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 2023

According to article 4 of Law 3556/2007 and relevant executive decisions of Hellenic Market Commission Board of Directors

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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, 2023, to December 31st, 2023, that has been prepared according to the applicable international 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, including the description of the main risks and uncertainties to which they are exposed is also encompassed in the Report.

Athens, 29/04/2024

The Certifiers

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

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 2023

Dear Shareholders,

According to the provisions of Law 4548/2018 as well as Law 3556/2007 Article 4 par. 2(c), 6,7 & 8 and the decisions issued by the Hellenic Capital Market Commission under No. 8/754/14.4.2016 Article 2 and the Company's Articles of Association, we are hereby presenting the annual management report of the Board of Directors for the financial year from 01/01/2023 to 31/12/2023.

This report includes the financial and non-financial report of TERNA ENERGY Group for the financial year 2023 and describes the most significant events that occurred before and after the reporting date of the financial statements. Furthermore, it provides a description of the main risks and uncertainties that the Group may face in 2024 and lists the significant transactions entered between the Company and its related parties.

A) Financial Highlights and Performance for the financial year 2023

Despite the ongoing geopolitical uncertainties, high inflation and the subsequent tight monetary policy, the Greek economy maintained in 2023 a significant part of the growth momentum of the previous year but at a slower pace compared to the post-pandemic period of the previous year. As a result, according to ELSTAT, GDP in 2023 strengthened by 2.0% year-on-year (compared to 5.9% in 2022), well above the European average (estimated growth of 0.6%). It is worth noting that the growth rate exceeds the initial estimates for 2023, which set the bar at 1.7%, indicative of the resilience and dynamism of the economy. At the component level, GDP growth is supported by consumption (contributing around 70% of GDP), which strengthened by 1.8% due to the increase in disposable income following wage/pension increases and the decline in unemployment. Still investment made a significant contribution to growth in 2023, with its growth (Gross Fixed Capital Formation) amounting to 4.0%. Finally, the growth rate of exports (+3.7%) exceeded that of imports (+2.1%) supported by the strong performance of tourism and leading to an improvement in the trade balance.

At the inflation forefront, the downward trend that started at the end of 2022 continued mainly as a consequence of the decline in international energy prices. Thus, annual inflation for 2023 stood at 3.5% based on ELSTAT data, compared with 9.6% for 2022.

In the budgetary sector, the country is expected to achieve a primary surplus of 1.1% of GDP in 2023 (compared to 0.1% in 2022 and initial estimates of 0.7% for 2023) following the robust GDP dynamics that led to both revenue growth and a reduction in expenditures related to supporting households and businesses during the 2022 energy crisis. For 2024, the target is for a primary surplus of 2.1% of GDP.

An important achievement for the Greek economy was the upgrade of the country's credit rating in 2023, which returned to investment grade after 13 years in the second half of the year since Scope (BBB), DBRS (BBB low), S&P (BBB-) and Fitch (BBB-) upgraded the Greek government's credit rating to investment grade. Consequently, Greek government bond yields as well as the spread against other government bonds have decreased (indicatively, the spread against the German bond decreased during 2023 by 84bps to 119bps).

For years to come, however, the Greek economy is expected to maintain a growth rate higher than the European average, with the latest estimates from the Bank of Greece targeting GDP growth for 2024 of 2.3% (2.9% based on the government) and 2.5% for 2025 (vs. 0.8%-1.5% for the Eurozone respectively according to the ECB). The main drivers of the economy in the coming years will continue to be private consumption, investments, and exports, while the net contribution of the external sector will be marginally negative. The monetary policy is expected to continue to have a contractionary effect on economic activity, while investments will contribute positively to growth thanks to the resources of the Recovery and Resilience Mechanism.

Trends in the Energy Market in Greece during the year 2023

From the beginning of the year and the partial easing of geopolitical pressures, the energy market has entered a phase of normalization, with many parameters remaining volatile, however, affecting visibility in the medium term. This combined with lower demand, as a result of high prices, but also milder temperatures prevailing during the winter period, led to a continued deceleration in energy prices observed during the end of 2022 and a further decline during 2023. Indicatively, gas prices (TTF) fell from 2022 levels (average 133.7 EUR/MWh) to 44.3 EUR/MWh for 2023. In a similar pattern, the electricity price on the wholesale market showed an average price of 132.2 EUR/MWh for the year compared to 306.6 EUR/MWh for 2022.

Electricity demand in 2023 recorded a 2.3% year-on-year decline, influenced mainly by the unseasonably high temperatures that prevailed in the first months of the year (and compared to particularly low temperatures for the corresponding months of 2022) and by the measures to limit consumption by households and businesses. It is notable that in the second half of the year demand increased by 4.0%.

The reduced demand, combined with increased production from RES, led to a drop in production from thermal stations in the interconnected system (19.2% decrease in lignite production, 18.5% decrease in gas production), while hydroelectric production, marginally increased by 1.1%. Renewable Energy production increased by 8.8% in line with the increase in installed capacity, while net imports also increased, covering 9.9% of total demand (compared to 6.8% for 2022). Overall, renewables covered 43.2% of demand (historical high) compared to 38.8% for the same period in 2022. It is worth noting that including generation from large hydropower plants, total green energy production in the country met 51.3% of demand in 2023 (vs. 46.7% for 2022).

In the renewable energy sector and more especially in wind power, the installed capacity of the market at the end of 2023 amounted to 5,226 MW showing an increase of 542.8 MW (+11.6%) compared to the end of 2022. The acceleration of growth is attributed to the gradual completion of large wind investments such as the Kafirea wind farm (327MW) by TERNA Energy. In terms of market shares, according to ELETAEN data, for 2023 in Greece, TERNA Energy held 19.7% of installed wind capacity, with the second and third producers holding 14.6% and 7.8% respectively.

According to the same source, at the end of 2023, over 850 MW of new wind farms were under construction or contracted in the Greek territory, of which over 300 MW are expected to be connected to the grid within the next 12 months. To these are added a further 400 MW that have been selected in tenders or have submitted performance guarantees but do not belong to any of the above categories. Thus, total wind capacity is expected to approach 6.5 GW within the next three years.

Regarding photovoltaics, according to the latest data for the whole country (HELAPCO-FEB 2024), 2023 was a record year with 1,574 MW of new photovoltaics added to the system compared to the end of 2022 (compared to 1,397 MW added for 2022), bringing the interconnected capacity to around 7,087 MW at the end of 2023. It is worth noting, however, that only 40.2% of new installations involved projects above 1.0 MW. According to market estimates, a similar number of new PV plants are expected to be interconnected in 2023 through 2024.

(Amounts in thousands of Euros unless mentioned otherwise)

TERNA ENERGY GROUP

Throughout 2023, TERNA ENERGY Group continued the implementation of its investment plan with the construction of mature projects and the strengthening of its portfolio with the further maturation of projects from the existing portfolio and the addition of new projects in various stages. As part of this plan, the grid connection of the wind farm cluster at Kafirea with a total capacity of 327 MW was completed during the year, with the project now fully operational at the date of publication of the financial statements.

Moreover, for the long-duration storage project with pumped storage technology in the area of Amphilochia (680 MW), which had already started by the end of 2022, construction works are ongoing and expected to be completed within approximately three years.

As of 31/12/2023, TERNA ENERGY Group owns almost 2.500 MW of RES power plants, in operation, under construction or ready for construction in Greece, Central and Eastern Europe. Including projects in various stages of maturity, the Group's portfolio is approaching 12 GW.

Specifically, the Group's total installed capacity in Greece and abroad amounts to 1.223,8 MW.

Particularly:

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

	TOTAL	GREECE	POLAND	BULGARIA
WIND PARKS	**1.193,4**	**1.061,4**	**102**	**30**
HYDROELECTRIC	**17,8**	**17,8**		
PHOTOVOLTAIC	**8,5**	**8,5**		
BIOMASS	**4,1**	**4,1**		
TOTAL	**1.223,8**	**1.091,8**	**102**	**30**

b) In the Sector of Waste Management, the Group with the company "AEIFORIKI EPIRIOUS SPSA" operates the Waste Treatment Plant of Epirus Region by implementing the Public Private Sector Partnership (PPP) project "Integrated Waste Management of Epirus Region" and with the company “Perivallontiki of Peloponnese S.A.” implements in the Peloponnese Region Public Private Sector Partnership (PPP) project "Integrated Waste Management of the Peloponnese Region" where in 2023 started its commercial operation the Integrated Waste Management Unit of Arcadia , the Waste Transfer Stations of Argolida and Corinthia and the Transitional Management Units of Messinia and Laconia, while the construction of the MSW Management Units of Messinia and Laconia is in progress, and expected to be completed within 2024. The high added value projects are implemented with the objective of providing modern waste management services, aiming at environmental protection, ensuring public health, and providing multiple benefits to local communities as development cells of a 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 2023 the Group consolidated sales from continuing operations amounts to € 327,8 million compared to € 298,0 mill. in 2022, with an increase of 10,0%. The increase in revenues was mainly contributed by the energy sector due to increased production, as a consequence of the commissioning of the wind farm complex in the area of Kafireas in the region of Evia. At the same time, the construction and concessions sectors also increased as a result of the commissioning of the new waste management units of the Peloponnese Region. The Group's operating earnings before interest, taxes, depreciation, and amortization (EBITDA) from continuing operations amounted to € 177,8 million compared to € 115,9 million in the previous year, increased by 53,4%, as a result of the recorded expense of the plan from the free distribution of shares, amounting to € 0,6 million, as defined in IFRS 2 compared to €48.8 million of plan costs recognized in FY 2022.

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 2023 amount to € 178,4 million, with the respective amount of the previous year was € 164,7million, increased by 8.3% as a consequence of the commissioning of the Group's new wind farm cluster in the Kafireas area.

Profit before tax from continuing operations to € 81,1 million, increased by 109,8% compared to € 38,7 million in 2022 due to the recorded expense of the plan from the free allocation of shares as defined in IFRS2 which in the year 2022 amounted to € 48.8 million.

Net operating profit from continuing operations attributed to the shareholders of the parent company amounted to € 59,7 million, increased by 201,2% compared to the previous year (2022: € 19,8 million). The Increase in net profit for the year from continuing operations attributable to owners of the parent company is due to the cost of the valuation of the free share plan recognised under IFRS 2, under which the expense charged to the results in 2022 amounted to € 48.8 million, compared to a charge of € 0.6 million in 2023.

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 € 64,6million.

Total comprehensive income (from continuing and discontinued operations) amounted to € 62,1 million compared to a profit of € 56,9 million in the same period of the last year. For the year 2023, the total profit attributable to Owners of the Parent amounted to € 58,7 million, while the profit attributable to Non-Controlling Interests amounted to € 2,4 million.

Regarding the results from continuing operations of the individual sectors:

- The **energy sector** realized sales of € 249,9 million, with an increase of 5,8% compared to 2022. This increase is attributable mostly to the commissioning of the new Wind Farms in the area of Kafireas in Evia. The limited increase in sales was significantly impacted by the reduced wind power recorded during the first half of 2023. Operating profitability (EBITDA) amounted to € 169,7 million, increased by 51,3% compared to the same period of 2022, due to the charge for the expense in the financial year 2022 with the free share distribution plan expense. Excluding the related expense of the free share distribution plan, operating profitability (EBITDA) reached € 170,3 million. It is to be noted that the Group in the energy sector recorded research and development expenses of € (6.254) 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 € 92,3million, decreased by 53,6% compared to FY 2022, mainly due to the construction of new Wind Farms complex in Kafirea Evoias area. Out of total turnover, an amount of EUR 44,2 million related to customers outside the Group. The operating profit before depreciation and amortization (EBITDA) of the construction segment amounted to € 2,4 million compared to a profit of € 14,5 million in the 2022 financial year. More specifically, the the outstanding

balance of construction works (backlog) of construction work amounted to € 32,7million at the end of 2023, of which € 20,2 million relates to concession projects. Research and development expenses in the construction segment totaled € (1.030) 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 € 31,4 million compared to € 21,6million in 2022, representing an increase of 45,6% mainly due to the commencement of operations of the Arcadia waste treatment plant. Operating profit (EBITDA) amounted to € 9,2 million, compared to € 3,3 million in 2022.

The Group's operating cash flow from continuing operations for the year amounted to € 134,2 million, compared to € 110,2 million in 2022. The increase is mainly attributable to the liquidation of the increased results realized in the year 2022 which is expected to be reversed during the 2024 financial year.

On 31/12/2023, TERNA ENERGY Group investments amounted to € 218,9 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 € 322,5 million, while the loan liabilities amounted to € 1.167,1 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 € 844,6 million compared to € 669,3 million in the previous financial year.

B. Significant events in the year 2023

- **Dividend distribution according to the resolutions of the Annual General Meeting of 14/06/2023**

On 14/06/2023, the Annual General Meeting of the Shareholders of TERNA ENERGY S.A. convened, which approved the Management Board's proposal for the shareholders' distribution of earnings and reserves in the total amount of EUR 44.604.209,65, i.e., € 0,38 per share, according to article 162 par. 3 of Law 4548/2018. This amount has been increased by the dividend corresponding to the treasury shares that the Company holds.

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

On 10 February 2023, the Company proceeded with the acquisition of the total shares of the company ANAX PC, which was subsequently renamed into TERNA ENERGY SAPPON PC. The company is developing a 246.35 MW photovoltaic power plant in the region of Rodopi Prefecture.

- **Establishment of a new company in the concessions sector**

On 17 May 2023, the Group's parent company, TERNA ENERGY S.A. founded, in cooperation with the GRID TELECOM S.A. a company under the name of TERNA FIBER SPECIAL PURPOSE S.A. This company is a Company Vehicle for the implementation of the Partnership Agreement that will be signed between the Greek State through the Ministry of Digital Governance (hereinafter referred to as "the Contracting Authority"), the Company and the founders - original shareholders of the Company as third party contractors, for the execution of the project "Ultra Ultra High Broadband Infrastructure - ULTRA FAST BROADBAND through PPP" for Geographical Zones 2, 4, 5 and 6, as indicated in the Call for Expression of Interest and the Call for Tenders Document.

- **Company's Share Distribution Plan**

Within the framework of the Share Distribution Plan, the Management of "TERNA ENERGY S.A." informed the Investors that for the implementation of the Share Distribution Plan approved by the decision of the Extraordinary General Meeting of the Company's shareholders on December 16, 2020, and following their contribution to the achievement of the financial objectives, the implementation of new projects and the increase of the Company's profitability, it has distributed to twenty-six (26) Directors a total of 2. 250,000 new shares, which resulted from increases in its share capital with capitalization of share premium reserves and represent 1.9% of the paid-up share capital. The shares were distributed through an off-market transaction on 22/6/2023.

It is noted that given that the new shares are of the same class as the Company's shares already traded on the Main Market of the Athens Stock Exchange and represent, over a period of twelve months, approximately 1.9% of the Company's already listed shares, i.e. less than 20% of the number of shares of the same class already listed for trading on the Stock Exchange. A. without any other listing beyond that in the last twelve months, there is no obligation to publish a prospectus for the listing of the new shares for trading on the Stock Exchange, in application of the exception in paragraph (a) of subparagraph (a). 5 of Article 1 of Regulation (EU) 2017/1129. Accordingly, the Company's share capital currently amounts to €35,431,527.00 divided into 118,105,090 common voting registered shares with a nominal value of €0.30 each.

- **Completion of the installation of all the wind turbines of the Wind Farm in Kafireas Evvoia’s area**

The installation of all the wind turbines of the Group's Wind Farm Complex in Karystos & Kafirea Evvoia’s area with a total capacity of 327 MW has been completed. This project is the largest project of Terna Energy Group in the field of renewable energy and Wind Energy in particular.

- **Start of operation of the Transitional Waste Management Station of the 2nd DE (Messinia) of the Peloponnese Region.**

On 30/06/2023 the Independent Auditor issued the Acceptance Certificate of the Transitional Waste Management Station 2nd DE (Messinia) following the successful completion of the trial period of the above-mentioned Station, whereby on the above-mentioned date the Planned Date of Availability of the Transitional Waste Management Services of the Transitional Waste Management Station 2nd DE (Messinia) was reached. The successful completion of the trial period and the issuance of the aforementioned Acceptance Certificate marks the start, as of 1 July 2023, of the Transitional Management Services Period of the Transitional Waste Management Station 2nd DE (Messinia) for the acceptance and treatment of municipal solid waste in accordance with the terms of the Partnership Agreement.

- **Change in the useful life assessment of wind farms.**

During the last quarter of the year 2023 and considering the fact that some of the Group's Wind Farms are entering the 25th year of their useful life, the Group's Management reviewed the condition of all Wind Farms with the assistance of independent experts as well as the Operations and Finance Departments. The conclusion of this examination, both in terms of operational and economic feasibility, was that the useful life of the Group's Wind Farms, based on the results obtained, can be safely extended to 30 years instead of the 25 years previously applied as an estimation.

Based on the aforementioned, the Group's Board of Directors accepted the common recommendation of the Operations and Finance Departments to extend the useful life of the parks to 30 years, accepting that this estimate reflects better the current reality both at the Group level and globally.

The pre-tax impact of this change on the results reflected in the Group's financial statements, from this change for the financial year 2023, in thousands of Euros, is as follow:

Amortization of intangible fixed assets	92
Depreciation of tangible fixed assets	2.642
Amortization of grants	(382)
Effect on financial cost of provisioning for environmental rehabilitation	41
Total effect of change in useful life of fixed assets (increase in profit)	**2.393**

C. Events after the end of fiscal year 2023

From 01/01/2024 and until the preparation date of the present report, the following important events occurred:

- **Conclusion of a 12-year bilateral contract with EYATH**

TERNA ENERGY Group signed the first ever PPA agreement in Greece, with a duration of 8 years with the option of extension of 4 more years, according to which the Group will supply EYATH with 100% green energy with a capacity of 100 GWh/year. With this transaction, TERNA ENERGY S.A. will ensure a constant selling price for its electricity production, while EYATH will reduce its energy costs by up to 50%, the increase of which in 2022 burdened its financial results, causing the long-time profitable company to make losses for the first time in 25 years. At the same time, EYATH will reduce its carbon footprint to zero by 2025 instead of the target of 2030.

- **Inclusion of Terna Energy in the Final List of Selected Participants for S.A.E.E. (Electricity Storage Stations) of RAAEY**

With the decision of 15 February 2024 of RAAEY, TERNA ENERGY ABETE was selected as one of the shortlisted bidders of the second (b) Competitive Bidding Procedure for the granting of investment and operational support to Electricity Storage Stations in accordance with the provisions of article 143F of Law No. 4001/2011, of a capacity of 40 MW and a capacity of 80 MWh.

- **Selection of three TERNA ENERGY Investment Plans in the list of the European Network of Transmission System Operators for Electricity (ENTSO-E)**

The list of 209 electricity infrastructure projects of the Trans-European Ten-Year Development Plan (TYNDP) 2024 of the European Network of Transmission System Operators for Electricity (ENTSO-E) includes three energy storage investment projects of TERNA ENERGY Group:

The pumped-storage project of Terna Energy in Amfilochia. It is the largest investment in an energy storage project in Greece, with a total installed capacity of 680 MW (megawatts) for generation and 730 MW for pumping. It is an investment of more than EUR 500 million with an annual energy production of approximately 816.00 GWh (gigawatt-hours) and an operational horizon of 2026.

Pumped storage plant of PPC - TERNA Energy at Ladonas. This is a project with an installed capacity of 220 MW for generation and 231 MW for pumping. It is expected to be completed in 2032.

TERNA Energy's pumped storage project "Vrohonera": It consists of two independent projects, "Vrohonera I" (total installed capacity of 424 MW for generation and 377 MW for pumping) and "Vrohonera II" (total installed capacity of 351 MW for generation and 344 MW for pumping).

These projects will play an important part in shaping Europe's electricity system up to 2040.

D. Prospectives

The performance in 2023 and particularly in the first half of the year has been affected by the weak wind conditions observed in the country and in the Northern Hemisphere in general, in contrast to the highly enhanced conditions observed in the first half of last year. This fact is consistent with the stochasticity that governs production from wind farms and is taken into account in any forecasting model, without affecting the long-term performance of the projects, which, it should be remembered, have a 30-year lifespan.

With respect to the immediate periods following, TERNA Energy Group expects a significant strengthening of revenues and operating profitability subsequent to the commissioning of the Kafirea wind cluster before the end of the third quarter of 2023. The commissioning marks an increase in installed capacity of approximately 35% and is expected to have a corresponding impact on operating profitability (on an annualized basis). It is also worth mentioning that the excreta management project in the Peloponnese is now in full commercial operation and together with the other concessions/ PPP projects (waste management in Epirus, Electronic Ticket) will further enhance the Group's performance in the long term.

In the medium term, the Group continues to pursue its investment plan without interruption, having now under construction the large pumped storage project in Amphilochia with a total investment of €650 million. The construction of new parks (mainly photovoltaic) in Greece is planned to start gradually from the end of this year and within 2024, while projects abroad continue to be considered on a case-by-case basis. Concurrently, the Group is advancing the procedures for the maturation of projects of various technologies (e.g. hydroelectric, storage, hybrid, etc.) in Greece that are expected to be able to gradually start construction from next year. Finally, emphasis is also given to new concessions/ PPP projects (waste management, digital transformation, etc.) that can further enhance the Group's revenues in the long term by generating synergies as well.

Considering the above and notwithstanding the continuous challenges and the always volatile conditions in the energy markets in Greece and abroad as the recent past has shown, Terna Energy Group is expected to continue to be a leading player. Recall the Group's long-term target to approach a portfolio of projects above 6.0 GW in operation before the end of the current decade.

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, HEDNO, OASA, ASDA) 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 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.

Regarding 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.

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, 16,2%% of the Group's long-term borrowings refer to fixed rate loans66,0%% refer to floating rate loans hedged through derivatives whereby future fixed rate payments are exchanged for floating rate receipts, and 17,8%% to floating rate loans based on euribor or wibor, as appropriate.

(Amounts in thousands of Euros unless mentioned otherwise)

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% (2022: +/- 20% correspondingly). 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.

	2023		2022	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Results for the year after tax – Group	(2.263)	2.263	(1.942)	1.942
Results for the year after tax – Company	(301)	301	(426)	426

The Group is not exposed to other interest rate risks.

iv. Market risk analysis

The Group is not exposed to market risk for its financial assets, with the exception of the portfolio of listed securities. The Group has not taken specific hedges of this risk given that any impact is not expected to be significant.

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 2023 net cash flows from continuing operating activities amounted to € 134 million versus € 110 million in 2022. 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

The effects of this military conflict in Ukraine, which had a significant impact on the electricity market where the Group operates, seem to have stabilised. However, the risk is significant as long as there is no overall resolution of the conflict. In any case, considering the nature of the transactions carried out by the Group's companies, there was no direct impact on the Group's size and performance, and none is expected in the future. 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 for the Group.

(b) Climate Change Risk and Fluctuations in wind and hydrological data

The Group's core business is closely linked to climatic conditions and in this context, management closely monitors developments and assesses the potential impact that climate change may have on the smooth operation of the facilities. From now on, calculation models incorporated also 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 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.

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, intangible assets and rights of use 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 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, 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 2023						
Revenue						
Sales of products and services	46.461	249.942	18.112	13.316	–	**327.831**
Intersegment revenue	45.813	–	–	–	(45.813)	–
Total revenue from continuing operations	**92.274**	**249.942**	**18.112**	**13.316**	**(45.813)**	**327.831**
Cost of sales	(87.251)	(102.538)	(12.674)	(11.113)	44.789	**(168.787)**
Gross profit from continuing operations	**5.023**	**147.404**	**5.438**	**2.203**	**(1.024)**	**159.044**
Administrative and distribution expenses	(634)	(32.137)	(583)	(536)	–	(33.890)
Research and development expenses	(1.030)	(6.254)	–	–	–	(7.284)
Other income/(expenses) and other gain/(losses)-EBIT determinants	(1.467)	10.911	1.351	1.037	–	11.832
Operating results (EBIT) from continuing operations	**1.892**	**119.924**	**6.206**	**2.704**	**(1.024)**	**129.702**
Depreciation	(539)	(54.756)	(280)	(22)	2.539	**(53.058)**
Grants' amortisation	–	4.971	–	–	–	**4.971**
EBITDA from continuing operations	**2.431**	**169.709**	**6.486**	**2.726**	**(3.563)**	**177.789**
Long-term loans	–	987.387	58.474	8.403	–	**1.054.264**
Long-term liabilities carried forward	–	93.219	16.077	3.552	–	**112.848**
Cash and cash equivalents	(2)	(224.639)	(15.159)	(8.227)	–	**(248.027)**
Restricted cash	–	(68.663)	(5.366)	(425)	–	**(74.454)**
Net debt/(surplus)	**(2)**	**787.304**	**54.026**	**3.303**		**844.631**

(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	–	(362.464)	(21.765)	(7.667)	–	**(391.896)**
Grants to be rebated	–	3.260	–	–	–	**3.260**
Restricted cash	–	(63.379)	(1.320)	(399)	–	**(65.098)**
Net debt/(surplus)	**–**	**608.223**	**53.732**	**7.370**	**–**	**669.325**

(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 2023						
Revenue from continuing operations	92.274	249.942	18.112	13.316	(45.813)	**327.831**
Cost of sales from continuing operations	(87.251)	(102.538)	(12.674)	(11.113)	44.789	**(168.787)**
Gross profit from continuing operations	**5.023**	**147.404**	**5.438**	**2.203**	**(1.024)**	**159.044**
Gross profit margin from continuing operations	**5,44%**	**58,98%**	**30,02%**	**16,54%**	**2,24%**	**48,51%**

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%**

(Amounts in thousands of Euros unless mentioned otherwise)

The ratio “Loan Liabilities to Total Capital Employed” at the end of 2023 and 2022 is as follows:

Amounts in thousand €	**31/12/2023**	**31/12/202**
Short-term loans	–	60.632
Long-term loans	1.054.264	951.326
Long-term liabilities carried forward	112.848	111.101
Loan liabilities	**1.167.112**	**1.123.059**
Total equity	506.206	491.176
Loan liabilities	1.167.112	1.123.059
Lease liabilities (Long-term and Short-term portion)	30.826	27.026
Grants	162.812	167.146
Subtotal	**1.866.956**	**1.808.407**
Less:		
Cash and cash equivalents	248.027	391.896
Restricted cash related with loans (Note 21)	74.455	65.098
Grants to be rebated (Note 29)	–	(3.260)
Subtotal	**322.482**	**453.734**
Total employed capital	**1.544.474**	**1.354.673**
Loan Liabilities / Total employed capital	**76%**	**83%**

G. Annual Non-Financial Statement 2023

1. Introduction

This Non-Financial statement covers the fiscal year ended on December 31st, 2023. Having considered the provisions of section 7 "Report (Statement) of Non-Financial Information" of Law 62784/2017 of the Ministry of Economy and Development, in accordance with the provisions of Law 4548/2018 (articles 151 & 154), the report contains information on all the activities of TERNA ENERGY Group for the following topics:

- Supply chain issues.
- Anti-corruption and anti-bribery
- Respect for human rights.
- Labor issues
- Social issues
- Environmental issues

The statement presents relevant information on the required disclosures of Article 8 of the Taxonomy Regulation, as specified in Article 10 of the Delegated Regulation (EU) 2021/2178. The statement has been prepared considering the Global Reporting Initiative (GRI) international standards, the standards introduced by the Sustainability Accounting Standards Board (SASB) and the Athens Stock Exchange ESG Reporting Guide (ATHEX ESG Reporting Guide 2022). The statement presents information on the main risks related to the Group's activities, 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.

The structure of this report is as follows:

- The Group's approach to Sustainable Development
- Corporate Governance and the Group's Basic Operating Principles
- Environmental issues
- Sustainable Supply Chain
- Social and labor issues
- Taxonomy Report

TERNA ENERGY GROUP

For more than two decades, TERNA ENERGY Group has been one of the largest Greek vertically integrated Groups in the field of Renewable Energy Sources (RES), holding the largest and most diversified project portfolio in Greece, with activities related to the development, construction, financing and operation of RES projects and waste management. In addition, the Group is active in the field of design, installation, operation support, maintenance and technical management of a Unified Automatic Fare Collection System (e- ticket). TERNA ENERGY shares are listed on the Athens Stock Exchange (FTSE / Athex Large Cap). Moreover, in October 2023, the Group was included in the Standard & Poor's "Clean Energy Index", among the top 100 producers and/or suppliers of clean energy.

TERNA ENERGY Group is active in renewable energy projects, from development to energy production, in a range of technologies that include the construction and operation of wind farms, hydroelectric projects, pumped storage projects, hybrid power plants and photovoltaic parks, as well as the undertaking of integrated waste management projects, biofuel production, soil improvement products and other. In 2023 the Group operated in Greece, Bulgaria, Poland.

As of 31.12.2023, the Group holds almost 2,500 MW of renewable energy power production units operating, under construction or ready for construction in Greece, Central and Eastern Europe. Including projects in various stages of maturity, the Group's portfolio exceeds 11 GW.

Overall Business Strategy

The Group's business activity is characterized by sound financial structure, robust specialization and expertise, full implementation of quality assurance procedures, and in-depth knowledge of the international financial and business environment.

The Group's business model is based both on responsible planning and effective implementation of every project it undertakes. Moreover, through its successful and responsible business practices, the Group secures capital adequacy and necessary liquidity for each stage of project implementation, ensuring its business continuity and sustainable development.

Design and implementation of new projects.

TERNA ENERGY Group has designed and launched a €5.5 billion investment plan in clean energy, environment, and circular economy, while at the same time, it strengthens its presence in pioneering projects and the development of projects of various technologies (e.g. hydroelectric, storage, hybrid, etc.) in Greece that are in different maturity levels and are expected to gradually commence construction in the near future. At the same time, the Group recently commissioned the country’s largest wind farm cluster with a total capacity of 330 MW in South Evia, is intensively progressing construction work on the 680MW pumped-storage project in Amfilochia and has secured one of the first two exploration permits for pilot Offshore Wind Farms in Greece. Meanwhile, the waste management project in Peloponnese is now in full commercial operation.

2. The Group’s approach to Sustainable Development

Metric ATHEX C-G4: Sustainability Policy

The alignment of the Group with the principles of Sustainable Development constitutes a driving force for its business operations. Therefore, the Group's Sustainable Development Policy places stakeholders at the center and emphasizes the systematic assessment of the material impacts of its activities on the economy, society, and the environment.

The Sustainable Development Policy aims to enhance the positive impact and mitigate the negative effects of the Group's activities through the implementation of a series of best practices, targeted initiatives, and sustainable collaborations. The goal is to create long-term value for both stakeholders and society as a whole.

The Group's business strategy incorporates the material topics and needs identified by its stakeholder groups, by implementing targeted actions for the environment and society, in line 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:

- Environmental Protection
- Human Value Promotion
- Strengthening our Social Footprint
- Shaping a Responsible Market

Based on the above, the Group's sustainability goals and targets are defined, and their performance is assessed annually to ensure their relevance and adjust if necessary. Additionally, the Group prepares and implements management systems, policies, and procedures, uses Key Performance Indicators (KPIs) and metrics, and adopts efficient action plans/programs to monitor and achieve its sustainable development goals and targets.

To enhance transparency and facilitate regular stakeholder engagement, the Group's performance on ESG topics is published in the annual Sustainable Development Report and in the current Statement.

It should be noted that, emphasizing transparency, accountability and sustainable business practices, the Group will include the "double materiality" assessment in its 2024 Sustainability Report. The "double materiality" assessment implies an integrated consideration of the actual and/or potential impacts of corporate practices on the broader economy, society, and the environment, alongside with the financial materiality, which assesses the financial impact of the sustainability issues on the Group's business processes and strategies.

3. Corporate Governance and the Group's Basic Operating Principles

Metric ATHEX C-G2: Sustainability Oversight

Corporate Governance is a set of established rules and business practices that the Group applies to ensure business continuity and thereby its ability to create long-term value for the benefit of its shareholders. 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. Its members are elected by the General Meeting of Shareholders and its main mission is the establishment of the Group's core guidelines and the development of its business strategy. Additionally, the BoD is responsible for monitoring the procedures that ensure effective business operation, implementation of the Group's core principles and the expression of the administrative philosophy of the Group. Moreover, the BoD carries out the decision-making for all corporate matters except those that fall under the competence of the General Assembly.

The BoD' s target is to protect and promote Shareholders' long-term interests, implementing 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. To ensure 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 BoD's decisions and the implementation of the actions required for the management and operation of the Group.

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

3.1 Due Diligence and other policies

3.1.1 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 Group's core principles, beliefs, corporate culture, business ethics and voluntary ethical commitments, which shape the operating model across the Group's activities. The Code captures and reinforces these elements and creates an agreed and transparent framework of operation and behaviors that applies to all employees, customers, partners, subcontractors, suppliers and the local community.

The Code applies to all subsidiaries and all different areas and countries of the Group's operational activity and is also considered in the Partnerships and Joint Ventures in which the Group 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 associates) and governance mechanisms and practices (e.g. avoidance of bribery practices, healthy competition, etc.). These minimum commitments are complemented by policies, procedures, and other internal documents, which are equally binding for all.

The content of the Code is aligned with the general principles set out in international regulations and relevant conventions, as well as international standards. To ensure their application, the Group undergoes periodic audits by accredited bodies from which it has obtained the corresponding certifications.

The Code of Ethics and Conduct is an overarching framework that also includes issues related to labor and human rights. More specifically, 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.

The Group, guided by the Code of Ethics and Conduct, places particular emphasis on integrity, transparency, and professionalism, while demonstrating zero tolerance for issues of corruption, bribery and generally illegal or unlawful and unethical behavior. Complying with the requirements of Law no. 4990/2022 on Whistleblowing, the Group has adopted and implemented a "Whistleblowing Policy" and has appointed an Officer responsible for the receipt and monitoring of reports.

Any employee may report or raise a concern regarding any issue related to the implementation of the Code of Ethics and Conduct, either by name or anonymously through the following channels of reaction:

- 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 S.A.", 85 Mesogeion Ave., 115 26 Athens, attention of the "Responsible for the receipt and monitoring of reports "of the Company, marked as "Confidential".

- By phone (Monday to Friday: 9:00 - 17:00) at +30 210 6968300, mentioning “Communication with the Responsible for the receipt and monitoring of reports”.
- Personal meeting with the Responsible for the receipt and monitoring of reports, during the Company's operating hours (Monday to Friday: 9:00 - 17:00), within a reasonable time frame from the submission of the relevant request for a personal meeting.

3.1.2 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:

- Strict compliance with all requirements arising from the regulatory framework of the Group, as defined by the Management System.
- Strict compliance with the legal framework that governs the issues of corruption and bribery in the activities of the Group.
- Strict adherence to the legal framework governing the issues of money laundering and terrorist financing.
- 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.
- 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.
- Communication of compliance obligations, including risks, management procedures, non-compliances as well as improvement actions and the results of controls / audits to all parties involved.
- 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 related to these issues, that govern the Group 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, subcontractors, and customers.
- Scheduled and extraordinary audits by the Internal Audit Unit.
- Scheduled and extraordinary internal audits by the Head of Regulatory Compliance.

To achieve the above, 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 non-performance 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.

Moreover, TERNA ENERGY Group is implementing a Certified Anti-Bribery Management System based on the requirements of ISO 37001:2016, and additionally applies a Compliance Management System, based on the new international standard ISO 37301:2021 which has been certified by an accredited Certification Body.

3.1.3 Policy on the protection of Personal Data

Metric ATHEX C-G6 Data security policy

Safe management of information and protection of personal data of all the individuals involved in the Group's activities is an issue of essence in order to ensure regulatory compliance, 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. As such, an Information Security Management System Manager has been appointed, who cooperates with the Group Chief Information Systems Security Officer (CISO) and the Personal Data Protection Unit to monitor the Group's compliance with relevant laws and regulations.

In order to ensure a significant level of security, proportionate to the criticality and confidentiality of the data and information sharing, a personal data protection policy is in place and an Information Security Management System has been developed and certified under the international standard ISO/IEC 27001:2013.

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 bounded accordingly.

These measures include policies and procedures on the rights of the data subjects and on the management of data breach incidents.

3.2 Major Risks & Risk Management

The fight against corruption is of high importance, not only for dealing with potential negative impacts on the Group, but also on society, the economy, and the environment. To effectively address any crucial issues that may arise from its operational activities, the Group is implementing a certified Anti-Corruption and Anti-Bribery Management System, based on the requirements of the ISO 37001 standard, for the identification and handling of potential corruption and fraud risks, through a systematic identification, analysis, and assessment approach.

With a priority on increasing installed capacity, strengthening its leadership position in Greece, enhancing international presence, diversifying into a range of technologies, and leveraging its capabilities in the renewable energy value chain, the Group acknowledges that effective Risk Management, integrated into all organizational functions and processes, is a fundamental component in decision-making while it also contributes to continuous improvement and growth of the Group. In this context, the Group develops and implements a comprehensive Risk Management System. This system supports Management in making strategic decisions by identifying, assessing, communicating, and addressing Corporate Risks, establishing the strategy for monitoring, and responding to Risk Management, identifying both threats and corresponding opportunities that arise.

The Group through the "Risk Management Policy" is committed to the following :

- Adoption of preventive actions in Risk Management for all operational activities through transparent systematic processes and procedures.
- Ensuring effective identification, assessment, and management of emerging risks through appropriate unified methods of internal consultation, control tools, indicators, and reports.
- Managing all corporate activities in compliance with the legal framework, internal procedures, requirements of identified stakeholders, the Company's Code of Business Ethics, and international best practices.
- Establishing minimum tolerance thresholds for each risk assessment level, and in case of exceeding these thresholds, implementing corrective actions accordingly.
- Promoting systematic monitoring of the Risk Management Process and reviewing its outcomes through assigning distinct roles and responsibilities during the implementation stage.

Ensuring Business Continuity

In addition, through the Business Continuity Policy, the top management of TERNA ENERGY Group identifies risks that may threaten the smooth operation of the Group and allocates all necessary resources for the implementation of the Business Continuity Management System, in accordance with the international standard ISO 22301:2019 that allows:

- business continuity of critical functions after an emergency or disruption.
- the return to acceptable levels of operation as soon as possible.

The implementation of the Business Continuity Management System, through the adherence to the business continuity policy, procedures and relevant business continuity plans, aims to preserve the Health and Safety of personnel, minimize the impact of business disruption incidents on stakeholders, and establish systematic methods for the planning and evaluation of the company's business continuity requirements.

3.3 Non-Financial performance indicators

TERNA ENERGY Group is certified according to the ISO 37001 anti-bribery standard for all its activities.

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

During 2023, there were no confirmed case of corruption, either through complaints or through audits carried out by the Group.

GRI 419-1: Non-compliance with socio-economic laws and regulations

During 2023, 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.

4. Environmental issues

4.1 Due Diligence and other policies

4.1.1 Environmental management and compliance

TERNA ENERGY Group operates with a high sense of environmental responsibility and continuously adapts its business practices to the needs of environmental protection and the efficient management of natural resources. By ensuring compliance with environmental legislation and implementing sustainable practices, the Group ensures that its activities minimize any negative impact of its environmental footprint.

The environmental principles guiding the Group's business decisions are aligned with the European Green Deal Directives and the National Climate Law. Through a coherent environmental policy, the Group sets clear guidelines for all its subsidiaries & activities, aiming to follow the best environmental practices to contribute to the protection and preservation of the natural environment.

More specifically, the Group's environmental strategy includes:

- implementation of an Environmental Management System according to ISO 14001:2015,
- implementation of the Eco-Management and Audit Scheme System (EMAS),
- mitigation of the climate change impacts,
- protection and conservation of biodiversity,
- responsible management of solid and liquid waste,
- responsible for water management.

To ensure environmental compliance at both activity and operational levels, internal and external environmental audits are conducted annually and at regular intervals. These audits aim to verify compliance with legislation, protocols, working practices, and the requirements of international standards. Internal environmental audits are carried out by the QHSE Department, while external audits are conducted by accredited Certification Bodies and other auditing authorities.

In this context, a Management Systems Policy has been developed, aiming to mitigate the environmental impact of the Group's operations, reduce the energy consumption and greenhouse gas emissions related to the Group's buildings and facilities, and promote the Group's sustainable development.

It is worth noting that in October 2023, TERNA ENERGY Group completed its registration in the European Union's EMAS Register with registration number EL-000119.

4.2 Risk Management

4.2.1 Tackling Climate Change

Metric ATHEX A-E2: Risks and opportunities from climate change

In terms of mitigation and adaptation to climate change, the Group's activity regarding energy production from RES and integrated waste management contributes to tackling climate change. Furthermore, the Group is committed to reduce its carbon footprint and contribute to the parent Group's company (GEK TERNA) target to reduce the intensity of greenhouse gas emissions by 25% by 2025 (with 2021 as the baseline year), 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 Group's facilities in Greece and abroad from 2021 onwards, and therefore zero indirect greenhouse gas emissions (Scope 2) related to 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.
- Contribute to the global decarbonisation effort by increasing the installed capacity of renewable energy production to 6GW by the end of 2029.
- 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.

4.2.2 Protection and conservation of Biodiversity

Metric ATHEX A-E5: Biodiversity sensitive areas

In the context of responsible management of the impacts on biodiversity that may result from the Group's activities, best practices and advanced technologies are applied in order to minimize the negative effects and achieve positive impacts on the natural ecosystems within or close to the Group's activity areas.

In this context, the Group applies the following:

- Site investigation of the projects and required infrastructure, during the planning phase in order to identify any special requirements or restrictions that may exist due to national and European regulatory provisions (e.g. Habitat Directive 92/43/EEC) and the possibility that the projects/infrastructure may fall within protected areas of the Natura 2000 network or other areas with land use restrictions.
- Preparation of Environmental Impact Assessment (EIA) and other specific studies in line with the applicable international (where required) and national legal framework.
- Implementation of a certified Environmental Management System (EMS) and training. More specifically, the EMS, 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, subcontractors), while also trainings are conducted for the Group's employees and subcontractors.
- Development of multi-year monitoring programs for the interaction of wildlife (including avifauna) with the Group facilities, in accordance with the requirements of the Environmental Terms Approval Decisions (ETADs), as well as beyond them.
- Installation of avifauna protection systems in wind farms, as provided by the approved Environmental Terms, using automated bird identification software and high-definition cameras. Since 2021, bird protection systems have been operating in wind farms in Crete and Evros, where a total of 39 systems have been installed. In 2023, the bird monitoring study for all wind farms of the Karystia project was completed, with 81 collision prevention systems installed.

In addition, in 2023:

- A study was conducted for the protection of wildlife related to the waste management project under construction in the Peloponnese Region (MEA Skala Lakonias).
- The first year of the Ornithological Monitoring Program for the operational Small Hydroelectric Power Station at the "Dafnozonara – Sanidi" site in the regions of Arta, Karditsa, and Aetolia-Acarnania was completed (period: December 2022 – November 2023).

In the context of this project, the following were conducted, on a monthly basis:

- Vantage Point surveys of flights of sensitive bird species in relation to pylons and high-voltage power lines and assessment of the collision risk of sensitive species,
- A bird search survey for any potential collision victims, under the pylons and high-voltage power lines,
- A survey of the status of important bird species in the vicinity of the project area and mapping of sensitive species nests in the project area.

Based on the above records, data processing and analysis are conducted, thematic maps are generated, and conclusions are drawn regarding flights of sensitive species, collision risk, and the need for mitigation measures, if the risk is deemed significant.

During the construction of the Amphilochia pumped-storage project, audits are carried out during vegetation clearing and excavation of the surface soil, as part of environmental monitoring and compliance with environmental permits. Additionally, the area within a radius of at least 100 meters around the intervention point is investigated to identify wildlife species (mammals, birds, reptiles, amphibians, fish) that may be at risk from the activity, so that, if necessary, they can be relocated to a safer location. Furthermore, a biologist specializing in ornithology is employed to conduct monthly field research and prepare relevant reports.

4.2.3 Responsible waste management

Metric ATHEX A-E3: Waste Management

Responsible waste management applies to the activities of TERNA ENERGY Group and its suppliers and partners, both in Greece and abroad. 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 interruption of operations due to the uncontrolled production and/or waste disposal method).

Therefore, the Group invests in the implementation of the principles of Circular Economy, utilizing reuse and recycling practices in cooperation with certified entities. At the same time, the relevant specifications of the certified environmental management system are explicitly applied, and internal and external audits are carried out in order to identify impacts that need improvement and to adopt preventive and corrective actions to address them.

4.3 Non-Financial performance indicators

To ensure environmental compliance, in 2023, more than 60 internal and external audits were carried out at all the Group's facilities.

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

The Group, as one of the largest Greek producers of energy from RES (2023), produced 2,596,675MWh of clean energy and prevented the release of 1,079,844 tnCO2 eq into the atmosphere.

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

During 2023, there were no incidents or complaints from regulators, environmental inspectors, NGOs and the local community regarding the violation of environmental conditions related to the protection of biodiversity in the Group's operations.

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

During 2023, no fines or other sanctions were imposed on the Group in relation to the violation of environmental laws and regulations.

(Amounts in thousands of Euros unless otherwise mentioned)

Environmental data from the Group's activity for the production of electricity[1]

GRI 302-1: Energy consumption within the organization

ATHEX C-E3: Energy consumption and production

Indicator C-E3: Energy consumption within the body GRI 302-1: Energy consumption within the body	2023	2022
Fuel consumption within the Group from non-renewable sources (in MJ)	5,812,486.69	5,553,517.15
Electricity consumption from renewable sources (in MJ)	25,769,952	22,938,192.00
Total energy consumption within the Group (in MJ)	109,740,154.91	104,967,550.45
Total intra-group energy consumption (in MWh)	30,483.39	29,157.67
Percentage of electricity consumed (in MWh)	23.5%	22%
Percentage of energy consumed from renewable sources (in MWh)	95%	95%

[1] The data relate to all operating power generation facilities controlled by the Group in the countries: Greece, Bulgaria, Poland.

(Amounts in thousands of Euros unless otherwise mentioned)

ATHEX C-E1: Direct emissions (Scope 1)

GRI 305-1: Direct greenhouse gas emissions (Scope 1)

ATHEX C-E2: Indirect emissions (Scope 2)

GRI 305-2: Energy-related indirect greenhouse gas emissions (Scope 2)

SASB topic: Greenhouse gas emissions and energy resource management

ATHEX C-E1 Direct emissions (Scope 1) GRI 305-1: Direct emissions of greenhouse gases (Scope 1	2023	2022
Total direct greenhouse gas emissions (in tCO_2e)	381.5	372.4
Biogenic CO_2 emissions (in tCO_2e)	4,367.4	4,273.4
ATHEX C-E2 Indirect emissions (Scope 2) GRI 305-2: Energy-related indirect greenhouse gas emissions (Scope 2)	**2023**	**2022**
Location-based emissions (in tCO_2e)	2,679.05	2,672.4
Market-based emissions (in tCO_2e)[1]	0	0
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): Emissions of gaseous pollutants	**2023**	**2022**
Emissions of NO_x (including NO and NO_2 and excluding N_2O) (in t)	2.40	2.58
SO_x emissions (including SO_2 and SO_3) (in t)	1.36	2.98
Emissions of non-methane organic compounds (VOCs) (in t)	N/A	N/A
Emissions of hazardous air pollutants (HAPs) (in t)	N/A	N/A

[1] It is noted that the Group has completed the required procedure for the issuance of Guarantees of Origin for electricity from renewable sources, and the issuance of certificates by the competent authority (Renewable Energy Sources Operator & Guarantees of Origin - DAPEEP) is expected.

The greenhouse gas emissions included in the above table relate to the Group's operating activities in Greece, Bulgaria and Poland.

The methodology followed for the quantification and compilation of GHG emissions was based on the ISO 14064-1:2018 standards and the Greenhouse Gas Protocol.

(Amounts in thousands of Euros unless otherwise mentioned)

TERNA ENERGY does not maintain operational control of the Waste Management Facility of the Regional Unit of Epirus nor of Peloponnese Regional Unit and therefore its energy consumption and GHG emissions of these facilities are not included.

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	2023			2022		
Hazardous Waste		Waste generated	Waste diverted from disposal	Waste not available for recovery	Waste generated	Waste diverted from disposal	Waste not available for recovery
Contaminated packaging - 15 01 10*	t	6.117	6.117	-	6.609	6.609	-
Contaminated absorbents-15 02 02*	t	15.634	15.634	-	15.579	15.579	-
Lubricants - 13 02 05*	t	18.218	18.218	-	7.875	7.875	-
Batteries - 16 06 01*	t	0.033	0.033	-	0.105	0.105	-
Oil filters - 16 01 07*	t	5.056	5.056	-	4.037	4.037	-
Oil waste - 13 08 99*	t	1.004	1.004	-	0.212	0.212	-
Antifreeze fluids - 16 01 14*	t	0.020	0.020	-	2.689	2.689	-
Oily water from oil/water separators - 13 05 07*	t	20.000	20.000	-	-	-	-
Fluorescent lamps - 20 01 21*	t	0.020	0.020	-	0.003	0.003	-
Waste from adhesives and sealants - 08 04 09*	t	-	-	-	0.204	0.204	-
Non-chlorinated hydraulic oils - 13 01 10*	t	0.350	0.350	-	4.080	4.080	-
Other engine oils and lubricants - 13 02 08*	t	0.000	0.000	-	3.250	3.250	-
Discarded equipment containing hazardous components - 16 02 13*	t	0.010	0.010	-	-	-	-
Batteries and accumulators included in 16 06 01, 16 06 02 or 16 06 03 and mixed batteries and accumulators containing such batteries - 20 01 33*	t	0.042	0.042	-	-	-	-
Total	**t**	**66.504**	**66.504**	**-**	**44.643**	**44.643**	**-**
Information necessary to understand the data and how the data have been collected		The figures for 2023 include: -Facilities (Sites & Offices) in operation in the countries: Greece, Bulgaria and Poland.					

Non-hazardous Waste		Waste generated	Waste diverted from disposal	Waste not available for recovery	Waste generated	Waste diverted from disposal	Waste not available for recovery
Municipal Waste [2]	t	165.11	-	165.11	51.2	-	51.2
End-of-life vehicles - wastes not otherwise specified - 16 01 99	t	0.19	0.19	-	-	-	-
Components (TCS vehicles) not otherwise specified - 16 01 22	t	2.49	2.49	-	-	-	-
Absorbent materials, filter materials, wiping cloths and protective clothing other than those mentioned in 15 02 02 - 15 02 03	t	3.23	3.23	-	-	-	-
Discarded equipment other than those mentioned in 16 02 09 to 16 02 13 - 16 02 14 - 16 02 14 -	t	0.025	0.025	-	-	-	-
Plastic packaging - 15 01 02	t	0.02	0.02	-	-	-	-
Recycled materials	t	-	-	-	52.97	52.97	-
Total	**t**	**171.07**	**5.96**	**165.11**	**104.17**	**52.97**	**51.2**
Information necessary to understand the data and how the data have been collected		The figures for 2023 include: -Facilities (Sites & Offices) in operation in the countries: Greece, Bulgaria and Poland.					
GRI 306-4: Waste diverted from disposal	**Unit**	**2023**			**2022**		
Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse	t	-	-	-	-	-	-
Recycling	t	-	-	-	-	44.64	44.64
Other recovery procedures	t	-	66.50	66.50	-	-	-
Total	**t**	**-**	**66.50**	**66.50**	**-**	**44.64**	**44.64**

Municipal waste is waste at the Eleoussa hydropower plant which is carried by the river and retained in the diversion grates of the hydropower plant. No periodic cleaning is carried out except when there is an increased concentration.

*Hazardous waste according to the European Waste List

(Amounts in thousands of Euros unless otherwise mentioned)

Non-hazardous Waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Preparation for reuse	t	-	-	-	-	-	-
Recycling	t	-	5.96	5.96	-	52.97	52.97
Other recovery procedures	t	-	-	-	-	-	-
Total	**t**	**-**	**5.96**	**5.96**	**-**	**52.97**	**52.97**
GRI 306-5: Waste diverted from disposal	**Unit**	**2023**			**2022**		
Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration (with energy recovery)	t	-	-	-	-	-	-
Incineration (without energy recovery)	t	-	-	-	-	-	-
Landfill	t	-	-	-	-	-	-
Total	t	-	-	-	-	-	-
Non-Hazardous waste		Onsite	Offsite	Total	Onsite	Offsite	Total
Incineration (with energy recovery)	t	-	-	-	-	-	-
Incineration (without energy recovery)	t	-	-	-	-	-	-
Landfill	t	-	165.11	165.11	-	51.20	51.20
Other recovery procedures	t	-	-	-	-	-	-
Total	**t**	**-**	**165.11**	**165.11**	**-**	**51.20**	**51.20**

* Based on the European Waste List

ATHEX A-E3: Waste Management

ATHEX A-E3: Waste Management		**2023**	**2022**
Percentage of waste by type of treatment			
Total amount of waste generated	**t**	237.57	148.81
Recycling	**%**	31%	66%
Preparation for reuse	**%**	0%	0%
Landfill	**%**	69%	34%
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	2023		2022	
		All the areas	Areas of significant influence on water resources	All the areas	Areas of significant influence on water resources
Surface water	ML	3,730,524.84	3,730,524.84	3,963,200.00	3,963,200.00
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)					
Groundwater	ML	-	-	-	-
Fresh water	ML	-	-	-	-
Fresh water (>1,000 mg/lt total dissolved solids)					
Sea water	ML	-	-	-	-
Fresh water	ML	1.25	1.25	1.28	1.28
Other water (>1,000 mg/lt total dissolved solids)					
Generated water	ML	-	-	-	-
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)					
Third-party water	ML	3.67	3.62	2.30	2.23
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)	ML	-	-	-	-
Surface water	ML	-	-	-	-
Groundwater	ML	-	-	-	-
Sea water	ML	-	-	-	-
Gerated water					
Total	**ML**	**3,730,528.51**	**3,730,528.46**	**3,963,202.30**	**3,963,202.23**
Fresh water	**ML**	**1.25**	**1.25**	**1.28**	**1.28**

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 303-4: Water discharge	Unit	2023		2022	
		All the areas	Areas of significant influence on water resources	All the areas	Areas of significant influence on water resources
Surface water					
Fresh water	ML	3,730,524.84	3,730,524.84	3,963,200.00	3,963,200.00
Other water (>1,000 mg/lt total dissolved solids)	ML	-	-	-	-
Groundwater					
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)	ML	-	-	-	-
Sea water					
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)	ML	0.87	0.87	0.89	0.89
Third-party water					
Fresh water	ML	-	-	-	-
Other water (>1,000 mg/lt total dissolved solids)	ML	-	-	-	-
Total third country waters sent for use by other organizations	ML	-	-	-	-
Total					
Fresh water	**ML**	**3,730,524.84**	**3,730,524.84**	**3,963,200.00**	**3,963,200.00**
Other water (>1,000 mg/lt total dissolved solids)	**ML**	**0.87**	**0.87**	**0.89**	**0.89**

(Amounts in thousands of Euros unless otherwise mentioned)

Total Water Withdrawal/Discharge/Consumption	Unit	2023		2022	
		All the areas	Areas of significant influence on water resources	All the areas	Areas of significant influence on water resources
Total Water Withdrawal					
a) Total water withdrawal	ML	3,730,529.76	3,730,529.71	3,963,203.58	3,963,203.51
b) Total freshwater abstraction	ML	3,730,528.51	3,730,528.46	3,963,202.30	3,963,202.23
c) Total other water intake (>1,000 mg/lt total dissolved solids)	ML	1.25	1.25	1.28	1.28
Total water discharge					
a) Total water discharge	ML	3,730,525.71	3,730,525.71	3,963,200.89	3,963,200.89
b) Total freshwater discharge	ML	3,730,524.84	3,730,524.84	3,963,200.00	3,963,200.00
c) Other waters (>1,000 mg/lt total dissolved solids)	ML	0.87	0.87	0.89	0.89
Total water consumption					
a) Total water consumption	ML	4.05	4	2.69	2.62
b) Change in water storage	ML	-	-	-	-

[1]Includes data from all operating facilities controlled by the Group in Greece, Bulgaria, 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 (only installations in Bulgaria and 5 out of 8 installations in Poland are considered low risk).

(Amounts in thousands of Euros unless otherwise mentioned)

Environmental data for other Group activities [1]

	2023	2022
Total energy consumption (in MWh)	**3,771.80**	**1,732.3**
Direct emissions (Scope 1) **Total direct greenhouse gas emissions (in tonnes of CO_2e)**	**883.12**	**441.2**
Indirect emissions (Scope 2) - Location-based emissions (in tonnes of CO_2e)	**15.48**	**3.5**
Indirect emissions (Scope 2) - market-based emissions (in tonnes of CO_2e)	**0**	**0**
Electricity consumption (in kWh)[2]	**41,643.14**	**8,330.0**
Water withdrawal from third parties (lt)[3]	**12,720,000**	**21,550,764.0**
Construction waste (tn)[4]	**226.26**	**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)	226.26	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 and the houses rented 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.

5. Sustainable Supply Chain

With the aim of maximizing its positive impact, the Group conducts its business activities throughout the supply chain following a detailed assessment of potential environmental, social, and economic impacts. To meet the new challenges posed by supply chain issues, the Group ensures that it regularly updates the criteria it uses in its processes for managing supply chain issues, such as new terms of engagement with suppliers and preference for domestic suppliers.

For this reason, on an annual basis, the Group aims to further strengthen its partnerships with local suppliers, and create relationships of trust, contributing, at the same time, to the stimulation of local communities and enhancing of the Group's socio-economic footprint.

TERNA ENERGY Group recognizes the importance of disseminating the fundamental principles and values of corporate culture and business ethics in the supply chain as an important element of responsible business conduct. In this context, in 2023 the Procurement Policy was universally implemented, 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 Procurement Policy acknowledges the risk of incidents of violation of international standards and/or legislation related to the practices of its suppliers and the possibility of non-adoption of common policies/values of suppliers with the Group. It is noted that potential supply chain risks may arise from the failure to support local and domestic suppliers, with a potential reduction in their purchasing power and the wider economic growth and prosperity of the regions of operation.

5.1 Due diligence and other policies.

5.1.1 Supply Chain

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.

Taking into account the aforementioned, the Group's suppliers and partners selection process is also based on ESG criteria, while the evaluation process is implemented on an annual basis in order to ensure the maximum degree of suitability of the Group's partnerships.

5.1.2 Human Rights

Metric ATHEX C-S6: Human rights Policy

Human rights Policy

TERNA ENERGY Group has set its Human Rights Policy as the foundation of responsible business behavior and contribution to Sustainable Development. The purpose of this policy is to express the Group's commitment to respecting international human rights and to recognizing the responsibility for identifying, assessing and managing potential impacts on the rights of stakeholders, throughout the Group's value chain and activities. The Policy's scope 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 Group's Complaints and Grievance Mechanism and has been thoroughly communicated to all employees.

5.2 Risk Management

TERNA ENERGY Group 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 on 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.

5.3 Non-financial performance indicators

In 2023, there were no incidents of human rights violations at TERNA ENERGY Group.

6. Social and Labour issues

The Group's employees constitute the cornerstone of its growth, business continuity and uninterrupted operation. Therefore, the Group manages potential risks and opportunities to ensure a balanced and safe working environment, which contributes to the Group's vision.

6.1 Due Diligence and other policies

Through the adoption of responsible policies to create shared value for all its stakeholders, the Group supports the local communities in which it operates and with which it interacts, and through continuous stakeholder engagement and consultation efforts, aims to identify and address their real needs.

The Group actively participates, supports, and regards investment in its people as a highest priority, 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.

6.1.1 Human Resources

Equal opportunities, rewards, and benefits

Equal treatment in the working environment, the elimination of all kinds of discrimination and the provision of equal opportunities, are integral to the Group’s understanding and business conduct.

The Group supports internal recruiting, ensuring that existing employees are considered for filling job vacancies and thus giving them the opportunity to improve their careers.

The Group collaborates with the largest University Institutions of the country, thus strengthening the development of more internship positions and the acquisition of professional experience to undergraduate students, while providing the ability to offer professional opportunities after their graduation.

With a view to developing a fair working environment, the Group has developed a Remuneration & Benefits Policy, the basic principles of which include:

- Shaping a working environment in such a way as to engage and motivate the employees.
- Attracting new competent executives and competent employees of every level.
- Efficiently work 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 relate to the performance, competence, performance, achievements, 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 underpin the Group's business strategy.

In addition, the Remuneration Committee is responsible for the Compensation Policy of BoD, committee members, individuals holding the position of General Managers or their deputies, as well as the senior management of the Group, as provided for in Article 110, paragraph 1 of Law 4548/2018, while the Group's Human Resources Management is responsible for the proper implementation of the Compensation and Benefits framework for the rest of the Group's population.

Training of employees

The training and development of employees constitute one of the most essential tools for achieving their professional advancement. The Group, acknowledging the value created by human capital, consciously invests in the continuous provision of right resources and the evaluation of its employees to achieve the development of their skills and their progression in alignment with its strategic goals.

The Group systematically invests in 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 training and development programs are specialized and tailored to the subject matter of each position, strategic planning, and the needs of the human resources. Additionally, internal training is 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

In addition, in the context of the ongoing training of the Group’s employees, the e-learning platform was activated at the beginning of 2023 to allow distance training for all employees on various topics (e.g. personal data, human rights, cyber-security and implementation of the Code of Conduct), enhancing their development.

The Group has a Training Policy which is a guiding policy for all TERNA ENERGY Group personnel. The purpose of the Policy is to describe the framework of internal procedures regarding the training of the Group's Human Resources and the dissemination of knowledge and experience, with emphasis on any developments concerning Internal Audit, Risk Management, Regulatory Compliance, Information Systems, Information Security and Personal Data Protection departments. The Policy is implemented under the responsibility of the Development Department of the Human Resources Division, is approved by the Group's Management as a framework and may be specified according to the needs and requirements of each subsidiary.

Responsible social relations and strengthening of the local communities.

With a focus on developing trusting relationships with local communities, the Group seeks to maximize the positive social impacts of its activities, ensuring its path towards Sustainable Development. Strengthening ties with local communities is achieved through the Group's strategy aimed at creating positive effects in its operational areas. Some indicative measures included in this strategy involve creating new job positions and supporting local suppliers and stakeholders, while particular emphasis is placed on the socio-economic footprint of projects. Additionally, consultation processes are enhanced to build and maintain trusting relationships with stakeholders.

6.1.2 Health and safety

Recognizing the importance of ensuring a healthy and safe working environment for all those directly or indirectly related to its operations, the Group has designed and adopted a series of actions and activities for Health & Safety (H&S):

- Implementation of a certified Health and Safety Management System based on the international standard ISO 45001,
- Shaping a corporate culture governed by Health and Safety principles,

- Full compliance with legal and other national, community and international requirements, directives and provisions relating to Health and Safety,
- Implementation, monitoring, evaluation and improvement of Health and Safety actions,
- Identifying occupational risks and developing an integrated prevention methodology,
- Prevention of injuries, illnesses and adverse Health and Safety incidents,
- Preparation and implementation of emergency management plans,
- Conduct of measurement of harmful factors in the working environment (noise, particulate matter, etc.),
- Provision of proper, adequate Health and Safety training and information to all employees, suppliers, subcontractors, partners and visitors,
- Compliance and strict adherence to H&S procedures,
- Immediate investigation of each accident/incident to assess the factors that led to it and take preventive measures,
- Incorporation of technologies, good practices and operating procedures that guarantee safety conditions for employees, subcontractors and third parties.

The practical commitment to Health and Safety issues is demonstrated by the certification of the Health and Safety Management System, which covers all the Group's activities, by an accredited body.

6.1.3 Combating workplace violence and harassment

In the context of ensuring a healthy and safe working environment, TERNA ENERGY Group has adopted, since 2022, the Policy against Violence and Harassment at the Workplace, which recognizes and respects the right of every employee to a working environment free from violence and harassment, governed by respect and guarantees human dignity.

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

6.2 Risk Management

The Group, having recognized the potential risks associated with the lack of equal opportunities, fair compensation, appropriate health and safety conditions, and employee training that may adversely affect its ability to operate effectively, has invested in creating appropriate structures and conditions that promote transparent recruitment, training, development, and reward of its human resources by offering equal opportunities and supporting diversity.

The Group cares about the Health & Safety (H&S) of all its human resources, while recognizing the potential risk of an occupational accident, it seeks to minimize it by preparing special Occupational Risk Assessment Studies (ORAs). Through ORAs, the potential risks related to health and safety are identified for each job position. At the same time, with respect to the local communities within which the Group conducts its activities, before commencing any new work, the Group conducts impact studies to assess along the planned activities, the potential social and environmental risks (e.g. effects on the health and safety of residents, quality of life) that the activities pose to local communities.

By increasing the available job positions, the Group contributes to addressing potential economic and social impacts associated with the reduction of employment in the country (e.g., unemployment), with a focus on creating job opportunities at the local level. Furthermore, emphasis is placed on recognizing the indirect negative economic impacts that its activities may cause, by implementing best practices for their effective mitigation.

6.3 Non-financial performance indicators

During 2023, the social contribution of TERNA ENERGY Group through sponsorships, donations and infrastructure projects in the areas where it operates amounted to €4.3 million.

At the same time, the compensatory benefits to the municipalities where the Group's projects are located approached €6.5 million, which corresponds to 3% of the gross revenues from the operation of the projects.

Also in 2023, the Group continued to monitor its environmental footprint by implementing the relevant environmental impact studies in all the projects being constructed and carried out consultations and public information programs, where required.

GRI 406-1: Total number of discrimination incidents and corrective actions taken.

During 2023, 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 2023, 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

		2023					2022				
		Male	Female	Other[1]	Not disclosed	Total	Female	Male	Other	Not Disclosed	Total
Total	**Number of permanent employees**	100	343	0	0	443	97	320	0	0	417
	Number of temporary employees	4	15	0	0	19	2	8	0	0	10
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	96	349	0	0	445	93	323	0	0	416
	Number of part-time employees	6	2	0	0	8	7	4	0	0	11
	Number of freelancers	21	111	0	0	132	21	108	0	0	129
	Total number of employees (incl. freelancers)	125	469	0	0	594	121	435	0	0	556
	Total number of employees (excl. freelancers)	104	358	0	0	462	100	327	0	0	427

		2023					2022				
		Male	Female	Other[1]	Not disclosed	Total	Female	Male	Other	Not Disclosed	Total
Greece	**Number of permanent employees**	96	334	0	0	430	91	307	0	0	398
	Number of temporary employees	4	12	0	0	16	2	8	0	0	10
	Number of non-guaranteed hours employees	0	0	0	0	0	0	0	0	0	0
	Number of full-time employees	94	344	0	0	438	87	310	0	0	397
	Number of part-time employees	6	2	0	0	8	7	4	0	0	11
	Number of freelancers	21	111	0	0	132	21	108	0	0	129
	Total number of employees (incl. freelancers)	121	457	0	0	578	115	422	0	0	537
	Total number of employees (excl. freelancers)	100	346	0	0	446	94	314	0	0	408

		2023					2022				
		Male	Female	Other1	Not disclosed	Total	Female	Male	Other	Not Disclosed	Total
USA	**Number of permanent employees**	0	1	0	0	1	0	1	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	0	1	0	0	1	0	1	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)	0	1	0	0	1	0	1	0	0	1
	Total number of employees (excl. freelancers)	0	1	0	0	1	0	1	0	0	1
Bulgaria		2023					2022				
		Male	Female	Other1	Not disclosed	Total	Female	Male	Other	Not Disclosed	Total
	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

(Amounts in thousands of Euros unless otherwise mentioned)

		2023					2022				
		Female	Male	Other	Not Disclosed	Total	Female	Male	Other	Not Disclosed	Total
Poland	**Number of permanent employees**	2	4	0	0	6	3	8	0	0	11
	Number of temporary employees	0	3	0	0	3	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	0	0	0	0	3	8	0	0	11
	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	7	0	0	9	3	8	0	0	11
	Total number of employees (excl. freelancers)	2	7	0	0	9	3	8	0	0	11

[1]Gender as defined by the employees themselves.

[2]The number of employees has been calculated using the Headcount methodology.

GRI 2-8: Employed persons not in employment.

GRI 2-8: Workers who are not employees	**2023[1]**	**2022**
Workers who are not employees and whose work is controlled by the organization		
TOTAL	151	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 2023 (Greece, Poland, Bulgaria).

(Amounts in thousands of Euros unless otherwise mentioned)

Metric ATHEX C-S2: Female employees

ATHEX C-S2: Female employees	2023	2022
Percentage of female employees*	21.5%	21.8%

Metric ATHEX C-S3: Female employees in management positions

ATHEX C-S3: Female employees in management positions	2023	2022
Percentage of female employees at the top 10% of employees by total compensation	20.7%	16.07%

***Total women employees in management positions account for 30%.**

Average of employees

Average of employees	2023	2022
Workers	322	321
Employees	124	106

GRI 2-30: Collective bargaining agreements

Metric ATHEX C-S7: Collective bargaining agreements

GRI 2-30: Collective bargaining agreements	2023	2022
Percentage of the total number of employees covered by collective bargaining agreements		
%	100%[1]	100%[1]

[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	2023	2022
Employees and workers who are not employees but whose work and/or workplace is controlled by the organization[1]		
Total number	745	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	745	683
Percentage	100%	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	745	683
Percentage	100%	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	726	661
Percentage	98%	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 2023 (Greece, Poland, Bulgaria).

[2]Employees and employees who are not employees but whose work and/or workplace is controlled by the organization, based in Bulgaria and Poland, are not covered by an externally audited health and safety system.

(Amounts in thousands of Euros unless otherwise mentioned)

Indicator C-S5: Health and safety performance

Indicator C-S5: Health and safety performance	2023	2022
Employees		
Number of workdays lost due to work-related accidents	0	4
Accident severity rate	0.00	0.93
Workers who are not employees but whose work and/or workplace is controlled by the organization*		
Number of workdays lost due to work-related accidents	0	0
Accident severity rate	0.00	0

* 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 2023 (Greece, Poland, Bulgaria).

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: Workplace-related injuries	2023	2022
Employees		
Number of hours worked	1,190,744	857,416
Number of fatalities as a result of work-related injury	0	0
Rate of fatalities as a result of work-related injury	0.00	0.00
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0.00	0.00
Number of recordable work-related injury2	0	1
Rate of recordable work-related injuries (IR) 3	0	0.23
The main types and number of work-related injuries:	-	-
Light injury during the use of stairs	0	1

(Amounts in thousands of Euros unless otherwise mentioned)

All workers who are not employees but whose work and/or workplace is controlled by the organization		
Number of hours worked	114,936	131,040
Number of fatalities as a result of work-related injury	0	0
Rate of fatalities as a result of work-related injury	0.00	0.00
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0.00	0.00
Number of recordable work-related injury2	0	3
Rate of recordable work-related injuries (IR) 3	0	4.58
The main types and number of work-related injuries	-	-

In the above table:

- Indicators are presented in rounded form.
- There were no workplace-related deaths, high-consequence injuries or illnesses.
- 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 2023 (Greece, Poland, Bulgaria).

[2] Refers to minor injuries.

[3] Accident frequency rate based on terminology of the Athens Stock Exchange Reporting Guide 2023.

(Amounts in thousands of Euros unless otherwise mentioned)

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

Metric C-S4: Employee turnover

GRI 401: Recruitment of new employees and employee turnover ATHEX C-S4: Employee turnover and mobility		2023									2022								
		<30 years old			30-50 years old			>50 years old			<30 years old			30-50 years old			>50 years old		
		Male	Female	Toatal	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Greece	Total number of employees	53	13	66	312	89	401	92	19	111	53	14	67	272	83	355	97	18	115
	Number of new employee hires	36	10	46	94	17	111	21	5	26	38	10	48	74	17	91	23	1	24
	Rate of new employee hires	68%	77%	70%	30%	19%	28%	23%	26%	23%	72%	71%	72%	27%	20%	26%	24%	6%	21%
	Number of voluntary employee exits	11	2	13	34	8	42	11	0	11	9	1	10	38	11	49	4	1	5
	Employee voluntary turnover rate	21%	15%	20%	11%	9%	10%	12%	0%	10%	17%	7%	15%	14%	13%	14%	4%	6%	4%
	Number of forced employee exits	3	1	4	24	4	28	10	2	12	2	0	2	11	3	14	6	0	6
	Employee involuntary turnover rate	6%	8%	6%	8%	4%	7%	11%	11%	11%	4%	0%	3%	4%	4%	4%	6%	0%	5%
	Total number of turnover	14	3	17	58	12	70	21	2	23	11	1	12	49	14	63	10	1	11
	Total employee turnover rate	26%	23%	26%	19%	13%	17%	23%	11%	21%	21%	7%	18%	18%	17%	18%	10%	6%	10%
USA	Total number of employees	0	0	0	1	0	1	0	0	0	0	0	0	1	0	1	0	0	0
	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 employee exits	0	0	0	0	0	0	0	0	0	1	0	1	1	1	2	0	1	1

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 401: Recruitment of new employees and employee turnover ATHEX C-S4: Employee turnover and mobility		**2023**									**2022**								
		<30 years old			**30-50 years old**			**>50 years old**			**<30 years old**			**30-50 years old**			**>50 years old**		
		Male	**Female**	**Toatal**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
	Employee voluntary turnover rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	200%	0%	0%	0%
	Number of forced employee exits	0	0	0	0	0	0	0	0	0	1	0	1	7	2	9	1	1	2
	Employee involuntary turnover rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	700%	0%	900%	0%	0%	0%
	Total number of turnover	0	0	0	0	0	0	0	0	0	2	0	2	8	3	11	1	2	3
	Total employee turnover rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	800%	0%	1100%	0%	0%	0%
Poland	Total number of employees	0	0	0	5	2	7	2	0	2	0	0	0	8	3	11	0	0	0
Poland	Number of new employee hires	0	0	0	0	0	0	0	0	0	0	0	0	2	1	3	0	0	0
Poland	Rate of new employee hires	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	25%	33%	27%	0%	0%	0%
Poland	Number of voluntary employee exits	0	0	0	1	1	2	0	0	0	0	0	0	0	0	0	0	0	0
Poland	Employee voluntary turnover rate	0%	0%	0%	20%	50%	29%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Poland	Number of forced employee exits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Poland	Employee involuntary turnover rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Poland	Total number of turnover	0	0	0	1	1	2	0	0	0	0	0	0	0	0	0	0	0	0
Poland	Total employee turnover rate	0%	0%	0%	20%	50%	29%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 401: Recruitment of new employees and employee turnover ATHEX C-S4: Employee turnover and mobility		2023									2022								
		<30 years old			30-50 years old			>50 years old			<30 years old			30-50 years old			>50 years old		
		Male	Female	Toatal	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
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 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 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 turnover rate	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)

C-S4: Metric ATHEX C-S4: Employee turnover

- **Greece**

ATHEX C-S4: Employee turnover[1]	2023			2022		
	Male	Female	Total	Male	Female	Total
Ratio of voluntary employee turnover	12.25%	8.26%	11.42%	12.09%	11.30%	11.92%
Ratio of involuntary employee turnover	8.10%	5.79%	7.61%	4.50%	2.61%	4.10%

- **Abroad**

ATHEX C-S4: Employee turnover[1]	2023			2022		
	Male	Female	Total	Male	Female	Total
Ratio of voluntary employee turnover	8.33%	25.00%	12.50%	15.38%	33.33%	21.05%
Ratio of involuntary employee turnover	0.00%	0.00%	0.00%	69.23%	50%	63.16%

[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.

(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

Employee training **GRI 404-1 Average hours of training per year per employee**	**2023**				**2022**			
Gender	Male	Female	Other*	Not Disclosed	Male	Female	Other*	Not Disclosed
By employee level								
Employees in the top 10% of employees by total compensation	8.3	16.0	0.0	0.0	0.5	4.0	0.0	0.0
Employees in the bottom 90% of employees by total compensation	5.7	8.6	0.0	0.0	7.7	7.4	0.0	0.0
Total	5.9	9.3	0.0	0.0	7.0	7.1	0.0	0.0
Gender	Male	Female	Other*	Not Disclosed	Male	Female	Other*	Not Disclosed
By function								
Administrative staff	19.1	23.0	0.0	0.0	27.4	16.7	0.0	0.0
Technicians	9.2	0.6	0.0	0.0	6.8	0.7	0.0	0.0
Rest of workers	0.1	0.0	0.0	0.0	0.6	0.0	0.0	0.0
Total	5.9	9.3	0.0	0.0	7.0	7.1	0.0	0.0

* Gender as specified by employees themselves.

(Amounts in thousands of Euros unless otherwise mentioned)

GRI 405-1: Diversity of governance bodies and employees

Employees by category	2023								
GRI 405-1: Diversity of governance bodies and employees	<30 years			30-50 years			>50 years		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
By employee level									
Administrative staff	12	5	17	35	40	74	15	7	22
Technicians	11	6	17	135	30	165	39	3	42
Workers - other	30	2	32	150	23	173	42	9	51
Total	53	13	66	319	93	412	96	19	115

(Amounts in thousands of Euros unless otherwise mentioned)

7. Taxonomy Report

7.1 Article 8 Taxonomy Regulation

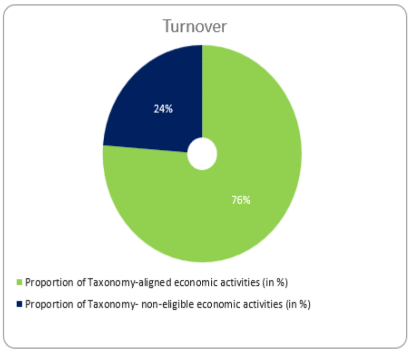
The Taxonomy Regulation (EU 2020/852, as amended) is a key component of the European Commission's action plan to redirect capital flows towards sustainable and inclusive growth. It represents an important step towards achieving climate neutrality by 2050, in line with the EU's climate goals, as the Taxonomy is a classification system for environmentally sustainable economic activities.

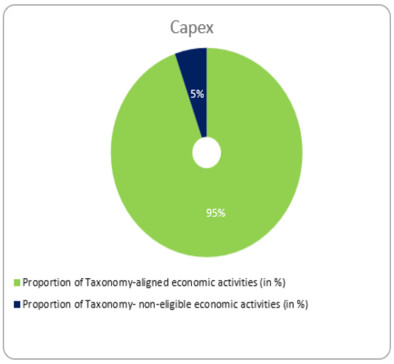
In the following section, we, as a non-financial parent entity, present the share of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2023, which are associated with Taxonomy-aligned economic activities contributing to the first environmental objective (Climate change mitigation) in accordance with Art. 8 Taxonomy Regulation.

7.2 Our Activities

Overview

For details and tables see chapter 'Key performance indicators (KPIs) and accounting policies'.





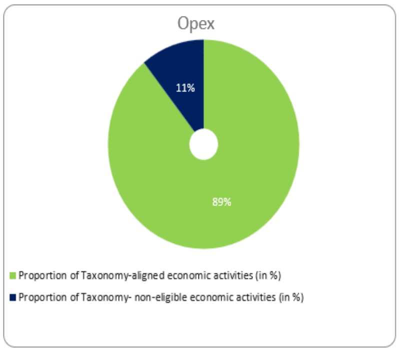


Table 1 - Proportion of Taxonomy-eligible and Taxonomy-aligned economic activities in total turnover, CapEx and OpEx in FY 2023

FY 2023	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	327,831	0%	76%	24%
Capital expenditure (Capex)	224,497	0%	95%	5%
Operating expenditure (Opex)	28,468	0%	89%	11%

7.3 Definitions

Taxonomy-eligible economic activity is an economic activity that is described in the delegated acts complementing the Taxonomy Regulation (EU 2020/852 as amended), namely the complementary delegated acts issued for the six (6) Environmental Objectives (EOs) of the Regulation (a) climate change mitigation; (b) climate change adaptation; (c) the sustainable use and protection of water and marine resources; (d) the transition to a circular economy; (e) pollution prevention and control; (f) the protection and restoration of biodiversity and ecosystems, irrespective of whether the economic activity meets the Technical Screening Criteria (TSC) of substantial contribution and Do No Significant Harm (DNSH) defined in these acts for each EO of the Taxonomy.

(Amounts in thousands of Euros unless otherwise mentioned)

Non-eligible economic activities under the taxonomy are those activities not included in the delegated complementary acts of the Regulation.

An economic activity is Taxonomy-aligned when it complies with the TSCs set out in the additional delegated acts of the Taxonomy Regulation and is conducted in accordance with minimum social safeguards relating to human and consumer rights, anti-corruption and anti-bribery, fair competition and taxation. To meet the TSCs, an economic activity should contribute substantially to one or more of the Environmental Objectives while not significantly harming any of the remaining other Environmental Objectives.

7.4 Eligible and aligned economic activities for the Taxonomy.

We examined all the economic activities carried out by the Group in order to determine which of them are eligible and aligned in accordance with the Technical Screening Criteria included in the Annexes to the Delegated Supplementary Acts of the Taxonomy Regulation.

The following table shows the activities that qualify as eligible and the Environmental Objectives to which they substantially contribute.

Information on the extent to which economic activities are aligned (as defined in Article 8 of the Taxonomy Regulation, as applicable) is provided in the Key Performance Indicators (KPIs) tables set out in the section 'Key Performance Indicators (KPIs) and accounting policies'. The KPI tables also provide a clear indication of which environmental objective is being pursued by the respective economic activity. Our activities make a substantial contribution to Climate change mitigation. These activities generate revenues, but also incur both capital and operating costs.

The economic activities related to individual eligible and aligned capital and operating expenditures are described in more detail in the specific sections for the capital and operating expenditures KPIs in order to present our further investment activities that are not directly related to our turnover (see Note 5.1.1. "Key Performance Indicators (KPIs) and accounting policies").

Table 2– Economic activities eligible for Taxonomy

Economic Activity	Description	Code NACE	Number of projects of eligible activity and total capacity	Environmental Objective where there is a Significant Contribution
4.1. Electricity generation using solar photovoltaic technology	Construction and operation of electricity generation facilities that produce electricity using solar photovoltaic	35.11 42.22	3 projects ~8.5MW	Mitigation of climate change
4.3 Electricity generation from wind energy	Construction and operation of electricity generation facilities that produce electricity from wind power	35.11 42.22	51 projects ~1.2GW	Mitigation of climate change
4.5 Production of electricity from hydropower	Construction and operation of electricity generation facilities that produce electricity from hydropower.	35.11 42.22	2 projects ~17.8MW	Mitigation of climate change
4.8 Production of electricity from bioenergy	Construction and operation of electricity generation installations that produce	35.11 42.22	1 project 1MW	Mitigation of climate change

(Amounts in thousands of Euros unless otherwise mentioned)

Economic Activity	Description	Code NACE	Number of projects of eligible activity and total capacity	Environmental Objective where there is a Significant Contribution
	electricity exclusively from biomass, biogas or bioliquids.			
4.10 Electricity storage	Construction and operation of facilities where electricity is stored and later returned in the form of electricity. The activity includes pumped hydropower storage activities.	-	1 project 680MW (production) and 730MW (Pumping)	Mitigation of climate change

Taxonomy eligibility

All of the group's electricity generation and storage facilities that meet the criteria for substantial contribution to the Environmental Objective of climate change mitigation are assessed as eligible and fall under activities 4.1, 4.3, 4.5, 4.8 and 4.10 of the Taxonomy.

In particular, eligible activities 4.1, 4.3, 4.5 and 4.8 include electricity generation projects from solar photovoltaic technology, wind energy, hydroelectricity and bioenergy respectively, while activity 4.10 includes the important pumped hydropower storage project (Pumped Hydropower Storage System in Amfilochia), which was added to the Group's project portfolio in 2023 and constitutes the largest power storage project investment in Greece. All the above activities enable substantial reduction of GHG emissions by generating, transmitting, storing, distributing, or using renewable energy.

Taxonomy alignment

The group's electricity generation activities using solar photovoltaic technology (4.1), wind energy (4.3), hydroelectricity (4.5), bioenergy (4.8) and electricity storage activities (4.10) are fully aligned with the Technical Screening Criteria of the Taxonomy Regulation. Details of the alignment assessment are presented below.

7.5 Assessment of Alignment with the Taxonomy

The Taxonomy Regulation (EU 2020/852 as in force) establishes the framework for EU taxonomy, setting out four conditions that an economic activity must meet to qualify as environmentally sustainable and aligned:

(i) contribute significantly to the achievement of one or more of the six environmental objectives set out in Article 9 of the Regulation, in accordance with Articles 10 to 16 of that Regulation.

(ii) not significantly contribute to any of the other environmental objectives set out in Article 9 of the Regulation, in accordance with Article 17 of that Regulation; and

(iii) be carried out in accordance with the minimum (social) safeguards provided for in Article 18 of the Regulation; and

(iv) comply with the Technical Screening Criteria (TSCs) established by the Commission through the additional delegated acts of the Taxonomy Regulation. The TSCs should set out the performance requirements for each economic activity, which specify under which conditions the activity makes a significant contribution to a given Environmental Objective and does not significantly burden other Environmental Objectives.

7.6 Substantial Contribution

To determine if an economic activity is taxonomy-aligned, it must firstly comply with the first requirement of substantial contribution to one or more of the Environmental Objectives of the Regulation. All turnover-generating activities (4.1, 4.3, 4.5 and 4.8) as well as the future operation of the pumped hydropower storage project substantially contribute to climate change mitigation since they meet the relevant TSCs of the Taxonomy, as presented in the following table.

Table 3 C of Significant contribution criteria compliance for the Environmental Objective of Climate Change Mitigation of the Taxonomy

a/a Taxonomy	Activity	Description of Activity	Criteria for Significant Contribution to the Environmental Objective of Climate Change Mitigation	Fulfillment of the Significant Contribution Criteria
4.1	Electricity generation using solar photovoltaic technology	Construction and operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology	The activity produces electricity using photovoltaic solar technology (PV).	√
4.3	Electricity generation from wind energy	Construction and operation of electricity generation facilities that produce electricity from wind power	The activity produces electricity from wind energy.	√
4.5	Production of electricity from hydropower	Construction and operation of electricity generation facilities that produce electricity from hydropower.	The power plants are natural flow plants and do not have an artificial reservoir	√
4.8	Production of electricity from bioenergy	Construction and operation of electricity generation installations that produce electricity exclusively from biomass, biogas or bioliquids.	The plants have a rated thermal input of < 2MW and use biomass gas fuel from anaerobic digestion of biowaste. A monitoring and emergency plan to minimize any methane leakage is implemented at the plants and the biogas produced is used directly for electricity generation.	√
4.10	Electricity storage	Construction and operation of facilities where electricity is stored and later returned in the form of electricity. The activity includes pumped hydropower storage.	The activity consists of the construction and operation of a pumped hydropower storage system. .	√

Specifically, our electricity generation activities using solar photovoltaic technology (4.1) and wind power technologies (4.3) include renewable energy projects (PV plants and wind farms with a total installed capacity of approximately 1.2GW) are substantially contributing to climate change mitigation Environmental Objective of the Taxonomy. The Group's RES projects contribute to the decarbonization of power generation from fossil fuels while increasing the inclusion of RES in the energy mix at national and EU level. In 2023, the Group's wind power generation activities (4.3) include the flagship project of Kafireas wind farms in Evia, which was recently commissioned and has become the largest wind farm in Greece, with a total installed capacity of 330MW.

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, the activity consists of two small hydroelectric plants on Acheloos River in the Sanidi - Dafnozonara area on Axios River in the Eleousa area of Thessaloniki, with a total installed capacity of 17.8 MW.

Finally, activity 4.8 includes an electricity generation facility exclusively from biomass which contributes significantly to climate change mitigation. The biogas plant has a total rated thermal input of 1MW and is designed to produce electricity from biogas resulting from anaerobic digestion of organic material. The plant is supplied with a large amount of organic-rich wastewater from dairy cow farming enterprises, supplemented by feed residues (corn fillings), sludge and waste with organic load. The plant is based on anaerobic digestion of this organic material, which results in the production of biogas used for electricity generation. The plant implements measures to prevent risks related to the operation of the reactor, including leakage of gases 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 chapter “Our KPIs and accounting policies” below.

7.7 Do no significant harm (DNSH)

For all economic activities where we are able to demonstrate substantial contribution to climate change mitigation, we further assess their alignment with the DNSH criteria set for the rest of the Taxonomy Environmental Objectives. This assessment usually starts with the relevant sites where we perform the respective economic activity. There are no activities performed outside the EU.

Do no significant harm to Climate change adaptation.

Activities 4.1, 4.3, 4.5, 4.8, 4.10

For all our activities contributing to climate change mitigation, a physical climate risk assessment is required pursuant to Annex I, Appendix A of the supplementary delegated act on climate (EU 2021/2139 as in force) under the Taxonomy Regulation.

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

- our facilities where we have installed solar photovoltaic panels for activity 4.1.
- our sites where we have installed wind turbines for activity 4.3
- our sites where we have installed hydroelectric power generation technology for activity 4.5
- our sites where we have anaerobic digestion facilities for activity 4.8
- our sites where we have pumped hydropower storage facilities for activity 4.10.

For each of the sites a preliminary screening of climate-related risks was carried out as mapped in Annex I, Appendix A and the risks found to be relevant were further analyzed through a climate risk assessment. As the expected lifetime of all relevant activities is longer than ten years, the climate risk assessment was carried out taking into account an optimistic, moderate and pessimistic scenario, compared to the current risk. The impact for each IPCC scenario RCP2.6, RCP4.5 and RCP8.5 (Representative Concentration Pathway) was assessed as these represent the optimistic outcome of zero emissions by 2100, the moderate outcome of emissions peaking around 2040 and then decreasing while global average temperature increases between 1 and 2 ^{o}C by 2100 and, thirdly, the pessimistic outcome with a global temperature increases of about 4.3˚^{o}C by 2100. The risk assessment involves calculating the effect (magnitude) of the potential impacts (on a five-level scale) and the probability (on a five-level scale) that these impacts will occur, as follows:

Risk = probability x impact, where:

(i) probability is the probability of occurrence of the identified climate risk; and,

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

The adaptive capacity is based on adaptation plans already in place and internally available measures to mitigate the impact of climate risks. 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.

Do no significant harm to the Sustainable use and protection of water and marine resources.

Activities 4.3, 4.5, 4.8, 4.10

The current Technical Screening Criteria for activity 4.3 refers to offshore wind farm projects and there a no such projects included in our group's activities in 2023.

Electricity generation facilities under activities 4.5 and 4.8 located in the EU have all been subject to an Environmental Impact Assessment (EIA) and approved by competent authorities, which included assessment of potential impacts on water resources. In some cases, specific measures were implemented in order to meet the requirements imposed by the authorities to ensure the good status and ecological potential of affected water bodies.

Regarding activity 4.10, the Amfilochia pumped hydropower storage project is connected to river systems and complies with the relevant TSCs set out in Annex I, Appendix B of the climate change delegated act. In particular, prior to project construction an EIA was conducted in accordance with Article 4 of Directive 2000/60/EC to assess the potential impacts on the status of water bodies within the basins of affected rivers/streams and on protected habitats and species directly dependent on water. The assessment was based on recent, complete and accurate data, as well as the respective River Basin Management Plans currently in force, and also took into consideration potential cumulative impacts from other existing or planned infrastructures in the region. The EIA process was successfully completed with the issuance of the relevant Decision of Approval of Environmental Terms (DAET) which sets out the terms and measures to achieve good status or potential of the affected water bodies. The effectiveness of these measures and terms is monitored as part of the applicable environmental monitoring program and the DAET in force.

Finally, the supplementary Climate Delegated Act provides no applicable technical screening criteria regarding the sustainable use and protection of water and marine resources for activity 4.1.

Do no significant harm to the Transition to a circular economy.

Activities 4.1, 4.3, 4.10

The 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 available options for easy dismantling and refurbishing of the components when we decided on the technologies and products used. As a matter of fact, the PV mechanical equipment is reuseable to the extent feasible and recycleable in accordance with the applicable provisions. The large metal components of our wind turbines that do not contain other materials/mixtures (e.g. tower sections, cast iron frame in nacelle, etc.) are assumed to be 98% recycleable. Other major components, such as generators, gearboxs, cables and diversion system parts are 95% recycleable. Regarding activity 4.10, a Waste Management Plan is in place for the pumped hydropower storage project, as foreseen by the DAET in force issued for the project and the Group's overall environmental policy, which ensures prevention of waste generation and maximum reuse or recycling at the end-of-life, in line with waste prioritization through contractual agreements with waste management third parties, staff awareness etc.

There are no applicable DNSH Technical Screening Criteria (TSC) for the transition to a circular economy for activities 4.5 and 4.8.

Do no significant harm to Pollution prevention and control.

Activity 4.8

The DNSH Technical Screening Criteria (TSC) for the Environmental Objective of Pollution prevention and control for activity 4.8 requires facilities to comply with specific requirements set out in European regulations. The emissions produced by our biogas plant are within the best available techniques’ (BAT) ranges. Following the anaerobic digestion process, dissolved water is produced with suspended organicsolid waste content at a percentage of about 5%. Solid waste is then separated and used as a first quality soil improver and solid fertilizer, while meeting the requirements for fertilizing materials set out in national legislation on fertilizers or soil improvers for agricultural use. According to the latest studies, our biogas plant processes over 100 tonnes of biowaste per day. Emissions to air and water are within or lower than the emission levels indicated by best available techniques (BAT). Considering the above, electricity generation from biomass complies with all DNSH Technical Screening Criteria. There are no applicable DNSH TSC regarding pollution prevention and control for our activities 4.1, 4.3 and 4.5.

Do no significant harm to the Protection and restoration of biodiversity and ecosystems.

Activities 4.1, 4.3, 4.5, 4.8 και 4.10

Annex I, Appendix D of the supplementary Climate Delegated Act requires that an Environmental Impact Assessment (EIA) or screening has been carried out in accordance with Directive 2011/92/EU and the required mitigation and compensation measures for the protection of the environment are implemented All our production facilities located in the EU have undergone an EIA and relevant decisions/approvals have been issued by the competent authorities. As part of the above decisions/approvals, the required mitigation and compensation measures for potential impacts are implemented.

In addition, regarding activities 4.1 and 4.8, our facilities are not located within or near biodiversity - sensitive areas. Our wind farms (activity 4.3), hydroelectric projects (activity 4.5) and pumped hydropower storage projects (activity 4.10) located within or near biodiversity-sensitive areas, were subject to an Appropriate Assessment AA (Special Ecological Assessment, Ornithological Studies, etc.) which was successfully conducted and included in the respective EIA Studies; based on the AA conclusions, the necessary mitigation and/or compensation measures are implemented.

7.8 Minimum Safeguards

The final step for Taxonomy-alignment is compliance with the minimum (social) 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 (ILO) 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

The scope of the EO 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, assessing whether adequate processes have been implemented to prevent negative impacts (procedural dimension). On the other hand, assessing whether outcomes are monitored in order to check whether our processes are effective (outcome dimension).

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 targets. 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. Regarding 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 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 antibribery due diligence. In addition to these preventive measures, we regularly evaluate incoming complaints about damaging 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.

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 the activities of TERNA ENERGY Group or an actor of our value chain can contact us through our grievance mechanism.

During the financial year 2023, 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 2023, zero violations 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 2023, TERNA ENERGY Group has not been convicted in court for any major violation of tax laws.

Fair competition

We carry out our activities in accordance with all applicable competition laws and regulations, considering the respective laws of all jurisdictions in which our activities may have anti-competitive effects. As per the Group’s guidelines for fair competition and ethical business conduct, we pursue to achieve and maintain fair competition in a free market environment for the entire group by establishing a corresponding corporate culture. The guidelines provide our employees with assistance in preventing, detecting, and remedying any competition violations. Raising awareness and conducting training that addresses competition law risks of our business activities are of particular importance to ensure fair competition.

In 2023, there were no convictions of violation of competition laws in court for the Group.

7.9 Key performance indicators (KPIs) and accounting policies

The Key Performance Indicators (KPIs) include the KPI of turnover, the KPI of capital expenditure and the KPI of operating expenditure. For the presentation of the KPIs of the Taxonomy, we use the tables provided in Annex II of Delegated Regulation (EU) 2021/2178, as supplemented by Delegated Regulations (EU) 2023/2486 and (EU) 2022/2014. As the KPIs should include the results of the Taxonomy alignment assessment conducted for the first time for the reporting period 2022 (reference year), we also present in the tables the corresponding data for the alignment of reference year 2022.

As none of our activities are related to natural gas and nuclear energy (activities 4.26-4.31), the specific standards introduced by the supplementary Delegated Act C/2022/0631 concerning activities in certain energy sectors are not applicable.

(Amounts in thousands of Euros unless otherwise mentioned)

Table 4 Turnover KPI for the financial year 2023

Economic Activities	Code(s)	Absolute Turnover	Proportion of turnover	Substantial contribution criteria (1)	(2)	(3)	(4)	(5)	(6)	DNSH Criteria (1)	(2)	(3)	(4)	(5)	(6)	Minimum Safeguards	Taxonomy Aligned proportion of turnover Year 2023	Taxonomy Aligned proportion of turnover Year 2022	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	3,201.32	1.0%	100						n/a	Y	n/a	Y	n/a	Y	Y	1.0%	1.1%	-	-
4.3 Electricity generation from wind power	35.11	237,598.11	72.5%	100						n/a	Y	n/a	Y	n/a	Y	Y	72.5%	75.3%	-	-
4.5 Electricity generation from hydropower	35.11	6,978.60	2.1%	100						n/a	Y	Y	n/a	n/a	Y	Y	2.1%	2.0%	-	-
4.8 Electricity generation from bioenergy	35.11	2,164.78	0.7%	100						n/a	Y	Y	n/a	Y	Y	Y	0.7%	0.6%	-	-
4.10 Storage of electricity	-	0.00	0.0%	100						n/a	Y	Y	Y	n/a	Y	Y	0.0%	-	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		249,942.81	76.2%														76.2%	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%														0	0		
Total Turnover of Taxonomy Eligible Activities (A.1 + A.2) (A)		249,942.81	76.2%														76.2%	79.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total Turnover of Taxonomy non-eligible Activities (B)		77,888.58	23.8%																	
Total (A + B)		**327,831.38**	**100.0%**																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Sustainable use and protection of water and marine resources
(4) Transition to a circular economy
(5) Pollution Prevention and Control
(6) Protection and restoration of biodiversity and ecosystems

(Amounts in thousands of Euros unless otherwise mentioned)

Table 5 Capital Expenditure KPI for the financial year 2023

				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 2023	Taxonomy Aligned proportion of CapEx Year 2022	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	141.24	0.1%	100						n/a	Y	n/a	Y	n/a	Y	Y	0.1%	2.7%	-	-
4.3 Electricity generation from wind power	35.11	115,251.48	51.3%	100						n/a	Y	n/a	Y	n/a	Y	Y	51.3%	83.6%	-	-
4.5 Electricity generation from hydropower	35.11	216.95	0.1%	100						n/a	Y	Y	n/a	n/a	Y	Y	0.1%	6.3%	-	-
4.8 Electricity generation from bioenergy	35.11	0.00	0.0%	100						n/a	Y	Y	n/a	Y	Y	Y	0.0%	0.0%	-	-
4.10 Storage of electricity	-	97,011.62	43.2%	100						n/a	Y	Y	Y	n/a	Y	Y	43.2%	-	E	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		212,621.29	94.7%														94.7%	92.6%		
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	0		
Total CapEx of Taxonomy Eligible Activities (A.1 + A.2) (A)		212,621.29	94.7%														94.7%	92.6%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total CapEx of Taxonomy non-eligible Activities (B)		11,875.97	5.3%																	
Total (A + B)		**224,497.27**	**100.0%**																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Sustainable use and protection of water and marine resources
(4) Transition to a circular economy
(5) Pollution Prevention and Control
(6) Protection and restoration of biodiversity and ecosystems

(Amounts in thousands of Euros unless otherwise mentioned)

Table 6 Operating expenditure KPI for the financial year 2023

				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 2023	Taxonomy Aligned proportion of OpEx Year 2022	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	223.10	0.8%	100						n/a	Y	n/a	Y	n/a	Y	Y	0.8%	4.7%	-	-
4.3 Electricity generation from wind power	35.11	24,732.03	86.9%	100						n/a	Y	n/a	Y	n/a	Y	Y	86.9%	88.1%	-	-
4.5 Electricity generation from hydropower	35.11	232.68	0.8%	100						n/a	Y	Y	n/a	n/a	Y	Y	0.8%	0.3%	-	-
4.8 Electricity generation from bioenergy	35.11	224.03	0.8%	100						n/a	Y	Y	n/a	Y	Y	Y	0.8%	1.0%	-	-
4.10 Storage of electricity	-	0.00	0.0%	100						n/a	Y	Y	Y	n/a	Y	Y	0.0%	-	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		25,411.84	89.3%														89.3%	94.0%		
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	0		
Total OpEx of Taxonomy Eligible Activities (A.1 + A.2) (A)		25,411.84	89.3%														89.3%	94.0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Total OpEx of Taxonomy non-eligible Activities (B)		3,056.24	10.7%																	
Total (A + B)		**28,468.08**	**100.0%**																	

Environmental Objectives
(1) Climate Change Mitigation
(2) Climate Change adaptation
(3) Sustainable use and protection of water and marine resources
(4) Transition to a circular economy
(5) Pollution Prevention and Control
(6) Protection and restoration of biodiversity and ecosystems

7.9 Definitions and additional information

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) for the financial year from 1.1.2023 to 31.12.2023.

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a). cf. 4.1.9 Revenue of our Annual Financial Report for the Year 2023.

The numerator of the turnover KPI is defined as the net turnover derived from goods and services related to economic activities aligned with the Taxonomy, 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.

Activity 4.10 "Electricity storage" is not included in the 2023 turnover, as the project is currently under construction by GEK TERNA Group.

Reconciliation

Our consolidated net turnover can be reconciled to our consolidated financial statements, see Consolidated Statement of Comprehensive Income of our Annual Financial Report for FY2023 (“Revenue”).

Capital expenditure (CapEx)

Definition

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

Total CapEx consists of additions to tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment properties (IAS 40) during the fiscal year, before depreciation, amortization, and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. 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, see Chapter 4.1.3 Intangible assets and 4.1.4 Tangible assets for FY2023.

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)
- the pumped hydropower storage project (under activity 4.10)

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 ("CapEx Plan") to upgrade a Taxonomy-eligible economic activity in order for it to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity ("category b"):

We do not have specific upgrade plans since we have no Taxonomy-eligible and non-aligned activities in our portfolio. We also have no specific plans to expand economic activities aligned with the Taxonomy Regulation.

c. CapEx is related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling certain targeted 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, see Chapter 8 Intangible Assets, 9 Rights in use of Assets and 10 Tangible Assets of our Annual Financial Report for FY 2023 ("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
- additions through business combinations for intangible assets, rights to use property, plant and equipment and property, plant and equipment.

In order to avoid double counting in the capital expenditure (and operating expenditure) indicator, we only counted once capital expenditure (and operating expenditure) related to purchased products and sub-measures that we have already considered in "category a" (i.e. capital expenditure and operating expenditure) related to assets or processes associated with economic activities aligned with the Taxonomy). Due to limited verification of our individual investments by most of our suppliers, the majority of our aligned capital expenditures are related to activities 4.1, 4.3, 4.5, 4.8 and 4.10 and the individual assessment of capital expenditures does not have a material impact on our aligned key performance indicators (KPIs).

Operating Expenditures (OpEx)

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-today 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 2023. 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.

(Amounts in thousands of Euros unless otherwise mentioned)

- 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 35 Cost of sales, administrative and research & development expenses of our Annual Financial Report for the Year 2023). 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 OpEx KPI.

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 2023 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 Taxonomy.

Contextual information

Turnover KPI

Quantitative analysis of the numerator

In the table below, we present a quantitative analysis of the turnover numerator. We list revenue by geographic area of operation. In FY 2023, no key drivers of change were identified compared to the first reporting year 2022.

Table 7 - Quantitative breakdown of Turnover numerator

Geographical sector	Turnover for the financial year 2023 (EUR thousands)
Greece	221,177.04
East Europe	28,765.77
Total	**249,942.81**

Capital Expenditures (CapEx)

Quantitative analysis at the economic activity aggregated level

(Amounts in thousands of Euros unless otherwise mentioned)

For FY 2023, the capital expenditures that are aligned with the Taxonomy are associated with activities 4.1, 4.3, 4.5, 4.8, and 4.10. In the table below, we provide a breakdown of the amounts included in the numerator. There are no significant changes from the previous first reporting year 2022.

Table 8 - Quantitative analysis of the CapEx numerator at the economic activity aggregated level

Activity	Additions to tangible fixed assets (EUR thousand)	Internally generated or purchased intangible assets (EUR thousand)	Internally generated or purchased intangible assets (EUR thousand)	Total (EUR thousand)
4.1	0.0	73.31	67.93	141.24
4.3	112,495.43	734.33	2,021.72	115,251.48
4.5	103.08	0.0	113.88	216.95
4.8	0.0	0.0	0.0	0.0
4.10	96,674.30	285.78	51.54	97,011.62
Total	**209,273.81**	**1,093.43**	**2,255.06**	**212,621.29**

Operating Expeditures (OpEx)

Quantitative analysis of the numerator

Table 9 shows the quantitative breakdown of the OpEx numerator into its individual components based on the definition of operating expenditure in Delegated Act (EU) 2021/2178 as in force:

Table 9 - Quantitative analysis of OpEx numerator

	Operating Expenditure for the financial year 2023 (EUR thousand)
Research and Development	5,370.90
Short-term leases	472.28
Maintenance and repair	19,568.66
Total	**25,411.84**

There are no significant differences with respect to the turnover and OpEX 2022

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 2023 the amounts of sales and purchases as well as balances of the Company's and Group's assets and liabilities as of 31/12/2023 arising from transactions with related parties are presented in Note 39 of the financial statements.

Transactions with members of the BoD

(Amounts in thousands of Euros unless otherwise mentioned)

The total amounts paid to the members of the Board of the Group accounted for 4.687.000 Euros (for the Parent Company: 3.908.000 Euros), 1.567.000 Euros (for the Parent Company: 1.370.000 Euros) related with Board Rewards, while amount of 3.120.000 Euros (for the Parent Company: 2.538.000 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 (€ 35.431.527,00) and is divided into one hundred and fifteen million eight hundred fifty-five thousand and ninety units (118.105.090). 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 31/12/2023 held a percentage greater than 5%, based on the total number of shares issued, are listed in the following table:

Shareholder's name	Shares	Percentage	
GEK TERNA SA	43.211.556	36,587%	direct
GEORGIOS PERISTERIS	13.279.747	11,244%	direct
ATALE ENTERPRISES LIMITED	6.643.362	5,625%	direct

Treasury Shares

On 31/12/2023 the Company owned 653.046 Treasury Shares. These shares represented a percentage 0,55% 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 2023 70 facilities.

Athens, 29/04/2024

On behalf of the Board of Directors,

Georgios Peristeris
Chairman of the Board of Directors

(Amounts in thousands of Euros unless mentioned otherwise)

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 ethics and sound management 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 control 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 their senior management with specific gender representation targets as well as 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, taking into account the need for balanced representation by gender given the supply of executives.	*21.5% of the Group's total personnel consists of women.* *30% 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 most recent revision of the Internal Rules of Operation was approved by virtue of the decision of the Company's Board of Directors dated 12.07.2023. The IRO comply 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 provided for in article 14 of Law 4706/2020.

The IRO and other regulations incorporate any new relevant provision, measure, rule, etc. in order 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 immediate perception 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 Rules of Operation.

The Board of Directors, as a collective body, manages the Company and 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 towards the General Assembly of Shareholders for safeguarding their interests and for the overall effectiveness 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 Assembly 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 refers to the shareholders of the Company and submits proposals for the increase or decrease of the share capital, for the transformation of the Company, as well as for the 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.
- 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.

<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 corporate 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 Control 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 reporting lines 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 conflict of interest with the Company or its subsidiaries. Measures and procedures shall be evaluated and renewed at regular intervals 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.
- Appoints the head of the Internal Audit Unit following proposal of the Audit Committee.

(Amounts in thousands of Euros unless mentioned otherwise)

- 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, for 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. Furthermore, as a result of the amendment of article 9 of the Company's Articles of Association, which was decided by the Extraordinary General Assembly 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:

Composition of the Board of Directors

FULL NAME	CAPACITY	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	67	A	14 YEARS
MERGOS GEORGIOS	Vice-Chairman – Independent & Non-Executive Member	24/06/2021	23/06/2026	75	A	6 YEARS & 10 MONTHS
MARAGOUDAKIS EMMANOUIL	CEO	24/06/2021	23/06/2026	72	A	26 YEARS & 6 MONTHS
SPYROU GEORGIOS	Executive Director	24/06/2021	23/06/2026	77	A	17 YEARS & 9 MONTHS
SPILIOTIS ARISTOTLE	Executive Member	24/06/2021	23/06/2026	51	A	2 YEARS & 9 MONTHS
GOURZIS MICHAEL	Non-Executive Member	24/06/2021	23/06/2026	84	A	20 YEARS & 6 MONTHS
VOUTYCHTIS NIKOLAOS	Non-Executive Member	24/06/2021	23/06/2026	53	A	2 YEARS & 9 MONTHS
SARKISIAN MARINA	Independent Non-Executive Member	24/06/2021	23/06/2026	53	Θ	2 YEARS & 9 MONTHS
TAPRANTZIS ANDREAS	Independent Non-Executive Member	24/06/2021	23/06/2026	57	A	2 YEARS & 9 MONTHS
KOUNENAKI-EFRAIMOGLOU SOFIA	Independent Non-Executive Member	24/06/2021	23/06/2026	56	Θ	2 YEARS & 9 MONTHS
KARAPANAGIOTI TATIANA	Independent Non-Executive Member	24/06/2021	23/06/2026	52	Θ	2 YEARS & 9 MONTHS

In the exercise of their duties and their meetings in 2023, 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**	**LISTED MANAGEMENT**	**CORPORATE GOVERNANCE**
PERISTERIS GEORGIOS	√	√	√	√	√	√	√	√	√
MERGOS GEORGIOS	√	√	√	√	√	√	√	√	√
MARAGOUDAKIS EMMAN.	√	√	√	√	√	√	√	√	√
SPYROU GEORGIOS	√	√	√	√	√	√	√		√
SPILIOTIS ARISTOTLE	√	√	√	√		√	√		√
GOURZIS MICHAEL			√		√	√	√	√	√
VOUTYCHTIS NIKOLAOS	√	√	√			√	√		√
SARKISIAN MARINA			√	√		√	√		√
TAPRANTZIS ANDREAS	√	√	√	√		√	√	√	√
KOUNENAKI-EPHRAIM. SOFIA	√	√	√	√				√	√
KARAPANAGIOTI TATIANA			√	√					√

(Amounts in thousands of Euros unless mentioned otherwise)

The Board of Directors held fourteen (14) meetings in 2023.

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	**14**	**14**	**0**	**100%**
MERGOS GEORGIOS	**14**	**14**	**0**	**100%**
MARAGOUDAKIS EMMAN.	**14**	**14**	**0**	**100%**
SPYROU GEORGIOS	**14**	**14**	**0**	**100%**
SPILIOTIS ARISTOTLE	**14**	**14**	**0**	**100%**
GOURZIS MICHAEL	**14**	**14**	**0**	**100%**
VOUTYCHTIS NIKOLAOS	**14**	**14**	**0**	**100%**
SARKISIAN MARINA	**14**	**14**	**0**	**100%**
TAPRANTZIS ANDREAS	**14**	**14**	**0**	**100%**
KOUNENAKI-EFRAIMOGLOU SOFIA	**14**	**14**	**0**	**100%**
KARAPANAGIOTI TATIANA	**14**	**14**	**0**	**100%**

During the meetings and work of the Board of Directors for the entire year 2023, 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 convening and directing 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 the 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 its day-to-day affairs and sets its 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 Managing Director is Mr. Emmanuel 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 about 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) do not hold shares representing more than 0.5% of the Company's share capital and (b) do not have any relationship of dependance 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, the 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 Meeting.

(Amounts in thousands of Euros unless mentioned otherwise)

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

On 31.12.2023 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	SHARES	PERCENTAGE
PERISTERIS GEORGIOS	**10.077.322**	**8,53%**
MERGOS GEORGIOS	**1.965**	**0,002%**
MARAGOUDAKIS EMMAN.	**1.586.652**	**1,34%**
SPYROU GEORGIOS	**135.000**	**0,11%**
SPILIOTIS ARISTOTLE	-	-
GOURZIS MICHAEL	**2.993.648**	**3,53%**
VOUTYCHTIS NIKOLAOS	-	-
SARKISIAN MARINA	-	-
TAPRANTZIS ANDREAS	**3.000**	**0,003%**
KOUNENAKI-EFRAIM. SOFIA	-	-
KARAPANAGIOTI TATIANA	-	-
FAFALIOS EMMANOUIL	**36.000**	**0,03%**
AGRAFIOTIS GEORGIOS	**128.540**	**0,11%**
VERRIOPOULOS MICHALIS	**63.000**	**0,05%**
PAIZANIS ILIAS	**31.500**	**0,03%**

Evaluation of the Board of Directors

The Board of Directors regularly evaluates its effectiveness, the fulfillment of its duties, as well as those of 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 supervised by the Nomination Committee.

On January 10, 2024, a questionnaire was distributed for the evaluation of the members of the Board of Directors of the Company for the year 2023. 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, CEO, Corporate Secretary and iv) Individual evaluation of the members of the BoD.

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.

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 and at its meeting of 12.07.2023 amended the structure of the Executive Committee, which now consists of five members:

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

Terms of operation

The Executive Committee meets regularly on a weekly basis every working Tuesday of the month at 10 a.m., if required and extraordinarily whenever 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.

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 four of its five 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 the meetings or is assisted by the Corporate Secretary or other 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 authorised by the Executive Committee by special decision.

The Executive Committee has the following responsibilities:

• The management of the daily operations of the Company.

• The representation of the Company judicially and extrajudicially, with the possibility of further authorization to third parties, generally or for specific acts.

• The acquisition, establishment or transfer of rights in rem on movable (excluding securities) or contractual rights on movable and immovable property, with a consideration of up to the amount of Euros Twenty Million (€ 20.000.000).

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

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

• The undertaking or award of service contracts with a consideration of up to Euro Two Millions (€ 2,000,000) per contract or annually.

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

• Sponsorships or donations in favor of third parties up to the amount of Euros Fifty Thousand (€ 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 Managers of the Company's facilities.

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

Progress Report

The topics discussed at the Executive Board meetings during 2023 can be summarised as follows:

1. Initiation of construction sites.
2. Authorization to lawyers.
3. Provision of guarantees in favour of subsidiaries for the issuance of letters of guarantee.
4. Participation in tenders.
5. Real estate leases.
6. The donation of movable and immovable property.
7. Granting of Authorizations
8. Establishment of new subsidiaries

Independent Non-Executive Members of the BoD

According to article 7 of Law 4706/2020 on Corporate Governance, the non-executive members of the Board of Directors, including independent non-executive members, have the obligation to monitor and examine the Company's strategy and its implementation, as well as the achievement of its objectives, to ensure the effective supervision of the executive members, including the monitoring and control of its performance and finally to examine and express views on the proposals submitted by the executive members, on the basis of existing information.

The Independent Non-Executive Members of the Board of Directors of the Company met twice for the year of 2023, namely the first time on May 22, 2023 and the second time on December 18, 2023.

The issues addressed during their meetings in 2023 can be summarised as follows:

The Report of the Independent Members of the Board of Directors to the Annual General Assembly of Shareholders in accordance with article 9 par. 5 of Law 4706/2020.

Cybersecurity issues.

The Company's distinction in ESG issues nationwide.

Informing the Independent Members regarding the Company's activities.

The operation of the Committees of the Board of Directors

The implementation of Law 4706/2020.

The Independent Non-Executive members of the Company prepared their annual report dated May 24, 2023, and subsequently submitted it to the Annual General Assembly of Shareholders 2023, in accordance with the provisions of article 5, par. 9 of Law 4706/2020.

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:

Hatps://vv.terna-energy.com/up-content/upload/2021/07/tenergi_audit_committee_charter_july_2021_gar.pdf

Committee Composition

The General Assembly on 14.06.2023, following the recommendation of the Nomination Committee to the Board of Directors on 24.05.2023 and the corresponding recommendation of the Board of Directors to the General Assembly, elected a new Audit Committee with a two-year term, which was constituted into body corporate on 10.07.2023 as follows:

1. Georgios 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 to it.

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 via e-mail to those expected to attend or an electronic invitation through a teleconference platform, if the meeting is held via videoconference.

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

Decisions are made by the 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 organises meetings with the external auditors (see below) and meetings with the Executive Directors.

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

Agendas are prepared and provided in advance to members together 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 with 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 Assembly 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 evaluates 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.

(Amounts in thousands of Euros unless mentioned otherwise)

- 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 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 2023

During 2023, the Audit Committee met eleven (11) 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	**11**	**11**		**100%**
Andreas Taprantzis	**11**	**11**		**100%**
Nikolaos Kalamaras	**11**	**11**		**100%**

The topics of the meetings included meetings with the Head of the Internal Audit Unit, the Head of the General Division 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

It examined and confirmed the correctness of the process of preparing the corporate and consolidated financial statements (interim biannual and annual) for the financial year 2022 and the year 2023 (interim half-year) following the regular briefing the Committee had from the Head of the General Division 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 incorporated in it for the audit of the financial year 2022, for the Overview Report of the six-month period ended on 30/06/2023 as well as for the planning of the audit for the year 2023.

The Committee evaluated the content of the Supplementary Audit Report submitted by the Chartered Auditors Accountants for the financial year 2022 in accordance with article 11 of Regulation 537/2014 of the European Union and Law 4449/2017 (article 31, par. 1a).

The Committee was informed about the purpose and approved the acceptable 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, which proposes in turn to the General Assembly of Shareholders, the approval of the financial statements for the year 2022 and the election of Chartered Auditors Accountants for the audit of the year 2023.

Internal Audit Unit

The Committee was at all times 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 2023 and was informed about the results obtained from the audits carried out in order to inform the Board of Directors.

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 budget for the financial year 2024 regarding the operation of the Internal Audit Unit and recommended its approval to the CEO.

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 was informed about any new risks that were included in the Risk Register within the financial year 2023.

The Committee evaluated the work of the Risk Management Unit, 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 2023 and evaluated the course of harmonization of the Company with the current 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 2024 (according to the 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 the context of its evaluation in March 2023.

The Committee informed the Board of Directors on IT security issues.

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 governed by 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 from time to time.

The Rules of Operation of the Remuneration Committee, approved by the Company's Board of Directors, 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 is responsible for planning and conducting meetings. However, any member of the Committee has 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.

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 a meeting outside the head offices, at least five (5) working days prior to the meeting. The invitation shall contain the items on the agenda of each meeting and any accompanying material, 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 none opposes the holding of the meeting and decision making.

The minutes of 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, assumes the role of technical support and coordination of the work of the Committee, as well as the organization, commissioning and preparation of studies carried out either internally or commissioned by external consultants.

The Committee may receive scientific or technical support from Company or Group executives, 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 on them to the Board of Directors, which decides on them 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 Assembly.
- Examines and submits proposals to the Board of Directors regarding share options, stock award programs, additional retirement benefit programs and any other long-term reward program.
- 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 2023

The Committee at its first meeting, on 18 January 2023, discussed and approved the proposed issues for consideration for the year 2023. At the same meeting, the Chairman and the members of the Committee decided to hold at least one ordinary meeting every three months during the year.

The Committee met for the second time, on 30 January 2023. At this meeting, the Committee proceeded to the examination and discussion of issues regarding the compensation of Executive Members, Non-Executive Members and Independent Non-Executive Members of the BoD. At the same meeting, the Chairman and the members of the Committee proceeded to the drafting of the final draft of the remuneration report for the financial year 2022 and the Chairman of the Committee, Mr. Taprantzis, was authorized to propose the content of the relevant Remuneration Report of the Members of the Board of Directors at the next meeting of the Board of Directors.

(Amounts in thousands of Euros unless mentioned otherwise)

On 9 February 2023, the Committee met for the third time. Mrs. Nicoletta Karaiskou, Human Resources Manager of the Company, was invited and participated in this meeting. The issues discussed at this meeting were the following:

- Monitoring of and discussion regarding the Implementation of the Remuneration Policy.
- Presentation by Ms. Karaiskou of the policies and practices that shape the remuneration framework of managers and employees and the system for determining fixed and variable benefits at all levels of the Company.
- Presentation of all benefits and long-term incentives of the Company.
- Discussion and examination of the remuneration of the executives of subsidiaries, in order to ensure that the approach adopted by each subsidiary company in relation to remuneration complies with the principles of the Company's Remuneration Policy.

Finally, at the same meeting, Mrs. Karaiskou presented a comparative study/evaluation regarding the remuneration of BoD members in companies with the same object of action and the same capitalization. The Committee continued its meetings for the year 2023 and met in quorum for the fourth time on 11 April 2023.

During the fifth meeting of the Committee in full quorum, which took place on Monday, May 15, 2023, the Chairman and the members discussed the remuneration of Executive Members, Non-Executive Members and Independent Non-Executive Board Members, resulting in a relevant proposal, which was then submitted for approval to the Board of Directors and the Annual General Assembly. The evaluation of the remuneration of Executive Members, Non-Executive Members and Independent Non-Executive Board Members was completed both in relation to companies of the same size and other listed companies in the Sector. Lastly, at the same meeting, the Chairman and the members of the Committee discussed regarding the achievement of the objectives of the Company's Stock Awards program, which was established by the decision of the General Assembly of shareholders on December 16, 2020, and has been incorporated into its Remuneration Policy.

On July 12, 2023, the Committee met in quorum, on the Letter/Recommendation dated June 1, 2023, to the Committee, by the Compliance Officer, Mr. Irinikos Platis, Partner in Platis-Anastasiades Law Firm and Associates. At the same meeting, Mrs. Nicoletta Karaiskou, Human Resources Director of the Company, and Mrs. Pagona Mammou, Lawyer of Platis-Anastasiades Law Firm and Associates, were invited and participated.

The last meeting of the Committee took place in December 2023 regarding the implementation of the Program for the provision of bonus shares to executives of the Company.

During 2023 the Committee met eight (8) 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	**8**	**8**	-	**100%**
Georgios Mergos,	**8**	**8**	-	**100%**
Michael Gourzis	**8**	**8**	-	**100%**

3.3 Nominations 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.

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,	Chairperson
Marina Sarkisian – Ochanesoglou,	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, the term of office of the members of the Committee shall 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 is responsible for planning and conducting meetings. However, any member of the Committee has 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 examine 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 is facilitated by an external director. In this regard, the Board of Directors at its meeting on 20.12.2023 decided to assign the task of evaluating the Corporate Governance System and its Board of Directors and Committees to Grant Thornton, the conclusion of which is set out at the end of this Statement.

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 in another place using technology. Committee decisions are made 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 is 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 contains 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 none opposes to the meeting and the making of decisions.

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 look for and recommend 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 it submits to the Board. This includes proposals to the Board of Directors to improve its operation and efficiency. The Committee, within the framework of its responsibilities, reviewed and confirmed the fulfillment of the independence criteria provided for in article 9 of Law 4706/2020, for 2023. In this regard, the Board of Directors at its meeting on 20.12.2023 decided to assign the task of evaluating the Corporate Governance System and its Board of Directors and Committees to Grant Thornton.

Activities of the Nomination Committee for the year 2023

At the meeting of the Committee on 22-03-2023, the Chairman presented to the members the Results of the Evaluation of the Members of the Board of Directors. Specifically, on 11-01-2023 a questionnaire was distributed for the evaluation of the members of the Board of Directors of the Company. The questionnaire was drafted by the Chairperson of the Committee in collaboration with the Corporate Secretary, 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 evaluating the results in all key sections, the members unanimously approved its presentation to the next Board of Directors of the Company by the Chairman of the Committee.

(Amounts in thousands of Euros unless mentioned otherwise)

During the meeting of 22-03-2023, the Committee proceeded to the elaboration and the revision of the existing succession plan of the Chairman, the Members of the Board of Directors and the Committees. 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.

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

At the meeting of the Committee on May 19, 2023, its members approved the proposal of its Chairperson for the election of new members of the Audit Committee of the Company, and authorized her to recommend to the next meeting of the Board of Directors of the Company the election of Mr. Georgios Mergos, Mr. Andreas Taprantzis and Mr. Nikolaos Kalamaras, as members of the Audit Committee of the Company.

According to the Hellenic 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 20-12-2023, 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 2023. 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 Committee and will then be presented to the Board of Directors. In addition, the Board of Directors at its meeting on 20.12.2023 decided to assign the evaluation task of the Corporate Governance System and its Board of Directors and Committees to Grant Thornton.

Finally, the Committee proceeded to confirm the fulfillment of the individual and collective suitability criteria of the members of the Board of Directors in accordance with the approved Suitability Policy of the Company. After a thorough discussion, the members of the Committee and its Chairman decided that the Company's Suitability Policy is in line with all legal instructions and notices and does not need to be updated.

During 2023 the Nomination Committee met six (6) 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,	**6**	**6**	**0**	**100%**
Marina Sarkisian – Ochanesoglou,	**6**	**6**	**0**	**100%**
Nikolaos Voutychtis,	**6**	**6**	**0**	**100%**

The Secretary of the Nomination Committee is Ms. Sofia Kyriazi, member of the Group's Legal Department.

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 as follows:

Emmanouil Maragoudakis, Chairman
Nikolaos Voutychtis Member
Aristotelis Spiliotis, Member

Terms of operation

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

The invitation sets the agenda, place and time of the meeting.

Meetings are 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 at another venue 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 other lawyer of the Company.

The minutes of the meetings of the Committee are 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 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 the 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 2023

During 2023, the Investment Committee met in full quorum, to monitor approved investments.

3.5 ESG Committee

The Company's ESG Committee was established at the Board of Directors meeting held on 24.06.2021 and its purpose is to monitor the Company's performance and recommends environmental, social and governance (ESG) improvements to the Board of Directors 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 which 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, environmental, social 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 communication 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:

- Promotes and monitors the integration of ESG criteria into business strategy and decision-making.
- Examines the Sustainable Development Policy and other policies related to issues within its competence, as well as their revisions, and proposes them to the Board of Directors for approval.
- Monitors the implementation of the Sustainable Development Policy and other ESG policies.
- Monitors the materiality analysis process.

- 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.
- 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.
- The Committee is informed about the Company's participation in ESG management programs, such as TCFD, SBTi, CBT.
- The Committee informs the Board of Directors on matters falling within the Committee's competence and proposes measures for improvement if necessary.
- The Committee monitors new developments on ESG issues in Greece and internationally and promotes their incorporation into the Company's policies.
- The Committee is informed, examines and, where appropriate, gives opinions or approves relevant issues promoted by the management.
- The Committee 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 of 16.07.2021. The Committee was constituted into body corporate as follows:
Marina Sarkisian – Ochanesoglou, Chairperson
Sofia Kounenaki – Efraimoglou, Member
Tatiana Karapanagioti, Member
Georgios Agrafiotis, Member

Activities of the ESG Committee for 2023

Information on the meetings and activities of the Committee in the year 2023 is set out below.

The ESG Committee in the year 2023 met four (4) times.

FULL NAME	NUMBER OF MEETINGS HELD DURING HIS/HER TERM OF OFFICE	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS REPRESENTED	ATTENDANCE AT MEETINGS
Marina Sarkisian – Ochanesoglou,	**4**	**4**	**-**	**100%**
Sofia Kounenaki-Efraimoglou,	**4**	**4**	**-**	**100%**
Tatiana Karapanagioti	**4**	**4**	**-**	**100%**
Georgios Agrafiotis	**4**	**4**	**-**	**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 2023 were:

14/03/23

- Adoption of Non-Financial Reporting Report (NFC) 2022

The report presents information on the main risks related to the Group's activities, its due diligence policies, as well as other relevant policies. In addition, quantitative and qualitative results of policies are reflected and relevant financial and non-financial performance indicators are presented.

15/05/23

- Update on the Sustainability Report and the participation for the first year in the international platform CDP
- HSE Management Objectives 2023

19/07/23

- Approval of the 2022 Sustainable Development Progress.

The content of the report, the completeness of the indicators and the procedure for identifying the material issues were discussed.

07/12/2023

- COP 28: On the occasion of the Group's participation in the Ministry of Energy's information booth in COP28, the Committee was informed by the Director of Hydroelectric Projects.
- Briefing of the Committee by the Director of Health, Safety, Environment and ESG Affairs, on:
- progress on the 2023 targets
- the new HSE targets for 2024.
- ISO 37301
- energy audits
- the Risk Register
- ESG priorities for 2024

The last task of the members of the Committee for 2023 was the evaluation of its work and effectiveness, and possible proposals for improving its operation by completing a relevant questionnaire.

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. In 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 has 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 completed his 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 in 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 Ochanesoglou

Ms. Sarkisian Ochanesoglou 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.

From 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. She 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 was a Non-Executive Member of the Board of Directors of Viva Wallet Group, including Viva Bank, until May 2023, 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 for 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 Chairperson 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 Hellenic 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 at 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 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. • Member of the BoD, FRIGO DEBTCO 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 transactions, the accuracy and 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 control 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 Hellenic

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.

The contribution of the Audit Committee 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 control 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 2023 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 control, 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/, 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 recommends 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 Risk Management Unit(RMU).

Divisions-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 in terms of operating and general administrative expenses,
- Portfolio management in the company's fields of activity
- Management of enterprise risks through processes at Group level.

During the financial year 2023, significant changes to the Company's Risk Management System were completed:

- Studies were carried out on individual Risk Management policies and practices, which will be applied to the various Management Systems (e.g. Quality Management, Safety and Health, Information Security, etc.) for risk assessment.

• The RES Project Development Policy was revised, the Risk Register and Risk Management Unit infrastructure were enriched to enhance the risk assessment process. A new taxonomy of risks has been developed, designed to accurately capture challenges and opportunities in a wide range of environments, from Human Resources to International Policies and Procurement, reflecting the multifaceted nature of the Company's business.

In the context of continuous improvement of its Risk Management System, the Company developed and piloted a customized methodology for more effective calibration and risk management and invested in a platform that will support the implementation of ISO 31000. In this direction, the Risk Management Policy and related procedures are currently being revised to fully meet the requirements of the standard and ensure effective risk assessment and minimization at each stage of the project and activity life cycle.

The Risk Management Unit, incorporating a holistic approach, worked closely with the Compliance Officer to create specialized registries.

<u>IT and Information Security</u>

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 appointed by decision of the Board of Directors.

<u>Risk Management in the preparation of Financial Statements</u>

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

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

It should be noted that the Group-wide launch of SAP S/4HANA 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 (intermediate, biannual and annual) following and updating by the Director of Financial and Administrative Services, it 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 control systems

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

In the financial year 2023, 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 Internal Audit Unit submitted to the Audit Committee, and through it to the Board of Directors, the Annual Audit Project Plan for 2024, 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 Corporate Governance System ("CCS")

The Board of Directors in relation to its obligations arising from para. 1 of article 4 of Law 4706/2020 evaluated the implementation and effectiveness of the Company's Corporate Governance System with reference date 31 December 2023 and this evaluation did not reveal any material weaknesses.

In the context of the above evaluation, the Board of Directors of the Company assigned, inter alia, to Grant Thornton S.A. the Certified Auditors and Business Consultants S.A. to evaluate the adequacy and effectiveness of the Company's Corporate Governance System. This assessment was carried out on the basis of the programme of assurance procedures included in Decision Γ73/08b/14.02.2024 of the Supervisory Board of the Institute of Certified Public Accountants, in accordance with International Standard on Assurance Engagements 3000 (Revised), "Assurance Projects Beyond Audit or Review of Historical Financial Information". The above work of the Certified Public Accountants did not reveal any material weaknesses in the Company's Corporate Governance System.

6. REMUNERATION REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL " FOR THE FINANCIAL YEAR 1.1.2023 – 31.12.2023.

Introduction

This Remuneration Report has been prepared by the Remuneration Committee of the Company "TERNA ENERGY SOCIETE ANONYME INDUSTRIAL COMMERCIAL TECHNICAL " (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 1.1.2023 – 31.12.2023. 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 Chairman 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. Georgios Mergos, Independent Non-Executive Member
3. Mr. Michael Gourzis, Non-Executive Member

The Remuneration Committee:

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.

Monitors the implementation of the Remuneration Policy

Supervises 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.

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 Assembly.

Examines and submits proposals to the Board of Directors regarding stock option programs, stock awards, 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 Assembly 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 is submitted for discussion to the Annual General Assembly of shareholders as the subject of the agenda. The vote of the shareholders on the remuneration report is advisory.

The remuneration report covers, 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 way that is understandable, clear and comprehensive. 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 each 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 that has been 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.
- Examines cases of conflict of interest.

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

The remunerations recorded include 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 were found. Therefore, explanations are not required for exceptional circumstances, in respect of which a deviation from the Remuneration Policy has occurred.

Approved remuneration based on remuneration policy

The fixed remuneration 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 Assembly 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.

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 governed 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).

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.

(Amounts in thousands of Euros unless mentioned otherwise)

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	-

In addition to the above, all Board Members are provided with Additional Benefits that include liability insurance, participation in the Company's Group Health Insurance Policy, coverage of corporate expenses, coverage of travel expenses and overnight stays for Independent Non-Executive Members of the Board of

(Amounts in thousands of Euros unless mentioned otherwise)

Directors 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	**Banking Institution**	**Credit limit**
Georgios Peristeris	ALPHA BANK	15.000,00
Emmanouil Maragoudakis	ALPHA BANK	15.000,00
Georgios 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 2022.

The General Assembly of 14/06/2023 approved by a majority of 92.88% 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 2022. The Table below presents the remuneration and benefits granted by the Company to the members of the Board of Directors during the year 2023:

(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		FIXED REMUNERATION FROM TERNA ENERGY – FACILITIES			VARIABLE REMUNERATION FROM TERNA ENERGY	FIXED REMUNERATION FROM SUBSIDIARIES		VARIABLE REMUNERATION SUBSIDIARY COMPANIES	TOTAL VARIABLE REMUNERATION	TOTAL FIXED REMUNERATION	TOTAL REMUNERATION	VARIABLE REMUNERATION RATE IN TERMS OF CONSTANTS	COMMENTS
				FIXED REMUNERATION	REMUNERATION OF THE BOARD OF DIRECTORS & COMPANY COMMITTEES	COMPANY CAR	GROUP LIFE - HEALTH / LIABILITY INSURANCE POLICY	TRAVEL EXPENSES	FIXED REMUNERATION	REMUNERATION OF THE BOARD OF DIRECTORS & COMPANY	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 OFFICE	INVESTMENT	0	100.000	YES	€ 1.046 (incl.	NO	0	239.300	0	0	0	339.300	339.300	0,00%	
3	Spyrou Georgios	EXECUTIVE DIRECTOR, EXECUTIVE MEMBER		0	70.000	NO	€ 1.046 (incl.	NO	0	103.800	108.000	0	0	281.800	281.800	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	CONTROL, REMUNERATION	0	90.000	NO	€ 1.046 (incl.	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	€ 1.046 (incl.	NO	0	209.300	0	0	0	209.300	209.300	0,00%	
8	Aristotelis Spiliotis	EXECUTIVE MEMBER	INVESTMENT	0	50.000	NO	€ 1.046 (incl.	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	CONTROL, REMUNERATION	0	60.000	NO	No insurance	NO	0	0	0	0	0	60.000	60.000	0,00%	
12	Marina Sargisian 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	633.800	108.000	0	0	2.111.800	2.111.800	0,00%	

* Covered by GEK TERNA S.A. or by another company of GEK TERNA Group
**Regarding the total fixed remuneration of Mr. Spyrou for the year 2023, the increased remuneration 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:

In the context of the stock award program, the Management of the company "TERNA ENERGY S.A." informed the Investors that in order to implement the approved stock award program approved by the Extraordinary Meeting of the Company's shareholders dated December 16, 2020, and following their contribution to the achievement of financial goals, the implementation of new projects as well as the increase of the Company's profitability, were distributed to twenty-six (26) Executives a total of 2,250,000 New Shares resulting from share capital increases with capitalization of premium accounts and representing 1.9% of the paid-up share capital. The disposal of the shares took place through an over-the-counter transaction on 22.6.2023.

The members of the Board of Directors who received bonus shares and the number of shares they received each of them are as follows:

NAME	Number of shares
Peristeris Georgios	1.125.000
Maragoudakis Emmanouil	234.000
Spyrou Georgios	135.000
Agrafiotis Georgios	108.000

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 2019 - 2023 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.

TOTAL REMUNARATIONS OF BoD MEMBERS		EBIDTA	NET PROFIT	EMPLOYEES	GROSS ANNUAL SALARIES	AVERAGE ANNUAL REMUNERATION OF EMPLOYEES
YEAR	€	GROUP* millions €	GROUP* millions €	GROUP	EMPLOYEES €	€
2023	2.111.800	177,8	62,1	446	11.043.180	24.760
2022	2.088.000	115.9	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	51.6	311	7.515.027	24.164

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 Annual General Assembly, as an item of the agenda. The vote of the shareholders on the remuneration report is 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 Assembly.

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. Sustainability 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 Assembly 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 Assembly. Individual amendments require re-approval by the Board of Directors, while the Review of the Policy requires a Decision of the General Assembly.

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, 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 Rules of Operation and the Hellenic 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.

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 Board of Directors 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 operation 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 loyal 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 Division 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 general public through the annual Sustainable Development Report.

INDEPENDENT AUDITOR'S REPORT

(This report has been translated from Greek original version)

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, 2023, separate and consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including material accounting policy 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 2023, 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 the matter was addressed in our audit
Recoverability of non-current assets (on separate and consolidated basis)	
As at 31 December 2023, the Group recognized Intangible Assets of Euros 69.8 million (Company: Euros 2.5 million) and Property, Plant and Equipment (PPE) of Euros 1,332.5 million (Company: Euros 62.8 million) mainly related to “Electricity and RES” segment. Also, as at 31 December 2023, the Company holds Investments in Subsidiaries of Euros 354.8 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. Impairment losses recognized within the current year in the consolidated financial statements for Tangible and Intangible Assets amounted to € 0,32 million και € 1,3 million correspondingly, while in the separate financial statement’s impairment losses from investments in subsidiaries of Euros 1.4 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 (iv), 4.1.1 (a), 4.1.3, 4.1.4, 4.1.5, 8, 10 and 11 of the financial statements.	The 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, in relation to this matter.

Key audit matters	How the matter was addressed in our audit
Revenue recognition (on separated and consolidated basis)	
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 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), 4.1.7, 4.1.9, 6 and 34 of the financial statements.	The 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 accordance with the provisions of IFRS and related supporting documents, (ii) regarding revenue from contracts with clients, 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, 2023. (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 and IFRS 15. We assessed the adequacy of related disclosures in the accompanying financial statements, in relation to this matter.

Other Information

Management is responsible for the other information. The other information included in the Annual Financial Report includes the Board of Director's Report, the reference to which is made in the "Report on Other Legal and Regulatory Requirements" section of our Report and Statements of the Members of the Board of Directors, but does not include the separate and consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding financial reporting of entities or business operations within the Group for the purpose of expressing an opinion on the separate and consociated financial statements. Our responsibility is to design, supervise and perform the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

1. Board of Directors Report

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

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

b. In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 150-151 and 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 31/12/2023.

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, 2023 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 17 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, 2023, in XHTML format 5493006164JBW2E60O73-2023-12-31-en.xhtml, as well as the provided XBRL file 5493006164JBW2E60O73-2023-12-31-en.zip with the appropriate mark-up, on the aforementioned consolidated financial statements, including other explanatory information (Notes to the financial statements).

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.

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, 2023, 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.

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.

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, 2023, in XHTML format 5493006164JBW2E60O73-2023-12-31-en.xhtml, as well as the provided XBRL file 5493006164JBW2E60O73-2023-12-31-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 29, 2024

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, 2023 (1 January 2023-31 December 2023)

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 29/04/2024 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, 2023

		GROUP		COMPANY	
	Note	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
ASSETS					
Non-current assets					
Intangible assets	8	69.762	60.473	2.533	2.872
Tangible assets	10	1.332.557	1.169.349	62.758	63.336
Right-of-use assets	9	30.830	27.057	22.897	19.570
Investement in subsidiaries	11	–	–	354.831	390.829
Investment in joint ventures	13	4.164	4.164	4.476	4.425
Investment in associates	12	–	34	–	–
Other long-term receivables	15	5.631	6.461	138.352	142.783
Receivables from derivatives	24	17.810	26.544	3.082	935
Financial Assets – Concessions	16	60.558	70.873	–	–
Investments in equity interests	14	5.268	3.499	5.268	3.499
Deferred tax assets	33	21.875	18.350	9.228	9.411
Total non-current assets		**1.548.455**	**1.386.804**	**603.425**	**637.660**
Current assets					
Inventories	17	9.632	9.902	6.036	7.067
Trade receivables	18	78.825	64.736	114.889	150.868
Receivables from contracts with customers	20	44.179	30.551	13.246	13.050
Prepayments and other receivables	19	131.748	131.745	31.960	36.537
Income tax receivables		4.767	7.487	1.830	5.806
Other short-term investments		7.549	4.322	3.221	–
Receivables from derivatives	24	5.650	7.973	525	176
Cash and cash equivalents	21	248.027	391.896	53.082	110.917
Total current assets		**530.377**	**648.612**	**224.789**	**324.421**
TOTAL ASSETS		**2.078.832**	**2.035.416**	**828.214**	**962.081**
EQUITY AND LIABILITIES					
Share capital	30	35.432	34.757	35.432	34.757
Share premium	30	209.195	209.870	209.195	209.870
Reserves	31	66.404	107.180	9.282	48.012
Retained earnings		184.141	129.287	79.731	43.718
Total equity attributable to the shareholders of the parent		**495.172**	**481.094**	**333.640**	**336.357**
Non-controlling interest		11.034	10.082	–	–
Total equity		**506.206**	**491.176**	**333.640**	**336.357**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31st, 2023

		GROUP		ENTITY	
	Note	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Long-term liabilities					
Long-term loans	22	1.054.264	951.326	366.433	388.408
Lease liabilities	23	28.836	25.372	21.209	18.185
Liabilities from derivatives	24	9.655	14.596	–	7.845
Provision for staff indemnities	25	301	245	272	218
Other provisions	26	19.253	19.416	4.704	4.741
Grants	27	162.812	167.146	10.105	11.257
Liabilities from contracts with customers	20	2.646	2.766	2.646	2.766
Deferred tax liabilities	33	52.792	48.080	–	–
Other long-term liabilities	29	10.558	7.496	10.541	7.388
Total long-term liabilities		**1.341.117**	**1.236.443**	**415.910**	**440.808**
Short-term liabilities					
Suppliers	28	62.664	75.084	25.703	63.068
Short-term loans	22	–	60.632	–	60.632
Long-term liabilities carried forward	22	112.848	111.101	14.788	14.086
Lease liabilities	23	1.990	1.654	1.472	1.369
Liabilities from derivatives	24	7.933	5.768	5.663	5.670
Liabilities from contracts with customers	20	8.778	8.611	13.882	17.494
Accrued and other short-term liabilities	29	29.822	33.458	17.078	22.597
Income tax payable		7.474	11.489	78	–
Total short-term liabilities		**231.509**	**307.797**	**78.664**	**184.916**
Total liabilities		**1.572.626**	**1.544.240**	**494.574**	**625.724**
TOTAL LIABILITIES AND EQUITY		**2.078.832**	**2.035.416**	**828.214**	**962.081**

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 2023

		GROUP		COMPANY	
	Note	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Continuing operations					
Revenue	34	327.831	298.045	133.645	234.469
Cost of sales	35	(168.787)	(152.729)	(117.490)	(215.361)
Gross profit		**159.044**	**145.316**	**16.155**	**19.108**
Administrative and distribution expenses	35	(33.890)	(77.861)	(16.160)	(63.626)
Research and development expenses	35	(7.284)	(7.367)	(6.154)	(6.507)
Other income/(expenses)	36	10.538	14.133	5.315	4.881
Operating results		**128.408**	**74.221**	**(844)**	**(46.144)**
Financial income	37	9.042	8.795	5.713	5.486
Financial expenses	37	(54.933)	(45.117)	(21.892)	(20.066)
(Losses)/gains from financial instruments measured at fair value	24	(1.867)	873	(1.912)	873
Revenue from participating interest and other investments	11, 12, 14	–	–	50.036	74.505
Gains/(Losses) from disposals and valuation of participations and other investments	7, 11	507	(23)	(876)	(18.718)
Share of results of associates and joint ventures	12, 13	(84)	(98)	–	–
(Losses)/Profit before tax from continuing operations		**81.073**	**38.651**	**30.225**	**(4.064)**
Income tax expense	33	(18.987)	(17.007)	1.785	5.575
Net profit for the year from continuing operations		**62.086**	**21.644**	**32.010**	**1.511**
Discontinued operations					
Net profit for the year from discontinued operations	7.2	**–**	**35.294**	**–**	**26.993**
Net profit for the year from continuing and discontinuing operations		**62.086**	**56.938**	**32.010**	**28.504**
Other comprehensive income					
Items subsequently reclassified in the Income Statement					
Foreign exchange translation differences from incorporation of foreign operations					
- Gains of the current year		3.501	489	–	–
-Reclassification to Income Statement	7.1	–	25	–	–
Cast flows hedges					
-(Losses)/gains of the current year	24	(6.411)	19.659	12.260	(7.394)
-Reclassification to Income Statement		265	–	–	–
Corresponding income tax		1.362	(4.500)	(2.694)	1.627
Total		**(1.283)**	**15.673**	**9.566**	**(5.767)**
Items not subsequently reclassified in the Income Statement					
Gains/(losses) from valuation of participating interest at fair value		429	(190)	429	(190)
Actuarial (losses)/gains from defined benefit plans		(15)	16	(3)	11
Corresponding income tax		(93)	38	(93)	40
Total		**321**	**(136)**	**333**	**(139)**
Other comprehensive (loss)/income for the year		**(962)**	**15.537**	**9.899**	**(5.906)**
Total comprehensive income for the year		**61.124**	**72.475**	**41.909**	**22.598**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME OF FISCAL YEAR 2023

	Note	GROUP	
		01/01 - 31/12/2023	01/01 - 31/12/2022
Net profit for the year attributed to:			
Shareholders of the parent from:			
- continuing operations		59.665	19.810
- discontinued operations		–	22.825
Total		**59.665**	**42.635**
Non-controlling interests from:			
- continuing operations		2.421	1.833
- discontinued operations		–	12.470
Total		**2.421**	**14.303**
Net Earnings/(losses) after taxes from continuing and discontinued operations		**62.086**	**56.938**
Total comprehensive income for the year attributed to:			
Shareholders of the parent from:			
- continuing operations		58.704	35.347
- discontinued operations		–	22.825
Total		**58.704**	**58.172**
Non-controlling interests from:			
- continuing operations		2.420	1.833
- discontinued operations		–	12.470
Total		**2.420**	**14.303**
Total comprehensive income		**61.124**	**72.475**
Basic Earnings per share (in Euro) attributed to shareholders of the parent			
- from continuing operations	32	0,51005	0,17171
- from discontinued operations	32	–	0,19784
- from continuing and discontinued operations	32	**0,51005**	**0,36955**
Diluted Earnings per share (in Euro) attributed to shareholders of the parent			
- from continuing operations	32	0,51005	0,16866
- from discontinued operations	32	–	0,19432
- from continuing and discontinued operations	32	**0,51005**	**0,36298**

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 CASH FLOWS OF FISCAL YEAR 2023

		GROUP		COMPANY	
	Note	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Cash flows from operating activities					
(Losses)/profit before tax from continuing operations		81.073	38.651	30.225	(4.064)
Adjustments for reconciliation of net flows from operating activities					
Amortisation/depreciation of intangible, tangible and right-of-use assets	8, 9, 10	53.057	47.959	7.696	7.699
Grants' amortisation	27	(4.971)	(5.367)	(1.152)	(1.259)
Impairment	36	2.249	34	1.458	18.676
Liabilities write-off		(7)	(12)	–	(13)
Provisions	25.26	(1.840)	(919)	(1.984)	(926)
Interest and related income	37	(9.042)	(8.795)	(5.713)	(5.486)
Interest and other financial expenses	37	54.933	45.117	21.892	20.066
Results from intangible and tangible assets, investment property and right-of-use assets		16	(109)	6	(656)
Revenue from participating interest and other Investments	11	(507)	1	(50.543)	(74.455)
Results from derivatives	24	1.867	(873)	1.912	(873)
Proportion in profit after income tax on associates and joint ventures	12, 13	84	98	–	–
Foreign currency exchange differences	36	(984)	(1.220)	–	–
Results from Share based payments program	31	603	48.814	603	48.814
Operating profit before changes in working capital		**176.531**	**163.379**	**4.400**	**7.523**
(Increase)/Decrease in:					
Inventories		270	993	1.031	1.623
Trade receivables and receivables from contracts with customers		(46.789)	(42.868)	6.452	217
Prepayments and other short-term receivables		(3.383)	(9.490)	(1.889)	4.844
Increase/(Decrease) in:					
Suppliers and liabilities from contracts with customers		5.485	9.366	(27.765)	(47.048)
Accrued and other short-term liabilities		2.717	3.350	(1.190)	(2.111)
Other long-term receivables and liabilities		18.020	503	(121)	2.115
Income tax paid		(18.692)	(15.005)	2.612	(3.421)
Net cash (outflows)/inflows from operating activities-continuing operations		**134.159**	**110.228**	**(16.470)**	**(36.258)**
Cash flows from operating activities - discontinued		4.968	(2.223)	4.968	(2.551)
Net cash (outflows)/inflows from operating activities		**139.127**	**108.005**	**(11.502)**	**(38.809)**

(Amounts in thousands of Euros unless mentioned otherwise)

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS OF FISCAL YEAR 2023

		GROUP		ENTITY	
	Note	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Cash flows from investing activities					
Acquisition of tangible and intangible fixed assets	8, 10	(205.830)	(239.999)	(6.773)	(11.449)
Disposal of tangible and intangible fixed assets	8, 10	1.362	1.617	11.289	–
Grants collected	27	1.462	100.000	-	-
Rebated grants (capital)	27	(2.868)	–	-	-
Interest and related income collected		1.205	847	5.374	5.249
Payments for acquisition of companies	7, 14, 15	(2.769)	(1.633)	(1.819)	(1.653)
Disposal of interest in subsidiaries		5.498	18.612	5.498	15.412
Cash and cash equivalent of acquired companies and of companies whose consolidation was discontinued		–	(30.958)	–	–
Payments for acquisition or increase in participating interest in associates and joint ventures		(51)	–	(51)	–
Payments for acquisition of shares, bonds and other securities		(4.214)	(3.589)	(4.054)	(1.107)
Dividends received		–	–	49.771	77.949
Issued loans		(2.491)	(310)	(1.318)	(54.456)
Proceeds from issued loans		–	–	5.488	50.823
Net cash (outflows)/inflows from investing activities-continuing operations		**(208.696)**	**(155.413)**	**63.405**	**80.768**
Net cash (outflows)/inflows from investing activities		**(208.696)**	**(155.413)**	**63.405**	**80.768**
Cash flows from financing activities					
Acquisition of treasury shares	31	–	(6.609)	–	(6.609)
Proceeds from changes in participating interest		–	–	38.248	16.047
Proceeds from long-term loans	22	256.028	519.969	10.800	32.814
Payments for long-term loans	22	(155.579)	(409.978)	(33.471)	(35.707)
Lease liability payments	23	(3.313)	(2.809)	(2.265)	(1.924)
Proceeds from short term loans	22	–	20.000	–	20.000
Payments of short-term loans	22	(60.000)	–	(60.000)	–
Dividends paid	30	(45.858)	(40.544)	(44.585)	(39.374)
Interest paid		(66.385)	(39.259)	(18.465)	(16.820)
Net cash (outflows)/inflows from financing activities-continuing operations		**(75.107)**	**40.770**	**(109.738)**	**(31.573)**
Cash flows from financing activities - discontinued		–	(199)	–	(5)
Net cash (outflows)/inflows from financing activities		**(75.107)**	**40.571**	**(109.738)**	**(31.578)**
Net (decrease)/increase in cash and cash equivalents from continuing operations		**(149.644)**	**(4.415)**	**(62.803)**	**12.937**
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**4.968**	**(2.422)**	**4.968**	**(2.556)**
Net (decrease)/increase in cash and cash equivalents		**(144.676)**	**(6.837)**	**(57.835)**	**10.381**
Effect of exchange rate changes on cash and cash equivalents		807	1.324	–	–
Opening cash and cash equivalents	21	**391.896**	**397.409**	**110.917**	**100.536**
Closing cash and cash equivalents	21	**248.027**	**391.896**	**53.082**	**110.917**

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 operations		–	–	514	–	**514**	–	**514**
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	(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 and reserves	30	–	–	(6.177)	(34.572)	**(40.749)**	(1.420)	**(42.169)**
Treasury shares	31	–	–	(6.609)	–	**(6.609)**	–	**(6.609)**
Change in the percentage of a consolidated subsidiary	5	–	–	5	597	**602**	(482)	**120**
Disposal of subsidiaries		–	–	(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)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2023

	Note	Share capital	Share premium	Reserves	Retained Earnings	Subtotal	Non-controlling interests	Total
1 January 2023		**34.757**	**209.870**	**107.180**	**129.287**	**481.094**	**10.082**	**491.176**
Net profit for the year from continuing operations		–	–	–	59.665	**59.665**	2.421	**62.086**
Other comprehensive income								
Foreign exchange translation differences from incorporation of foreign operations		–	–	3.501	–	**3.501**	–	**3.501**
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	335	–	**335**	–	**335**
Cast flows hedges	24	–	–	(4.784)	–	**(4.784)**	–	**(4.784)**
Actuarial losses from defined benefit plans	25	–	–	(14)	–	**(14)**	–	**(14)**
Other comprehensive losses for the year (after tax)		**–**	**–**	**(962)**	**–**	**(962)**	**–**	**(962)**
Total comprehensive income for the year		**–**	**–**	**(962)**	**59.665**	**58.703**	**2.421**	**61.124**
Capitalization of reserves and retained earnings	30	675	(675)	–	(3)	**(3)**	–	(3)
Formation of reserves	31	–	–	9.812	(9.208)	**604**	–	**604**
Distribution of dividends and reserves	30	–	–	(2.826)	(42.400)	**(45.226)**	(1.469)	**(46.695)**
Transfers-Other movements	31	–	–	(46.800)	46.800	**–**	–	–
Transactions with shareholders		**675**	**(675)**	**(39.814)**	**(4.811)**	**(44.625)**	**(1.469)**	**(46.094)**
Total equity 31st December 2023		**35.432**	**209.195**	**66.404**	**184.141**	**495.172**	**11.034**	**506.206**

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 premium	Reserves	Retained Earnings	Subtotal
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 and reserves	30	–	–	(6.177)	(34.572)	**(40.749)**
Treasury shares	31	–	–	(6.609)	–	**(6.609)**
Change in the percentage of a consolidated subsidiary		–	–	–	(178)	**(178)**
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.

(Amounts in thousands of Euros unless mentioned otherwise)

SEPARATE STATEMENT OF CHANGES IN EQUITY OF FISCAL YEAR 2023

	Note	Share capital	Share premium	Reserves	Retained Earnings	Total
1 January 2023		**34.757**	**209.870**	**48.012**	**43.718**	**336.357**
Net profit for the year from continuing operations		–	–	–	32.010	**32.010**
Other comprehensive income						
Gains/(losses) from valuation of participating interest at fair value (not reclassified in the Statement of Comprehensive Income)		–	–	335	–	**335**
Cast flows hedges	24	–	–	9.566	–	**9.566**
Actuarial gains from defined benefit plans	25	–	–	(2)	–	**(2)**
Other comprehensive income for the year (after tax)		**–**	**–**	**9.899**	**–**	**9.899**
Total comprehensive income for the year		**–**	**–**	**9.899**	**32.010**	**41.909**
Capitalization of reserves and retained earnings	30	675	(675)	–	(3)	**(3)**
Formation of reserves	31	–	–	997	(394)	**603**
Distribution of dividends and reserves	30	–	–	(2.826)	(42.400)	**(45.226)**
Transfers-Other movements	31	–	–	(46.800)	46.800	**–**
Transactions with shareholders		**675**	**(675)**	**(48.629)**	**4.003**	**(44.626)**
31st December 2023		**35.432**	**209.195**	**9.282**	**79.731**	**333.640**

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 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 is a holder of a 6th Class Contractor License 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 is a successor of 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 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 31/12/2023 GEK TERNA SA held 36,587% (31/12/2022: 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, as in accordance with the requirements of IFRS 10, it has been assessed that GEK TERNA exercises control over TERNA ENERGY ABETE.

The accompanying separate and consolidated Financial Statements as of 31st December 2023 were approved by the Board of Directors on 29/04/2024 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, 2023 cover the financial year starting on January 1st until December 31st, 2023 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, 2023.

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

In determining the appropriate basis for the preparation of the Company and Consolidated Financial Statements, Management must consider whether the Group can continue in business for the foreseeable future. The Group's Management estimates that the Company and its subsidiaries have sufficient resources to ensure their ability to operate as a Going Concern for 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 as well as in Middle East region. 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 31/12/2023.

2.3 Basis of measurement

The hereby Consolidated and Separate Financial Statements as of December 31st, 2023 have been prepared according to the principle of historical cost, apart from financial derivatives, liability for contingent consideration, investments in equity instruments and other short term investments, which are being measured at fair value.

2.4 Presentation currency

The reporting 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 in the Financial Statements have not changed.

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 2022, 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 2023 (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 01/01/2023.

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 financial statements. More specifically, companies are required to disclose their material accounting policy information rather than their significant accounting policies. The Group has reviewed and applied the above amendment in the consolidated and company 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 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 amendments do not affect the consolidated and separate 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 amendments do not affect the consolidated and separate Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2023.

Amendments to IAS 12 "Income taxes": International Tax Reform – Pillar Two Model Rules (effective immediately and for annual periods starting on or after 01/01/2023)

In May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 "Income Taxes": International Tax Reform—Pillar Two Model Rules. The amendments introduced a) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and b) targeted disclosure requirements for affected entities. Companies may apply the temperorary exception immediately, but disclosure requirements are required for annual periods commencing on or after 1 January 2023. The amendments do not affect the consolidated and separate Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2023.

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/ Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with an effective date of 01/01/2024.

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, though it is not expected to have any. The above have been adopted by the European Union with an effective date of 01/01/2024.

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 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements (effective for annual periods starting on or after 01/01/2024)

In May 2023, the International Accounting Standards Board (IASB) issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The IASB issued Supplier Finance Arrangements to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments require additional disclosures that complement the existing disclosures in these two standards. They require entities to provide users of financial statements with information that enable them a) to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. The amendments to IAS 7 and IFRS 7 are effective for accounting periods on or after 1 January 2024. The Group/ Company will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for annual periods starting on or after 01/01/2025)

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates that require entities to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The amendments introduce a definition of currency exchangeability and the process by which an entity should assess this exchangeability. In addition, the amendments provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable and require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability. The amendments to IAS 21 are effective for accounting periods on or after 1 January 2025. The Group/ Company will examine the impact of the above on its Financial Statements, though it is not expected to have any The above have not been adopted by the European Union.

2.7 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. MATERIAL 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 are 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 evolution could affect the financial statements items in the upcoming 12 months are the following:

3.1 Significant management judgements

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 4.1.5 (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 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 4.1.12.

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) 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. 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 4.1.12 (for cases where the acquisition is a business combination) and under IFRS 3, or in accordance with the accounting policy described in Note 4.1.12 (for cases when acquisitions meet the effective prerequisites to be characterized as assets) (more information is presented in Note 7 and 29).

iv) 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.

v) 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 31/12/2023, the Management estimates that useful lives represent the expected usefulness of assets.

It is highlighted that during the financial year, the Group decided to extend the useful life of the Wind Farms from 25 to 30 years, based on new estimates that resulted from the analysis of the conditions that have emerged in the operation and technological evolution of wind turbines in general. This change was based on the Group's careful analysis of data, as well as studies and industrial practices according to which the economic life of wind turbines individually or wind power plants as a whole can be safely reassessed at 30 years without significant changes in their operation and maintenance strategy. The Group's management believes that the extension of the useful life carried out during the financial year will protect the fair presentation of the financial statements by adjusting the depreciation period closer to reality. This change in accounting estimate resulted in a reduction in depreciation expense for the year of €2,510 thousand compared to the depreciation that would have been incurred had the extension of useful life not taken place. This effect will decline in the years to come, as the Group's older parks approach their originally defined twenty-five-year life, while from the moment their originally defined useful life expires and for the additional five years of its extension, the above positive effect will turn negative (further information provided in Notes 8, 10, 26 and 27).

vi) 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 4.1.8 and 26).

vii) 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).

4. SUMMARY OF MATERIAL AND OTHER ACCOUNTING POLICIES

4.1 Material Accounting Policies

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

4.1.1 Basis for consolidation

The accompanying consolidated financial statements include the financial statements of TERNA ENERGY and its subsidiaries as at 31/12/2023. The date of preparation of the Financial Statements of the subsidiaries is identical to that of the parent company.

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 acquires and exercises control mainly through holding the majority of the voting rights of the subsidiaries. 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 the case of changes in the 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, adjusted for changes in fair value of the subsidiaries' contingent consideration less any accumulated impairment losses. The 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 than any accumulated impairment losses. The impairment test is carried out in accordance with the provisions of IAS 36.

(c) Investments in jointly controlled operations in the separate financial statements

The parent company's participation in joint operations is proportionately incorporated in the Company's Financial Statements. Specifically, their assets and liabilities are included in the Company's financial statements on a proportionate basis.

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.

The 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. The impairment test is carried out in accordance with the provisions of IAS 36.

4.1.2 Operating segments

The Board of Directors of the Company is the primary decision maker and reviews internal financial reporting in order to evaluate the performance of the Company and the Group and to make decisions on the allocation of resources. Management has determined areas of activity based on these internal reports. The Board of Directors uses different criteria in order to evaluate the Group's activities, which vary depending on the nature of each segment, considering the risks involved and the existing cash requirements.

The operating segments of TERNA ENERGY are defined as the sectors in which the Group operates and on which the Group's internal reporting system is based (See Note 6).

4.1.3 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 contracts (see Note4.1.7) 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	30
Forestry plots use rights	Straight-line	30
Intangible assets recognized due to Concession arrangements (Note 4.1.7	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 30 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, (see Note 4.1.5).

(Amounts in thousands of Euros unless mentioned otherwise)

4.1.4 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. In this context, in 2023 it was decided to extend the useful life of Wind Farms from 25 to 30 years (see in detail Note 3.2(v)).

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 (see Note 10).

Repairs and maintenance are recognised as expenses in the results of the financial year in which they are incurred.

4.1.5 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.

4.1.6 Financial instruments

4.1.6.1 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.

4.1.6.2 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.

4.1.6.3 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 (see Note14).

4.1.6.4 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.

4.1.6.5 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 4.1.6.6).

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.

4.1.6.6 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). In forward interest rate swaps that include option (Interest rate CAP) the Group has elected to designate only the intrinsic value of the option as a hedge of the loan flows, recognizing the time value. The hedging cost is initially recognized in Other Comprehensive Income and is subsequently recycled from Other Comprehensive Income to Profit or Loss during the period of the hedge.

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.

4.1.6.7 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.

4.1.7 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.

4.1.8 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.

4.1.9 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) Revenue from concession contracts

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.

4.1.10 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.

4.1.11 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.

4.1.12 Business combinations - Acquisition of entities that are not an 'enterprise' according to the definition in IFRS 3

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).

4.2 Other Accounting Policies

The other accounting policies adopted in the preparation of the accompanying Company and Consolidated Financial Statements are as follows:

4.2.1 Foreign currency translation
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.

4.2.2 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.

4.2.3 Inventory

The Inventories include spare parts for machinery and raw and auxiliary materials for wind farms. Inventories are valued at the lower cost and net realizable value. The cost of raw materials, in-process and ready-made products is determined using the weighted average cost method.

Appropriate provisions are made for obsolete inventories, if necessary. Write-downs of inventories to net realizable value and other losses on inventories shall be recognized in profit or loss in the period in which they occur.

4.2.4 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" (see Note 19).

4.2.5 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.

Based on all the above and given that there is no "significant" corporate bond market in Greece, the discount rate chosen is the iBoxx AA Corporate Overall EUR indices for the estimated duration of the plan at the valuation date. The value of the benchmark index as at 31/12/2022 was 2.95%, which is considered consistent with the principles of IAS 19, i.e. it is based on bonds respectively in terms of currency and estimated plan duration.

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.

4.2.6 Leases

4.2.6.1 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.

4.2.6.2 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.

4.2.6.3 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.

The 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.

4.2.7 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.

4.2.8 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.

(Amounts in thousands of Euros unless mentioned otherwise)

5. CONSOLIDATED COMPANIES

The following tables present the consolidated companies at the level of the parent company TERNA ENERGY S.A. and the group respectively as of 31/12/2023, their headquarters, their business activities, the Company's direct and indirect participating interest in their share capital, the consolidation method, as well as the unaudited tax 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	-	2018-2023
RES ENERGY SEGMENT - JOINT OPERATIONS							
ILIAKI PIKROLIMNIS S.A.	Greece	51,00	–	51,00	Proportional	-	2020-2023
ILIAKA VAKOUFIA SINGLE MEMBER PC	Greece	–	51,00	51,00	Proportional	ILIAKI PIKROLIMNIS S.A.	2020-2023
FOTOVOLTAIKA KILKIS SINGLE MEMBER PC	Greece	–	51,00	51,00	Proportional	ILIAKI PIKROLIMNIS S.A.	2020-2023

5.2 Group Structure

As at 31/12/2023, 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	-	2018-2023
TERNA ENERGY OVERSEAS LTD	Cyprus	100,00	–	100,00	Full	-	2018-2023
TERNA ENERGY USA HOLDING CORPORATION	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY TRANSATLANTIC sp.z.o.o.	2011-2023

(Amounts in thousands of Euros unless mentioned otherwise)

TERNA ENERGY TRANSATLANTIC sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2015-2023
GALLETTE LTD	Cyprus	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2015-2023
RES ENERGY SEGMENT - SUBSIDIARIES							
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
PPC RENEWABLES - TERNA ENERGY S.A.	Greece	51,00	–	51,00	Full	-	2018-2023
ENERGIAKI SERVOUNIOU S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
IWECO HONOS CRETE S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
TERNA ENERGY EVROU S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI RACHOULAS DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGIAKI DERVENOCHORION S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI MARMARIOU EUVOIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGEIAKI DYSTION EUVOIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGEIAKI KAFIREOS EUVOIAS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGIAKI STYRON EVIAS M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGIAKI NEAPOLEOS LAKONIAS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI MALEA LAKONIAS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
TERNA ENERGY SA AND CO ENERGEIAKI VELANIDION LAKONIAS G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023
AIOLIKI EASTERN GREECE M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI PASTRA ATTIKIS S.A.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023

(Amounts in thousands of Euros unless mentioned otherwise)

ENERGIAKI PELOPONNISOU S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI PROVATA TRAIANOUPOLEOS M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
ENERGIAKI FERRON EVROU M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
TERNA ENERGY S.A. AND CO ENERGIAKI ARI SAPPON G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023
TERNA ENERGY S.A. AND Co AIOLIKI POLYKASTROU G.P.	Greece	99,00	1,00	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023
ENERGEIAKI XIROVOUNIOU S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI ILIOKASTROU M.A.E.	Greece	–	100,00	100,00	Full	TERNA ENERGY EVROU S.A.	2018-2023
EUROWIND S.A.	Greece	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2018-2023
DELTA AXIOU ENERGEIAKI S.A.	Greece	80,00	–	80,00	Full	-	2018-2023
TERNA ENERGY S.A. AND VECTOR GREECE WIND PARKS - TROULOS WIND PARK G.P.	Greece	90,00	–	90,00	Full	-	2018-2023
TERNA ENERGY SEA WIND PARKS S.A.	Greece	85,00	–	85,00	Full	-	2018-2023
TERNA ENERGY WIND PARKS XIROKAMPOS AKRATAS S.A.	Greece	77,00	–	77,00	Full	-	2018-2023
TERNA ENERGY SAPPON SMPC	Greece	100,00	–	100,00	Full	-	2020-2023
AIOLIKO PARKO VIOTIAS TARATSA MAE	Greece	100,00	–	100,00	Full	-	2023
VATHICHORI ENVIRONMENTAL S.A.	Greece	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
VATHICHORI ONE PHOTOVOLTAIC S.A.	Greece	–	100,00	100,00	Full	VATHICHORI ENVIRONMENTAL S.A.	2018-2023
ALISTRATI ENERGY LTD	Greece	80,00	–	80,00	Full	-	2018-2023
TERNA ENERGY AI-GIORGIS S.A.	Greece	99,40	0,60	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023

(Amounts in thousands of Euros unless mentioned otherwise)

TERNA AIOLIKI XEROVOUNIOU S.A.	Greece	–	100,00	100,00	Full	AIOLIKI PANORAMATOS DERVENOCHORION S.A.	2018-2023
TERNA AIOLIKI AITOLOAKARNANIAS S.A.	Greece	–	100,00	100,00	Full	AIOLIKI MALEA LAKONIAS S.A.	2018-2023
TERNA AIOLIKI AMARINTHOU S.A.	Greece	–	100,00	100,00	Full	ENERGIAKI SERVOUNIOU S.A.	2018-2023
TERNA ILIAKI PANORAMATOS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
TERNA ILIAKI PELLOPONISSOU S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
TERNA ILIAKI VIOTIAS S.A.	Greece	100,00	–	100,00	Full	-	2018-2023
AIOLIKI STEREAS ELLADOS M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
VATHICHORI TWO ENERGY S.A.	Greece	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
TERNA ENERGY OMALIES M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
EVOIKOS ANEMOS S.A.	Greece	70,00	–	70,00	Full	-	2020-2023
KEY SOLAR ENERGY SINGLE MEMBER PC	Greece	100,00	–	100,00	Full	-	2020-2023
KASTRAKI SOLAR ENERGY SINGLE MEMBER PC	Greece	100,00	–	100,00	Full	-	2020-2023
TERNA ENERGY-PUMPED STORAGE I S.M.S.A.	Greece	100,00	–	100,00	Full	-	2022 - 2023
TERNA ENERGY FIVE TOWERS GP	Greece	90,00	10,00	100,00	Full	IWECO HONOS CRETE S.A.	2018-2023
HAOS INVEST 1 EAD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
ECO ENERGY DOBRICH 2 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
ECO ENERGY DOBRICH 3 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
ECO ENERGY DOBRICH 4 EOOD	Bulgaria	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
EOLOS NORTH sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023

(Amounts in thousands of Euros unless mentioned otherwise)

EOLOS NOVO sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
EOLOS POLSKA sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
EOLOS EAST sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
JP GREEN sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
WIRON sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
BALLADYNA sp.z.o.o.	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2018-2023
EOLOS DEVELOPMENT Sp.z o.o	Poland	–	100,00	100,00	Full	TERNA ENERGY OVERSEAS LTD	2021-2023
AEGIS RENEWABLES, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2011-2023
MOUNTAIN AIR HOLDINGS, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2011-2023
TERNA RENEWABLE ENERGY PROJECTS LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2023
TERNA DEN LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2023
FLUVANNA I INVESTOR, LCC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2023
FLUVANNA INVESTMENTS 2, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2023
CI-II BEARKAT QFPF, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2016-2023
CI-II BEARKAT HOLDING B, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2017-2023
SPONSOR BEARKAT I HOLDCO, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2018-2023
TERNA DER, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2023
TERNA DER 2, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2023
TERNA DER 3, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2023

(Amounts in thousands of Euros unless mentioned otherwise)

COOPER-MONITEAU ENERGY, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2023
RICHLAND CREEK ENERGY, LLC	U.S.A.	–	100,00	100,00	Full	TERNA ENERGY USA HOLDING CORPORATION	2023
RES ENERGY SEGMENT - JOINT VENTURES							
EN.ER.MEL S.A.	Greece	50,00	–	50,00	Equity	-	2018-2023
ATLAS 1 ENERGY SMPC	Greece	50,00	–	50,00	Equity	-	2021-2023
RES ENERGY SEGMENT - ASSOCIATES							
CYCLADES RES ENERGY CENTER SA	Greece	–	45,00	45,00	Equity	IWECO HONOS CRETE S.A.	2018-2023
ARMONIA ENERGY SOCIETY	Greece	12,50	–	12,50	Equity	-	2019-2023
CONCESSIONS SEGMENT - SUBSIDIARIES							
HELLAS SMARTICKET S.A.	Greece	35,00	–	35,00	Full	-	2018-2023
PERIVALLONTIKI PELOPONNISOU M.A.E.	Greece	100,00	–	100,00	Full	-	2018-2023
EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE	Greece	100,00	–	100,00	Full	-	2018-2023
CONCESSIONS SEGMENT - JOINT VENTURES							
WASTE CYCLO S.A.	Greece	51,00	–	51,00	Equity	-	2018-2023
TERNA FIBER SPECIAL PURPOSES SOCIETE ANONYME	Greece	50,10	–	50,10	Equity	-	2023
CONSTRUCTION SEGMENT - JOINT VENTURES							
JV TENERGY-INDIGITAL-AMCO	Greece	70,00	–	70,00	Equity	-	2020-2023

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 2023

- On 10 February 2023, the Group's parent company, TERNA ENERGY ABETE, acquired the entire shareholding of the company ANAX INDIVIDUAL CEMPLE COMPANY, which was subsequently renamed TERNA ENERGY SAPPON PC. This company develops photovoltaic plants in the wider area of the Regional Unit of Evros with a total capacity of 246,35 MW (see Note 7).

- During the financial year 2023, TERNA ENERGY Group ABETE established the companies TERNA DER, LLC TERNA DER 2, LLC TERNA DER 3, LLC COOPER-MONITEAU ENERGY LLC, RICHLAND CREEK ENERGY LLC, which are based in the USA, for the development of new renewable energy projects and liquidated MOHAVE VALLEY ENERGY LLC, FLUVANNA INVESTMENTS LLC, FLUVANNA HOLDINGS LLC, TERNA HOLDCO INC, which, on 31. 12.2023 had no assets and liabilities.

- On 17 May 2023, the Group's parent company, TERNA ENERGY S.A., jointly with GRID TELECOM S.A., established High-Speedcalled TERNA FIBER SPECIAL PURPOSE S.A. This company is a vehicle company for the implementation of the Partnership Agreement to be signed between the Greek State through the Minister of Digital Governance (hereinafter referred to as "the Contracting Authority"), the Company and the founders - original shareholders of the Company as third party contractors, for the realisation of the project "Ultra High Speed Broadband Infrastructure - ULTRA FAST BROADBAND through PPP" for Geographical Zones 2, 4, 5 and 6, as indicated in the Call for Expression of Interest and the Call for Tenders Document.

- On 8 November 2023, in the context of the restructuring of the Group's activities, the merger by absorption of the company AIALIKI KAPHIREOS EVVOIAS S.A. by the company ENERGY KAPHIREOS EVVOIAS S.A. was completed.

- On 6 December 2023, the partial spin-off of the division of the company AOLIKI PROVATA TRIANOUPOLEOS S.A. was completed with the establishment of the company AIOLIKO PARKO VIOTIAS TARATSA MAE, which inherited the assets and liabilities of the wind farm of the homonymous wind farm. In this process, there were no changes in the Group's net position and there was no impact on the Group's results of operations.

- During the second half of the year, the parent company acquired 50% of the shares of ATLAS1 ENERGY MONOPOROSOPI IKE for a symbolic price. This company has not developed any activity and assets and intends to develop power plants. This participation has been included in the Operating sector of electricity production from renewable energy sources - joint ventures.

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 and Peloponnese Regions) in exchange for long-term operation of the above projects through provision of services to the public.

(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 2023								
Continuing operations								
Revenue								
Sales of products and services	46.460	249.943	18.112	13.316	–	327.831	–	**327.831**
Intersegment revenue	45.813	–	–	–	(45.813)	–	–	**–**
Total revenue from continuing operations	**92.273**	**249.943**	**18.112**	**13.316**	**(45.813)**	**327.831**	**–**	**327.831**
Cost of sales	(87.251)	(102.538)	(12.674)	(11.113)	44.789	(168.787)	–	**(168.787)**
Gross profit from continuing operations	**5.022**	**147.405**	**5.438**	**2.203**	**(1.024)**	**159.044**	**–**	**159.044**
Administrative and distribution expenses	(634)	(32.137)	(583)	(536)	–	(33.890)	–	(33.890)
Research and development expenses	(1.030)	(6.254)	–	–	–	(7.284)	–	(7.284)
Other income/(expenses) and other gain/(losses)-EBIT determinants	(1.467)	10.911	1.351	1.037	–	11.832	–	11.832
Operating results (EBIT) from continuing operations	**1.891**	**119.925**	**6.206**	**2.704**	**(1.024)**	**129.702**	**–**	**129.702**
Other income/(expenses) and other gain/(losses)- non-EBIT determinants	–	(1.294)	–	–	–	(1.294)	–	(1.294)
Operating results from continuing operations	**1.891**	**118.631**	**6.206**	**2.704**	**(1.024)**	**128.408**	**–**	**128.408**
Financial income	–	1.239	4.139	3.664	–	9.042	–	**9.042**
Financial expenses	(460)	(48.738)	(4.777)	(962)	4	(54.933)	–	**(54.933)**
Gains/(Losses) from financial instruments measured at fair value	–	(1.912)	–	45	–	(1.867)	–	**(1.867)**
Gains/(losses) from disposals and valuation of participations and other investments	–	507	–	–	–	507	–	**507**
Share of results of assosiates and joint ventures	(3)	(55)	–	(26)	–	(84)	–	**(84)**
(Losses)/Profit before tax from continuing operations	**1.428**	**69.672**	**5.568**	**5.425**	**(1.020)**	**81.073**	**–**	**81.073**
Income tax expense	422	(16.867)	(1.345)	(1.197)	–	(18.987)	–	**(18.987)**
Net profit for the year from continuing operations	**1.850**	**52.805**	**4.223**	**4.228**	**(1.020)**	**62.086**	**–**	**62.086**
Depreciation	(539)	(54.756)	(280)	(22)	2.539	(53.058)	–	**(53.058)**
Grants' amortisation	–	4.971	–	–	–	4.971	–	**4.971**

(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								
Net profit for the year from continuing and discontinuing	**1.850**	**52.806**	**4.223**	**4.228**	**(1.020)**	**62.087**	**–**	**62.087**

Operating segments	Construction	Electricity from RES	Waste management	E-Ticket	Intersegment consolidation eliminations	Consolidated total	Discontinued activies of Electricity trading	Consolidated total
31st December 2023								
Segment assets (except of investments)	53.596	1.908.050	118.252	32.165	(61.018)	2.051.045	23.623	**2.074.668**
Investment in associates and joint ventures	–	4.164	–	–	–	4.164	–	**4.164**
Total assets	**53.596**	**1.912.214**	**118.252**	**32.165**	**(61.018)**	**2.055.209**	**23.623**	**2.078.832**
Segment liabilities	**22.146**	**1.452.495**	**81.186**	**16.753**	**–**	**1.572.580**	**46**	**1.572.626**
Long-term loans	–	987.387	58.474	8.403	–	1.054.264	–	**1.054.264**
Long-term liabilities carried forward	–	93.219	16.077	3.552	–	112.848	–	**112.848**
Cash and cash equivalents	(2)	(224.639)	(15.159)	(8.227)	–	(248.027)	–	**(248.027)**
Restricted cash (Note 21)	–	(68.663)	(5.366)	(425)	–	(74.454)	–	**(74.454)**
Net debt/(surplus)	**(2)**	**787.304**	**54.026**	**3.303**	**–**	**844.631**	**–**	**844.631**
Lease liabilities	11.436	19.304	47	39	–	30.826	–	**30.826**
Capital expenditures for the year	15	213.923	8.031	–	(3.039)	218.930	–	**218.930**

(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 profit for the year from discontinued operations	–	–	–	–	–	–	35.294	**35.294**
Net 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)

Geographical segments (continuing operations)	Greece	Eastern Europe	USA	Consolidated total
31/12/2023				
Revenue	299.066	28.765	–	**327.831**
Non-current assets	1.446.55	100.933	967	**1.548.455**
Capital expenditures	218.714	216	–	**218.930**
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**

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, 2023, an amount of € 155,3million (47,4%) 2022: € 149,9 million (50,3%) of the turnover from continuing operations of the Group derived from an external customer (Customer A) active in the electricity sector.

7. BUSINESS COMBINATION AND ASSETS ACQUISITION

On 10 February 2023, the Group's parent company, TERNA ENERGY ABETE, acquired the entire shareholding of the company ANAX INDIVIDUAL CEMPLE COMPANY, which was subsequently renamed TERNA ENERGY SAPPON PC.

The mentioned company is developing Photovoltaic Stations in the area of the Regional Unit of Evros with a total capacity of 246,35 MW.

The purpose of this acquisition 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 determined that the acquired assets and assumed liabilities of the above company do not constitute an "enterprise" as defined by IFRS 3 and therefore do not fall within the scope of that Standard, but these transactions are accounted for as an acquisition of assets. The accounting policy for the recognition of the transaction is described in the explanatory note 4.1.12 of the Annual Consolidated and Company Financial Statements as at 31/12/2023. The cost of the 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.

Details of the items relating to the acquisition of the above company are presented below:

TERNA ENERGY SAPPON SMPC	Fair values at the acquisition of entity
Intangible assets και Right-of-use assets	6.278
Property, plant and equipment	2
Prepayments and other receivables	145
Cash and cash equivalents	–
TOTAL ASSETS	**6.425**
Liabilities	
Suppliers και Liabilities from contracts with customers	21
Accrued and other short-term liabilities	98
Total liabilities	**119**

(Amounts in thousands of Euros unless mentioned otherwise)

Fair Value of acquaried net assets	**6.306**
Cash paid as of December 31st, 2023 (a)	829
Minus: Cash received (b)	–
Total Cash outflow as of December 31st, 2023 (a) - (b)	829

The estimated total consideration for the acquisition, including the cash of the acquired company, amounted to € 6,306 thousand. The calculation was carried out using an appropriate discount rate of 7.95%. Of the total consideration, € 829 thousand was settled in cash and € 5,477 thousand was the contingent consideration liability (at discounted value) (See Note11) at the acquisition date.

The estimated total acquisition price subsequently, considering the change in the conditions prevailing in the energy market, and particularly the significant delays observed in the granting of terms for the connection of new renewable energy plants, was revalued at € 4.425 thousand with the difference reducing the present value of the Company's Contingent Liability by € 1,104 thousand (See Note 29).

The fair value of the contingent consideration liability will be measured at each reporting date and up to the estimated date of final measurement and payment, i.e. until 30/09/2026.

As a result of the above acquisition, the Group recognized intangible assets (licenses of photovoltaic production plants) amounting to € 4.717 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 company until 31 December 2023, the results related to this company amount to a loss of € 471 thousand.

8. INTANGIBLE ASSETS

The intangible assets of the Group and the Company and their movement for the periods 1 January to 31 December 2023 και 2022, presented in the attached financial statements, are analyzed as follows:

	GROUP		
	Concessions and Rights	**Software**	**Total**
Acquisition value			
1 January 2022	**63.330**	**2.030**	**65.360**
Additions	2.851	204	**3.055**
Disposals/Write offs	(103)	–	**(103)**
Tranfers	(2.364)	–	**(2.364)**
Additions due to acquisition	8.221	–	**8.221**
Reductions from disposal of subsidiaries	(189)	(29)	**(218)**
Foreign exchange differences	(1)	–	**(1)**
31st December 2022	**71.745**	**2.205**	**73.950**
1 January 2023	**71.745**	**2.205**	**73.950**
Additions	8.772	103	**8.875**
Increase/(Decrease) with offsetting liabilities	(2.721)	–	**(2.721)**
Impairment/write-offs	–	(73)	**(73)**
Additions due to acquisition of subsidiaries (Note 7)	6.278	–	**6.278**
Foreign exchange differences	4	–	**4**
31st December 2023	**84.078**	**2.235**	**86.313**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated Amortisation			
1 January 2022	**(13.905)**	**(546)**	**(14.451)**
Amortisation	(1.106)	(366)	**(1.472)**
Amortisation of disposals/write-offs	20	–	**20**
Tranfers	2.364	–	**2.364**
Accumulated amortisation of subsidiaries disposed	47	15	**62**
31st December 2022	**(12.580)**	**(897)**	**(13.477)**
1 January 2023	**(12.580)**	**(897)**	**(13.477)**
Amortisation	(1.445)	(392)	**(1.837)**
Impairment/write-offs	(1.285)	48	**(1.237)**
31st December 2023	**(15.310)**	**(1.241)**	**(16.551)**
Net Book Value			
31st December 2022	**59.165**	**1.308**	**60.473**
31st December 2023	**68.768**	**994**	**69.762**

	COMPANY		
	Concessions and Rights	**Software**	**Total**
Acquisition value			
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**
1 January 2023	**3.658**	**2.195**	**5.853**
Additions	75	103	**178**
Impairment/write-offs	–	**(73)**	**(73)**
31st December 2023	**3.733**	**2.225**	**5.958**
Accumulated Amortisation			
1 January 2022	**(1.955)**	**(532)**	**(2.487)**
Amortisation	(134)	(360)	**(494)**
31st December 2022	**(2.089)**	**(892)**	**(2.981)**
1 January 2023	**(2.089)**	**(892)**	**(2.981)**
Amortisation	(101)	(391)	**(492)**
Impairment/write-offs	–	48	**48**
31st December 2023	**(2.190)**	**(1.235)**	**(3.425)**
Net Book Value			
31st December 2022	**1.569**	**1.303**	**2.872**
31st December 2023	**1.543**	**990**	**2.533**

The movement in "Concessions and Rights" includes the effect of the extension of the useful life of the wind farms from 25 to 30 years, which took place in the last quarter of the year 2023, resulting in a decrease in depreciation costs of € 92 thousand compared to the depreciation that would have been incurred if the extension of the useful life had not been implemented (see Note 3.2). This effect will decline in the years to come, as the Group's older parks approach their originally defined twenty-five-year life, while from the moment their originally defined useful life expires and for the additional five years of its extension, the above positive effect will turn negative.

(Amounts in thousands of Euros unless mentioned otherwise)

Amortization of the Group's intangible assets for the year 2023 has been recorded in the Cost of Sales by € 1.409 thousand (€ 1.052 thousand in 2022), in the Administrative and Distribution Expenses € 425 thousand (€ 382 thousand in 2022) and in the Research and Development Expenses by € 5 thousand (€ 4 in 2022). Respectively, the amortization of the Company's intangible assets for the year 2023 has been recorded in the Cost of Sales by € 109 thousand (€ 142 thousand in 2022), in the Administrative and Distribution Expenses by € 378 thousand (€ 334 thousand in 2022) and in Research and Development Expenses by € 5 thousand (€ 4 in 2022).

Within the financial year, the Group recognized intangible assets of € 4.717 thousand, thousand as a result of the acquisition of TERNA ENERGY SAPPON PC. These intangible assets (wind farm licenses) will start to be amortized on the date of completion of the construction and electricity of the respective wind farm.

In the annual and interim reporting periods, they are examined for any impairment, in accordance with the relevant requirements of IAS 36 "Impairment of Assets". As a consequence of the test conducted at the reporting date of the annual financial statements, on 31/12/2023, and of the decisions adopted in the context of its strategic planning, whereby it decided not to continue the implementation of certain projects, an impairment loss of € 1,285 thousand had to be recognized on the assets related to these projects.

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 2023 and 2022, 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 2022	**17.374**	**5.413**	**152**	**22.939**
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	–	(7)	(74)	**(81)**
Foreign exchange differences	(65)	27	–	**(38)**
31st December 2022	**26.673**	**4.756**	**78**	**31.507**
1 January 2023	**26.673**	**4.756**	**78**	**31.507**
Additions and changes due to modification of existing contract	4.594	662	268	**5.524**
Foreign exchange differences	307	(26)	3	**284**
31st December 2023	**31.574**	**5.392**	**349**	**37.315**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated Depreciation				
1 January 2022	**(1.335)**	**(1.984)**	**(85)**	**(3.404)**
Depreciation	(987)	(435)	(23)	**(1.445)**
Changes due to modifications of exsiting contracts	–	357	–	**357**
Reductions from loss of control of subsidiaries	–	4	47	**51**
Foreign exchange differences	11	(20)	–	**(9)**
31st December 2022	**(2.311)**	**(2.078)**	**(61)**	**(4.450)**
1 January 2023	**(2.311)**	**(2.078)**	**(61)**	**(4.450)**
Depreciation	(1.342)	(661)	(36)	**(2.039)**
Changes due to modifications of exsiting contracts	23	45	–	**68**
Foreign exchange differences	(77)	14	(1)	**(64)**
31st December 2023	**(3.707)**	**(2.680)**	**(98)**	**(6.485)**
Net Book Value				
31st December 2022	**24.362**	**2.678**	**17**	**27.057**
31st December 2023	**27.867**	**2.712**	**251**	**30.830**

Depreciation of the Group's right-in-use assets for the fiscal year 2023 has been recorded in the Cost of Sales by € 562 thousand (€ 573 thousand in 2022), in the Administration and Distribution Expenses by € 596 thousand (€ 478 thousand in 2022), in the Research and Development Expenses by € 245 thousand (€ 135 thousand in 2022) and in the item Other Income/(expenses) by € 9 thousand (€ 1 thousand in 2022). Furthermore, the amount of € 627 thousand (€ 245 thousand in 2022) of depreciation of the Group's rights-of-use assets was transferred to the cost of tangible assets under construction.

The additions and changes from the amendment of existing contracts of the year 2023 of the Group amounting to € 5,524 thousand derive mostly from the Company's additions amounting to € 4,555 thousand and are mainly due to additions of land plots rights of use.

Entity - Rights-in-use Assets

	COMPANY			
	Land-Plots	**Buildings and Installations**	**Vehicles**	**Total**
Acquisition value				
1 January 2022	**9.123**	**4.792**	**52**	**13.967**
Additions and changes due to modification of existing contract	8.695	(682)	–	**8.013**
31st December 2022	**17.818**	**4.110**	**52**	**21.980**
1 January 2023	**17.818**	**4.110**	**52**	**21.980**
Additions and changes due to modification of existing contract	4.279	34	242	**4.555**
31st December 2023	**22.097**	**4.144**	**294**	**26.535**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated Depreciation				
1 January 2022	**(208)**	**(1.559)**	**(40)**	**(1.807)**
Depreciation	(543)	(410)	(6)	**(959)**
Write-offs	–	357	–	**357**
31st December 2022	**(751)**	**(1.612)**	**(46)**	**(2.409)**
1 January 2023	**(751)**	**(1.612)**	**(46)**	**(2.409)**
Depreciation	(823)	(373)	(33)	**(1.229)**
31st December 2023	**(1.574)**	**(1.985)**	**(79)**	**(3.638)**
Net Book Value				
31st December 2022	**17.067**	**2.498**	**6**	**19.571**
31st December 2023	**20.523**	**2.159**	**215**	**22.897**

Depreciation of the Company's right-in-use assets for the fiscal year 2023 has been recorded in Cost of Sales by € 643 thousand (€ 452 thousand in 2022), in Administrative and Distribution Expenses by € 341 thousand (€ 371 thousand in 2022), in Research and Development Expenses by € 120 thousand (€ 135 thousand in 2022) and in the Other income/ (expenses) by € 9 thousand (€ 1 thousand in 2022). Furthermore, the amount of € 627 thousand (€ 116 thousand in 2022) of depreciation of the Group's rights-of-use assets was transferred to the cost of tangible assets under construction.

10. TANGIBLE ASSETS

The Group's and the Company's Tangible Assets and their movements for the periods from 1 January to 31 December 2023 and 2023, in the accompanying financial statements, are analyzed as follows:

	GROUP						
	Land-Plots	**Buildings and Installatio**	**Technolo gical and Mechani**	**Vehicle s**	**Furnit ure and**	**Assets under construc**	**Total**
Acquisition value							
1 January 2022	**3.202**	**111.104**	**1.057.26**	**1.503**	**4.304**	**213.711**	**1.391.**
Additions	2.583	5.993	9.435	–	386	210.687	**229.08**
Borrowing cost	–	–	194	–	–	7.131	**7.325**
Disposals/Write offs	–	–	(122)	(310)	–	(4.995)	**(5.427**
Dismatling provision	–	–	894	–	–	–	**894**
Tranfers	–	2.452	(2.402)	–	–	(50)	**–**
Additions due to acquisition of subsidiaries	–	–	–	–	–	172	**172**
Reductions from loss of control of subsidiaries	–	–	3	–	(11)	(1)	**(9)**
Foreign exchange differences	–	(99)	(2.139)	23	–	169	**(2.046)**
31st December 2022	**5.785**	**119.450**	**1.063.13**	**1.216**	**4.679**	**426.824**	**1.621.**
1 January 2023	**5.785**	**119.450**	**1.063.13**	**1.216**	**4.679**	**426.824**	**1.621.**
Additions	676	12.839	134.146	72	444	45.193	**193.37**
Borrowing cost	–	–	11.958	–	–	6.378	**18.336**
Disposals/Write offs	(2)	–	–	(37)	–	(1.326)	**(1.365**
Dismatling provision	–	–	(1.651)	–	–	–	**(1.651**

(Amounts in thousands of Euros unless mentioned otherwise)

Impairment/write-offs	–	–	–	–	–	(917)	**(917)**
Tranfers/Reclassifications	–	178.186	76.092	(11)	–	(254.278)	**(11)**
Additions due to acquisition of subsidiaries (see Note 7)	–	–	–	–	–	2	**2**
Foreign exchange differences	–	427	9.195	–	12	(40)	**9.594**
31st December 2023	**6.459**	**310.902**	**1.292.87**	**1.240**	**5.135**	**221.836**	**1.838.**
Accumulated Depreciation							
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 deconsolidated subsidiaries	–	–	(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)**
1 January 2023	**–**	**(43.374)**	**(405.148)**	**(1.082)**	**(2.398)**	**267**	**(451.735)**
Depreciation	–	(7.833)	(41.515)	(49)	(419)	–	**(49.816)**
Depreciation of disposals/write-offs	–	–	–	12	–	–	**12**
Impairment/write-offs	–	(29)	–	–	–	–	**(29)**
Tranfers/Reclassifications	–	13	(13)	11	–	–	**11**
Foreign exchange differences	–	(191)	(4.129)	1	(9)	–	**(4.328)**
31st December 2023	**–**	**(51.414)**	**(450.805)**	**(1.107)**	**(2.826)**	**267**	**(505.885)**
Net Book Value							
31st December 2022	**5.785**	**76.076**	**657.982**	**134**	**2.281**	**427.091**	**1.169.349**
31st December 2023	**6.459**	**259.488**	**842.065**	**133**	**2.309**	**222.103**	**1.332.557**

	COMPANY						
	Land-Plots	**Buildings and Installation**	**Technological and Mechanical**	**Vehicles**	**Furniture and fixtures**	**Assets under construction**	**Total**
Acquisition value							
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**
Disposals/Write offs	–	–	–	–	–	(11.439)	**(11.439)**
31st December 2022	**3.700**	**15.292**	**150.163**	**1.078**	**3.377**	**3.024**	**176.634**
1 January 2023	**3.700**	**15.292**	**150.163**	**1.078**	**3.377**	**3.024**	**176.634**
Additions	263	–	426	72	398	5.904	**7.063**
Disposals/Write offs	(1.279)	–	–	(6)	–	–	**(1.285)**
Dismatling provision	–	–	(268)	–	–	–	**(268)**
Tranfers	–	–	–	(11)	–	–	**(11)**
31st December 2023	**2.684**	**15.292**	**150.321**	**1.133**	**3.775**	**8.928**	**182.133**

(Amounts in thousands of Euros unless mentioned otherwise)

Accumulated Depreciation							
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)**
1 January 2023	**–**	**(8.307)**	**(102.163)**	**(969)**	**(1.859)**	**–**	**(113.298)**
Depreciation	–	(649)	(5.111)	(38)	(294)	–	**(6.092)**
Depreciation of disposals/write-offs	–	–	–	4	–	–	**4**
Tranfers	–	–	–	11	–	–	**11**
31st December 2023	**–**	**(8.956)**	**(107.274)**	**(992)**	**(2.153)**	**–**	**(119.375)**
Net Book Value							
31st December 2022	**3.700**	**6.985**	**48.000**	**109**	**1.518**	**3.024**	**63.336**
31st December 2023	**2.684**	**6.336**	**43.047**	**141**	**1.622**	**8.928**	**62.758**

The account “Technological and mechanical equipment” amounting to € 842.065 thousand regarding the Group and € 43.047 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 € 98.016 thousand (2022: € 68.093 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 2023 to Technological and Mechanical Equipment of € 134.146 thousand in total, mainly relate to additions 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. The amount of these additions amounted to € 132.913 thousand concern the wind farms belonging to the subsidiaries of the Group TERNA ENERGY OMALIES S.A. and ENERGY KAFIREOS EVOIAS S.A.

The additions to the Group’s assets under construction for the fiscal year 2023 amount to € 45.193 thousand mainly relate mainly to additions related to the construction of the Pump Storage Project that the Group is developing in the region of Etoloakarnania.

The movement in "Technical and mechanical equipment" includes the effect of the extension of the useful life of the wind farms from 25 to 30 years, that occurred during the last quarter of the financial year 2023, leading to a decrease in depreciation costs of € 2,642 thousand compared to the depreciation that would have been generated if the extension of the useful life had not been implemented (see Note 3.2). This effect will decline in the years to come, as the Group's older parks approach their originally defined twenty-five-year life, while from the moment their originally defined useful life expires and for the additional five years of its extension, the above positive effect will turn negative.

(Amounts in thousands of Euros unless mentioned otherwise)

Depreciation of tangible assets of the Group for the year 2023 has been recorded in the Cost of Sales by € 49.193 thousand (€ 44.946thousand in 2022), in the Administration and Distribution Expenses by € 473 thousand (€ 264 thousand in 2022) and in the Research and Development Expenses by € 142 thousand (€ 124 thousand in 2022), while an amount of € 8 thousand is related to depreciation of assets capitalized in the cost of construction of the Wind Farms.

Respectively, the depreciation of the tangible assets of the Company for the year 2023 have been recorded in the Cost of Sales by € 5.499thousand (€ 5.863 thousand in 2022), in the Administration and Distribution Expenses by € 451 thousand (€ 274 thousand in 2022) and in the Research and Development Expenses by € 142 thousand (€ 124 thousand in 2022).

As a consequence of the test conducted at the reporting date of the annual financial statements 2023, and of the decisions adopted in the context of its strategic planning, whereby it decided not to continue the implementation of certain projects, an impairment loss of € 316 thousand and a write-off of € 630 thousand had to be recognized on the assets of these projects.

11. INVESTMENTS IN SUBSIDIARIES

11.1 Analysis of changes of investments in subsidiaries for the year 2023

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	
	31/12/2023	**31/12/2022**
Opening balance	**390.829**	**416.851**
Additions	16.731	9.902
Disposals	–	(184)
Capital return	(48.673)	(17.299)
Impairment	(1.383)	(18.386)
Transfer from/to joint ventures	–	(55)
Adjustment of investment costs due to reassessment of the consideration	(2.673)	–
Closing balance	**354.831**	**390.829**

The additions of € 16.731 thousand in 2023 relate to entities acquisitions of amount € 6.306 thousand and share capital increases of amount € 10.425 thousand.

More specifically, the acquisitions within the fiscal year 2023 are analyzed as follows:

- Acquisition of the company TERNA ENERGEIAKI SAPPON SINGLE MEMBER PC. amount of € 6.306 thousand.

The share capital increases, and entity's establishment are analyzed as follows:

- Share capital increase of € 400 thousand in the subsidiary company TERNA ENERGEIAKI SAPPON SINGLE MEMBER PC.
- Share capital increase of € 25 thousand in the subsidiary company AIOLIKI PROVATA TRAIANOUPOLEOS S.M.S.A..
- Share capital increase of of € 10.000 thousand in the subsidiary company TERNA ENERGY-PUMPED STORAGE I S.M.S.A..

Return of share capital € 48.673 thousand that took place in 2023, are related with subsidiaries TERNA ENERGY OVERSEAS LTD, ENERGIAKI SERVOUNIOU S.A., TERNA ENERGEIAKI EVROU S.A.,AIOLIKI RACHOULAS DERVENOCHORION S.A. , ENERGEIAKI DERVENOCHORION S.A., AIOLIKI PASTRA ATTIKIS S.A., AIOLIKI DERVENI TRAIANOUPOLEOS S.A., ENERGIAKI FERRON EVROU M.A.E. up € 13.000 thousand, € 11.536 thousand, € 6.150 thousand, €2.988thousand, € 105, € 6.930 thousand, € 5.797 thousand, και € 2.167thousand, respectively.

As of 31/12/2023, due to changing conditions in the energy market, the significant delays observed in the licensing process of RES and more specifically in the provision of connection criteria, the Management extended the repayment schedules of the contingent consideration of certain acquired companies, in accordance with the terms of their acquisition contract, by reassessing the fair value of the contingent considerations related to the acquisitions of these subsidiaries and particularly of TERNA ENERGY SAPPON PC., KEY SOLAR ENERGY SINGLE MEMBER PC, KASTRAKI SOLAR ENERGY SINGLE MEMBER PC.

Consequently, the values of the companies' contingent consideration have been reduced by € 2.673 thousand. This change has affected the value of the investments in subsidiaries in the company's financial statements and the cost of the licenses related to these projects, which have been recognized at a consolidated level, based on the respective accounting policies explained in notes 4.1.1 (a) and 4.1.12 respectively.

During the year 2023 the Company recognized dividends collected from the subsidiaries amounting to € 50.035 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 AE («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.

(Amounts in thousands of Euros unless mentioned otherwise)

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

Assumptions used to determine value in use

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

- Projected sales: Projected sales include management assumptions and estimates that have taken into account historical measurements of electricity generation and electricity sales prices.
- Pre – calculated EBITDA: Operating profit margins and EBITDA are calculated on the basis of the latest years' actuarial data. For the projected period, EBITDA margin for RES is estimated fluctuate between 52% and 89% while for the biomass 28% and 33%.
- Discount rate from 5,70% up to 6,60% per case (for Greece 5,80% - 6,30%, for Poland 5,70% and for Bulgaria 6,60%).

Impairment test results

Based on the results of the impairment test as of 31 December 2023, 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 € 1.383 thousand, which is relate to TERNA ENERGY S.A. AND CO ENERGIAKI ARI SAPPON G.P. € 30 thousandTERNA ENERGY S.A. AND Co AIOLIKI POLYKASTROU G.P. € 22 thousand, AIOLIKI STEREAS ELLADOS S.M.S.A. € 120 thousand, and TERNA ENERGY FIVE TOWERS GP € 1.211 thousand.

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%**
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/202**	**31/12/2023**	**31/12/2022**
Non-current assets	8.497	16.841	8.827	9.428	2.794	3.007
Current assets	21.936	15.094	7.867	8.657	1.873	1.405
Total assets	**30.433**	**31.935**	**16.694**	**18.085**	**4.667**	**4.412**
Total long-term liabilities	9.181	12.524	9.724	10.680	4.072	4.024
Total short-term liabilities	7.751	7.468	2.205	2.454	428	396
Total liabilities	**16.932**	**19.992**	**11.929**	**13.134**	**4.500**	**4.420**

(Amounts in thousands of Euros unless mentioned otherwise)

Total equity	**13.501**	**11.943**	**4.765**	**4.951**	**167**	**(8)**
Attributed to:						
Non-controlling interest	8.776	7.763	2.335	2.426	33	(2)

Condensed items of the statement of comprehensive income

	HST S.A.		**DEI RENEWABLES- TERNA ENERGY S.A.**		**DELTA AXIOU S.A.**	
	01-Ιαν		**01-Ιαν**		**01-Ιαν**	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Revenue	10.962	10.556	2.828	2.547	2.165	1.778
Net profit/(losses) for the year	**3.133**	**2.465**	**723**	**675**	**175**	**(450)**
Other comprehensive income for the year (after tax)	–	3	(1)	1	–	–
Total comprehensive income/(losses) for the year	**3.133**	**2.468**	**722**	**676**	**175**	**(450)**
Profit/(losses) for the year attributed to non-controlling interests	2.036	1.604	354	331	35	(90)

Condensed items of the statement of cash flows

	HST S.A.		**DEI RENEWABLES- TERNA ENERGY S.A.**		**DELTA AXIOU S.A.**	
	01-Ιαν		**01-Ιαν**		**01-Ιαν**	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Total inflows/(outflows) from operating activities	6.310	4.802	1.647	4.845	62	19
Total inflows/(outflows) from investing activities	22	–	(87)	(885)	–	–
Total inflows/(outflows) from financing activities	(6.041)	(5.964)	(1.639)	(880)	(126)	(126)
Net increase/(decrease) in cash and cash equivalents	**291**	**(1.162)**	**(79)**	**3.080**	**(64)**	**(107)**

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:

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP	
	31/12/2023	31/12/2022
Net losses for the year	(33)	(25)
Total comprehensive loss for the year	**(33)**	**(25)**
Total participating interest of the Group in the carrying amount of associates	**–**	**34**

The movement in investments in associates for the years 2023 and 2022 is as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**34**	**59**	**–**	**–**
Share of results from assosiates	(34)	(25)	–	–
Closing balance	**–**	**34**	**–**	**–**

13. INVESTMENTS IN JOINT ARRANGEMENT

13.1. Investments in joint ventures

The Group holds rights in joint ventures, consolidated under equity method in accordance with the provisions of IAS 28 and presented in Note 5 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	
	31/12/2023	31/12/2022
Net losses for the year	**(51)**	**(73)**
Total comprehensive loss for the year	**(51)**	**(73)**
Total participating interest of the Group in the carrying amount of joint ventures	**4.164**	**4.164**

The movement in investments in joint ventures, is as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**4.164**	**4.259**	**4.425**	**4.706**
Initial acquisition of participations by cash or credit	51	–	51	–
Impairment of investments	–	(22)	–	(281)
Share of results from joint ventures	(51)	(73)	–	–
Closing balance	**4.164**	**4.164**	**4.476**	**4.425**

The acquisitions of participations of the amount of € 51 thousand occurred during 2023, concern the companies TERNA FIBER S.A. and ATLAS1 ENERGY PC

(Amounts in thousands of Euros unless mentioned otherwise)

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 SA, (which owns 100% of the voting rights of the companies ILIAKA VAKOUFIA MONOPROSOPI PC and PHOTOVOLTAIKA KILKIS MONOPROSOPI PC) 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 2023 και 2022:

	31/12/2023	**31/12/2022**
Non-current assets	455	379
Cash and cash equivalents	1.210	1.106
Other current assets	975	1.162
Total assets	**2.640**	**2.647**
Long-term liabilities	38	18
Suppliers	142	90
Other short-term liabilities	253	228
Total liabilities	**433**	**336**
Equity	**2.207**	**2.311**
Revenue	2.357	2.126
Gross profit	1.076	963
Profit (before tax)	924	823
Profit (after tax)	713	640
Total comprehensive income (after tax)	713	640

In 2023, a turnover amount of € 4 thousand of J/V GEK TERNA - TERNA ENERGY, related to the construction sector while an amount of € 2.353 thousand related to the concessions sector.

(Amounts in thousands of Euros unless mentioned otherwise)

14. INVESTMENTS IN EQUITY INTERESTS

The movement of investments in equity interests for the years 2023 and 2022, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**3.499**	**2.583**	**3.499**	**2.583**
Additions	1.340	1.107	1.340	1.107
Fair value adjustment through other comprehensive income	429	(191)	429	(191)
Closing balance	**5.268**	**3.499**	**5.268**	**3.499**

The total amount of the above investments, concern shares of unlisted securities and the determination of their fair value is presented in Note 43.

During 2023, no dividends from investments in equity securities were received.

15. OTHER LONG-TERM RECEIVABLE

Other Long-term receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Loans to subsidiaries of the Group and other related companies	1.520	1.200	135.638	138.918
Guarantees granted	688	2.342	181	1.783
Other long-term receivables	2.893	2.894	2.893	2.892
Long term grants receivables	–	835	–	–
Advanced payments for the acquisition of interests in entities	1.340	–	450	–
Impairments	(810)	(810)	(810)	(810)
Total	**5.631**	**6.461**	**138.352**	**142.783**

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 2023 loans amounting to € 1.150 thousand were granted to subsidiary companies and were repaid by subsidiary companies, loans amounting to € 4.453 thousand and loans amounting to € 24.345 thousand were converted from short-term to long-term.

The decrease in " Guarantees granted " at Group and company level mainly relates to the return of a guarantee given by the parent company in the context of the electricity trading activity, due to the discontinuation of this activity.

The decrease in "Long-term grants receivable" relate to the receivable that the Group's subsidiary company AIOLIKI RACHOULAS DERVENOCHORION S.A. (see Note 27).

The advanced payments for future acquisitions of entities are related to the Group's investment projects in Greece and Bulgaria.

(Amounts in thousands of Euros unless mentioned otherwise)

Provision for impairment of long-tern financial assets for the years 2023 και 2022, is analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2022	–	1	810	811	–	1	810	811
Recovered provisions for credit loss	–	(1)	–	**(1)**	–	(1)	–	**(1)**
31st December 2022	–	–	810	810	–	–	810	810

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2023	–	–	810	810	–	–	810	810
31st December 2023	–	–	810	810	–	–	810	810

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.

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. In 2023, the Integrated Management Unit of Arcadia, the Waste Transfer Stations of Argolida and Corinth and the Transitional Management Units of Messinia and Laconia were commissioned, while the construction of the Integrated Management Units of Messinia and Laconia is in progress and is expected to be completed in 2024.

(Amounts in thousands of Euros unless mentioned otherwise)

Financial Contribution of Peloponnese Region

During the fiscal year 2023, the Peloponnese Region paid the amount of € 33.817 thousand 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 4.1.7.

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 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**
Opening balance as at 1 January 2023	**20.490**	**16.715**	**41.721**	**78.926**
Decrease in financial asset	(6.901)	(1.770)	(3.769)	**(12.440)**
Reversion of discounting	3.640	1.283	2.855	**7.778**
Impairment	(2)	(7)	(11)	**(20)**
Closing balance as at 31st December 2023	**17.227**	**16.221**	**40.796**	**74.244**
Financial Assets - Concessions Long term part	**8.431**	**15.873**	**36.254**	**60.558**
Financial Assets - Concessions Short term part (Note 20)	**8.797**	**347**	**4.542**	**13.686**
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**
Analysis of revenues per category of year 2023				
Revenue from construction services	–	–	40.475	**40.475**
Revenue from operation services	10.962	6.595	11.411	**28.968**
Reversion of discounting	3.640	1.283	2.855	**7.778**
Total	**14.602**	**7.878**	**54.741**	**77.221**

(Amounts in thousands of Euros unless mentioned otherwise)

Impairment of Financial Asserts – Concessions for the years 2023 and 2022, is analyzed as follows:

	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	–	–	–	–

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2023	–	11	–	11	–	–	–	–
Provision for credit loss	–	26	–	**26**	–	–	–	–
Recovered provisions for credit loss	–	(6)	–	**(6)**	–	–	–	–
31st December	–	31	–	31	–	–	–	–

17. INVENTORIES

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

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Raw and auxiliary materials	802	2.686	630	2.613
Spare parts	8.945	7.331	5.521	4.569
Goods and products finished and semi-finished	33	33	33	33
Write-down of inventories	(148)	(148)	(148)	(148)
Total	**9.632**	**9.902**	**6.036**	**7.067**

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 2023 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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Customers	82.026	67.998	113.470	148.417
Customers-withheld guarantees	105	105	2.120	3.189
Bills/checks receivables	61	12	61	12
Impairment of trade receivables	(3.367)	(3.379)	(762)	(750)
Total	**78.825**	**64.736**	**114.889**	**150.868**

The increase in the Group's trade receivables is mainly due to the commissioning of the wind farm complex in the Kafireas area.

The decrease in the Company's trade receivables is mainly due to intra-group receivables in the construction sector as a consequence of the construction of the new power plants and the waste management plants.

The carrying amounts of customers represent their fair value.

The table below presents the total of trade receivables before impairment:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Non-oustanding balances	60.424	61.557	86.127	139.955
Outstanding balances	21.768	6.559	29.524	11.663
Total receivables from customers	**82.192**	**68.116**	**115.651**	**151.618**

The maturity of the balances is analyzed as follows:

GROUP 2023

	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	60.424	18.493	34	3.241	82.192
Expected credit loss	(123)	(35)	(1)	(3.208)	(3.367)

GROUP 2022

	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	61.557	3.142	109	3.308	68.116
Expected credit loss	(101)	–	–	(3.277)	(3.378)

COMPANY 2023

	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	86.126	28.842	15	667	115.650
Expected credit loss	(45)	(60)	–	(657)	(762)

COMPANY 2022

	Non-oustanding balances	Less than 6 months	6 - 12 months	More than 12 months	Total
Total amount of receivables	139.955	8.932	1.561	1.170	151.618
Expected credit loss	(96)	–	–	(654)	(750)

(Amounts in thousands of Euros unless mentioned otherwise)

On 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.

Provisions for impairment of trade receivables regarding 2023 and 2022 are analyzed as follows:

	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 disposal of subsidiary	–	(20)	(3.056)	**(3.076)**	–	–	–	**–**
Foreign exchange differences	–	–	6	**6**	–	–	–	**–**
31st December 2022	**–**	**101**	**3.279**	**3.380**	**–**	**95**	**654**	**749**

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2023	–	101	3.279	3.380	–	95	654	749
Provision for credit loss	–	39	–	**39**	–	81	–	**81**
Recovered provisions for credit loss	–	(57)	–	**(57)**	–	(70)	–	**(70)**
Foreign exchange differences	–	–	6	**6**	–	–	–	**–**
31st December	**–**	**83**	**3.285**	**3.368**	**–**	**106**	**654**	**760**

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Short-term part of receivables from long-term intra-group loans and leases	2.230	–	4.786	5.338
Restricted cash	74.455	68.098	3.488	3.000
Other intra-group receivables / receivables from other related parties	245	274	1.642	1.031
Other receivables	5.466	7.553	3.421	6.443
Impairments	(69)	(31)	(68)	(29)
Total	**82.327**	**75.894**	**13.269**	**15.783**

(Amounts in thousands of Euros unless mentioned otherwise)

Prepayments and other non-financial receivables

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Prepayments to suppliers	4.013	6.042	4.192	9.761
Prepayments to social security funds	379	353	319	306
VAT for return-offsetting	28.102	36.021	56	37
Receivables from other taxes other than income tax	95	88	–	–
Prepaid expenses and other transitory asset accounts	16.832	12.720	14.124	10.650
Receivables from grants	–	627	–	–
Total	**49.421**	**55.851**	**18.691**	**20.754**
Total prepayments and other receivables	**131.748**	**131.745**	**31.960**	**36.537**

On 31/12/2023, the "Other intra-group receivables / receivables from other related parties" item of the Company, an amount of € 524 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" as well as the commencement of the production operation of the wind farm complex in the area of Kafirea in Evia.

In the course of the financial year 2023, the full amount of the grant was received from the subsidiary company Aeoliki Rahoula Dervenochoria S.A. (see Note 27).

Provisions/recovery of impairment of other financial and non-financial receivables for the years 2023 και 2022 are analyzed as follows:

	GROUP				COMPANY			
	Stage 1	Stage	Stage 3	Total	Stage 1	Stage	Stage 3	Total
1st January 2022	–	1	–	1	–	–	–	–
Provision for credit loss	–	–	30	**30**	–	–	29	**29**
31st December 2022	–	1	30	31	–	–	29	29

	GROUP				COMPANY			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1st January 2023	–	1	30	31	–	–	29	29
Provision for credit loss	–	39	–	**39**	–	39	–	**39**
Recovered provisions for credit loss	–	(1)	–	**(1)**	–	–	–	–
31st December 2023	–	39	30	69	–	39	29	68

(Amounts in thousands of Euros unless mentioned otherwise)

20. RECEIVABLES (LIABILITIES) FROM CONTRACTS WITH CUSTOMERS

Receivables from contracts with customers are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Receivables from construction contracts with customers	2.002	1.290	3.715	1.481
Receivables from other contracts with customers	28.494	21.256	9.531	11.569
Financial Assets - Concessions Short term part	13.685	8.053	–	–
Less: Impairments of receivables from contracts with customers	(2)	(48)	–	–
	44.179	**30.551**	**13.246**	**13.050**

The Group's "Receivables from other contracts with customers" in fiscal year 2023 have been increased mainly as a consequence of the recognition of unbilled renewable energy generation revenue of December 2023 from the wind farm complex in Kafirea, which commenced operations during the year.

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

	GROUP				COMPANY			
	Stage 1	**Stage 2**	**Stage**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1st January 2022	**–**	**48**	**–**	**48**	**–**	**–**	**–**	**–**
31st December 2022	**–**	**48**	**–**	**48**	**–**	**–**	**–**	**–**

	GROUP				COMPANY			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1st January 2023	**–**	**48**	**–**	**48**	**–**	**–**	**–**	**–**
Provision for credit loss	–	1	–	**1**	–	–	–	–
Recovered provisions for credit loss	–	(47)	–	**(47)**	–	–	–	–
31st December 2023	**–**	**2**	**–**	**2**	**–**	**–**	**–**	**–**

Liabilities from contracts with customers are analyzed as follow:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Liabilities from construction contracts with customers	734	109	8.331	6.049
Liabilities from other contracts with customers	8.044	8.502	5.551	11.445
	8.778	**8.611**	**13.882**	**17.494**

The movements in receivables and liabilities from contracts with customers for the years 2023 and 2022 are due to the following factors:

Receivables from contracts with customers	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**30.551**	**2.795**	**13.050**	**9.251**
Effect of the existing contracts implementation	15.768	–	27.866	5.111
Effect from new contracts	25	25.507	25	105.685
(Invoices for the period)	(2.216)	(356)	(27.695)	–
Transfer from liabilities from contracts with customers	–	2.607	–	(105.365)
Impairments of receivables from contracts with	47	–	–	(1.632)
Foreign exchange differences	4	(2)	–	–
Closing balance	**44.179**	**30.551**	**13.246**	**13.050**

(Amounts in thousands of Euros unless mentioned otherwise)

Liabilities from contracts with customers are analyzed as follows:

Liabilities from contracts with customers	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**8.611**	**3.371**	**17.494**	**54.554**
Effect of the existing contracts implementation	(227)	–	(60.985)	(2.484)
Effect from new contracts	–	2.634	–	(123.960)
(Invoices for the period)	394	–	57.373	91.016
Transfer from receivables from contracts with	–	2.607	–	(1.632)
Foreign exchange differences	–	(1)	–	–
Closing balance	**8.778**	**8.611**	**13.882**	**17.494**

21. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Group and the Company as of December 31st, 2023 and 2022 are analyzed as follows:

	GROUP		ENTITY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Cash in hand	6	7	–	–
Sight deposits	227.499	391.889	43.082	110.917
Time deposits	20.522	–	10.000	–
Total	**248.027**	**391.896**	**53.082**	**110.917**

Term deposits have a standard maturity of one month and carry an interest rate ranging between 3.25%-3.45% for 2023.

In addition, on 31/12/2023 the Group and the Company possessed restricted deposits amounting to € 74.455 thousand and € 3.488 thousand respectively (31/12/2022: € 68.098 thousand for the Group and € 3.000 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). All the above blocked deposits are directly related to borrowings, both for the Group and the Company.

22. LOANS

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

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Long-term loans				
Bank loans	14.865	24.199	–	–
Bond loans	1.039.399	927.127	366.433	388.408
Total long-term loans	**1.054.264**	**951.326**	**366.433**	**388.408**
Long-term liabilities carried forward				
Bank loans	7.637	7.780	–	–
Bond loans	105.211	103.321	14.788	14.086

(Amounts in thousands of Euros unless mentioned otherwise)

Total long-term liabilities carried forward	**112.848**	**111.101**	**14.788**	**14.086**
Short-term loans				
Bank loans	–	60.632	–	60.632
Total short-term loans	**–**	**60.632**	**–**	**60.632**
Total loans	**1.167.112**	**1.123.059**	**381.221**	**463.126**

The analysis of changes in the aforementioned loan liabilities of the Group and the Company in 2023 and 2022, is presented below as follows:

	GROUP		**COMPANY**	
Long-term loans	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Opening balance	**951.326**	**872.144**	**388.408**	**389.790**
New loans	249.634	488.676	10.800	17.814
Loan repayment	(8.643)	(13.455)	(21.500)	(8.700)
Capitalization of interest	3.293	9.785	708	1.369
Transfer between long-term and short-term loan liabilities	(142.108)	(405.443)	(11.982)	(11.865)
Foreign exchange differences	762	(381)	(1)	–
Closing balance (a)	**1.054.264**	**951.326**	**366.433**	**388.408**
Long-term liabilities carried forward				
Opening balance	**111.101**	**70.966**	**14.086**	**14.318**
New loans	6.394	31.293	–	15.000
Loan repayment	(146.937)	(396.523)	(11.971)	(27.007)
Capitalization of interest	(76)	(27)	691	(90)
Transfer between long-term and short-term loan liabilities	142.108	405.443	11.982	11.865
Foreign exchange differences	258	(51)	–	–
Closing balance (b)	**112.848**	**111.101**	**14.788**	**14.086**
Short-term loans				
Opening balance	**60.632**	**40.425**	**60.632**	**40.425**
New loans	–	20.000	–	20.000
Loan repayment	(60.000)	–	(60.000)	–
Capitalization of interest	(632)	207	(632)	207
Closing balance (c)	**–**	**60.632**	**–**	**60.632**
Total loans (a) +(b) +(c)	**1.167.112**	**1.123.059**	**381.221**	**463.126**

The Group's long-term loans are related to the financing of its activities and mainly concern the financing of the construction and operation of Renewable Energy Sources facilities as well as the financing of projects undertaken in the context of concessions. 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 HEDNO and debt securities (subsidiaries' bonds owned by the parent company and subsidiaries' shares) are pledged to banks. Furthermore, in providing collateral for the loans received, the consideration received by the Group for the implementation of concession contracts has been assigned as well. 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 31/12/2023, the total borrowings include amounts from non-recourse debt to the parent company in the amount of € 911.125 thousand, while the amounts of loans with the right of recourse to the parent company (recourse debt) amount to € 255.987 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, 2023, of € 149.106 thousand.

The weighted average interest rate of the Group's long-term loans for fiscal 2023 and 2022 amounted to 4,50% and 4,50%, respectively. The weighted average interest rate of the short-term loans was 5,00% and 3,90% for fiscal 2023 and 2022, respectively.

Regarding the Group's long-term borrowings totaling € 1.167.112 thousand liabilities plus long-term liabilities payable in the following year): (a) in Greece it consists in Euro standing 98,92% of the total, (b) in Poland - in PLN 0,98% of the total and (c) in Bulgaria - in EUR 0,10% of the total. Of the total Group long term debt, as reported at the end of the fiscal year,16,21%, are at a fixed interest rate, 65,98%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 17,80% % 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 2023 and 2022 regarding the Group amounted to € 45.869 thousand and € 38.387 thousand respectively, and for the Company amounted to € 16.933 thousand and € 17.213 thousand respectively (see Note 37).

The Company's long-term loans also include the loans received by its subsidiaries, amounted to € 311.613 thousand on December 31st 2023.

Significant changes in the loan liabilities of the Group and the Company for the annual period ended on 31/12/2023 are presented below.

New loans

Within the year 2023, the Group received by financial institutions new loans amounting to € 256.028 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:

- For the wind farms "Milia", "Mouriza - Petra Megali - Vranouli", "Tsouka-Mandriyara", "Tsouka-Skoura", "Dugza-Antias" and "Vios-Kalamaki-Bathriza" and "Aidoni" of the subsidiary company ENERGY KAFIREOS EVVIOIA S.A, a bond loan with a nominal value of € 211,486 thousand was issued, based on the loan agreement signed in 2022. The term of the loan was set at 18 years, maturing in the year 2040. The applicable interest rate was determined at 6-month Euribor plus spread.

(Amounts in thousands of Euros unless mentioned otherwise)

- For 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.E, a bond loan with a nominal value of € 34,195 thousand was raised, based on the loan agreement signed in 2022. The applicable interest rate was determined at 6-month Euribor plus spread.

- A bond loan with a nominal value of € 10,346 thousand was raised for the financing needs of the subsidiary company PELOPONISTOIKI PELOPONISOU S.A. in the context of the construction of the municipal waste treatment facilities of the Peloponnese Region. The term of the loan was set at 20 years maturing in 2041. The interest rate was set at Euribor 6 months plus margin. The applicable interest rate was determined at 6-month Euribor plus spread.

The Group has the obligation to maintain specific financial ratios relating to bond loans. As of December 31st, 2023, 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 2023 and 2022 are presented below as follows:

	GROUP		COMPANY	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**
Opening balance	**27.026**	**19.853**	**19.554**	**12.477**
Additions and changes due to modification of existing contract	5.069	8.029	4.046	7.890
Repayments under lease agreements	(2.798)	(2.309)	(1.755)	(1.456)
Financial cost for the year	1.283	858	836	643
Interest capitalised on assets	–	186	–	–
Change due to acquisition of subsidiaries	–	489	–	–
Reductions from loss of control of subsidiaries	–	(32)	–	–
Foreign exchange differences	246	(48)	–	–
Closing balance	**30.826**	**27.026**	**22.681**	**19.554**

For the period 01/01/2023 - 31/12/2023, the Group and the Company recognized rental expenses from short-term leases of € 843 thousand and € 1.281 thousand, respectively, while no leases of low values assets are effective.

24. FINANCIAL DERIVATIVES

The Group and the Company financial derivatives as at 31/12/2023 and 31/12/2022 are analyzed as follows:

		GROUP		COMPANY	
Liabilities from derivatives	**Note**	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
- Cash flow hedging					
Interest Rate Swaps	24.1	11.925	6.849	–	–
Fixed for floating swap contracts	24.2	5.663	13.515	5.663	13.515
Total liabilities from derivatives		**17.588**	**20.364**	**5.663**	**13.515**
Long-term liabilities from derivatives		*9.655*	*14.596*	–	*7.845*
Short-term liabilities from derivatives		*7.933*	*5.768*	*5.663*	*5.670*

(Amounts in thousands of Euros unless mentioned otherwise)

		GROUP		ENTITY	
Receivables from derivatives	**Note**	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
- Cash flow hedging					
Interest Rate Swaps	24.1	20.708	34.517	855	1.111
Fixed for floating swap contracts	24.2	2.752	–	2.752	–
Total receivables from derivatives		**23.460**	**34.517**	**3.607**	**1.111**
Long-term receivables from derivatives		*17.810*	*26.544*	*3.082*	*935*
Short-term receivables from derivatives		*5.650*	*7.973*	*525*	*176*

The aforementioned financial instruments are measured at their fair value (see Note 43).

During the financial year 2023, a total profit of € 1.867 thousand was recognized 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". Total changes in fair value recognized in other comprehensive income amounted to a loss of € 6.411 thousand (2022: gain of € 19.660 thousand) for the Group of which € 265 thousand was recycled through the account Financial Expenses. For the company, the total charges in Fair Value recognized in Other Comprehensive Income amounted to a gain of € 12.260 thousand (2022: loss of € 7.393 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 31/12/2023, throughout the time horizon of such contracts.

The fair value of these contracts as of 31/12/2023 amounted to a total net liability of € 8.783 with the total nominal value of the contracts amounting to € 566.191 thousand for Greece and Bulgaria). As of 31/12/2023, 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 loss of € 18.928 thousand (2022: profit € 28.885 thousand) was recognized in the item "Cash flow hedging" in the other comprehensive income statement. For the derivatives that did not qualify as cash flow hedges, in accordance with the requirements of accounting standards, a gain of € 45 thousand was recognized in the account "Gains/(Losses) on financial instruments at fair value" in other comprehensive income.

For the Company, the effect of the hedging of cash flows from the change in interest rates in the statement of other comprehensive income amounts to a loss of € 256 thousand (2022 gain of € 1.830 thousand).

These financial liabilities are classified in the fair value hierarchy at level 2 (see Note 43).

In forward interest rate swaps that include option (Interest rate CAP) the Group has elected to designate only the intrinsic value of the option as a hedge of the loan flows, recognizing the time value of the options as hedging cost. The hedging cost is initially recognized in Other Comprehensive Income and is subsequently recycled from Other Comprehensive Income to Profit or Loss during the period of the hedge. For the year

2023, an amount of € 265 thousand was recycled to the profit or loss for the period, which is included in the Financial Expenses line item.

24.2 Derivatives for hedging changes in energy market prices

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 2023, from the above-mentioned derivatives, a total loss of € 1.912 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 31/12/2023 amounted to a total liability of € 5.663 thousand. On 31/12/2023, 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 € 12.517 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 2023 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 31/12/2023.

The expense for personnel indemnities which was recognized in Statement of Comprehensive Income is analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Current service cost	54	86	49	78
Financial cost	1	1	6	1
Actuarial losses/(gains)	15	(16)	4	(10)
	70	**71**	**59**	**69**

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

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Opening balance	**245**	**204**	**218**	**179**
Provision recognized in the income statement	55	87	55	79
Provision recognized in other comprehensive income	15	(16)	4	(10)
Provisions used	(14)	(30)	(5)	(30)
Closing balance	**301**	**245**	**272**	**218**

The key actuarial assumptions for fiscal year 2023 are as follows:

	31/12/2023	31/12/2022
Discount rate	2,95%	2,90%
Salary increases	2,10%	2,50%
Inflation	2,10%	2,80%
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%

(Amounts in thousands of Euros unless mentioned otherwise)

26. OTHER PROVISIONS

The movement in other provisions of the Group and the Company for the years 2023 and 2022 is 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 2022	**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)	–	–	–	–
Other transfers	–	–	–	–	(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	–		–	–		–

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	**Provisions for loss-bearing constructio**	**Other provisions**	**Provisions for environment al**	**Provision s for loss-bearing construct**	**Other provision s**
Balance January 1st 2023	**18.520**	**–**	**896**	**3.981**	**–**	**760**
Provision recognized in the income statement	1.167	–	138	231	–	–
Provision recognized in tangible assets	(1.651)	–	–	(268)	–	–
Foreign exchange differences	183	–	–	–	–	–
Balance 31st December 2023	**18.219**	**–**	**1.034**	**3.944**	**–**	**760**
Long-term provisions	*18.219*	*–*	*1.034*	*3.944*	*–*	*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 € 18.219 thousand (31/12/2022: € 18.520 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.

(Amounts in thousands of Euros unless mentioned otherwise)

In the financial year 2023, the Group proceeded with the extension of the useful life of the wind farms from 25 to 30 years, resulting in a reduction of the provision for landscape restoration by the amount of € 41 thousand compared to the provision that would have been incurred if the extension of the useful life had not taken place (see Note 3.2).This effect will decline in the years to come, as the Group's older parks approach their originally defined twenty-five-year life, while from the moment their originally defined useful life expires and for the additional five years of its extension, the above positive effect will turn negative.

The other provisions mainly concern provisions for pending legal litigations amounting to € 473 thousand (31/12/2022: € 335 thousand) and provisions for unaudited financial years amounting to € 560 thousand (31/12/2022: € 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 2023 and 31st December 2022 in the accompanying financial statements are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	**31/12/202**	**31/12/202**	**31/12/2022**
Opening balance	**167.146**	**76.736**	**11.257**	**16.398**
Approved and collected grants	391	100.000	–	–
Grants to be returned	–	(277)	–	–
Amortisation recognized in the Income Statement	(4.971)	(5.367)	(1.152)	(1.259)
Grants related with fixed assets disposal	–	(3.882)	–	(3.882)
Foreign exchange differences	246	(64)	–	–
Closing balance	**162.812**	**167.146**	**10.105**	**11.257**

Grants, related to government subsidies 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.

During the financial year 2023, the audit of the subsidy of the Group's subsidiary Aeoliki Derveni Traianoupoleos S.A. has been concluded. The final amount of the grant settled for reimbursement for this investment project amounted to € 2,609 thousand compared to a provision of € 3,000 thousand (see note 29) with the difference recognized as a new addition.

The grants related to the investment projects of the Group's subsidiary Wind Rakhoulas Dervenochoria S.A. following the decisions on completion - finalisation of costs and certified commencement of production operations at the end of the year 2022 were paid in total in the year 2023.

The line "Depreciation recognized in profit or loss" includes the effect of the extension of the useful life of the wind farms from 25 to 30 years, which took place in the last quarter of fiscal year 2023, resulting in a decrease in depreciation income of € 382 compared to the income that would have been generated if the extension of the useful life had not taken place (see Note 3.2).

(Amounts in thousands of Euros unless mentioned otherwise)

28. SUPPLIERS

The suppliers in the accompanying financial statements, as of December 31st, 2023 and 2022, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Suppliers	62.664	75.084	25.703	63.068
Total	**62.664**	**75.084**	**25.703**	**63.068**

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 reduction of Suppliers in Company level is due to the completion of construction of the wind parks complex in the area of Kafirea in Evoia.

29. ACCRUED AND OTHER LONG – TERM AND SHORT-TERM LIABILITIES

The item “Other Long-Term Liabilities” of the consolidated financial statements as of 31/12/2023, amounting to € 10.558 thousand, relates mainly to contingent liabilities related to the acquisition of companies by the parent company in the last two years. Particularly for the company ANAX PC, which was subsequently renamed TERNA ENERGY SAPPON PC and acquired in the financial year 2023, a detailed reference is provided in the (see Note 7).

The accrued and other short-term liabilities as of December 31st, 2023, and December 31st, 2022, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Accrued and other short-term financial liabilities				
Liabilities from dividends payable and return of capital	709	495	265	245
Other liabilities to related parties	523	523	532	503
Employee fees due	347	525	329	478
Accrued expenses	6.028	5.021	714	2.007
Short term liabilities from entities acquisition	11.590	11.028	11.590	11.028
Sundry creditors	766	724	426	366
Total	**19.963**	**18.316**	**13.856**	**14.627**

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Other short-term non-financial liabilities				
Liabilities from taxes-duties other than income tax	8.774	8.801	2.260	5.006
Social security funds	687	651	564	534
Grants to be returned (see Note 27)	–	3.260	–	–
Provisions for loss-bearing construction contracts	398	2.430	398	2.430
Total	**9.859**	**15.142**	**3.222**	**7.970**

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 2024.

The account "Liabilities from taxes-duties other than income tax" for the year 2023, concerns VAT liabilities of € 2.805 thousand for the Group (€ 1.443 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 31/12/2023 the Company's share capital amounts to € 35.431.527,00 fully paid and divided into 118.105.090 common registered shares with voting rights of a nominal value € 0,30 each. Share premium as of 31/12/2023 stands at € 209.195thousand.

Company's Events 2023

- According to the decision of the Board of Directors of the Company dated 18 January 2023, pursuant to the resolution of the Extraordinary General Meeting of the Shareholders of 16 December 2020, it was decided to increase the share capital of the Company by the amount of Euro Three Hundred and Sixty Thousand (€ 360. 000.00) by issuing one million two hundred thousand (1,200,000) new common voting registered shares with a nominal value of thirty cents (€ 0.30) each, with capitalization of reserves from the issue of shares in excess of par value.

- According to the decision of the Board of Directors of the Company dated 24 May 2023, pursuant to the resolution of the Extraordinary General Meeting of Shareholders of 16 December 2020, it was decided to increase the share capital of the Company by the amount of Euro Three Hundred and Fifteen Thousand (€ 315. 000,00) by issuing one million fifty thousand (1,050,000) new common shares with voting rights, with a nominal value of thirty-euro cents (€ 0.30) each, with capitalization of reserves from the issue of bonus shares.

Dividends

On 14/06/2023 the Annual General Meeting decided the distribution of profits and reserves in the total amount of EUR 44.604.209,65, i.e. € 0,38 per share, according to article 162 par. 3 of Law 162 162 162.3 of the Law. 4548/2018. This amount is subject to 5% withholding tax, in accordance with article 24 of Law no. 4646/2019 and therefore the shareholders received a total net amount of EUR 42,373,999.17, i.e. a net amount of EUR 0.3587821589 per share. This amount was increased by the dividend corresponding to the same shares held by the Company on the cut-off date. On July 3, 2023, the shareholders received a total amount of EUR 0.3797652908 per share, or a total net amount of EUR 0.3607770263 per share.

31. RESERVES

The reserves for the fiscal years 2023 and 2022, in the accompanying financial statements, are analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

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	Development and tax legislation reserves	Total
1 January 2022	**18.155**	**(2.709)**	**(11.293)**	**–**	**(4.103)**	**9**	**(573)**	**63.585**	**63.071**
Other comprehensive income (after tax)	–	–	514	–	15.159	12	(148)	–	**15.537**
Formation of reserves	1.804	–	–	48.814	–	–	–	(9.242)	**41.376**
Distribution of dividends and reserves	–	–	–	–	–	–	–	(6.177)	**(6.177)**
Acquisition of treasury shares	–	(6.609)	–	–	–	–	–	–	**(6.609)**
Change in the percentage of a consolidated subsidiary	–	–	5	–	–	–	–	–	**5**
Reductions from lose of control of subsidiaries	(24)	–	–	–	–	–	–	–	**(24)**
31st December 2022	**19.935**	**(9.318)**	**(10.774)**	**48.814**	**11.056**	**21**	**(721)**	**48.166**	**107.179**
1 January 2023	**19.935**	**(9.318)**	**(10.774)**	**48.814**	**11.056**	**21**	**(721)**	**48.166**	**107.179**
Other comprehensive losses (after tax)	–	–	3.501	–	(4.784)	(14)	335	–	**(962)**
Formation of reserves	1.947	–	–	603	–	–	–	7.263	**9.813**
Distribution of dividends and reserves	–	–	–	–	–	–	–	(2.826)	**(2.826)**
Transfer to non-controlling interests and other movements	–	–	–	(46.800)	–	–	–	–	**(46.800)**
31st December 2023	**21.882**	**(9.318)**	**(7.273)**	**2.617**	**6.272**	**7**	**(386)**	**52.603**	**66.404**

(Amounts in thousands of Euros unless mentioned otherwise)

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	Development and tax legislation reserves	Total
1 January 2022	**9.201**	**(2.709)**	**–**	**–**	**(3.892)**	**(2)**	**(573)**	**15.444**	**17.469**
Other comprehensive losses (after tax)	–	–	–	–	(5.767)	9	(148)	–	**(5.906)**
Formation of reserves	–	–	–	48.814	–	–	–	421	**49.235**
Distribution of dividends and 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**
1 January 2023	**9.201**	**(9.318)**	**–**	**48.814**	**(9.659)**	**7**	**(721)**	**9.688**	**48.012**
Other comprehensive income (after tax)	–	–	–	–	9.566	(2)	335	–	**9.899**
Formation of reserves	–	–	–	603	–	–	–	394	**997**
Distribution of dividends and reserves	–	–	–	–	–	–	–	(2.826)	**(2.826)**
Transfer to non-controlling interests and other movements	–	–	–	(46.800)	–	–	–	–	**(46.800)**
31st December 2023	**9.201**	**(9.318)**	**–**	**2.617**	**(93)**	**5**	**(386)**	**7.256**	**9.282**

The amount of "Transfer to non-controlling interests and other movements" of € 46,800 thousand relates to the allocation of shares of the Share Distribution Plan.

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 01/01/2023 – 31/12/2023 did not purchase treasury shares. The total number of treasury shares held by the Company on 31/12/2023 was 653.046 with a total acquisition cost of € 9.317.349. These shares represented a percentage of 0,55% of the paid-up share capital of the Company.

Currency translation differences reserves

Under consolidation of foreign companies, foreign currency translation differences 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 2023, the Group recognized as an increase to these reserves, derivative profit after taxes amounting to € (4.784) thousand with the total of these reserves amounting on 31/12/2023 to a debit balance of € 6.272 thousand (see Note 24). Specifically, the interest rate hedging reserves include an amount of € 11,661 thousand which is related to forward interest rate swaps that contain an option (Interest rate CAP) for which the Group has chosen to designate only the intrinsic value of the option as a hedge of the loan cash flows, recognizing only the time value (see Note 4.1.6.6.).

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.

According to the decision of the Ordinary General Meeting of the Parent Company held on 14 June 2023, it was decided that part of the dividend payment of €2,204 thousand will be paid from reserves of development laws, which are taxable at the time of distribution in accordance with the provisions of the Income Tax Law. As a consequence of the above distribution, an amount of € 622 thousand was recognised in the "Income tax liabilities" account, resulting in a total decrease of € 2,826 thousand in the "Development and Tax Law Reserves" account.

The Group and the Company hold non-taxable reserves for the amount of € 47.464 thousand and € 6.364 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 SA 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.

The Board of Directors of "TERNA ENERGY", by its resolutions of 18/01/2023 and 24/5/2023, approved the increase of the Company's Share Capital by the amount of Euro Six Hundred and Seventy-Five Thousand (€ 675.000,00) through the issuance of Two Million Two Hundred and Fifty Thousand (2.250. 000) of new ordinary registered shares with voting rights, with a nominal value of thirty-euro cents (€0.30) each, with capitalization of share premium reserves and their free distribution to Executive Members of the Board of Directors and senior management of the Company, in accordance with the approved Share Distribution Plan. This decision is related to the achievement of targets representing 90% of the total number of shares included in the Share Distribution Plan.

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 2023, amounted for the Group and the Company, to an amount of € 603 thousand forming an equal reserve from Share based payment program (see Note 35).

(Amounts in thousands of Euros unless mentioned otherwise)

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	
	31/12/2023	**31/12/2022**
Net profit attributed to shareholders of the parent basic EPS (in thousand Euro)		
- from continuing operations	59.665	19.810
- from discontinued operations	–	22.825
	59.665	**42.635**
Average weighted number of shares used to calculate basic EPS	116.978.619	115.368.929
Basic Earnings per share attributed to shareholders of the parent (Amounts in Euro per share)		
- from continuing operations	**0,51005**	**0,17171**
- from discontinued operations	**–**	**0,19784**
- from continuing and discontinued operations	**0,51005**	**0,36955**

Based on the Share based payment program, there are diluted earnings per share of the Group for the prior year ended 31/12/2022, which are presented below:

	GROUP	
	31/12/2023	**31/12/2022**
Average weighted number of shares used to calculate basic EPS	116.978.619	115.368.929
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	116.978.619	117.458.655
Diluted Earnings per share attributed to shareholders of the parent (Amounts in Euro per share)		
- from continuing operations	**0,51005**	**0,16866**
- from discontinued operations	**–**	**0,19432**
- from continuing and discontinued operations	**0,51005**	**0,36298**

33. INCOME TAX – DEFERRED TAXATION

The tax rate for legal entities in Greece in the year 2023, as for the year 2022, after the enactment of Law 4799/2021 which amended par. 1 of no. 58 of Law 4172/2013 is set at 22%.

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.

(α) Income Tax Expense

Income tax in the accompanying consolidated and separate financial statements for 2023 and 2022, is analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Current income tax	16.771	20.807	820	170
Deferred tax	2.216	(3.800)	(2.605)	(5.745)
Total	**18.987**	**17.007**	**(1.785)**	**(5.575)**

	GROUP		COMPANY	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
(Losses)/profit before tax	**81.073**	**38.651**	**30.225**	**(4.063)**
Nominal tax rate	22%	22%	22%	22%
Income tax based on the effective nominal tax rate	**17.836**	**8.503**	**6.650**	**(894)**
Adjustments for:				
Expenses not included in the tax calculation	488	11.072	483	11.072
Effect of change in tax rate and tax rate differences of foreign subsidaries	(886)	(771)	–	–
Adjustments of tax of previous years and additional taxes	200	199	200	175
Write-off/(offsetting) of tax losses	848	239	–	–
Non-taxable results	(522)	(3.598)	(11.114)	(16.833)
Permanent tax differences (results not included in the tax calculation)	737	1.363	1.996	905
Taxation of reserves	286	–	–	–
Actual income tax expense	**18.987**	**17.007**	**(1.785)**	**(5.575)**
Effective tax rate	23,42%	44,00%	(5,91)%	137,21%

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 annually, but the profits or losses declared remain provisional until the tax authorities audit the taxpayer's books and records and issue a final audit report.

As a consequence of the completion of the partial tax audit, the Company received the relevant report for the financial years 2017 and 2018. The total impact on the results of the Company and the Group for the financial year 2023 from the audit of the financial years 2017 and 2018 amounts to € 84 thousand.

Furthermore, the tax authorities conducted an audit of the Group's subsidiary ENERGEIAKI PELOPONISOU SA for the financial years 2017 and 2018. On the income tax level, the audit allocated an amount of €14 thousand as tax differences based on interpretations of other rulings by the tax authorities which, in the opinion of the Group's management, differ substantially from the current circumstances. The company exercised its right and filed an appeal under Article 63 of Law 4972/2022, which is expected to relieve the company of the relevant liability.

The Group annually estimates any contingent liabilities, expected to arise from the audit of past years, making relevant provisions where appropriate. The Group maintains provisions of € 560 for tax non-inspected financial 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 and 46.1 to the Financial Statements.

(Amounts in thousands of Euros unless mentioned otherwise)

(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 31/12/2023 and 31/12/2022 regarding the Group and the Company are analyzed as follows:

	GROUP		COMPANY	
	31/12/2023	**31/12/2022**	**31/12/2023**	**31/12/2022**
Deferred tax asset	21.875	18.350	9.228	9.411
Deferred tax liability	(52.792)	(48.080)	–	–
Net deferred tax (liability)/asset	**(30.917)**	**(29.730)**	**9.228**	**9.411**
Opening balance	**(29.730)**	**(29.096)**	**9.411**	**2.000**
(Debit)/credit recognised in net profit for the year	(2.216)	3.800	2.604	5.746
(Debit)/credit recognised in other comprehensive income	1.269	(4.462)	(2.787)	1.665
Deferred tax of non continuing	–	–	–	1
Foreign exchange differences	(240)	28	–	–
Closing balance	**(30.917)**	**(29.730)**	**9.228**	**9.412**

Deferred tax assets and obligations for 2023 and 2022, in the consolidated and separate Statement of Comprehensive Income, are analyzed as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2022				**31st December 2022**
GROUP	**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	15	(3)	–	**58**
Investment valuation	449	5.824	42	–	**6.315**
Derivative valuation	1.582	(190)	(4.500)	–	**(3.108)**
Other provisions	942	3.130	176	–	**4.248**
Receivables-Liabilities from contracts with customers	65	(249)	–	–	**(184)**
Loans	2.310	1.127	–	(18)	**3.419**
Lease liabilities	4.301	(2.480)	–	(11)	**1.810**
Recognized tax losses	1.692	1.052	–	–	**2.744**
Intangible assets	16.832	1.095	–	–	**17.927**
Tangible assets	(31.803)	1.252	(176)	60	**(30.667)**
Financial Assets – Concessions	(23.016)	(8.044)	–	–	**(31.060)**
Grants	(1.540)	200	–	(4)	**(1.344)**
Other	(956)	1.068	(1)	1	**112**
Deferred tax of net profit/other comprehensive income		**3.800**	**(4.462)**	**28**	
Deferred tax asset/(liability)	**(29.096)**				**(29.730)**

(Amounts in thousands of Euros unless mentioned otherwise)

GROUP	January 1st 2023 Opening balance	(Debit)/credit recognised in net profit for the year	(Debit)/credit recognised in other comprehensive income	Foreign exchange differences	31st December 2023 Closing balance
Deferred tax asset/(liability)					
Provision for staff indemnities	58	(30)	38	–	**66**
Investment valuation	6.315	192	–	–	**6.507**
Derivative valuation	(3.108)	595	1.231	–	**(1.282)**
Other provisions	4.248	(363)	136	18	**4.039**
Receivables-Liabilities from contracts with customers	(184)	303	–	–	**119**
Loans	3.419	2.083	–	61	**5.563**
Lease liabilities	1.810	(486)	–	18	**1.342**
Recognized tax losses	2.744	(1.477)	–	–	**1.267**
Intangible assets	17.927	6.827	–	9	**24.763**
Tangible assets	(30.667)	(4.437)	(136)	(359)	**(35.599)**
Financial Assets – Concessions	(31.060)	(5.049)	–	–	**(36.109)**
Grants	(1.344)	(400)	–	8	**(1.736)**
Other	112	26	–	5	**143**
Deferred tax of net profit/other comprehensive income	–	**(2.216)**	**1.269**	**(240)**	
Deferred tax asset/(liability)	**(29.730)**				**(30.917)**

(Amounts in thousands of Euros unless mentioned otherwise)

	January 1st 2022				31st December 2022
ENTITY	**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	11	(2)	–	**48**
Investment valuation	2.747	2.959	41	–	**5.747**
Derivative valuation	1.295	(192)	1.626	–	**2.729**
Other provisions	923	655	–	–	**1.578**
Receivables-Liabilities from contracts with customers	998	98	–	–	**1.096**
Loans	682	1.505	–	–	**2.187**
Lease liabilities	2.790	(2.533)	–	–	**257**
Intangible assets	(116)	(3)	–	–	**(119)**
Tangible assets	(6.843)	2.321	–	–	**(4.522)**
Financial Assets – Concessions	33	(33)	–	–	**–**
Grants	(66)	476	–	–	**410**
Other	(482)	482	–	–	**–**
Deferred tax of net profit/other comprehensive income		**5.746**	**1.665**	**–**	
Deferred tax asset/(liability)	**2.000**				**9.411**

(Amounts in thousands of Euros unless mentioned otherwise)

ENTITY	January 1st 2023 Opening balance	(Debit)/credit recognised in net profit for the year	(Debit)/credit recognised in other comprehensive income	Foreign exchange differences	31st December 2023 Closing balance
Deferred tax asset/(liability)					
Provision for staff indemnities	48	(26)	38	–	**60**
Investment valuation	5.747	113	–	–	**5.860**
Derivative valuation	2.729	552	(2.825)	–	**456**
Other provisions	1.578	(579)	–	–	**999**
Receivables-Liabilities from contracts with customers	1.096	294	–	–	**1.390**
Loans	2.187	1.652	–	–	**3.839**
Lease liabilities	257	78	–	–	**335**
Intangible assets	(119)	(3)	–	–	**(122)**
Tangible assets	(4.522)	678	–	–	**(3.844)**
Grants	410	(155)	–	–	**255**
Deferred tax of net profit/other comprehensive income	–	**2.604**	**(2.787)**	**–**	
Deferred tax asset/(liability)	**9.411**				**9.228**

(Amounts in thousands of Euros unless mentioned otherwise)

34. TURNOVER

Turnover in the financial statements as of December 31st, 2023 και 2022, in the attached Financial Statements, is analyzed as follows:

Turnover from contracts with customers per category

	GROUP		COMPANY	
	01/01 - 31/12/2023	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Revenue from construction services segment				
Road construction works	1.094	431	1.095	431
Railway construction works	(361)	206	(361)	206
Industrial works	40.475	38.580	36.197	35.988
Energy RES works	5.039	989	50.852	159.644
Other services in construction segment (except leases)	213	72	213	72
	46.460	**40.278**	**87.996**	**196.341**

	GROUP		COMPANY	
	01/01 - 31/12/2023	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Revenue from RES energy generation segment				
Revenue from RES energy generation segment	239.879	226.168	15.097	16.959
Energy generation from other RES technologies	9.516	8.429	4.355	3.530
Repair and maintenance of RES	461	1.362	8.890	7.966
Other revenue RES energy segment (except leases)	87	217	90	20
	249.943	**236.176**	**28.432**	**28.475**

	GROUP		COMPANY	
	01/01 - 31/12/2023	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Revenue from concession operating segment				
Revenue from the operation of waste management plants	18.112	8.976	14.864	7.595
Revenue from installation of e-ticketing	–	280	–	62
Revenue from operation of e-ticketing	13.316	12.335	2.353	1.996
	31.428	**21.591**	**17.217**	**9.653**

Total Revenue from contracts with customers from continuing operations	**327.831**	**298.045**	**133.645**	**234.469**
Total Revenue from contracts with customers from discontinued operations	–	283.093	–	125.408
Total	**327.831**	**581.138**	**133.645**	**359.877**

(Amounts in thousands of Euros unless mentioned otherwise)

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

	GROUP		COMPANY	
	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Transfer of goods at a specific time	251.922	237.525	19.546	20.516
Services over time	75.909	60.520	114.099	213.953
Total Revenue from contracts with customers from continuing operations	**327.831**	**298.045**	**133.645**	**234.469**
Total Revenue from contracts with customers from discontinued operations	–	283.093	–	125.408
Total	**327.831**	**581.138**	**133.645**	**359.877**

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

	GROUP		COMPANY	
	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Closed-value contracts	249.943	236.176	28.431	28.475
Cost contracts plus profit percentage	77.888	61.869	105.214	205.994
Total Revenue from contracts with customers from continuing operations	**327.831**	**298.045**	**133.645**	**234.469**
Total Revenue from contracts with customers from discontinued operations	–	283.093	–	125.408
Total	**327.831**	**581.138**	**133.645**	**359.877**

Turnover analysis from contracts with customers per contract term

	GROUP		COMPANY	
	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
Long-term contracts	327.831	298.045	133.645	234.469
Total Revenue from contracts with customers from continuing operations	**327.831**	**298.045**	**133.645**	**234.469**
Total Revenue from contracts with customers from discontinued operations	–	283.093	–	125.408
Total	**327.831**	**581.138**	**133.645**	**359.877**

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

	GROUP		COMPANY	
	01/01 - 31/12/2023	01/01 - 31/12/2022	01/01 - 31/12/2023	01/01 - 31/12/2022
1 year	29.173	47.189	36.173	98.500
1-5 years	3.574	6.798	4.473	9.739
Total Revenue from contracts with customers from continuing operations	**32.747**	**53.987**	**40.646**	**108.239**
Total	**32.747**	**53.987**	**40.646**	**108.239**

(Amounts in thousands of Euros unless mentioned otherwise)

35. COST OF SALES, ADMINISTRATIVE AND RESEARCH AND DEVELOPMENT EXPENSES

Cost of sales, administrative and research and development expenses on December 31st, 2023 and 2022, in the financial statements, are analyzed as follows:

	GROUP		COMPANY	
COST OF SALES	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Cost of sales and inventory consumption	24.842	20.372	27.107	51.157
Employees remuneration and expenses	8.099	6.116	8.534	6.408
Subcontractors fees and expenses	17.743	15.523	34.906	107.946
Fees for engineers, studiers, technical consultants and third parties	18.949	20.273	23.893	22.592
Utilities	3.355	3.278	1.681	1.377
Leases	675	1.215	1.137	2.685
Taxes, duties and contributions	8.206	10.866	885	4.523
Travel expenses	174	88	205	106
Subscriptions and contributions	17	749	16	51
Depreciation	51.164	46.571	6.252	6.457
Provisions for loss-making projects	(2.032)	(1.004)	(2.032)	(1.004)
Insurance premiums	9.470	5.147	2.093	1.509
Transportation expenses	5.704	3.726	6.242	4.696
Repairs and maintenance	20.078	17.533	3.838	3.979
Legal damages and litigation costs	45	40	45	40
Other	2.298	2.236	2.688	2.839
Total cost of sales from continuing operations	**168.787**	**152.729**	**117.490**	**215.361**
Total cost of sales from discontinued operations	–	240.489	–	117.279
Total	**168.787**	**393.218**	**117.490**	**332.640**

The increase in the item "Cost of sale and inventory consumption" in 2023 compared to the previous financial year is due to the commissioning of new power generation units of the wind farm complex in Kafireas, Evia, as well as the consumption of inventories in the construction sector.

The decrease in the " Subcontractors fees and expenses " account for the Company in 2023 is attributable mainly to the Group's construction activity and particularly to the construction of waste treatment plants in the Peloponnese Region as well as the construction of the wind farm complex in Kafireas, Evia.

	GROUP		COMPANY	
ADMINISTRATIVE EXPENSES	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Employees remuneration and expenses	5.138	5.618	3.901	3.482
Subcontractors fees and expenses	43	117	43	117
Fees for engineers, studiers, technical consultants and third parties	17.082	14.008	2.788	3.887
Utilities	297	301	251	249
Leases	98	217	81	62
Taxes, duties and contributions	916	1.170	387	452
Travel expenses	486	437	469	366
Subscriptions and contributions	330	623	273	489

(Amounts in thousands of Euros unless mentioned otherwise)

Donations-grants	707	291	706	291
Display and advertising costs	2.686	1.459	2.644	1.445
Depreciation	1.493	1.124	1.170	978
Insurance premiums	182	244	156	156
Transportation expenses	152	133	147	117
Repairs and maintenance	330	343	316	293
Auditors' fees	507	527	202	152
BoD members fees	1.550	1.436	1.370	1.370
Stock option expenses	603	48.814	603	48.814
Legal damages and litigation costs	7	25	4	25
Other	1.283	974	649	881
Total administration expenses from continuing operations	**33.890**	**77.861**	**16.160**	**63.626**
Total administration expenses from discontinued operations	–	964	–	416
Total	**33.890**	**78.825**	**16.160**	**64.042**

The decrease in the account "Stock option expenses", which is related to the free share-based distribution program, is attributable to the fact that during the financial year 2023 the distribution of a total of 2,250,000 New Shares was finalized. The targets of the plan concerning 90% of the shares to be allocated have been achieved and during 2023 the free allocation of these shares to the option holders was carried out. (see Note 31).

For the year ended December 31st, 2023, the expenses for the year analysed under "Auditors' fees" include fees of the statutory auditor and the audit firm of € 27 thousand (2022: € 24.5 thousand) for the Group and € 11 thousand (2022: € 15.5 thousand) for the Company, relating to permitted non-audit services (excluding statutory and tax audit services).

	GROUP		**COMPANY**	
RESEARCH AND DEVELOPMENT EXPENSES	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Employees remuneration and expenses	239	270	239	270
Subcontractors fees and expenses	6	12	6	12
Fees for engineers, studiers, technical consultants and third parties	5.110	4.162	4.161	3.547
Leases	70	10	63	10
Taxes, duties and contributions	882	2.092	882	1.854
Travel expenses	95	67	61	67
Subscriptions and contributions	78	35	70	35
Display and advertising costs	12	7	9	7
Depreciation	392	263	266	263
Transportation expenses	43	9	43	9
Repairs and maintenance	248	348	248	348
Legal damages and litigation costs	54	45	54	45
Other	55	47	52	40
Total	**7.284**	**7.367**	**6.154**	**6.507**

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.

(Amounts in thousands of Euros unless mentioned otherwise)

36. OTHER INCOME/(EXPENSES)

The other income / (expenses) on December 31st, 2023 and 2022, in the financial statements, are analyzed as follows:

	GROUP		COMPANY	
Other Income	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Income from sale of waste material	72	43	40	186
Income from leases	54	28	86	70
Income from transfer of expenses	1.066	113	16.346	9.297
Income from insurance indemnities	4.586	3.962	3.157	214
Income from legal damages	1.335	2.233	–	491
Grants amortisation (see Note 27)	4.971	5.367	1.152	1.259
Income from the grants for expenses (expenses included in cost)	11	–	11	–
Other income	2.438	1.531	448	1.707
Recovery of impairment	–	–	–	4
Foreign exchange differences (credit)	954	932	5	–
Total other income from continuing operations	**15.487**	**14.209**	**21.245**	**13.228**
Total other income from discontinued operations	–	61	–	–
Total other income	**15.487**	**14.270**	**21.245**	**13.228**

In the account "Income from insurance claims", the increase at the Company and Group level is due to compensation for restoration costs and loss of profit as a result of mechanical damages.

In the account "Income from legal indemnities" at Group level, the amount of € 1,335 thousand has been recognized based on a court decision (No. 3223/2023 decision of the Athens Court of Appeal) regarding the case between the subsidiary company AEIFORIKI IPEIROU MAEES and the Region of Epirus, which was concluded in favour of the Group.

In the account “Other income” the amount of € 1,639 thousand relates to income received from HST S.A. regarding the restoration of vandalism at the premises of OASA.

	GROUP		COMPANY	
Other Expenses	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Cost of sales and inventory consumption	(973)	–	(973)	–
Subcontractors fees and expenses	(222)	–	(222)	–
Fees for engineers, studiers, technical consultants and third parties	(537)	–	(11.779)	(8.286)
Leases	(3)	(1)	(3)	(1)
Taxes, duties and contributions	(17)	(1)	(7)	(1)
Non accounted for fixed assets depreciation	(9)	(1)	(9)	(1)
Insurance premiums	(10)	–	(2.758)	–

(Amounts in thousands of Euros unless mentioned otherwise)

Travel and Transportation expenses	(18)	–	(18)	–
Repairs and maintenance	(45)	–	(45)	–
Legal damages and litigation costs	(662)	–	–	–
Other expenses	(28)	(8)	(14)	–
Taxes, fees and insurance contributions of previous years and fines and surcharges related to these	(43)	(65)	(27)	(57)
Other provisions	(138)	–	–	–
Impairments/write-offs	(2.244)	–	(75)	–
Foreign exchange differences (debit)	–	–	–	(1)
Total other expenses from continuing operations	**(4.949)**	**(76)**	**(15.930)**	**(8.347)**
Total other expenses from discontinued operations	–	(819)	–	–
Total other expenses	**(4.949)**	**(895)**	**(15.930)**	**(8.347)**
Total other income/(expenses) from continuing operations	**10.538**	**14.133**	**5.315**	**4.881**
Total other income/(expenses) from discontinued operations	–	(758)	–	–
Total other income/(expenses)	**10.538**	**13.375**	**5.315**	**4.881**

The item "Fees for engineers, studiers, technical consultants and third parties" of the Company amounting to € 11.632 thousand, includes costs of administrative support of the Company for the year 2023, 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 ".

The Company's "Insurance premiums" item of € 2,758 thousand includes insurance costs, which were transferred to Group subsidiaries. The income from the transfer of these costs is included in the item "Income from the transfer of costs".

The 'Impairment/write-offs' account includes impairments and write-offs of tangible and intangible fixed assets, relating to production units for which management has decided, as part of its strategic planning, not to proceed.

37. FINANCIAL INCOME/(EXPENSES)

The financial income/(expenses) in the attached Financial Statements are analyzed as follows:

	GROUP		**COMPANY**	
FINANCE INCOME/(EXPENSES)	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Interest on short-term Loans	(605)	(1.565)	(605)	(1.565)
Interest on long-term Loans	(45.264)	(36.822)	(16.328)	(15.648)
Financial results of hedging derivatives recycled in Comprehensive Income	(265)	–	–	–
Interest on Finance and Operating lease liability	(1.283)	(858)	(836)	(643)
Expenses from unwinding of provisions and long-term liabilities	(2.624)	(1.805)	(1.687)	(1.093)
Commissions, bank charges and other expenses	(4.892)	(4.031)	(2.436)	(1.117)
Other financial expenses	–	(36)	–	–
Financial expenses from continuing operations	**(54.933)**	**(45.117)**	**(21.892)**	**(20.066)**

(Amounts in thousands of Euros unless mentioned otherwise)

Financial expenses from discontinued operations	–	(140)	–	(4)
Financial expenses	**(54.933)**	**(45.257)**	**(21.892)**	**(20.070)**
Interest from sight deposits	1.172	846	71	1
Interest income from bond and other intercompany loans	58	9	5.642	5.485
Income from unwinding of long-term receivables	7.778	7.940	–	–
Other financial income	34	–	–	–
Financial income from continuing operations	**9.042**	**8.795**	**5.713**	**5.486**
Financial income	**9.042**	**8.795**	**5.713**	**5.486**
Net financial results from continuing operations	**(45.891)**	**(36.322)**	**(16.179)**	**(14.580)**
Net financial results from discontinued operations	–	(140)	–	(4)
Net financial results	**(45.891)**	**(36.462)**	**(16.179)**	**(14.584)**

The increase in the account "Interest and expenses on long-term loans" in 2023 compared to the previous financial year is a consequence of the increase in the Group's borrowings in the context of the financing of the new wind farm complex in the area of Kafireas, Evia.

38. PAYROLL COST

Employee remuneration and the average number of personnel are analyzed as follows:

	GROUP		COMPANY	
	01/01 - 31/12/2023	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Salaries and other employee benefits	11.043	9.905	10.336	8.193
Social security contributions	2.378	2.014	2.289	1.889
Provision for staff indemnities	55	85	49	78
Total payroll cost from continuing operations	**13.476**	**12.004**	**12.674**	**10.160**
Total payroll cost from discontinued operations	–	481	–	305
Total	**13.476**	**12.485**	**12.674**	**10.465**
Average Headcount				
Day-waged workers	124	106	120	102
Regular staff	322	321	279	269

39. TRANSACTIONS WITH RELATED PARTIES

The transactions of the Company and the Group with related parties for the period 01/01-31/12/2023 and 01/01-31/12/2022, as well as the balances of receivables and liabilities arising from such transactions as of 31/12/2023 and 31/12/2022, are as follows:

(Amounts in thousands of Euros unless mentioned otherwise)

Company's transactions with subsidiaries

a) Assets	Company	
Amounts in € '000	**31/12/2023**	**31/12/2022**
Trade receivables	91.011	111.703
Long-term loans	135.470	138.918
Short-term part of receivables from long-term loans	4.782	5.338
Intercompany receivables from cash and other receivables	1.450	2.005
Total	**232.713**	**257.964**

b) Liabilities	Company	
Amounts in € '000	**31/12/2023**	**31/12/2022**
Suppliers	25	42
Long-term loans	311.613	322.313
Long-term liabilities carried forward	1.056	1.056
Other liabilities	10.935	15.808
Total	**323.629**	**339.219**

c) Income	Company	
Amounts in € '000	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Income from trading electric energy	–	32.003
POC construction material	82.006	194.632
Repairs and maintenance	8.428	7.258
Other services	14.765	7.579
Other income and sales	15.377	9.563
Financial income	4.066	5.485
Total	**124.642**	**256.520**

d) Expenses	Company	
Amounts in € '000	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Electric energy acquisition cost	22	21.717
Fees and other third party expenses	542	1.059
Other expenses	45	8
Financial expenses	11.662	10.304
Total	**12.271**	**33.088**

e) Revenue from participating interest and other investments	Company	
Amounts in € '000	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Derivative income	50.036	74.505
Total	**50.036**	**74.505**

(Amounts in thousands of Euros unless mentioned otherwise)

Transactions with other related parties

a) Assets	**Group**		**Company**	
Amounts in € '000	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Trade receivables	36.413	41.046	27.888	36.018
Loans and Guarantees	1.090	887	172	–
Prepayments and other receivables	251	5.828	251	5.543
Total	**37.754**	**47.761**	**28.311**	**41.561**

b) Liabilities	**Group**		**Company**	
Amounts in € '000	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Suppliers	24.252	31.159	6.289	17.675
Other liabilities	8.900	12.335	2.005	1.309
Total	**33.152**	**43.494**	**8.294**	**18.984**

c) Income	**Group**		**Company**	
Amounts in € '000	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Income from trading electric energy	73.559	21.369	6.065	4.085
Income from construction services	2.250	122	2.250	122
Other income	1.442	235	1.442	234
Financial income	31	28	–	–
Total	**77.282**	**21.754**	**9.757**	**4.441**

d) Expenses	**Group**		**Company**	
Amounts in € '000	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Electric energy acquisition cost	57	60.042	57	22.075
Fees and other third party expenses	2.660	2.443	2.492	2.418
Other expenses	95.089	18.043	2.150	1.691
Financial expenses	45	21	39	20
Total	**97.851**	**80.549**	**4.738**	**26.204**

Transactions with other related parties mainly concern the companies TERNA SA, HERON ENERGY SA and OPTIMUS SA.

The most significant transactions and balances of the Company with its subsidiaries as of 31/12/2023 presented below as follows:

		ASSETS	**LIABILITIES**	**INCOME**	**EXPENSES**
TERNA ENERGY FINANCE S.A.	Subsidiary	2	147.688	2	5.352
AIOLIKI PANORAMATOS DERVENOCHORION S.A.	Subsidiary	205	25.100	2.635	853
ENERGIAKI SERVOUNIOU S.A.	Subsidiary	338	5.296	4.551	535
IWECO HONOS CRETE S.A.	Subsidiary	61	1.100	824	39
TERNA ENERGY EVROU S.A.	Subsidiary	218	34.050	4.723	1.247
AIOLIKI RACHOULAS DERVENOCHORION S.A.	Subsidiary	765	25.000	921	952
ENERGIAKI DERVENOCHORION S.A.	Subsidiary	220	20.900	4.827	762

(Amounts in thousands of Euros unless mentioned otherwise)

AIOLIKI MARMARIOU EUVOIAS M.A.E.	Subsidiary	1.597	–	7.939	122
ENERGEIAKI DYSTION EUVOIAS M.A.E.	Subsidiary	1.048	15	3.506	9
ENERGEIAKI KAFIREOS EUVOIAS S.A.	Subsidiary	44.983	153	17.822	45
ENERGIAKI STYRON EVIAS M.A.E.	Subsidiary	1.822	3.000	2.433	165
AIOLIKI EASTERN GREECE M.A.E.	Subsidiary	956	–	1.018	–
AIOLIKI PASTRA ATTIKIS S.A.	Subsidiary	243	4.000	5.494	190
ENERGIAKI PELOPONNISOU S.A.	Subsidiary	10.062	–	1.183	–
AIOLIKI PROVATA TRAIANOUPOLEOS M.A.E.	Subsidiary	486	25	1.559	50
AIOLIKI DERVENI TRAIANOUPOLEOS S.A.	Subsidiary	233	4.500	796	160
ENERGIAKI FERRON EVROU M.A.E.	Subsidiary	77	11.419	246	390
AIOLIKI ILIOKASTROU M.A.E.	Subsidiary	229	6.611	324	205
EUROWIND S.A.	Subsidiary	208	17.340	1.463	608
AIOLIKO PARKO VIOTIAS TARATSA MAE	Subsidiary	18.850	–	175	–
TERNA ENERGY AI-GIORGIS S.A.	Subsidiary	2.590	–	12.183	–
TERNA AIOLIKI AMARINTHOU S.A.	Subsidiary	1.239	–	2.664	12
PERIVALLONTIKI PELOPONNISOU M.A.E.	Subsidiary	42.778	9.753	45.806	466
EPIRUS SUSTAINABLE SINGLE OWNED SOCIETE ANONYME SPECIAL PURPOSE	Subsidiary	15.808	4	6.125	50
TERNA ENERGY OMALIES M.A.E.	Subsidiary	75.182	1.004	37.885	–
TERNA ENERGY-PUMPED STORAGE I S.M.S.A.	Subsidiary	965	–	1.010	3
		221.165	**316.958**	**168.114**	**12.215**

Remuneration of Board of Directors members and senior executives of the Company: The fees of the Board of Directors for the periods 01/01-31/12/2023 and 01/01-31/12/2022 are presented below:

	Group		Company	
	01/01 - 31/12/2023	**01/01 - 31/12/2022**	**01/01 - 31/12/2023**	**01/01 - 31/12/2022**
Fees of Board of Directors	1.567	1.544	1.370	1.370
Remuneration granted to executives who are executive members of the Board of Directors	3.120	2.187	2.538	1.764
	4.687	**3.731**	**3.908**	**3.134**

The separate and consolidated Statement of Comprehensive Income, for the year 2022, was burdened with the amount of € 603 thousand, which concerns the valuation of the share-based payment program to executive members of the Board of Directors and Managers. In the context of the program for the free share based payment program, the Management of "TERNA ENERGY S.A." informed the Investment Community that in order to implement the free share allocation program approved by the decision of the Extraordinary General Meeting of the Company's shareholders on December 16, 2020, and following their contribution to the achievement of the financial targets, the implementation of new projects and the increase of the Company's profitability, it has allocated to twenty-six (26) Directors a total of 2. 250,000 New Shares, which resulted from increases in its share capital with capitalization of share premium reserves and represent 1.9% of the paid-up share capital. The shares were acquired through an over-the-counter transaction on 22/6/2023.

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.

	2023	
Nominal amounts	**PLN**	**USD**
Current financial assets	3.577	18
Current financial liabilities	(4)	(4)
Total	**3.573**	**14**
Non-current financial assets	146	–
Non-current financial liabilities	–	–

(Amounts in thousands of Euros unless mentioned otherwise)

Total	**146**	**–**

Nominal amounts	**PLN**	**USD**
Current financial assets	26.443	9.737
Current financial liabilities	(7.735)	(284)
Total	**18.709**	**9.454**
Non-current financial assets	8	63
Non-current financial liabilities	(28.368)	(15.112)
Total	**(28.360)**	**(15.050)**

	2022	
Nominal amounts	**PLN**	**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**	**–**

Nominal amounts	**PLN**	**USD**
Current financial assets	15.385	10.114
Current financial liabilities	(14.736)	(98)
Total	**650**	**10.017**
Non-current financial assets	8	18
Non-current financial liabilities	(32.873)	(13.908)
Total	**(32.866)**	**(13.891)**

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%.

	2023			
	USD		**PLN**	
Nominal amounts	**10%**	**(10)%**	**10%**	**(10)%**
Effect on net profit after tax	1	(1)	325	(325)
Effect on other comprehensive income	909	(909)	172	(172)

(Amounts in thousands of Euros unless mentioned otherwise)

	2022			
	USD		PLN	
Nominal amounts	**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)

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 31/12/2023, 16,21%of long-term loans received by the Group bear a fixed interest rate, 65,98% 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 17,80% 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.

Interest rate risk sensitivity analysis

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% (2022: +/-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.

	2023		2022	
Amounts in thousand €	**20%**	**(20)%**	**20%**	**(20)%**
Results for the year after tax – Group	(2.263)	2.263	(1.942)	1.942
Results for the year after tax – Company	(301)	301	(426)	426

The Group is not exposed to other interest rate risks.

40.3 Market Risk

The Group is not exposed to market risk for its financial assets, with the exception of the portfolio of listed securities. The Group has not taken specific hedges of this risk given that any impact is not expected to be significant.

40.4 Credit Risk

The Group continuously reviews its receivables and incorporates the resulting information into its credit control.

(Amounts in thousands of Euros unless mentioned otherwise)

The energy sector accounts receivable are all related to the wider public sector both domestically (including ENEX, DAPEP, HEDNO, OASA, ASDA) 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 2023net cash flows from continuing operating activities amounted to € 134million versus € 110 million in 2022. 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, 2023 for the Group is analyzed as follows:

	31/12/2023		
	Short-term	Long-term	
	0 to 12 months	1 to 5 years	>5 years
Long-term loans	112.848	485.809	568.456
Lease liabilities	1.990	12.578	16.258
Liabilities from derivatives	7.933	9.655	
Short-term loans	–		
Suppliers	62.664		
Other long-term liabilities	–	10.558	
Accrued and other short-term liabilities	29.822		
Total	**215.257**	**518.600**	**584.714**

(Amounts in thousands of Euros unless mentioned otherwise)

The respective maturity of financial liabilities as of December 31st, 2022 is analyzed as follows:

	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 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

The effects of this military conflict in Ukraine, which had a significant impact on the electricity market where the Group operates, seem to have stabilised. However, the risk is significant as long as there is no overall resolution of the conflict. In any case, considering the nature of the transactions carried out by the Group's companies, there was no direct impact on the Group's size and performance, and none is expected in the future. 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 for the Group.

(b) Climate Change Risk and Fluctuations in wind and hydrological data

The Group's core business is closely linked to climatic conditions and in this context, management closely monitors developments and assesses the potential impact that climate change may have on the smooth operation of the facilities. 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.

(Amounts in thousands of Euros unless mentioned otherwise)

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.

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 2023	**GROUP**			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Assets				
Other short-term investments	–	7.549	–	**7.549**
Investments in equity interests	–	–	5.268	**5.268**
Financial Assets – Concessions	60.558	–	–	**60.558**
Receivables from derivatives	–	–	23.460	**23.460**
Other long-term receivables	4.291	–	–	**4.291**
Trade receivables and other receivables	205.149	–	–	**205.149**
Cash and cash equivalents	248.027	–	–	**248.027**
Total	**518.025**	**7.549**	**28.728**	**554.302**

31st December 2023	**GROUP**			
	Unamortized cost	**Fair Value through profit and loss**	**Fair value through other comprehensive income**	**Total**
Financial Liabilities				
Long-term loans	1.167.112	–	–	**1.167.112**
Contingent consideration from acquisition of assets	–	22.131	–	**22.131**
Trade and other liabilities	91.408	–	–	**91.408**
Lease liabilities	30.826	–	–	**30.826**
Liabilities from derivatives	–	–	17.588	**17.588**
Total	**1.289.346**	**22.131**	**17.588**	**1.329.065**

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**

(Amounts in thousands of Euros unless mentioned otherwise)

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**

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 4.1.6 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 Note 7, 24 and 29).

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**	**Total**
01/01/2023	**951.326**	**111.101**	**60.632**	**1.123.059**
Cash Flows :				
- Repayments	(8.643)	(146.937)	(60.000)	**(215.580)**
- Proceeds	249.634	6.394	–	**256.028**
Cash Flows from discontinued operations	–	–	–	**–**
Non-cash movements	(138.053)	142.290	(632)	**3.605**
31/12/2023	**1.054.264**	**112.848**	**–**	**1.167.112**

Amounts in thousand €	**Long-term loans**	**Long-term liabilities carried forward**	**Short-term loans**	**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)

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 31/12/2023 and 31/12/2022 classified in the aforementioned levels of hierarchy, are as follows:

31st December 2023				
Financial Assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Other short-term investments	7.549	–	–	**7.549**
Investments in equity interests	–	–	5.268	**5.268**
Receivables from derivatives	–	20.708	2.752	**23.460**
Total	**7.549**	**20.708**	**8.020**	**36.277**
Financial Liabilities				
Liabilities from derivatives	–	11.925	5.663	**17.588**
Contingent consideration from acquisition of assets	–	–	22.131	**22.131**
Total	**–**	**11.925**	**27.794**	**39.719**
Net Fair Value	**7.549**	**8.783**	**(19.774)**	**(3.442)**

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)

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 the 2023 και 2022.

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 24). To determine the fair value of the above financial instruments, the Group uses appropriate valuation techniques depending on the category of financial instrument. Regarding 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), 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 2023 and 2022, are presented as follows:

	31/12/2023			**31/12/2022**		
	Investments in equity interests	**Derivatives**	**Contingent consideration from acquisition of assets**	**Investments in equity interests**	**Derivatives**	**Contingent consideration from acquisition of assets**
Opening balance	**3.499**	**(13.515)**	**(18.525)**	**2.583**	**(5.164)**	**(10.549)**
Acquisitions/Additions/Adjustments	1.340	10.604	(2.654)	1.107	(8.351)	(7.105)
Fair value adjustment through other comprehensive income	429	–	498	(191)	–	–
Finance cost	–	–	(1.450)	–	–	(871)
Closing balance	**5.268**	**(2.911)**	**(22.131)**	**3.499**	**(13.515)**	**(18.525)**

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).

(Amounts in thousands of Euros unless mentioned otherwise)

- 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 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 2023 and 2023 was as follows:

Amounts in thousand €	**31/12/2023**	**31/12/2022**
Short-term loans	–	60.632
Long-term loans	1.054.264	951.326
Long-term liabilities carried forward	112.848	111.101
Loan liabilities	**1.167.112**	**1.123.059**
Total equity	506.206	491.176
Loan liabilities	1.167.112	1.123.059
Lease liabilities (Long-term and Short-term portion)	30.826	27.026
Grants	162.812	167.146
Subtotal	**1.866.956**	**1.808.407**
Less:		
Cash and cash equivalents	248.027	391.896
Restricted cash related with loans (Note 21)	74.455	65.098
Grants to be rebated (Note 29)	–	(3.260)
Subtotal	**322.482**	**453.734**
Total employed capital	**1.544.474**	**1.354.673**
Loan Liabilities / Total employed capital	**76%**	**83%**

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 (31/12/2022: € 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 2017 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 31/12/2023 at the amount of € 32,7 million (31/12/2022: € 54,0 million) which includes the outstanding balance (backlog) from concession operational segment contracts of € 20,2 million (31/12/2022: € 48,8 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 € 473 thousand as at 31/12/2023 (31/12/2022: € 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.

Lawsuit filed by 2 individuals against the Company in the Athens Court of First Instance, for the payment of compensation for a total amount of € 53.2 thousand, due to, according to the individuals, damage to their business due to the Company's activity in the wider area of Mount Ochi, in Evia. The claim will be heard under the new ordinary procedure of the CCP. The assessment of the Company’s Legal Department is that the lawsuit will be dismissed.

Lawsuit brought by an individual in front of the Single Court of First Instance of Chalkida against, among others, the Company, for the payment of compensation in the total amount of € 71.9 thousand, for the restitution of pecuniary and non-pecuniary damages and for moral damages, which, according to the individual's claims, were caused by the Company's activity in an area of the Municipality of Eretria, in Evia.

The action will be discussed under the new ordinary procedure of the Civil Code. The assessment of the Company's Legal Department is that the lawsuit will be dismissed.

Lawsuit filed by an individual in front of the Athens Court of First Instance against the Company, for the payment of damages in the total amount of € 99.5 thousand, due to, according to the natural person's allegations, damage to his business due to the Company's activity in the wider area of Mount Ochi, in Evia. The claim will be heard under the new ordinary procedure of the CCP. The assessment of the Company's Legal Department is that the lawsuit will be dismissed.

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. The Company has applied for the return of this letter of guarantee by way of an injunction.

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 04/12/2019 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. The Company requested the restitution of this letter of guarantee by means of an injunction. The interim measures were discussed on 22.09.2023 and thereupon the decision No. 6053/25.10.2023 was issued which ordered the removal of the surety bond and ordered the individual to pay the Court costs of the Company.

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 was judged at a formal trial on 23-3-2023 and a decision No. 6323/2023 was issued declaring the lawsuit inadmissible.

TERNA ENERGY AI GIORGIS S.A.

Lawsuit of a individual person against TERNA ENERGY AGI GIORGIS S.A. in front of the Piraeus Court of First Instance, for the payment of compensation in the amount of € 195 thousand plus VAT, otherwise in the amount of € 155 thousand plus VAT, otherwise in the amount of € 135 thousand plus VAT, otherwise in the amount of € 95 thousand plus VAT, for the performance of an expert opinion. The case was judged before the Court of First Instance of Piraeus on 19-09-2023 and a judgment is awaited. The assessment of the Group's Legal Department is that this lawsuit will hardly be accepted. And if it is accepted, the amount awarded to TERNA ENERGY I GIORGIS S.A. will, in accordance with the law, be less than the amount claimed.

Lawsuit by a individual person against TERNA ENERGY AL GIORGIS S.A. in the Single Court of First Instance of Piraeus, for the payment of compensation in the amount of € 80,6 thousand with statutory interest, for the carrying out of an expert examination. The case was scheduled to be judged on 26-10-2023 before the Piraeus Court of First Instance but was adjourned to 5-12-2023 at the request of the plaintiff. At the last aforesaid hearing the case was again adjourned to be heard at the trial date of 5-03-2024 due to the absence of the lawyers, whereupon it was discussed, and we await the decision. The assessment of the Group's Legal Department is that this lawsuit will hardly be accepted. And if it is accepted, the amount to be awarded to TERNA ENERGY I GIORGIS S.A., in accordance with the law, will be less than the amount claimed.

AIFORIKI EPIRUS S.A.

The Region of Epirus with the from no. 45431/142/1.4.2019 notified the company of a penalty amount of EUR 690.000 due to the non-availability of the services of the Waste Treatment Unit of the Region of Epirus on the Scheduled Date, according to the terms of the 21/07/2017 Partnership Agreement. On 23/07/2019, the Region of Epirus was served with the 19/07/2019 Request for Arbitration - Appointment of Arbitrator and Invitation to Appoint Arbitrator of the company, which requested that the company be declared to have been unlawfully imposed the penalty of EUR 690 thousand and to be reimbursed to the company with the statutory default interest, as well as to be paid the amounts of. as compensation for the loss of revenue during the first year of operation of the IPEI, (e) EUR 1 048 thousand as compensation for the loss of revenue during the second year of operation of the IPEI. After the conclusion of the conferences, the Arbitral Tribunal issued on 10 March 2022 the relevant decision according to which it awards in favour of the Group company, AIFORIKI HEPIRIOU MAEES, the total amount of € 3,111 thousand in legal interest.

The Region of Epirus brought an annulment action against the above decision before the Athens Court of Appeal, which was discussed on 04/04/2023, as well as a request for suspension, which was scheduled to be discussed on 15/11/2022 and was postponed to 10/10/2023. The request of the Region of Epirus for an interim order for the suspension of the payment of the above amount of EUR 3.111 thousand until the annulment action and the suspension application are heard was rejected by the competent Court. By decision No 3223/2023 of the Athens Court of Appeal, the above action for annulment was dismissed. The Compulsory Solid Waste Management Association of the Management Unit of the Region of Epirus (as the successor of the Region of Epirus in the Partnership Agreement) filed an application for the annulment of the decision of the Athens Court of Appeal No. 3223/2023, which was scheduled for hearing before the Supreme Court on 07.04.2025.

AIOLIKI MARMARIOU EUVOIAS S.A.

Individuals filed a lawsuit before the Magistrate Court of Karystos against the subsidiary company Aioliki Marmariou EVVOIA M.A.E. with a request to be recognized as co-owners on specific areas within the polygon of the installation of the Wind Farm Karampila and with a request to be assigned these areas and to remove the structures on them. In this regard, the decision No. 15/2021 of the Karystos Magistrate's Court was issued, which postponed the issuance of a final decision and ordered an expert opinion on specific issues and the resumption of the discussion, which took place on September 20, 2023, and we are awaiting the issuance of a decision. The Company's legal advisors are presuming the dismissal of this lawsuit.

Also, an individual filed a lawsuit against the Company before the Single Court of First Instance of Chalkida on 23/10/2020 requesting to recognize a 12.5% contingency and to expel the Company from certain areas within the polygon of the Karampila Wind Farm and requesting to be awarded compensation for moral damages in the amount of € 120 thousand. The action was heard on 17/12/2021 and Decision No. 96/2022 was issued, which dismissed the action and ordered the plaintiff to pay the defendants' costs. An appeal has been filed by the opposing parties, which was scheduled for 20/9/2023 and postponed to 4/12/2024. The Group's Legal Department's assessment is that this appeal will be dismissed.

ENERGEIAKI DYSTION EVIAS S.A.

Individuals (plus 9) filed a Lawsuit against the Company in front of 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, the appeal of 2 of the aforesaid individuals against the Company and against Decision No. 45/2022 of the Tamynia Magistrate Court was notified, which was heard on 3/11/2023 and on which Decision No. 325/20.11.2023 was issued. Decision, which suspends the issuance of the decision until the Council of State issues a decision on the Petition for Annulment No. 1994/2021 filed by the opponents against the AEPO and the Company, which was heard on 3/11/2023.

Individuals have filed a lawsuit in front of the Single Court of First Instance of Chalkida, 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 the property in question. 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 Group's Legal Department's assessment is that the lawsuit will not succeed.

ENERGEIAKI STYRON EVIAS S.A.

Two individuals filed a lawsuit against the Company in front of the Magistrate Court of Karystos, with the main request for the recognition of their status as tenants and owners of 3/4 of the first and 1/4 of the second property of the land district of the Municipality of Karystos. As this is a forest land, which is managed by the competent Forestry Department as public, the Company, which has been legally established on the disputed land by the Forestry Department of Karystos, has appealed to the Greek State to support it in this lawsuit, for which we believe that it will not succeed. The Greek State has intervened in the lawsuit in support of the Company. In this regard, a preliminary ruling was issued by the Karystos Magistrate's Court No. 11/2021, which postponed the issuance of a final decision and ordered an expert opinion on specific issues, which has not proceeded.

(Amounts in thousands of Euros unless mentioned otherwise)

TERNA AIOLIKI AMARYNTHOU S.A.

Lawsuit brought by natural persons in front of the Single Court of First Instance of Chalkida against, among others, the Company, for the payment of damages in the total amount of € 71.9 thousand, for the compensation of pecuniary and non-pecuniary damages and for moral damages, which, according to the natural person's claims, were caused by the Company's activity in an area of the Municipality of Eretria, in Evia. The action will be heard under the new ordinary procedure of the Civil Code. The assessment of the Group's Legal Department is that the lawsuit will be dismissed.

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 31/12/2023:

Type of Letter of Guarantee	Amount 31/12/2023	Amount 31/12/2022
Contract execution guarantees for construction	226.964	222.403
Guarantees of payment	36.204	23.906
Tender guarantees	5.308	3.150
Guarantees of warranty execution for Agreements of Private and Public Sector	13.664	12.808
Guarantees of warranty execution for Grants	116.756	128.560
Guarantees of warranty execution for Other Agreements	12.003	12.241
Total	**410.899**	**403.069**

47. EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION

From 01/01/2024 until the preparation date of the present report, the following important events occurred:

- **Conclusion of a 12-year bilateral contract with EYATH**

On 7 March 2023, TERNA ENERGY ABETE signed the first ever PPA agreement in Greece, for a period of 8 years with an option for 4 additional years, under which it will supply EYATH with 100% green energy of up to 100 GWh/year. The energy will come from wind and photovoltaic parks.

- **Inclusion of Terna Energy in the Final List of Selected Participants for S.A.E.E. (Electricity Storage Stations) of RAAEY**

With the decision of 15 February 2024 of RAAEY, TERNA ENERGY ABETE was selected as one of the shortlisted bidders of the second (b) Competitive Bidding Procedure for the granting of investment and operational support to Electricity Storage Stations in accordance with the provisions of article 143F of Law No. 4001/2011, of a capacity of 40 MW and a capacity of 80 MWh.

(Amounts in thousands of Euros unless mentioned otherwise)

48. APPROVAL OF FINANCIAL STATEMENTS

The separate and consolidated Financial Statements for the annual period ended on 31/12/2023 were approved by the Board of Directors of TERNA ENERGY S.A. on 29/04/2024.

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