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BALANCE SHEET - ASSETS

In euros

ASSETS	31/12/2019		31/12/2018	
	Gross	Depreciation and amortisation	Net	Net
Uncalled subscribed capital (I)				
Start-up costs				
Development costs	3,515,103	138,150	3,376,953	530,602
Licences, patents and similar rights	123,669,479	72,045,239	51,624,240	44,568,258
Goodwill				
Other intangible assets	8,972,778	668,489	8,304,289	6,608,751
- Of which current intangible assets	8,304,289		8,304,289	6,608,751
Prepayments/intangible assets				
TOTAL Intangible assets	136,157,360	72,851,878	63,305,482	51,707,611
Land	24,887,538	11,764,155	13,123,383	12,885,171
Buildings	99,989,754	41,040,253	58,949,501	57,569,962
Plant and equipment	2,834,837,904	1,178,591,450	1,656,246,454	1,617,267,752
Other tangible assets	9,865,078	4,704,569	5,160,509	4,936,193
Current fixed assets	32,932,082		32,932,082	62,422,347
Advances and down payments	84,863		84,863	89,363
TOTAL Tangible fixed assets	3,002,597,219	1,236,100,427	1,766,496,791	1,755,170,788
Equity-accounted investments				
Other equity investments	378,973		378,973	1,151,433
Receivables from equity investments				
Other long-term investment securities				
Loans				
Other long-term investments	118,637		118,637	50,281
TOTAL Long-term investments (I)	497,610	0	497,610	1,201,714
TOTAL FIXED ASSETS (II)	3,139,252,189	1,308,952,305	1,830,299,884	1,808,080,113
Raw materials and consumables	27,446,607	2,224,086	25,222,520	22,590,707
Work in progress - goods				
Work in progress - services				
Semi-finished and finished goods				
Goods				
TOTAL Inventory	27,446,607	2,224,086	25,222,520	22,590,707
Advances and down payments made on orders				13,624,138
Trade receivables	60,345,471	358	60,345,112	69,354,347
Other receivables	7,925,431		7,925,431	7,045,875
Subscribed capital and called but not paid				
TOTAL Receivables (2)	68,270,901	358	68,270,543	76,400,223
Short-term investments (of which treasury shares:)				1,034
Cash and cash equivalents	25,094,518		25,094,518	15,169,399
TOTAL Cash and cash equivalents	25,094,518	0	25,094,518	15,169,399
Prepaid expenses (2)	1,274,066		1,274,066	1,277,555
TOTAL CURRENT ASSETS (III)	122,086,093	2,224,445	119,861,648	129,062,021
Debt issue expenses to be amortised (IV)	19,999,066		19,999,066	3,024,670
Bond redemption premiums (V)				
Unrealised foreign exchange losses (V)				
GRAND TOTAL (I À VI)	3,281,337,347	1,311,176,750	1,970,160,597	1,940,166,804

(1) less than one year

(2) more than one year 1,904

BALANCE SHEET - LIABILITIES

In euros

Liabilities	31/12/2019	31/12/2018
Registered or individual capital	17,579,088	17,579,088
Issue, merger or contribution premiums	12,369	12,369
Revaluation adjustments	150,045	150,045
Statutory reserve	1,757,909	1,757,909
Reserves required by articles of association or contracts	130,918	130,918
Regulatory reserves		
Other reserves	129,556	129,556
TOTAL Reserves	2,018,383	2,018,383
Retained earnings		
EARNINGS FOR THE FISCAL YEAR (profit or loss)	67,923,844	66,255,921
Interim dividends to be allocated	(34,718,699)	(32,015,914)
Investment grants	49,145,207	52,112,105
Regulated provisions	279,143,519	245,688,305
TOTAL SHAREHOLDER'S EQUITY (I)	381,253,756	351,800,301
Income from issuances of equity securities		
Conditional advances		
TOTAL OTHER SHAREHOLDER'S EQUITY (II)		
Provisions for contingencies	509,197	509,197
Provisions for costs	1,597,648	4,343,569
TOTAL PROVISIONS FOR RISKS AND COSTS (III)	2,106,846	4,852,766
Convertible bonds		
Other bonds	1,420,018,315	1,420,018,315
Bank debt	65,063,349	65,074,689
Other debt	6,552,243	1,486,895
TOTAL Debt	1,491,633,907	1,486,579,899
Advances and down payments received on orders in progress		
Trade accounts payable	61,704,501	66,164,377
Tax and employment-related liabilities	33,405,892	30,681,845
Fixed asset liabilities		
Other debts	55,696	24,307
TOTAL Operating debts	95,166,088	96,870,529
Deferred income		63,309
TOTAL DEBTS (IV) (I)	1,586,799,995	1,583,513,737
Unrealised foreign exchange gains (V)		
GRAND TOTAL LIABILITIES (I À V)	1,970,160,597	1,940,166,804
(I) less than one year	1,586,799,995	

INCOME STATEMENT

In euros

INCOME STATEMENT	31/12/2019		31/12/2018
	France	Export market	
Sales of goods			
Production sold - goods	22,929,780		22,929,780
Production sold - services	477,480,875		477,480,875
NET SALES	500,410,655		500,410,655
Production transferred to inventory			
Capitalised production expenses			142,396,384
Operating grants			16,464
Reversals of depreciation and provisions, transfer of charges			6,468,050
Other income			184,599
TOTAL OPERATING INCOME (I)			649,459,688
Purchases of goods (incl. customs duties)			
Inventory changes (goods)			
Purchase of raw materials and other consumables (incl. customs duties)			29,994,375
Inventory change (raw materials and consumables)			(2,795,309)
Other purchases and external costs			219,336,460
Taxes, duties, and other levies			19,236,730
Wages and salaries			43,503,317
Employee-related expenditures			25,765,990
			117,570,269
			112,021,236
Operating allowances			
on investments			
Depreciation allowances			
Provision allowances			
On current assets: provision allowances			163,496
For risks and costs: provision allocations			117,000
Other expenses			9,291,121
TOTAL OPERATING EXPENSES (II)			462,183,449
OPERATING INCOME			187,276,239
Profit appropriated or transferred loss (III)			
Loss incurred or transferred profit (IV)			
Financial income from investments			1,296,900
Income from other investment securities and receivables on fixed assets			
Other interest and similar income			332
Reversals of provisions, transfer of charges			15,200,000
Unrealised foreign exchange gains			0
Net income from sales of short-term investments			
TOTAL FINANCIAL INCOME (V)			15,200,000
Financial allowances for accumulated depreciation			563,283
Interest and similar expenses			59,904,062
Unrealised foreign exchange losses			0
Net costs of sales of short-term investments			29,186
TOTAL FINANCIAL EXPENSES (VI)			60,467,345
FINANCIAL RESULT (V - VI)			(45,267,345)
PRE-TAX RESULT BEFORE EXCEPTIONAL ITEMS (I-II+III-IV+V-VI)			142,008,894

INCOME STATEMENT (CONT.)

In euros

INCOME STATEMENT (CONT.)	31/12/2019	31/12/2018
Exceptional income – management operations		
Exceptional income from capital transactions	90,879	18,353
Reversals of provisions and cost transfers	8,941,885	9,220,982
TOTAL EXTRAORDINARY INCOME (VII)	9,032,764	9,239,335
Extraordinary costs – management operations	55,347	7,185
Extraordinary costs – capital operations	3,582,619	1,281
Extraordinary allowances for depreciation and provisions	42,397,099	35,896,059
TOTAL EXTRAORDINARY COSTS (VIII)	46,035,065	35,904,525
EXTRAORDINARY INCOME (VII -VIII)	(37,002,301)	(26,665,190)
Employee profit-sharing (IX)	3,600,000	4,000,000
Tax on profits (X)	33,482,749	38,325,274
TOTAL INCOME (I + III + V + VII)	673,692,452	656,362,238
TOTAL EXPENSES (II + IV + VI + VIII + IX + X)	605,768,607	590,106,318
PROFIT OR LOSS (total income – total expenses)	67,923,844	66,255,921

MAJOR EVENTS

- NEW PRICING FRAMEWORK -

2019 was marked by the definition by the Energy Regulatory Commission (CRE) of the next ATRT7 and ATS2 tariffs, which will come into force in 2020, for a period of 4 years, through the final deliberations 2020-011 and 2020-012 of 23 January 2020.

- PROJECT STEP -

In 2016, TERÉGA SA and ENAGAS initiated conceptual studies concerning the STEP project.

In July 2018 and in accordance with Regulation (EU) No 347/2013, TERÉGA SA and ENAGAS submitted an investment application for the STEP project to the relevant regulators (CRE, CNMC and ERSE).

On 22 January 2019, regulators published their decision on the investment application not reaching a joint agreement.

On June 20, 2019, the ACER notified TERÉGA SA and ENAGAS that the STEP project was not mature enough for a Cross-border Costs Allocation decision. However, the Agency's conclusion did not exclude the possibility for proponents to review the investment application.

On 31 October 2019, the European Commission published its 4th list of projects of common interest without the STEP project. As a result, TERÉGA SA decided to stop this project. The capitalised costs of €5.2 million were written off and the subsidies for €1.7 million paid by the European Commission recognised as income. The net impact on the financial statements as at 31 December 2019 thus amounted to €3.5 million

- REFINANCING -

Renewal of the RCF credit line

On 26 July 2019, TERÉGA SA amended and updated its syndicated, variable rate, revolving credit line of €250 million, put in place on 28 July 2015, with a maturity date of July 2022. The new line has a 5-year term, maturing in July 2024, and two one-year extension options with leading international banks. It was drawn for €65 million at the end of December 2019.

Modification of bond contracts

On 12 September 2019, the Company convened its bondholders at general meetings on 30 September, for the purpose of approving certain changes to the terms and conditions of the bonds, with the main objective being to raise the lock-up ratios, in order to obtain additional financial flexibility in line with the valuation grid used by Moody's France SAS for the Baa2 long-term rating of the company.

All changes requested by TERÉGA SA were approved by the bondholders. These changes have been effective since 18 October 2019.

As a result of the approval of the amendments by the holders of government bonds maturing in 2021 and 2025 and the holders of bonds maturing in 2035, a consent fee was granted for €15.2 million. This fee was paid on 18 October 2019. This sum is spread over the various maturities of the bonds resulting in an impact on the financial statements ended 31 December 2019 of €563,000.

- TAX AUDITS -

On 19 December 2018, TERÉGA SA received an inspection notice from the DVNI (National and International Audit Directorate) covering financial years 2016 and 2017.

The proposed correction issued by the auditor service was received on 15 November 2019 and does not reveal any material items.

- DOMESTIC ENERGY CONSUMPTION TAX (DECT) -

As part of its business, TERÉGA SA consumes natural gas for its own needs. These consumptions may be subject to an internal consumption tax depending on their use.

It is in this regard that TERÉGA SA consulted the Directorate General for Customs and Direct Rights (DGDDI) on 14 June 2019 in order to obtain a position from the customs administration relating to these natural gas consumptions.

On 19 August 2019, DGDDI confirmed TERÉGA SA's liability to DECT on gas consumption used as fuel in turbochargers.

TERÉGA SA made a provision in its financial statements as at 31 December 2019 for an accrued expense of €3,489,471 covering non-prescribed financial years for which the company will make an adjustment in 2020.

NOTES TO THE FINANCIAL STATEMENTS

ENTITY PRESENTING THE FINANCIAL STATEMENTS

TERÉGA SA is a company domiciled in France, with its registered office at 40 avenue de l'Europe, Pau.

The consolidated financial statements of the Company and its subsidiaries are drawn up by TERÉGA Holding.

The balance sheet total for the financial year ending 31/12/2019, before distribution, amounts to €1,970,160,567.

The income statement shows a profit of €67,923,844.

ACCOUNTING PRINCIPLES

The financial year lasts for 12 months from 1st January until 31 December 2019.

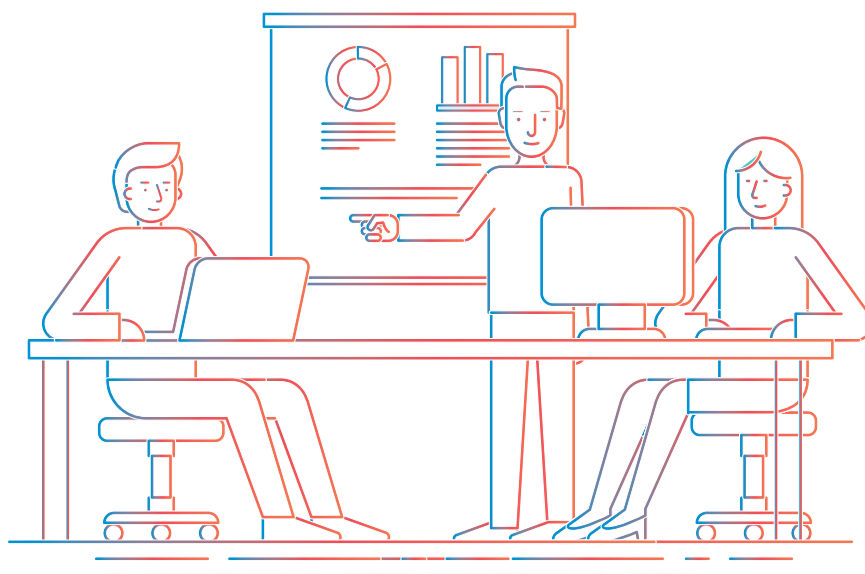
The financial statements for the financial year ended 31 December 2019 were prepared in accordance with Accounting Standards Authority (ANC) regulation no. 2014-03 of 5 June 2014 relating to the French Chart of Accounts, updated by ANC regulation 2016-07 of 4 November 2016.

The general accounting rules and professional modifications (Comm. Code R. 123-180 and French General Accounting Plan art. 531.) were applied in line with the principle of prudence and in accordance with the basic assumptions:

- going concern,
- consistency of accounting methods from one year to the next,
- independence of accounting periods.

The basic method used to assess the information recorded in the accounts is the historical cost method. The valuation and annual accounts presentation methods selected for this fiscal period were not modified in comparison with the previous year.

The tax expense recognised as at 31 December 2019 is calculated by applying a rate of 34.43% to the tax result as at 31 December 2019.



NOTES ON THE BALANCE SHEET ASSETS

INTANGIBLE ASSETS

Software and patents acquired or created by the company are recorded in the intangible assets account. These items are depreciated over their probable usable life (maximum 5 years). This account also includes transit rights on third-party networks, amortised over 10 years.

During the 2019 financial year, development costs were recognised for €3,515,103 amortised over 5 years. These expenditures correspond to the development effort by TERÉGA SA on individualised projects with real potential for commercial profitability.

TANGIBLE FIXED ASSETS

Gross values

Tangible fixed assets are entered at their acquisition or production cost with the exception of certain parcels of land acquired prior to 31 December 1976, which have been re-valued.

Depreciation and amortisation

In accordance with the implementation of CRC 2002-10, assets are depreciated based on the life-span of the item. This approach by component results in the use of straight line depreciation for the following depreciation periods:

	Company period	Financial period
IT EQUIPMENT	5 YEARS	3 YEARS
EQUIPMENT AND TOOLS	10 YEARS	5 YEARS
TRANSMISSION EQUIPMENT	10 YEARS	5 YEARS
OFFICE EQUIPMENT	10 YEARS	5 YEARS
TELECOMMUNICATION EQUIPMENT	10 YEARS	5 YEARS
LAND DEVELOPMENT	10 YEARS	10 YEARS
GENERAL FACILITIES DEVELOPMENT	10 YEARS	10 YEARS
OTHER GENERAL FACILITIES	10 YEARS	10 YEARS
FACILITIES DEVELOPMENT ON LAND OWNED BY OTHERS	10 YEARS	10 YEARS
OFFICE FURNITURE	10 YEARS	10 YEARS
METERING STATIONS	30 YEARS	15 YEARS
COMPRESSION STATIONS - CONNECTION ISOLATION	30 YEARS	15 YEARS
BUILDINGS	25 YEARS	25 YEARS
BUILDINGS ON LAND OWNED BY OTHERS	25 YEARS	25 YEARS
UNDERGROUND SURVEYS	25 YEARS	25 YEARS
CUSHION GAS	25 YEARS	25 YEARS
MAIN PIPELINES	50 YEARS	25 YEARS
CONNECTIONS	50 YEARS	25 YEARS

The change in depreciation periods implemented in 2008 created a discrepancy between financial and company years, and therefore resulted in the recognition of exceptional depreciation of €279,143,519 on 31 December 2019.

FIXED ASSETS AT 31 DECEMBER 2019

SECTION	POSITION & MOVEMENT	GROSS VALUES AT THE START OF THE FINANCIAL YEAR	INCREASE	REDUCTIONS		GROSS VALUES AT THE END OF THE FINANCIAL YEAR
				SALES	OTHER OUTGOINGS	
Intangible fixed assets		122,002,719	51,802,856	0	37,648,213	136,157,362
Development costs		536,213	2,978,891	0	0	3,515,104
Concessions, patents and similar rights		114,189,267	22,074,768	0	12,594,555	123,669,480
Other intangible fixed assets		668,489	0	0	0	668,489
Current intangible assets		6,608,750	26,749,197	0	25,053,658	8,304,289
Tangible assets		2,890,452,393	257,464,638	0	145,319,811	3,002,597,220
Land		23,951,070	936,469	0	0	24,887,539
	including re-valuation	150,045	0	0	0	150,045
Buildings	Own land	64,884,715	3,177,742	0	0	68,062,457
	General facilities	28,809,598	3,117,698	0	0	31,927,296
Technical Installations, Equipment, Tools		2,701,207,028	134,464,798	0	833,921	2,834,837,905
	General facilities	646,097	0	0	75,745	570,352
Other tangible fixed assets	Equipment, transport	4,865	0	0	0	4,865
	Office IT equipment + furniture	8,437,309	1,780,745	0	928,194	9,289,860
Current tangible assets		62,422,348	113,987,186	0	143,477,451	32,932,083
Advances and down payments		89,363	0	0	4,500	84,863
Long-term investments		1,201,714	68,681	772,785	0	497,610
TOTAL		3,013,656,826	309,336,175	772,785	182,968,024	3,139,252,192

AMORTISATION TABLE AT 31/12/2019

SECTION	POSITION & MOVEMENT	DEPRECIATION AND AMORTISATION AT THE START OF THE FINANCIAL YEAR	INCREASE	REDUCTIONS		DEPRECIATION AND AMORTISATION AT THE END OF THE FINANCIAL YEAR
				SALES	OTHER OUTGOINGS	
Intangible fixed assets		70,295,107	15,151,326	0	12,594,555	72,851,878
Development costs		5,609	132,540	,	0	138,149
Concessions, patents and similar rights		69,621,009	15,018,786	,	12,594,555	72,045,240
Other intangible fixed assets		668,489	0	0	0	668,489
Tangible assets		1,135,281,603	102,656,682	0	1,837,860	1,236,100,425
Land		11,065,898	698,257	0	0	11,764,155
Buildings	Own land	20,800,358	2,477,353	0	0	23,277,711
	General facilities	15,323,994	2,438,548	0	0	17,762,542
Technical Installations, Equipment, Tools		1,083,939,276	95,486,095	0	833,921	1,178,591,450
	General facilities	451,834	56,964	0	75,745	433,053
Other tangible fixed assets	Equipment, transport	1,395	469	0	0	1,864
	Office IT equipment + furniture	3,698,848	1,498,996	0	928,194	4,269,650
TOTAL		1,205,576,710	117,808,008	0	14,432,415	1,308,952,303

Transmission and storage fixed assets

Acquisitions of transmission assets for the financial year amount to €207,021,759.

Acquisitions of storage assets for the financial year amount to €102,314,416.

TRANSMISSION FIXED ASSETS TABLE, AS AT 31/12/2019

SECTION	POSITION & MOVEMENT	NET VALUES AT THE START OF THE FINANCIAL YEAR	BALANCE SHEET VALUE CHANGE	DEPRECIATION CHANGE	NET VALUES AT THE END OF THE FINANCIAL YEAR
Intangible fixed assets		35,846,238	8,859,441	288,456	44,417,223
Development costs		330,979	2,587,557	86,016	2,832,520
Concessions, patents and similar rights		31,857,114	4,841,287	202,440	36,495,961
Current intangible assets		3,658,145	1,430,597	0	5,088,742
Tangible fixed assets		1,321,509,616	76,971,998	62,227,131	1,336,254,483
Land		7,729,396	637,799	267,490	8,099,705
Buildings	Own land	30,462,522	3,177,742	1,701,000	31,939,264
	General facilities	9,685,120	1,854,462	1,757,035	9,782,547
Technical Installations, Equipment, Tools		1,227,115,232	83,522,428	58,219,694	1,252,417,966
Tangible Fixed assets	Equipment, transport	3,469	0	469	3,000
	Office IT equipment + furniture	3,266,700	474,533	281,443	3,459,790
Current tangible fixed assets		43,169,652	(12,690,466)	0	30,479,186
Advances and down payments		77,525	(4,500)	0	73,025
Long-term investments		1,201,697	(704,087)	0	497,610
TOTAL		1,358,557,551	85,127,352	62,515,587	1,381,169,316

STORAGE FIXED ASSETS TABLE, AS AT 31/12/2019

SECTION	POSITION & MOVEMENT	NET VALUES AT THE START OF THE FINANCIAL YEAR	BALANCE SHEET VALUE CHANGE	DEPRECIATION CHANGE	NET VALUES AT THE END OF THE FINANCIAL YEAR
Intangible fixed assets		15,861,373	5,295,202	2,268,315	18,888,260
Development costs		199,625	391,334	46,524	544,435
Concessions, patents and similar rights		12,711,144	4,638,926	2,221,791	15,128,279
Current intangible fixed assets		2,950,604	264,942	0	3,215,546
Tangible fixed assets		433,661,173	35,172,829	38,591,691	430,242,311
Land		5,155,775	298,670	430,767	5,023,678
Buildings	Own land	13,621,834	0	776,353	12,845,481
	General facilities	3,800,486	1,263,236	681,513	4,382,209
Technical Installations, Equipment, Tools		390,152,519	50,108,449	36,432,480	403,828,488
Other Tangible	General facilities	194,262	(75,745)	(18,781)	137,298
	Office IT equipment + furniture	1,471,763	378,018	289,359	1,560,422
Current tangible fixed assets		19,252,696	(16,799,799)	0	2,452,897
Advances and down payments		11,838	0	0	11,838
Long-term investments		17	(17)	0	0
TOTAL		449,522,563	40,468,014	40,860,006	449,130,571

By a decree of 12 December 2006, the Izaute gas storage concession was extended for 25 years with effect from 26 October 2005, until 25 October 2030.

By a decree of 8 December 2017, the Lussagnet gas storage concession was extended for 25 years with effect from 31 December 2017, until 1 January 2043.

Storage assets are depreciated by periods independent of the duration of the concession.

Scrapped fixed assets from 1 January to 31 december 2019

The gross amount of scrapped assets for the year is €14,432,415 for a net value of €0.

Current fixed assets

Current fixed assets are valued at their production cost which includes expenditures for materials, external expenditure (subcontracting) and a proportion of staff expenses.

Any expenditure related to an investment project is consistently entered as an expense.

At the end of every month, a fixed asset income entry offsets the expense in the profit and loss account (account 722000), with a balancing entry in fixed assets in progress.

The commissioning date for complex installations is considered to be the date of receipt of the compliance report from the Regional Directorate for Industry, Research and the Environment (DRIRE) for pipelines and storage.

LONG-TERM INVESTMENTS

Financial assets break down as follows

- Equity securities for €378,973
 - 773,233 3GRT shares for €773
 - 3,590 Déclaranet shares for €359,000
 - 19,200 Prisma shares for €19,200
- Deposits and sureties for €118,637

Following a decision of 9 May 2019, 3GRT SAS carried out a capital reduction which resulted in a decrease in the par value of the security to €0.001, thus the gross value of the securities in TERÉGA SA's accounts fell from €773,233 to €773..



INVENTORY AND WORKS IN PROGRESS

Gas inventories are valued using the average weighted cost method

The cost of entry into inventory of items includes actual accessory purchase costs (excluding transmission).

Work in progress is valued at its production cost, which includes materials costs and external expenditures.

Inventory on 31 December 2019 is recorded on the basis of the permanent inventory.

The provision for materials and supplies inventory depreciation is created based on a detailed analysis of each item. The date of the item's last movement is compared to the end date. The difference is used to calculate a number of years to determine the provision percentage.

NUMBER OF YEARS	PERCENTAGE
- less than 5 years	0 %
between 5 and 6 years	5 %
between 6 and 7 years	10 %
between 7 and 8 years	20 %
between 8 and 9 years	40 %
between 9 and 10 years	60 %
between 10 and 11 years	80 %
more than 11 years	100 %

Value

	MATERIALS				In euros
	GAS FOR BALANCING	GAS FOR OWN NEEDS	GROSS	DEPRECIATION	TOTAL
As at 01/01/2019	613,836	7,940,557	16,096,905	2,060,591	22,590,707
Change	(81,871)	(559,760)	3,436,940	163,495	2,631,814
As of 31/12/2019	531,965	7,380,797	19,533,845	2,224,086	25,222,521

MATURITY OF RECEIVABLES AT 31 DECEMBER 2019

RECEIVABLES In euros	MATURITY DATES		
	GROSS AMOUNT ON 31/12/2019	FALLING DUE WITHIN 1 YEAR	MORE THAN 1 YEAR
FIXED ASSET RECEIVABLES	118,637	0	118,637
Doubtful or disputed debts	7,079	5,175	1,904
Other trade receivables	69,338,034	69,338,034	0
Personnel and related receivables	84,024	84,024	0
Social Security and other welfare bodies	62,166	62,166	0
Central government and other			
Tax on profits	5,290,910	5,290,910	0
Value-added tax	1,437,594	1,437,594	0
Local governments			
Other taxes, duties, and similar levies	170,489	170,489	0
Sundry debtors	880,248	880,248	0
DEFERRED EXPENSES	19,999,066	2,569,294	17,429,772
PREPAID EXPENSES	1,274,066	1,271,066	3,000
TOTAL	98,662,313	81,109,000	17,553,313

PREPAID EXPENSES

Prepaid operating expenses total €1,274,066 including the TERÉGA SAS invoice for management fees for the first quarter of 2020 for €1,212,750.

NOTES ON THE BALANCE SHEET LIABILITIES

SHAREHOLDER EQUITY

The capital consists of 2,197,386 shares of €8.

The General Meeting of 2 May 2019 approved the allocation of the earnings of the 2018 financial year, amounting to €66,255,921, as proposed by the Board of Directors, and subsequently decided to pay €34,240,227 in dividends to TERÉGA SAS: This amount is the balance of the dividends remaining after payment of an interim dividend of €32,015,914 decided by the Company's Board of Directors on 7 December 2018 and paid in December 2018.

Pursuant to a decision by the Board of Directors of 17 October 2019, TERÉGA SA paid an interim dividend of a total of €34,718,699 to TERÉGA SAS on 12 December 2019.

	POSITION AT 01/01/2019	CHANGE	POSITION AT 31/12/2019
Number of shares	2,197,386	0	2,197,386
Par value of the share	8		8
Share or individual capital	17,579,088		17,579,088
Share premiums	12,369		12,369
Revaluation adjustments	150,045		150,045
Statutory reserve	1,757,909		1,757,909
Reserves required by articles of association or contracts	130,918		130,918
Other reserves	129,556		129,556
Retained earnings			
Interim dividend	(32,015,914)	(2,702,785)	(34,718,699)
Profit (loss) for the 2018 financial year	66,255,921	(66,255,921)	
Profit (loss) for the 2019 financial year		67,923,844	67,923,844
Investment subsidies (**)	52,112,105	(2,966,898)	49,145,207
Regulatory provisions (*)	245,688,305	33,455,214	279,143,519
TOTAL	351,800,301	29,453,455	381,253,756

(*) Excess depreciation (**) European subsidies

PROVISIONS FOR RISKS AND CHARGES

The company sets aside a provision every time a risk constitutes an obligation to a third party for which the probable liability can be estimated with sufficient accuracy.

Provisions for risks amounted to €509,197 as at 31 December 2019 without variation compared to the previous financial year.

Provisions for expenses amount to €1,597,648, broken down as follows:

Provisions for charges	Position on 01/01/2019	Movements		Situation on 31/12/2019
		Increases	Decreases	
HR disputes	453,000	-	132,000	321,000
Long-service bonus	976,000	117,000	17,000	1,076,000
Oil Industry Mutual Fund (MIP)	221,457	-	20,809	200,648
Right to early retirement	1,154,112	-	1,154,112	0
Other	1,539,000	-	1,539,000	-
TOTAL	4,343,569	117,000	2,862,921	1,597,648

MATURITY OF DEBT AT 31 DECEMBER 2019

DEBTS In Euros	GROSS AMOUNT ON 31/12/2019	MATURITY DATES		
		FALLING DUE WITHIN 1 YEAR	1 YEAR 5 YEARS	FALLING DUE AFTER 5 YEARS
Bond issues	1,400,000,000		500,000,000	900,000,000
Bank debt	65,000,000	65,000,000		
Other debt	6,552,243		6,552,243	
Accrued interest on debt	20,081,664	20,081,664		
Trade payables	61,704,501	61,704,501		
Payable to staff	11,699,106	11,699,106		
Social Security and other welfare bodies	9,830,009	9,830,009		
Value-added tax	6,354,529	6,354,529		
Local governments	Other taxes, duties, and similar levies	5,522,248	5,522,248	
Other debts	55,696	55,696		
TOTAL	1,586,799,996	180,247,753	506,552,243	900,000,000

FINANCIAL STRUCTURE

The financial structure is composed of:

- Public bond loan for €550 million, over 10 years, rate: 2.200%.
- Private bond loan for €350 million, over 20 years, rate: 2.998%.
- Bond taken out in July 2011 for €500 million, 10-year term, rate: 4.339%.
- RCF credit line of €250,000,000: credit line used in part in 2019 including a balance as at 31 December 2019 of €65 million

In, M€

DRAWDOWN		REPAYMENT	
dec-18	65,000,000	jan-19	(10,000,000)
jun-19	18,000,000	feb-19	(16,000,000)
jul-19	8,000,000	mar-19	(7,000,000)
sept-19	13,000,000	apr-19	(22,000,000)
oct-19	5,000,000	may-19	(10,000,000)
dec-19	38,000,000	nov-19	(17,000,000)
	BALANCE		65,000,000

NOTES TO THE INCOME STATEMENT

OPERATING INCOME

In euros

	31/12/2019	31/12/2018
SALES	500,410,655	476,282,325
This is composed of the following elements:		
- Transmission Capacity Income	278,918,831	246,153,095
- Storage Capacity Income	161,183,652	153,471,560
- Inter-operator agreement	34,291,019	33,911,760
- Connection and interfacing income	2,091,700	2,826,765
- Other services	64,071	75,199
- Other income from operations	2,591,602	4,573,809
- Sales of natural gas for balancing	22,929,780	20,344,036
- Subsidy	(1,660,000)	14,926,101
CAPITALISED PRODUCTION	142,396,384	168,572,467
REVERSALS OF DEPRECIATION AND PROVISIONS, TRANSFER OF CHARGES	6,468,050	1,303,046
Reversals of Risk and Charges provisions	0	169,915
Reversal of pension provisions	2,862,920	878,553
Transfer of operating expenses ⁽¹⁾	3,605,130	254,578

⁽¹⁾ The transfer of operating expenses includes:

- Reimbursements received from insurance companies for claims,
- Reimbursements from social welfare (daily allowances) and training bodies,
- Work invoiced as part of service agreements with third parties.

OPERATING EXPENSES

Operating expenses include investment expenses offset by capitalised production.

These operating expenses are allocated to the following items:

In euros

	31/12/2019	31/12/2018
Inventory change	921,911	687,210
Other purchases and external costs	116,167,699	150,733,435
Taxes, duties, and other levies	339,533	257,529
Social security charges	8,796,040	9,074,644
Employee-related expenditures	5,189,441	5,370,937
Other operating expenses	3,927,060	3,488,219
Total investment expenditure	135,341,684	169,611,974

Other external purchases and charges are broken down as follows:

IN THOUSANDS OF EUROS	2019	2018
Other purchases	69,941	92,673
General sub-contracting	51,998	51,585
Rentals and rental expenses	5,403	4,661
Maintenance and repairs	73,655	68,557
Insurance premiums	1,327	1,427
Miscellaneous	1,878	1,917
Fees	3,473	2,218
Advertising	1,502	3,014
Transmission	410	297
Travel, assignments	3,186	3,460
Postage costs	2,814	2,638
Banking services	3,132	166
Other external expenses	617	404
	219,336	233,018

TAX ON PROFITS

In euros

	31/12/2019	31/12/2018
As of 31 December 2019, tax consolidation expenses amounted to:	33,482,749	38,262,275
Breakdown:		
- provision for 2019 financial year	33,375,473	37,779,998
- social security contribution	1,076,212	1,222,439
- 2019 tax credits	(741,038)	(903,732)
- scorporation tax balance as at 15 May 2019	(227,898)	(450)
- 2019 competitiveness and jobs tax credit (CICE)	0	164,020
	33,482,749	38,262,275
Breakdown of 2019 tax credits		
- Sponsorship tax credits	204,677	214,350
- Tax credit for competitiveness and employment (CICE)	500,911	164,020
- Research tax credits	35,450	462,840
- Family tax credits	0	62,122
- Apprenticeship tax credits	0	400
	741,038	903,732

OTHER INFORMATION

Staff

STAFF by category	31/12/2019	31/12/2018
- Executives	269	251
- Non-Executive	384	360
Total staff	653	611
Average STAFF NUMBERS during the fiscal year		
- Executives	265.58	246.00
- Non-Executive	370.83	360.75
Average effective total	636.41	606.75

Tax consolidation

TERÉGA SA belongs to the tax consolidation group created by TERÉGA Holding SAS.

Off-balance sheet commitments

The actuarial valuation of social commitments under IAS 19 was sent by Mercer on 27 January 2020.

The amounts below were drawn from the actuaries' report:

IN K€	CAA P15300	IFC P15300	MIP P15300	PEC P15300	Malakoff P15300	CET P15300	TOTAL
As at 01/01/2019	13,127	7,643	4,925	310	319	1,816	28,140
Allocation	907	606	401	5	5	27	1,951
Cost of services provided	571	494	327				1,392
Cost of past services	131						131
Interest expenses	205	112	74	5	5	27	428
Revaluation of others							
Reversal	(1,385)	(555)	(10)	(63)	0	(78)	(2,091)
Benefits paid/employer	(1,385)	(555)	(10)	(63)		(78)	(2,091)
Reclassification							
Subtotal	12,649	7,694	5,316	252	324	1,765	28,000
2019 actuarial gains/losses	680	476	1,293	(15)	28	134	2,596
At 31/12/2019	13,329	8,170	6,609	237	352	1,899	30,596

The staff benefits are primarily composed of the following elements:

- . MIP (Mutuelle de l'Industries du Pétrole),
- . Right to early retirement,
- . Retirement benefits,
- . PEC (Savings plan chosen),
- . Malakoff,
- . CET (time off in lieu savings account),
- . Long-service awards.

Commitments received as of 31 December 2019

- . Customer bank guarantees: €64 120 004
- . Supplier bank guarantees: €12 158 647

Remuneration of directors' activities

The remuneration for the activities of the directors in 2019 amounted to €175,000.



POST-CLOSING EVENTS

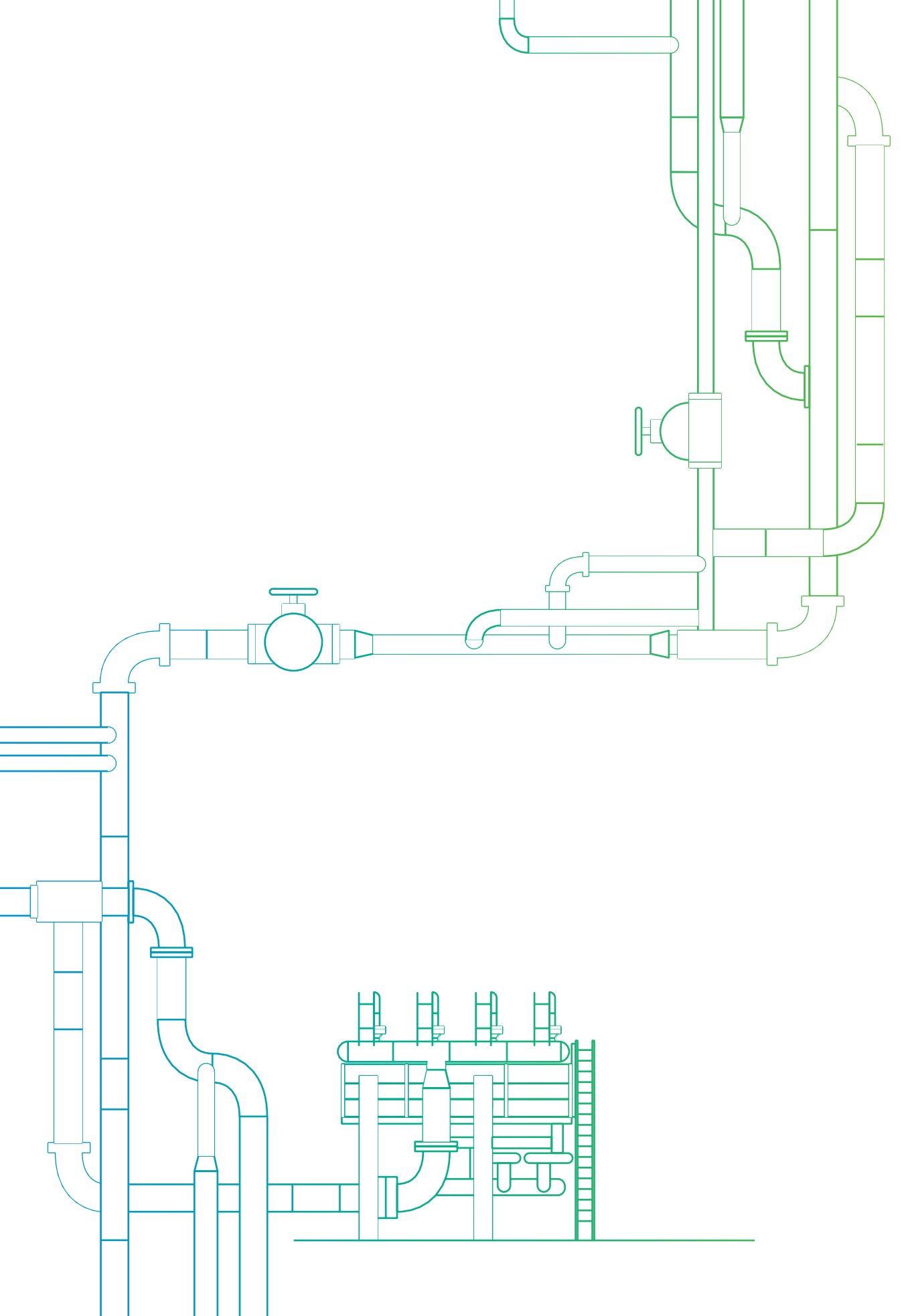
European Commission Survey

The European Commission, by notification received by the French authorities on 2 March 2020, initiated a State aid investigation into the mechanism for regulating natural gas storage activities in France. At this stage, TERÉGA has no visibility over the duration or potential impacts of this survey on the economic model of storage activity in France.

COVID 19

The entity's financial statements have been prepared on a going concern basis. Activities began to be affected by COVID-19 in the first quarter of 2020 and the entity expects a limited impact on its financial statements in 2020. However, given the recent nature of the epidemic and the measures announced by the government to help businesses, the company is not able to assess the potential impact in figures. On the date the 2019 financial statements were approved by the board of directors, the entity's management is not aware of significant uncertainties that would call into question the entity's ability to continue operating.









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