repaid by taking out long-term loans upon completion of construction and commissioning of the wind farms. Consequently, the Group is exposed to interest rate risk arising from short-term borrowings and the portion of long-term borrowings that are at floating interest rates.

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% –20% (2021: +/-20% also). 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.

(Amounts in thousands of Euros unless mentioned otherwise)

	2022		2021	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Results for the year after tax – Group	(1.942)	1.942	(421)	421
Results for the year after tax – Company	(426)	426	(130)	130

The Group is not exposed to other interest rate risks.

40.3 Market Risk

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

40.4 Credit Risk

The Group continuously reviews its receivables and incorporates the resulting information into its credit control. The energy sector accounts receivable are all related to the wider public sector both domestically (including ENEX, DAPEP and DEDEC) and internationally, and the same applies to the concessions sector, as well as most of the construction sector receivables.
The Group has traditionally, due to the nature of its business, is not exposed to significant credit risk from trade receivables. In the past, there have been delays in collections from the DAPEEP, which have been significantly reduced with the implementation of Law 4254 /14 as well as the extraordinary levy imposed for the fiscal year 2020 to address the side effects of the coronavirus pandemic, on electricity producers from Renewable Energy Sources (RES) power plants, which have been put into normal or trial operation by 31 December 2015 (Government Gazette 245/09.12.2020). In other transactions with individuals, the Group operates with a view to limiting credit risk and securing its receivables.
The credit risk for cash and cash equivalents and other receivables is low, given that the counterparties are banks with a high-quality capital structure, the public sector or companies in the wider public sector or strong business groups.
Finally, the Group's management considers that all of the above financial assets which have arisen after making the necessary impairments are of high credit quality.

40.5 Liquidity Risk

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 the year 2022net cash flows from continuing operating activities amounted to € 110million versus € 146 million in 2021. The Group manages its liquidity needs by applying 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 daily. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as based on 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.

The maturity of financial liabilities as of December 31st, 2022 for the Group is analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	31/12/2022		
	Short-term	Long-term	
	0 to 12 months	1 to 5 years	>5 years
Long-term loans	111.101	528.306	423.020
Lease liabilities	1.654	8.335	17.037
Liabilities from derivatives	5.768	14.596	–
Short-term loans	60.632	–	–
Suppliers	75.084	–	–
Other long-term liabilities	–	7.496	–
Accrued and other short-term liabilities	33.458	–	–
Total	**287.697**	**558.733**	**440.057**

The respective maturity of financial liabilities as at December 31st, 2021 is analyzed as follows:

	31/12/2021		
	Short-term	Long-term	
	0 to 12 months	1 to 5 years	>5 years
Long-term loans	70.966	411.096	461.048
Lease liabilities	1.151	4.067	14.634
Liabilities from derivatives	6.659	1.714	448
Short-term loans	40.425	–	–
Suppliers	138.326	–	–
Other long-term liabilities	–	10.549	–
Accrued and other short-term liabilities	31.119	–	–
Total	**288.646**	**427.426**	**476.130**

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

40.6 Other risks and uncertainties

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

The construction sector of TERNA ENERGY is subject to significant fluctuations, both with regards to turnover and with regards to the profitability of each construction project, because the construction activity, particularly of specialized companies such as 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 note to the war conflict in the region of Ukraine

Terna Energy Group is closely monitoring the geopolitical dynamics in Ukraine. The effects of this military conflict have had a significant impact on the electricity market where the Group operates. In any case, given the nature of the transactions carried out by the Group's companies, there was no direct impact on the Group's size and performance. Other risks such as the fluctuation of expected government revenues in the tourism sector, energy and grain price inflation and uncertainty in the development of foreign direct investment continue to be variables that may affect fiscal flexibility and the broader economic climate with unavoidable indirect consequences on the Group.

(Amounts in thousands of Euros unless mentioned otherwise)

(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, if 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.

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

41. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets as well as the financial liabilities of the Group per category, are as follows:

31st December 2022	**GROUP**			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Assets				
Other short-term investments	–	4.322	–	**4.322**
Investments in equity interests	–	–	3.499	**3.499**
Financial Assets – Concessions	70.873	–	–	**70.873**
Receivables from derivatives	–	–	34.517	**34.517**
Other long-term receivables	5.625	–	–	**5.625**
Trade receivables and other receivables	171.061	–	–	**171.061**
Cash and cash equivalents	391.896	–	–	**391.896**
Total	**639.455**	**4.322**	**38.016**	**681.793**

31st December 2022	**GROUP**			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Liabilities				
Long-term loans	1.062.427	–	–	**1.062.427**
Contingent consideration from acquisition of assets	–	18.525	–	**18.525**
Trade and other liabilities	102.011	–	–	**102.011**
Short-term loans	60.632	–	–	**60.632**
Lease liabilities	27.026	–	–	**27.026**
Liabilities from derivatives	–	–	20.364	**20.364**
Total	**1.252.096**	**18.525**	**20.364**	**1.290.985**

(Amounts in thousands of Euros unless mentioned otherwise)

31st December 2021	GROUP			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Assets				
Other short-term investments	–	1.762	–	**1.762**
Investments in equity interests	–	–	2.583	**2.583**
Financial Assets – Concessions	61.353	–	–	**61.353**
Receivables from derivatives	–	–	1.546	**1.546**
Other long-term receivables	4.963	–	–	**4.963**
Trade receivables and other receivables	146.828	–	–	**146.828**
Cash and cash equivalents	397.409	–	–	**397.409**
Total	**610.553**	**1.762**	**4.129**	**616.444**

31st December 2021	GROUP			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Liabilities				
Long-term loans	943.110	–	–	**943.110**
Contingent consideration from acquisition of assets	–	10.549	–	**10.549**
Trade and other liabilities	153.968	–	–	**153.968**
Short-term loans	40.425	–	–	**40.425**
Lease liabilities	19.852	–	–	**19.852**
Liabilities from derivatives	–	–	8.821	**8.821**
Total	**1.157.355**	**10.549**	**8.821**	**1.176.725**

Receivables and liabilities from derivatives which related to cash flow hedges, are measured at fair value through other comprehensive income, only to the extent that the hedge is effective, while the ineffective portion is recognized through profit or loss.

Note 4.10 provides more detailed explanations on how the category of financial instruments affects their subsequent valuation. Regarding the 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 4.20 and 7.1).

42. 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:

Amounts in thousand €	Long-term loans	Long-term liabilities carried forward	Short-term loans	Equity interests having a substance of financial liability	Equity interests having a substance of financial liability (short term part)	Total
01/01/2022	**872.144**	**70.966**	**40.425**	**–**	**–**	**983.535**
Cash Flows :						
- Repayments	(13.455)	(396.523)	–	–	–	**(409.978)**
- Proceeds	488.676	31.293	20.000	–	–	**539.969**
Cash Flows from discontinued operations	–	–	–	–	–	**–**
Non-cash movements	(396.039)	405.365	207	–	–	**9.533**
31/12/2022	**951.326**	**111.101**	**60.632**	**–**	**–**	**1.123.059**

(Amounts in thousands of Euros unless mentioned otherwise)

Amounts in thousand €	Long-term loans	Long-term liabilities carried forward	Short-term loans	Equity interests having a substance of financial liability	Equity interests having a substance of financial liability (short term part)	Total
01/01/2021	**857.232**	**69.364**	**27.487**	**236.184**	**45.079**	**1.235.346**
Cash Flows :						
- Repayments	(11.070)	(77.293)	(3.828)	–	–	**(92.191)**
- Proceeds	294.991	–	44.323	–	–	**339.314**
Cash Flows from discontinued operations	(41.599)	–	(40.495)	–	(23.706)	**(105.800)**
Non-cash movements	(227.410)	78.895	12.938	(236.184)	(21.373)	**(393.134)**
31/12/2021	**872.144**	**70.966**	**40.425**	**–**	**–**	**983.535**

43. FAIR VALUE MEASUREMENT

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 in a three (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 of the financial instruments at the following levels:

- **Level 1:** Fair value based on quoted (unadjusted) prices in active markets for comparable assets or liabilities.
- **Level 2:** 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:** Fair value, using valuation techniques, in which the data that significantly affects the fair value, are not based on observable market data.

The Group's financial assets and financial liabilities measured at fair value as of 31/12/2022 and 31/12/2021 classified in the aforementioned levels of hierarchy, are as follows:

31st December 2022				
Financial Assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other short-term investments	4.322	–	–	**4.322**
Investments in equity interests	–	–	3.499	**3.499**
Receivables from derivatives	–	34.517	–	**34.517**
Total	**4.322**	**34.517**	**3.499**	**42.338**
Financial Liabilities				
Liabilities from derivatives	–	6.849	13.515	**20.364**
Contingent consideration from acquisition of assets	–	–	18.525	**18.525**
Total	**–**	**6.849**	**32.040**	**38.889**
Net Fair Value	**4.322**	**27.668**	**(28.541)**	**3.449**

(Amounts in thousands of Euros unless mentioned otherwise)

31st December 2021

Financial Assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other short-term investments	1.762	–	–	**1.762**
Investments in equity interests	–	–	2.583	**2.583**
Receivables from derivatives	–	1.546	–	**1.546**
Total	**1.762**	**1.546**	**2.583**	**5.891**
Financial Liabilities				
Liabilities from derivatives	–	3.658	5.164	**8.821**
Contingent consideration from acquisition of assets	–	–	10.549	**10.549**
Total	**–**	**3.658**	**15.713**	**19.370**
Net Fair Value	**1.762**	**(2.112)**	**(13.130)**	**(13.479)**

There were no changes in the valuation techniques applied by the Group within the current reporting period. Moreover, there were no transfers of amounts between the fair value hierarchy levels 1 and 2 during 2022 and 2021.

The level 2 derivative financial instruments relate to forward rate swap contracts, while those of level 3 relate to fixed for floating swap contracts of the HERON EN.A and HERON EN.A BUSINESS plan and the contingent consideration from the acquisition of assets (see Note 30). To determine the fair value of the above financial instruments, the Group uses appropriate valuation techniques depending on the category of financial instrument. With regard to forward rate swap contracts, their fair value is measured by reference to market interest rate curves, through valuations by credit institutions and in combination with internal valuation using interest rate curves. With regard to the fixed for floating swap contracts of the HERON EN.A and HERON EN.A BUSINESS plan, their fair value is determined by 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 7.4), was determined based on the probability - weighted payout approach, at the acquisition date. The fair value of the liability for the contingent consideration is measured at each reference date and until the date of final measurement and payment.

Fair value valuations of financial assets through Level 3

The movement of financial instruments classified in Level 3 of the Group, for the years 2022 and 2021, are presented as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	31/12/2022			31/12/2021		
	Investments in equity interests	**Derivatives**	**Contingent consideration from acquisition of assets**	**Investments in equity interests**	**Derivatives**	**Contingent consideration from acquisition of assets**
Opening balance	**2.583**	**(5.164)**	**(10.549)**	**2.753**	**10.289**	**(10.290)**
- Acquisition	1.107	(8.351)	(7.105)	374	(5.164)	–
- Return of capital	–	–	–	(249)	–	–
- (Impairment)	(191)	–	–	(295)	–	–
- Finance cost	–	–	(871)	–	–	(259)
- (Results from discontinued operations)	–	–	–	–	(48.408)	–
- Reductions from loss of control of subsidiaries	–	–	–	–	37.554	–
- Foreign exchange differences	–	–	–	–	565	–
Closing balance	**3.499**	**(13.515)**	**(18.525)**	**2.583**	**(5.164)**	**(10.549)**

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.

44. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The aims of TERNA ENERGY Group regarding the Capital Management, 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 issuance 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 payable next fiscal year. Total Employed Capital is defined as the total of equity capital, loan liabilities, lease

(Amounts in thousands of Euros unless mentioned otherwise)

liabilities, grants, reduced by the amount of cash and cash equivalents that are not subject to any restriction of use or commitment, in addition to the commitments associated with borrowing.
The ratio at the end of 2022 and 2022 was as follows:

Amounts in thousand €	**31/12/2022**	**31/12/2021**
Short-term loans	60.632	40.425
Long-term loans	951.326	872.144
Long-term liabilities carried forward	111.101	70.966
Loan liabilities	**1.123.059**	**983.535**
Total equity	491.175	431.643
Loan liabilities	1.123.059	983.535
Lease liabilities (Long-term and Short-term portion)	27.026	19.852
Grants	167.146	76.736
Subtotal	**1.808.406**	**1.511.766**
Less:		
Cash and cash equivalents	391.896	397.409
Restricted cash related with loans (Note 21)	65.098	61.192
Grants to be rebated (Note 27)	(3.260)	(3.024)
Subtotal	**453.734**	**455.577**
Total employed capital	**1.354.672**	**1.056.189**
Loan Liabilities / Total employed capital	**83%**	**93%**

The Group has settled all its material contractual obligations arising from loan agreements.

45. EFFECTIVE LIENS

In order to cover new projects' financing needs, 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 22.

46. CONTIGENT ASSETS AND LIABILITIES

46.1 Non audited Fiscal Years

The Group's tax liabilities are not definitive as there are unaudited tax years, which are disclosed in Note 5 of the Financial Statements. For unaudited tax years there is a risk that additional taxes and surcharges may be levied at the time they are reviewed and finalized. The Group annually assesses the contingent liabilities expected to arise from the audit of past years, making provisions where necessary. The Group has recognised provisions for unaudited tax years in the amount of € 560 thousand (31/12/2021: € 560 thousand). Management considers that, apart from the provisions recorded, any tax amounts that may arise will have no significant impact on the Group's and the Company's equity, results, and cash flows.

In accordance with the relevant tax provisions: a) of paragraph 1 of Article 84 of Law No. 2238/1994 (pending income tax cases), b) par. 1 of Article 57 of Law No. 57 of the Law on the taxation of income tax (2238). 2859/2000 (pending VAT cases) and c) par. 5 of Article 9 of Law No. 2523/1997 (imposition of fines for income tax cases), the State's right to impose the tax for the years up to 2016 is time-barred until 31/12/2022, except for specific or extraordinary provisions that may provide for a longer limitation period and under the conditions set out therein.

In addition, in absence of an existing provision in the Code of Laws on Stamp Duties on the statute of limitations, the relevant claim of the State for the imposition of stamp duties is subject to the twenty-year statute of limitations according to article 249 of the Civil Code for cases that have been created until the 2013 financial year. From 1/1/2014, the limitation period for the imposition of stamp duties is limited to 5 years, since the procedures for its imposition and collection are now included in the provisions of the Code of Tax Procedures.

In addition, on September 3, 2022, the parent company received a notice of partial tax audit for the fiscal years 2017 and 2018. This audit is currently in progress and the Company's management estimates that the audit is unlikely to have any significant impact on the performance of the Company and the Group.

Tax Certificate-Tax Compliance Reports

For the fiscal years 2011 to 2021, the Group's companies operating in Greece and fulfilling the relevant criteria to be subject to tax audit by Certified Public Accountants received a Tax Compliance Report, in accordance with par. 5 of article 82 of Law 2238/1994 and article 65A par. 1 of Law 4174/2013, without any significant differences. It should be noted that, according to Circular POL. 1006/2016, companies that have been subject to the aforementioned special tax audit are not exempted from the regular audit by the tax authorities. Furthermore, in accordance with the relevant legislation, for the fiscal years 2016 and onwards, the audit and the issuance of the Tax Certificate is applicable on an optional basis.

For the fiscal year 2022, for Group companies which operate in Greece and have been subject to the optional tax audit of the Certified Public Accountants, this audit is in progress and is expected to be completed after the publication of the accompanying Financial Statements. The Tax Certificate will be obtained upon its final submission by the Chartered Accountants to the tax authorities. On completion of these tax audits, the Management does not expect any substantial tax liabilities to arise other than those recorded and reflected in the financial statements of the Group and the Company.

It should be noted that, according to the provisions of POL 1192/2017, the right of the State to charge tax until the fiscal year 2016 has been limited, unless the special provisions of 10 years, 15 years and 20 years of limitation apply.

46.2 Commitments from construction contracts

The outstanding balance of the projects from construction contracts of the Group settles on 31/12/2022 at the amount of € 54,0 million (31/12/2021: € 84,0 million) which includes the outstanding balance (backlog) from concession operational segment contracts of € 48,8 million (31/12/2021: € 80.1 million).

46.3 Litigations

The Company and its consolidated companies are involved (as defendant and plaintiff) in various legal cases in the context of their normal operation. The Group makes provisions in the financial statements related to the pending legal cases, when it is probable that an outflow of resources will be required to settle the outstanding obligation and the amount can be estimated reliably.

In this context, the Group has recognised provisions of € 335 thousand as at 31/12/2022 (31/12/2021: € 335 thousand). Management as well as the legal advisors estimate that, in addition to the above provisions, the pending cases are expected to be settled without any significant negative impact on the consolidated financial position of the Group or the Company, or on their results of operations beyond the provision for litigated cases already made.

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, i.e. € 2,333 thousand for property damage and € 190 thousand for moral damages, due to the Company's acquisition of a license for a locally established Wind Farm electricity production. In this regard, 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.
- A lawsuit against the Company on behalf of a total of 21 naturals persons. In this action, AIOLIKI STEREAS ELLADOS SINGLE PERSON S.A. intervened in favour of the Company and against the claimant and the Greek State against the counter parties too. The formal hearing has been set for 21.03.2023. We presume the dismissal of this action.

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.

The Lawsuit - Complaint dated 1/7/2019 brought at the Athens Court of First Instance by an individual against "TERNA ENERGEKI A.B.E.T.E." and "TERNA ENERGY AIGORGIS S.A.", which was notified on 31-07-2019, requesting the restitution of the island of Agios Georgios, Attica, as an alleged leasehold property allegedly owned by the plaintiff, was heard on 6 September 2019. Thereupon, a decision No. 619/2020 was issued, which upheld the claim, ordered the restitution of the island of Agios Georgios to the plaintiff by TERNA ENERGY S.A. or anyone who derives rights from it, including "TERNA ENERGY S.A. AI GIORGIS S.A." (it is understood that TERNA ENERGY S.A. has transferred the Lease to that company, or has subleased a lease to it) and declared the decision provisionally 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, on which the decision no. 4555/2020 which granted the stay, and an appeal against decision No. 619/2020, on which was issued decision No. 548/2021 of the Athens Court of Appeal, which allowed the appeal, struck out the 619/2020 decision, retried the claim and dismissed it in its entirety. The opposing party filed a Petition for Appeal, which was heard by the Supreme Court of Greece and a 389/2022 decision was issued, which annulled the 548/2021 decision and referred the case back to the Court of Appeal for a new trial, which took place on June 7, 2022. In its decision, the Supreme Court of Greece did not raise any disputed issue (legal or factual) against the companies and did not create a negative precedent for the continuation of the case by binding the Court of Appeal (e.g. ownership of the island, validity of the lease, etc. etc.), but considered that the Court of Appeal had in its judgment partly contradictory reasons (559 no. 19 CCP) because on the one hand it accepted that the judgment that the lease contract was null and void had become final, but on the other hand it also had a consideration with regard to the "termination" of the lease. In any event, the revocation of the 548/2021 decision revives the 4555/2020 decision of the Mon. Athens Prot. of Athens, which has suspended the execution/executability of decision No. 619/2020. Given the generally positive course of the case so far, it is our opinion that the companies will be vindicated before the Court of Appeal as well and their appeal will be accepted.

The other party filed a lawsuit against "TERNA ENERGY S.A." and "TERNA ENERGY AI GIORGIS S.A.", requesting the Application for Precautionary Measures, with a request for the termination of the Provisional Order as of 19.06.2020 of the Chairman of the Court of First Instance, 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 the other party to the Deposits and Loans Fund, amounting to € 6 k.

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, Chairman of the Court of First Instance, pursuant to which and from the order dated as at **0**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 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. 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.

Finally, the same opposing party brought an action before the Athens Court of First Instance against "TERNA ENERGY A.B.E.T.E." and "TERNA ENERGY A.I. GIORGIS S.A.", which was notified on 20.07.2020, with which it waived its right to the 13. 01.01.2020 of its action against the same opposing parties and on the other hand, it seeks compensation in the amount of € 235 k due to tort, according to Article 914 of the Civil Code, consisting of the occupation of the island of Ag. George and the loss of income from the exploitation of the island by the plaintiff. The action will be heard at a formal hearing on 23-3-2023. We presume that this action will be dismissed.

AIOLIKI STEREAS ELLADOS S.A.

- Action brought by 21 natural persons against TERNA ENERGY S.A., in favour of which AIOLIKI STEREAS ELLADOS S.A. intervened and against the opposing parties and the Greek State against the opposing parties. The formal hearing date has been set for 21.03.2023. We presume the dismissal of this action.

EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE

- 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. On 23/07/2019, the 19/07/2019 Arbitration Appeal - Appointment of Arbitrator and Invitation of Arbitration Appointment for the Company was handed to Region of Epirus with which it was requested to be declared 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.

After the completion of the discussions, the Arbitration Court issued on March 10, 2022 the relevant decision according to which it awards in favor of the Group company, AEIFORIKI EPIRUS MAEES, the total amount of € 3,111 thousand with legal interest.

The Region of Epirus has filed an action for annulment of the above decision before the Athens Court of Appeal which will be heard on 04/04/2023 and a request for suspension which will be heard on 15/11/2022. In the meantime, the request of the Region of Epirus for an interim order for the suspension of the payment of the aforementioned amount of € 3,111 thousand until the annulment action and the suspension request are heard was rejected by the competent Court.

Also, the Region of Epirus has made deductions on the company's fees in the amount of € 155,768.36 for the period September - December 2021 and in the amount of € 289,912.22 for the period January - July 2022.

On the basis of the letter no. 98106/31.08. 2022 declaratory act of the Coordinator of the Decentralized Administration of Epirus - Western Macedonia, the Compulsory Association of Solid Waste Management of the Management Unit of the Region of Epirus from the publication of the above decision on 05/09/2022 has assumed the rights and obligations of the Region of Epirus in the project as well as the pending lawsuits, dispute resolution or arbitration proceedings are continued automatically by the above Compulsory Association.

AIOLIKI MARMARIOU EUVOIAS M.A.E.

- Individuals filed before the Magistrate Court of Karystos, 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. On the above, the no. 15/2021 decision of the Magistrate Court of Karystos was issued, which postponed the issuance of a final decision and ordered the conduct of an expert opinion on specific issues and the resumption of the discussion. The company's legal advisers expect this claim to be dismissed.
- 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 was discussed on 17/12/2021 and we are awaiting the relevant decision. The Company's Lawyers expect that the lawsuit will be rejected.

ENERGEIAKI DYSTION EUVOIAS M.A.E.

- Natural persons (plus 9) filed a Lawsuit against the Company before the Tamynea Magistrate Court for Disturbance of Law against the Company, on which Judgment No. 45/2022 was issued, which dismissed the lawsuit. Further, on 16.09.2022, an appeal was served on 2 of the above individuals against the Company and against Decision No. 45/2022 of the Tamynia Magistrate Court, which is scheduled to be heard on 3/11/2023. We presume that this appeal will be dismissed.

- Individuals have filed a lawsuit before the Chalkida Court of First Instance, which is directed against the Greek State and our Company, requesting that their ownership of the Company's property be recognized and that the Company be expelled from this property. The action was discussed and a decree no. 229/2022 Decision, which ordered the hearing to be reopened in order to produce the plaintiffs' submissions: (a) the decision of the Special Committee for the examination of the plaintiffs' objections to the forestry character of the disputed area and any corresponding corrections to the posted forestry map; and (b) the gazette gazette with the publication of the forestry map for the disputed area described in the statement of reasons, as ratified by the Coordinator of the relevant Decentralized Administration. To date, there has been no development in the information requested. The Company's lawyers suspect that the lawsuit will not succeed.

- **Contingent Assets**

TERNA ENERGY S.A.

- Action brought by the Company before the Court of First Instance of Agrinio against the Limited Company and against a natural person, sole Partner and Manager of the aforementioned LLC, for the payment of the outstanding amount of € 20.299,22 from unpaid invoices for the sale of ferrous metals (scrap). We believe that the action brought by our Company will be successful.

(Amounts in thousands of Euros unless mentioned otherwise)

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 23.6.2022 a Private Agreement of Irrevocable Out-of-Court Settlement was signed between the parties and both parties made declarations of waiver of all relevant pleadings.

46.4 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 of 31/12/2022:

Type of Letter of Guarantee	Amount 31/12/2022	Amount 31/12/2021
Contract execution guarantees for construction	222.403	31.931
Guarantees of payment	23.906	5.702
Tender guarantees	3.150	6.584
Guarantees of warranty execution for Agreements of Private and Public Sector	12.808	21.454
Guarantees of warranty execution for Grants	128.560	28.560
Guarantees of warranty execution for Other Agreements	12.241	12.003
Total	**403.068**	**106.234**

The increment in the issued letters of guarantee is mainly due to the guarantees that the Group had to deposit to secure its obligations in the interconnection projects in the ADMIE system as well as to the subsidy received by the newly established subsidiary TERNA ENERGY ANTLISIOTAMIEYSI (see Note 27).

47. EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION

From 01/01/2023 until the preparation date of the present report, the following important events occurred:

(Amounts in thousands of Euros unless mentioned otherwise)

On 10.02.2023, the Company acquired all the shares of the company ANAX, which was renamed to TERNA ENERGY Sappon and which is developing a 246.35 MW Photovoltaic Plant in the Regional Unit of Evros Rodopi. The total price of the acquisition, based on the terms of the Sale and Transfer of Shares Agreement, will depend on the successful outcome of securing the necessary permits for the installation of the PV power plants.

On February 3, 2023, the Company announced to the investing public that on 02.02.2023, the extract of the minutes of the Board of Directors of the Company dated 18.01.2023, according to which the increase of the Share Capital of the Company and the amendment of the relevant article 5 (Share Capital) of the Articles of Association was decided, was registered in the General Commercial Register (G.E.M.I.) with Registration Code 3432087. The said increase of the Share Capital amounts to Euro Three Hundred and Sixty Thousand (€ 360,000.00) through the issuance of One Million Two Hundred Thousand (1,200,000) new common shares with voting rights, with a nominal value of thirty euro cents (€ 0.30) each, with capitalization of share premium reserves, for free distribution to Executive Members of the Board of Directors and Senior Executives of the Company, in accordance with the approved Free Shares Distribution Plan.

48. APPROVAL OF FINANCIAL STATEMENTS

The separate and consolidated Financial Statements for the annual period ended on 31/12/2022 were approved by the Board of Directors of TERNA ENERGY S.A. on 19/04/2023.

Chairman of the Board of Directors	Chief Executive Officer	Executive Member of the Board of Directors	Chief Financial Officer	Chief Accountant
George Peristeris	Emmanouil Maragoudakis	Aristotelis Spiliotis	Emmanouil Fafalios	Artan Tzanari
ID No. AB 560298	ID No. AB 986527	ID No. AK 127469	ID No. AK 082011	ID No. AM 587311 License Reg. No A’ CLASS 064937