

Press release

Alerion Clean Power: Board of Directors approves Half-year Financial Report as at 30 June 2022

The Group continues to grow, with its operating result more than doubling compared with the first half of 2021:

- **Revenues of €151 million (€71.1 million in the first half of 2021)**
- **EBITDA of €126 million (€58.8 million in the first half of 2021), including expenses of €13.4 million for the application of extraordinary measures under the “Aiuti” Decree and the “Sostegni Ter” Decree**
- **Net profit of €44.7 million (€20.2 million in the first half of 2021), after expenses totalling €39.3 million (including €13.4 million recorded in EBITDA) relating to the application of the extraordinary measures provided for by the “Aiuti” and “Sostegni Ter” decrees**
- **Financial indebtedness of €446.3 million (€502.5 million at 31 December 2021), down compared with 31 December 2021, despite investments of around €57.7 million in the first half of 2022**

Milan, 29 July 2022 - The Board of Directors of Alerion Clean Power S.p.A. today examined and approved the Consolidated Half-year Financial Report as at 30 June 2022, prepared using the valuation and measurement principles established by the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS).

Economic data (millions of euros)	I Half 2022	I Half 2021
Revenues	151.0	71.1
Gross operating margin (EBITDA)	126.0	58.8
Net result	44.7	20.2
Net result attributable to the Group	43.1	19.6
Statement of financial position data (millions of euros)	30.06.2022	31.12.2021
Shareholders' Equity	264.0	231.6
Financial indebtedness*	446.3	502.5
Financial indebtedness* (excluding derivatives)	440.6	482.6
Operating data	I Half 2022	I Half 2021
Gross Power (MW)	821.6	750.8
Electricity production (GWh) ⁽¹⁾	679	634
Electricity production (GWh) - Fully consolidated plants	609	568

⁽¹⁾ Plants fully consolidated and plants of Equity investments measured using the equity method

* Financial Indebtness according to ESMA Guidelines 32-382-1138

GROUP OPERATING PERFORMANCE IN THE FIRST HALF OF 2022

In the first half of 2022, the macroeconomic environment was affected by the geopolitical crisis resulting from the conflict in Ukraine, with increased uncertainty over whether the global recovery, made possible by the roll-out of Covid-19 vaccines, could continue. There was significant growth in the market prices of commodities, including gas and coal, in the first six months of 2022 – continuing a trend already under way in the final part of 2021 – with a direct impact on the price of electricity. During the half-year, policies to curb electricity price rises for end-consumers were put in place in several European countries, with the adoption of measures that penalised companies generating power from renewable sources.

The Group's operating performance in the first half of 2022 included electricity production from the fully consolidated plants of 609 GWh, up from the 568 GWh recorded in the first half of 2021. The increase was due to increased electricity production compared with the same period of 2021 and the entry into operation in the last part of the half-year of new wind farms in Italy and solar farms in Romania. The above increase in gross capacity from 750.8 MW to 821.6 MW compared with the same period in 2021 was entirely the result of the change in the scope of the operating plants due to the entry into operation of the wind farms in the Municipality of Ortanova and the recently completed solar farms in Romania.

It should also be noted that solar power plants are currently under construction in Romania with a total capacity of approximately 110 MW, including around 53 MW for the Frasinet plant.

Economic and financial results for the first half of 2022

Revenues came in at €151 million in the first half of 2022 (€71.1 million in the first half of 2021), more than doubling year on year. In particular, **operating revenues** reached €148.4 million, a marked increase on the €66 million recorded for the same period of 2021, primarily due to the sharp rise in electricity selling prices in the period under review, as well as the entry into operation of new wind and solar power plants.

Operating revenues included the effects of the electricity price hedges entered into on part of production in the first half of 2022, in order to reduce the risk of price volatility. These hedging contracts resulted in a corrective effect that directly decreased revenues from electricity sales equal to €12.2 million in the first half of the year.

The sharp increase in operating revenues, as described above, is a direct consequence of the rise in electricity selling prices, mainly reflecting the high level of instability in the international markets since late 2021.

EBITDA amounted to €126 million in the first half of 2022, more than doubling compared with the same period in 2021 (€58.8 million). This reflected the aforementioned growth in operating revenues due to the electricity selling price scenario in the period under review.

EBITDA registered a cost increase of approximately €13.4 million in the first half of 2022, due to the application of the extraordinary measures introduced by the Italian government in the reporting period. In particular, EBITDA included: i) a negative amount of around €10 million due to the effects of “Sostegni Ter” Decree (Decree-Law No. 4 of 27 January 2022) and ii) the effects of the “Taglia Prezzi” Decree (Decree-Law No. 21 of 21 March 2022, “Urgent measures to combat the economic and humanitarian effects of the Ukraine crisis” (subsequently amended by the “Aiuti” Decree), negative for €3.4 million, which at the level of **EBITDA** were recognised pro-rata in the results of the companies valued at equity, as a result of the higher current taxes recognised in these companies. In this regard, it should be noted that at 30 June 2022, the result of the companies consolidated using the equity method, included in EBITDA, was €6.7 million, an increase compared with the first half of 2021, when it was €4.6 million.

It should also be noted that the organisational structure of the Group increased significantly during the half-year, with a consequent increase in staff costs. Specifically, the Group’s staff at 30 June 2022 consisted of 114 employees, of whom approximately 15% were employed by Group companies based abroad, an increase of 68 compared with 31 December 2021.

The strong growth in the organisational structure recorded during the half-year was mainly due to the insourcing of management and maintenance activities for the operating plants, through the acquisition of Alerion Service S.r.l., and the ongoing process of expanding the Group’s activities, both in Italy and abroad.

The **operating result** for the first half of 2022 was €105.2 million (€38.2 million in the first half of 2021), after depreciation, amortisation and write-downs of €20.8 million.

Profit before tax was €96.9 million, an increase compared with €29.1 million in the first half of 2021, in view of the operating results described above and lower financial expenses, which decreased due to the contribution of all of the refinancing operations completed in the last part of 2021 and in the first half of 2022.

Net profit for the first half of 2022 was €44.7 million, a sharp increase compared with the €20.2 million recorded in the first half of 2021 after taxes for the period of approximately €52.2 million, which includes the effects of the measures adopted by the government with Article 37 of Decree-Law No. 21 of 21 March 2022 (the "Taglia Prezzi" Decree) subsequently amended by Decree-Law No. 50 of 17 May 2022 (the "Aiuti" Decree), which introduced a contribution by way of an extraordinary solidarity levy (the "levy on surplus profits") payable by companies operating in the energy sector, amounting to €25.9 million. The **net result attributable to the Group** was €43.1 million for the first half of 2022 (€19.6 million in the first half of 2021).

It should be noted that all the effects of the measure introduced by the "Taglia Prezzi" Decree, subsequently amended by the "Aiuti" Decree, were fully recognised in the first half of 2022.

Group shareholders' equity was €258.3 million at 31 December 2022, up by €31.2 million compared with 31 December 2021 (€227.1 million). The change was mainly due to: i) the Group's share of the net profit for the period of €43.1 million; ii) the positive change of €15.3 million in the derivatives on bank project financing and commodity swaps on the electricity selling price, after tax; iii) other changes of €3.4 million, mainly relating to the recent direct acquisition of Alerion Service S.r.l. by the majority shareholder; and iv) the distribution of dividends of €23.8 million, as per the resolution of 22 April 2022.

Financial indebtedness at 30 June 2022 was €446.3 million, down by €56.2 million compared with 31 December 2021, when it was €502.5 million. The change reflects both the investments made during the half-year as envisaged in the plan announced to the market at the beginning of the period in Romania and Italy, and the excellent performance in terms of operating cash flow generated by the sharp increase in electricity prices.

SIGNIFICANT EVENTS AFTER 30 JUNE 2022 AND BUSINESS OUTLOOK

Significant events after 30 June 2022

There are no significant events to report after the end of the first half of 2022.

Business outlook

In the second half of 2022, Alerion will continue to implement its investment programme in Italy and abroad.

In particular, as part of its path of international development, in July 2022 Alerion, through its subsidiary Alerion UK Ltd, began building new onshore and offshore wind farms in the UK and Ireland.

It should also be noted that the Group does not expect the current conflict in Ukraine to have a negative impact on its operations.

In accordance with applicable legislation, the consolidated income statement, statement of comprehensive income and statement of financial position are attached to this press release.

Stefano Francavilla, the Financial Reporting Officer, hereby declares, pursuant to Article 154-bis, paragraph 2, of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the company documents, books and accounting records.

Please note that the Consolidated Half-year Financial Report as at 30 June 2022, approved by the Board of Directors today, together with the Independent Auditors' report, will be available on request from the registered office, the NIS-Storage authorised storage mechanism at www.emarketstorage.com, on the Company's website at www.alerion.it and from Borsa Italiana S.p.A., within the time limits established by applicable legislation.

Contacts

Alerion Clean Power S.p.A.

info@alerion.it

Tel. +39 02 7788901

Federica Menichino

Axelcomm

federica.menichino@axel-comm.it

Tel: +39 02 87071882

CONSOLIDATED HALF-YEAR INCOME STATEMENT

(€'000)	I Half 2022	I Half 2021
Electricity sales	132,388	29,580
Feed-in tariff	16,025	36,447
Revenue	148,413	66,027
Other revenue and income	2,637	5,138
Total revenue and income	151,050	71,165
Operating costs		
Personnel expenses	2,386	1,448
Other operating costs	29,320	15,428
Accruals to provisions for risks	31	44
Total operating costs	31,737	16,920
Share of profits of equity-accounted investees	6,680	4,584
Amortisation and depreciation	20,809	20,636
Total amortisation, depreciation and impairment losses	20,809	20,636
OPERATING PROFIT	105,184	38,193
Financial income	264	215
Financial expense	(8,552)	(9,336)
Net financial expense	(8,288)	(9,121)
Net gains (losses) on equity investments and other financial assets	18	13
PROFIT BEFORE TAX	96,914	29,085
Current	(47,909)	(2,327)
Deferred	(4,293)	(6,574)
Income taxes	(52,202)	(8,901)
PROFIT FOR THE PERIOD	44,712	20,184
Attributable to:		
Owners of the parent	43,114	19,620
Non-controlling interests	1,598	564
EARNINGS PER SHARE		
(€ per share)		
- Basic, considering the profit for the period attributable to the owners of the parent	0.80	0.36
EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
- Basic, considering the profit from continuing operations attributable to the owners of the parent	0.80	0.36

CONSOLIDATED HALF-YEAR STATEMENT OF COMPREHENSIVE INCOME

(€'000)	I Half 2022	I Half 2021
PROFIT FOR THE PERIOD (A)	44,712	20,184
Net hedging gains (losses)	19,622	(11,495)
Related tax	(5,122)	3,292
Net fair value gains on cash flows hedges relating to equity-accounted investees	1,020	384
Related tax	(245)	(92)
Post-tax other comprehensive income (expense) that can be reclassified subsequently to profit or loss (b1)	15,275	(7,911)
Net actuarial gains (losses) on defined benefit plans (IAS 19)	(3)	28
Related tax	1	(8)
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (b2)	(2)	20
Total post-tax other comprehensive income (expense) (b1) + (b2) = (B)	15,273	(7,891)
COMPREHENSIVE INCOME (A) + (B)	59,985	12,293
Attributable to owners of the parent	58,387	11,729
Attributable to non-controlling interests	1,598	564
COMPREHENSIVE INCOME	59,985	12,293

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	30.06.2022	31.12.2021
NON-CURRENT ASSETS		
Intangible assets	196,966	201,266
Property, plant and equipment	528,455	490,523
Investments in joint ventures and associates	55,507	61,646
Loans and other non-current financial assets	8,476	7,176
Derivatives	5,436	-
Other non-current assets	1,216	947
Deferred tax assets	33,476	46,291
TOTAL NON-CURRENT ASSETS	829,532	807,849
CURRENT ASSETS		
Inventories	6,365	-
Trade receivables	24,995	38,263
Tax assets	3,069	2,989
Other current assets	37,617	35,192
Loans and other current financial assets	24	457
Derivatives	129	-
Cash and cash equivalents	296,530	123,652
TOTAL CURRENT ASSETS	368,729	200,553
TOTAL ASSETS	1,198,261	1,008,402

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

(€'000)	30.06.2022	31.12.2021
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	258,331	227,098
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	5,655	4,525
NON-CURRENT LIABILITIES		
Financial liabilities	683,824	553,986
Derivatives	-	3,041
Post-employment benefits and other employee benefits	910	631
Deferred tax liabilities	39,259	42,654
Provisions for future risks and charges	58,037	55,941
Other non-current liabilities	13,841	14,409
TOTAL NON-CURRENT LIABILITIES	795,871	670,662
CURRENT LIABILITIES		
Financial liabilities	53,291	52,709
Derivatives	5,879	16,902
Trade payables	25,097	14,175
Tax liabilities	18,386	8,670
Other current liabilities	35,751	13,661
TOTAL CURRENT LIABILITIES	138,404	106,117
TOTAL LIABILITIES	934,275	776,779
TOTAL EQUITY AND LIABILITIES	1,198,261	1,008,402