



2021 Interim Financial Report

(Translation from the Italian original which remains the definitive version)

2021 INTERIM FINANCIAL REPORT

CONTENTS

Corporate bodies	4
Group structure	5
Directors' report	6
Plant location	7
Introduction	8
Key events of the period	8
Alternative performance indicators	10
Share performance	12
Key results	13
Basis of preparation of the reclassified condensed interim consolidated financial statements	14
The group's performance	15
Legislative framework	22
Main risks and uncertainties	23
Corporate events	26
Related party and intragroup transactions	26
Events after the reporting date and outlook	27
Other information	28
Condensed interim consolidated financial statements	31
Condensed interim consolidated financial statements	32
Notes to the condensed interim consolidated financial statements	36
Statement on the condensed interim consolidated financial statements at 30 June 2021	92
Independent auditors' report on the condensed interim consolidated financial statements	93

CORPORATE BODIES

Board of directors*

Josef Gostner	Chairman and chief executive officer ¹
Georg Vaja	Deputy chairman and chief executive officer ¹
Patrick Pircher	Director ¹
Antonia Coppola	Director ^{2 4}
Nadia Dapoz	Director ^{2 3}
Carlo Delladio	Director ^{3 4}
Elisabetta Salvani	Director ^{2 4}
Germana Cassar	Director
Flavia Mazzarella	Director ³
Stefano D'Apolito	Director

¹ Directors with operating powers

² Members of the control, risks and sustainability committee

³ Members of the remuneration and appointments committee

⁴ Members of the committee for related party transactions

Board of statutory auditors

Francesco Schiavone Panni	Chairman
Loredana Conidi	Standing statutory auditor
Alessandro Cafarelli	Standing statutory auditor
Alice Lubrano	Alternate statutory auditor
Roger Demoro	Alternate statutory auditor

Manager in charge of financial reporting (Law no. 262/05)

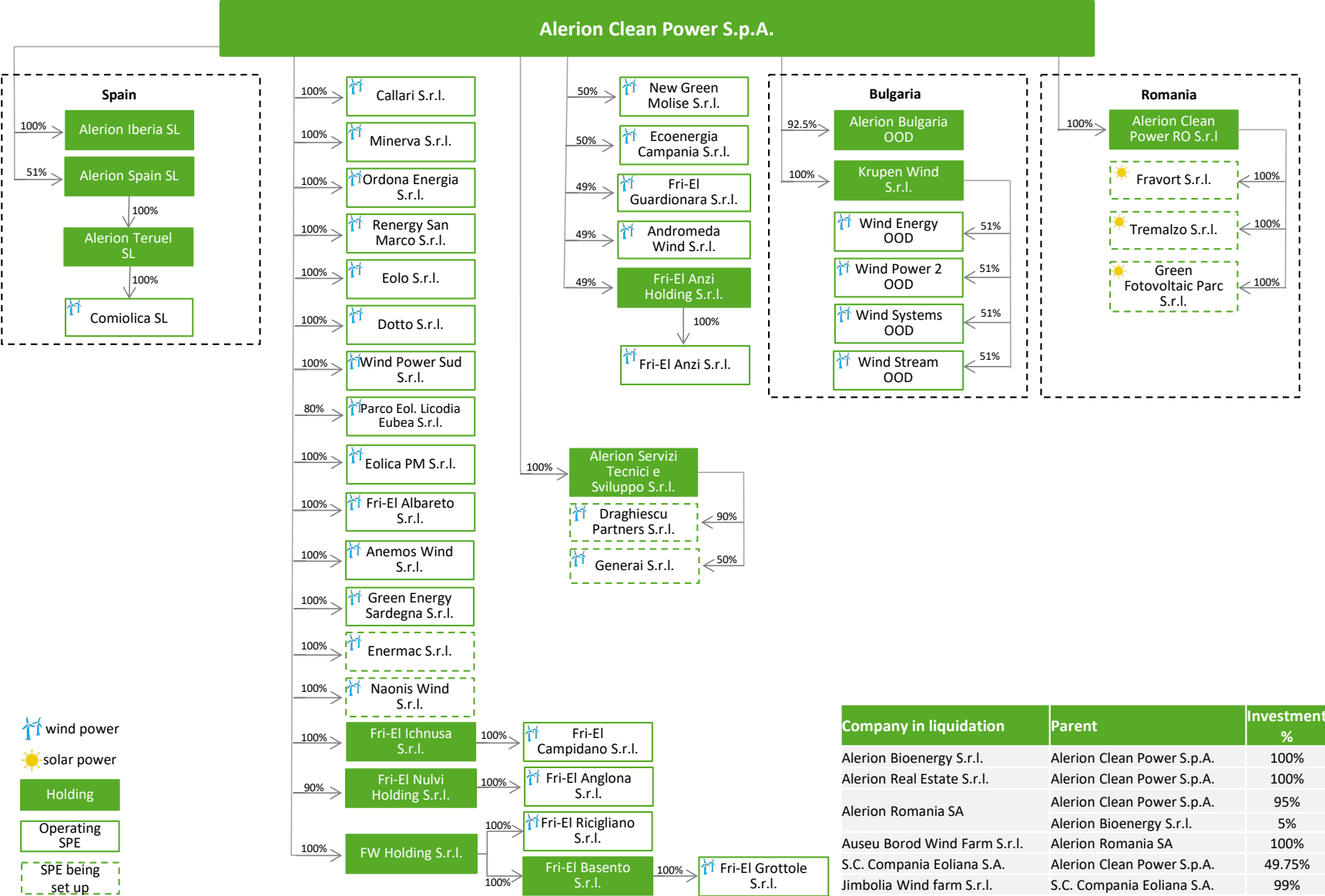
Stefano Francavilla

Independent auditors

KPMG S.p.A.
Via Vittor Pisani 25
20124 Milan

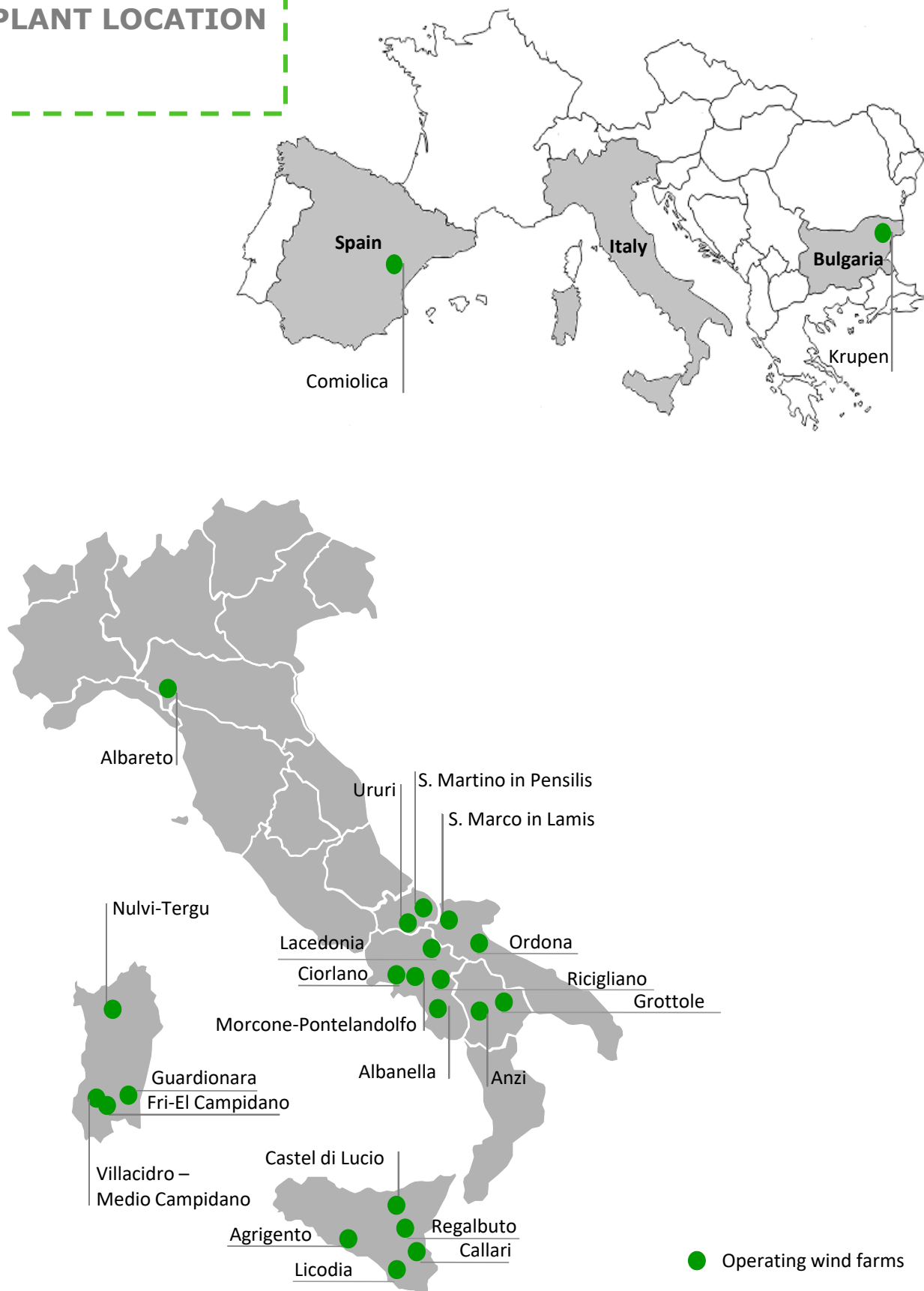
* in office since 7 May 2021

GROUP STRUCTURE



DIRECTORS' REPORT

PLANT LOCATION



INTRODUCTION

The parent, Alerion Clean Power S.p.A. (the “parent” or “Alerion”) is a legal entity subject to Italian law. Its ordinary shares are listed on the MTA segment of the Italian stock exchange. The Alerion Group’s (the “group”) headquarters are at Viale Luigi Majno 17 in Milan.

This 2021 Interim financial Report has been prepared in accordance with article 154-ter of Legislative decree no. 58 of 24 February 1998 and Consob (the Italian commission for listed companies and the stock exchange) regulation no. 11971 of 14 May 1999 (as subsequently amended).

It includes the condensed interim consolidated financial statements prepared pursuant to IAS 34. It also comprises additional disclosures deemed useful to provide a better understanding of the group’s financial position at 30 June 2021 and its financial performance and cash flows for the six months then ended. It does not, however, include all the disclosures required for annual consolidated financial statements and should be read in conjunction with the group’s consolidated financial statements at 31 December 2020.

On 30 July 2021, the parent’s board of directors approved the publication of the condensed interim consolidated financial statements at 30 June 2021.

KEY EVENTS OF THE PERIOD

The main events that took place during the period are described below.

AWARD OF 12.6 MW IN THE GSE AUCTION

On 10 February 2021, the group company Naonis Wind S.r.l. was awarded 12.6 MW of new renewable energy in the FER (renewable energy sources) auction called by the Italian energy services operator, Gestore Servizi Energetici S.p.A. (“GSE”) for a wind farm located in the municipality of Cerignola (FG). It will benefit from a feed-in tariff of €68.5/MWh for 20 years.

AGREEMENT TO DEVELOP PHOTOVOLTAIC SYSTEMS IN ROMANIA WITH TOTAL CAPACITY OF AROUND 200 MW AND ACQUISITION OF THE RELATED SPEs

On 10 February 2021, Alerion signed an agreement to develop photovoltaic systems in Romania with PV Project RO S.r.l.. They have agreed to commission photovoltaic systems with total installed capacity of around 200 MW. On 8 June 2021, the group acquired 100% of the three photovoltaic SPEs, Green Fotovoltaic Parc S.r.l., Tremalzo S.r.l. and Fravort S.r.l., whose systems are under construction for installed peak capacity of roughly 14.3 MW.

AGREEMENT TO PURCHASE WIND TURBINES FOR ENERMAC S.r.l.

On 3 March 2021, the group company Enermac S.r.l. signed an agreement with Siemens Gamesa Renewable Energy S.A. to purchase 15 SG 3.4-132 wind turbines with capacity of 3.4 MW for its wind farm in Orta Nova, Puglia. The wind farm will have total capacity of 51 MW and an estimated average annual production output of around 130 GWh/year. It should become operational during the first half of 2022 as per the 2021-2023 business plan.

AGREEMENT TO DEVELOP THREE NEW WIND PROJECTS IN ROMANIA WITH TOTAL CAPACITY OF AROUND 350 MW AND ACQUISITION OF THE RELATED SPEs

On 5 May 2021, the group signed an agreement with Monsson Alma S.r.l., a market leader in the wind energy sector in Romania, and the shareholders of the individual SPEs to develop three wind farms in Romania with maximum capacity of around 350 MW. The agreement provides for the acquisition of additional stakes in the SPEs as the related permits are obtained.

PRE-CAPITAL INCREASE PROCEDURES

On 10 May 2021, the parent's board of directors announced that, at its meeting of 7 May 2021, it resolved to commence the preparatory procedures for the placing of the parent's shares in accordance with the proxy given to it by the shareholders on 26 March 2021. Should the market conditions be favourable and the authorisations be obtained from Borsa Italiana and Consob, the shares will be issued as part of a capital increase against payment without rights of first option as per article 2441.5 of the Italian Civil Code for a maximum amount of €300 million (the "capital increase").

On 9 July 2021, the parent's board of directors resolved to update the business plan's capital structure in order to change the ratio of own funds to third party funds, decreasing the equity requirement from the originally-envisaged maximum €300 million to €200 million. As a result, it also resolved to set the amount of the capital increase as €200 million.

INCORPORATION OF THE ROMANIAN COMPANY ALERION CLEAN POWER RO S.r.l.

On 14 May 2021, Alerion incorporated the Romanian company Alerion Clean Power RO S.r.l. ("Alerion RO") with a share capital of RON10,000, which it has fully subscribed. This subsidiary will act as a holding company of the investments in the SPEs that will develop the group's business in Romania.

ACQUISITION OF 50% OF GENERAI S.r.l.

On 14 May 2021, the group acquired 50% of the SPE Generai S.r.l., engaged in the development and preparatory activities to design a wind farm with seven turbines and capacity of 29.4 MW to be built in the municipality of Cerignola (FG).

ALTERNATIVE PERFORMANCE INDICATORS

The group uses certain alternative performance indicators to (i) monitor its financial performance, (ii) anticipate any business trends in order to take prompt corrective action; and (iii) define investment and management strategies and the most effective allocation of resources. Alternative performance indicators are considered an important additional parameter for assessing the group's performance, as they enable more analytical monitoring of its financial performance. For a correct reading of the alternative performance indicators presented in this Interim Financial Report, it should be noted that:

- determination of the alternative performance indicators used by the parent is not governed by the IFRS. They must not be regarded as alternative measures to those provided in the group's consolidated financial statements to evaluate its financial performance and position;
- the alternative performance indicators must be read in conjunction with the group's consolidated financial statements;
- the alternative performance indicators are determined on the basis of (or derived from) the group's historical data, as indicated in the consolidated financial statements, the general ledger and management accounts, and on the basis of actual calculations by management, in accordance with the recommendations contained in ESMA's guidelines no. 1415 of 2015, as implemented by Consob communication no. 0092543 of 3 December 2015;
- the alternative performance indicators have not been audited and must not be construed as indicators of the group's future performance;
- the method of determining the alternative performance indicators, as indicated above, is not governed by the IFRS referred to in the preparation of the consolidated financial statements. Therefore, the determination criterion applied by the group may not be the same as that used by other groups, and the alternative performance indicators presented by the parent may not be comparable to those presented by other groups.

The alternative performance indicators presented in this report are described below.

EBITDA is the operating income before depreciation and amortisation. EBITDA thus defined is a measure used by management to monitor and assess the group's operating performance.

Financial debt is calculated in accordance with the ESMA guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA 32-382-1138). Financial debt is not identified as an accounting measure under the IFRS. The calculation criterion applied by Alerion may not be the same as that used by other groups and, therefore, the balance obtained by Alerion may not be comparable to that calculated by them.

Financial debt (net of derivatives) is calculated as net financial debt net of the fair value of current and non-current hedging financial instruments.

Financial debt for reporting purposes is calculated as the sum of cash and cash equivalents, current and non-current financial assets, loan assets and other non-current financial assets, current and non-current financial liabilities, the fair value of hedging financial instruments and other non-current financial assets, net of the financial debt resulting from assets held for sale. Financial debt for reporting purposes is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Financial debt for reporting purposes (net of derivatives) is calculated as financial debt for reporting purposes net of the fair value of current and non-current hedging financial instruments. It should also be noted that financial debt (net of derivatives and lease liabilities) is also reported as it is relevant for determining the financial parameters required for the 2019-2025 green bonds.

Financial debt for reporting purposes (net of derivatives and lease liabilities) is calculated as financial debt for reporting purposes net of the fair value of current and non-current hedging financial instruments and lease liabilities recognised after adoption of IFRS 16. It should also be noted that net financial debt for reporting purposes (net of derivatives and lease liabilities) is also reported as it is relevant for determining the financial parameters required for the 2018-2024 green bonds.

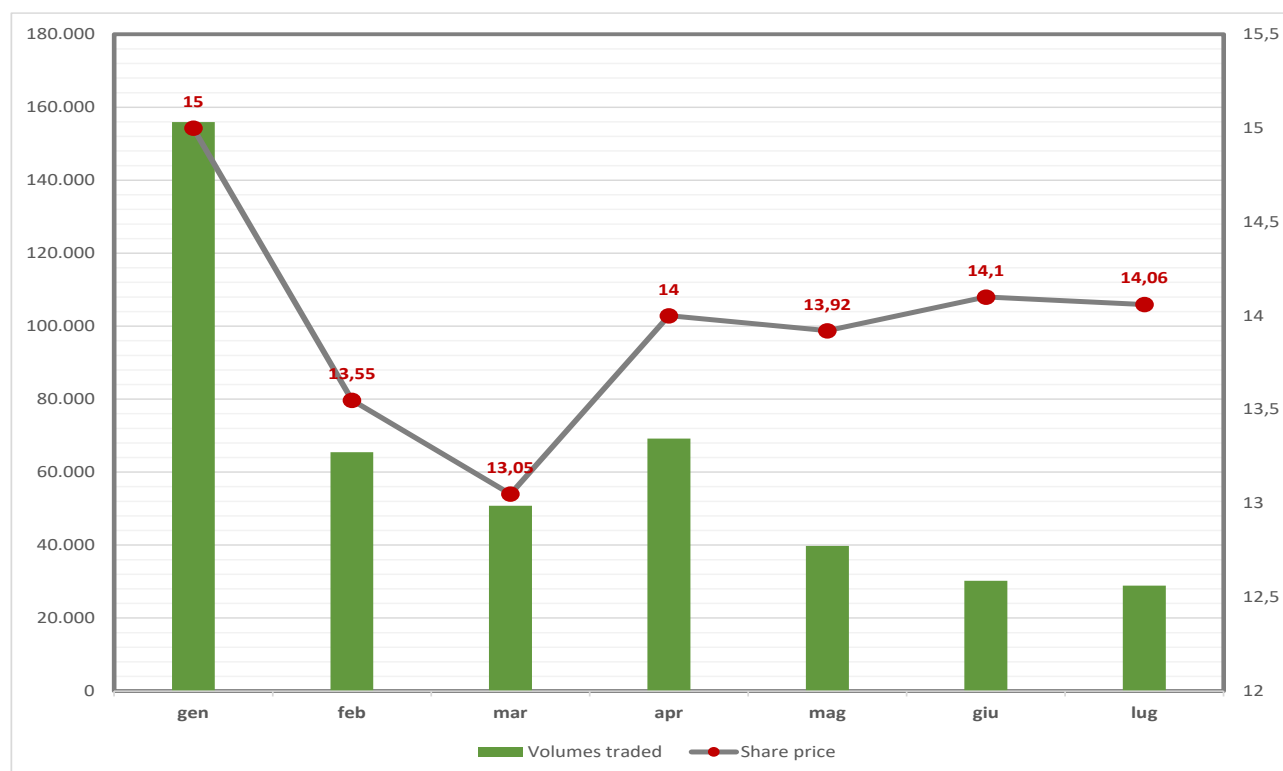
Gross financial debt is calculated as the sum of current and non-current financial liabilities and the fair value of financial instruments. Financial debt for reporting purposes is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Net invested capital is calculated as the algebraic sum of non-current assets and non-financial assets and liabilities.

SHARE PERFORMANCE

At 30 June 2021, the parent's share price was €13.50, after distributing a dividend of €0.28 to each share on 3 May 2021. This performance represented a 27.4% increase on the 31 December 2020 price of €10.60.

In the first half of 2021, the share price ranged from a minimum of €10.7 when the stock market opened on 4 January 2021 to a maximum of €15.5 on 6 January 2021 as shown in the following graph:



The following tables show variations in the share price and volumes traded during the period.

Share price	€
Price at 30 June 2021	13.50
Maximum price (06/01/2021)	15.50
Minimum price (at start of year - 04/01/2021)	10.70
Average price	13.00

Volumes traded	Shares (no.)
Maximum volume (05/01/2021)	602,552
Minimum volume (22/06/2021)	10,052
Average volume	67,308

At 30 June 2021, the parent's stock market capitalisation is approximately €732 million compared to €575 million at the end of 2020.

The average number of shares traded during the period was 54,229,403.

KEY RESULTS

Statement of profit or loss (€m)	First half 2021	First half 2020
Revenue	71.1	55.2
Gross operating profit	58.8	40.4
Profit for the period	20.2	5.3
Profit attributable to the owners of the parent	19.6	4.9
Statement of financial position (€m)	30.06.2021	31.12.2020
Equity	202.9	207.0
Net financial debt*	499.0	491.0
Net financial debt (excluding derivatives)	476.9	475.9
Operating figures	First half 2021	First half 2020
Gross capacity (MW)	750.8	684.1
Electricity production (GWh) ⁽¹⁾	634	570
Electricity production (GWh) - Consolidated plants	568	537

⁽¹⁾ Consolidated plants and plants owned by equity-accounted investees

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

BASIS OF PREPARATION OF THE RECLASSIFIED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

This section describes the criteria used to prepare the reclassified statement of financial position at 30 June 2021 and the reclassified statement of profit or loss for the six months then ended, included and commented on, respectively, in the subsequent section entitled "The group's performance".

Reclassified statement of financial position at 30 June 2021

The captions have been reclassified and combined as follows:

Non-current assets, this caption has been broken down into the following sub-captions:

- **Intangible assets:** this sub-caption comprises i) licences and concessions of €182.4 million; ii) development costs of €10.3 million; iii) patents and intellectual property rights and other assets of €0.3 million; and iv) assets under development of €1.4 million (note 5);
- **Property, plant and equipment:** this sub-caption comprises i) land of €24.9 million, ii) buildings of €0.5 million, iii) plant and machinery of €410.8 million; iv) other assets of €0.3 million; and v) assets under construction of €15.9 million, related to investments in wind farms (note 6);
- **Financial assets:** this sub-caption comprises the equity investments recognised under non-current financial assets in "Equity-accounted investments" of €52.3 million (note 7);
- **Non-current loans:** this sub-caption includes loans and other non-current financial assets of €9.8 thousand (note 8").

Other non-financial assets and liabilities, this caption includes i) trade receivables from associates and other companies of €6.5 million (note 9); ii) deferred tax assets of €44 million (note 31); iii) tax assets (note 10) and other current assets (note 11) of €37.8 million; iv) trade payables of €12 million (note 21); v) post-employment benefits and other employee benefits of €0.6 million (note 17); vi) deferred tax liabilities of €42.3 million (note 31); vii) provisions for future risks and charges of €15 million (note 18); viii) other non-current liabilities of €13.4 million (note 19); ix) tax liabilities of €4.3 million (note 22); and x) other current liabilities of €8.6 million (note 23);

Cash and cash equivalents, this caption includes cash and cash equivalents of €93.4 million (note 13);

Other financial assets and liabilities, this caption includes i) loans and other current financial assets of €1 million (note 12); ii) non-current financial liabilities of €520.1 million (note 15); iii) current financial liabilities of €51.2 million (note 20); and iv) derivatives, classified under current and non-current liabilities, of €22.1 million (note 16).

Reclassified statement of profit or loss, the captions have been reclassified and combined as follows:

Revenue, this caption includes i) revenue from electricity sales and feed-in tariffs of €66.0 million; and ii) other revenue and income of €5.1 million (notes 25 and 26);

Net financial expense, this caption includes the net financial expense of €9.1 million (note 29);

Income taxes, this caption comprises i) current taxes of €2.3 million, and ii) deferred taxes of €6.6 million (note 31).

THE GROUP'S PERFORMANCE

The group's operating performance in the first half of 2021 included the consolidated plants which produced 567.9 GWh of electricity, up from the 537.1 GWh in the corresponding period of the previous year. This upturn is due to the greater production of electricity in the first six months of 2021.

The increase in total capacity from 684.1 MW in the first half of 2020 to 750.8 MW for the first six months of 2021 is entirely due to the change in the number of equity-accounted investees, as can also be seen in the share of profit from equity-accounted investees recognised in profit or loss.

ALERION Group - Reclassified statement of profit or loss

(€m)	First half 2021	First half 2020
Revenue	66.0	52.7
Other revenue and income	5.1	2.5
Total revenue and income	71.1	55.2
Personnel expenses	(1.5)	(1.1)
Other operating costs	(15.4)	(14.6)
Accruals to provisions for risks	0.0	(0.1)
Operating costs	(16.9)	(15.8)
Share of profit of equity-accounted investees	4.6	1.0
Gross operating profit	58.8	40.4
Amortisation, depreciation and impairment losses	(20.6)	(20.6)
Operating profit	38.2	19.8
Net financial expense	(9.1)	(11.8)
Profit before tax	29.1	8.0
Income taxes	(8.9)	(2.7)
Profit for the period	20.2	5.3
Profit attributable to non-controlling interests	0.6	0.4
Profit attributable to the owners of the parent	19.6	4.9

Total revenue and income amount to €71.1 million (€55.2 million in the first half of 2020). Specifically, revenue increased by approximately 25.2% from €52.7 million in the first six months of 2020 to €66 million for the period, driven by the upturn in electricity production and especially the strong hike in the selling price of electricity during the six months.

This growth in revenue is the direct result of: i) the increase in the selling price of electricity, mostly as a result of the performance of international markets during the period, while expectations about prices are stable for the second half of the year; ii) an increase in the unit incentive for wind farms that benefit from the feed-in tariff (FIP, formerly "green certificates") scheme of €109.4/MWh compared to €99.1/MWh for 2020; and finally iii) the greater volume of electricity produced by the wind farms in the period compared to the first half of 2020.

Revenue from electricity sales decreased by €4.7 million due to the derivative entered into by the parent to hedge electricity prices covering the whole of 2021.

In the first half of 2021, the average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €169.5/MWh, compared to €129.5/MWh in the first six months of 2020. Specifically:

- the average selling price of electricity is €60.1/MWh compared to €30.4/MWh in the corresponding period of 2020;
- the average feed-in tariff for the period is €109.4/MWh (€99.1/MWh in the corresponding period of 2020).

The Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

Other revenue and income of €5.1 million (€2.5 million in the first half of 2020) mostly relate to administrative and technical consultancy services provided to third parties and equity-accounted investees. The caption also includes the effects of the change in estimates made to calculate the provisions for risks for future decommissioning costs of the operating wind farms based on the technical appraisals prepared by sector experts. This led to the recognition of income of €2.8 million.

The following table shows the electricity production figures of the group's operating wind farms in the first half of 2021:

Site	Total capacity (MW)	Investment (%)	Consolidated capacity (MW)	Year of entry into production	Last year of incentives	Consolidated production (MWh)	
						First half 2020	First half 2021
Subsidiaries' wind farms (consolidated)							
Operating wind farms - Italy							
Albanella (SA)	8.5	100%	8.5	2004	2016	5,511	5,466
Albareto (PR)	19.8	100%	19.8	2019	2039	20,742	22,164
Agrigento (AG)	33.2	100%	33.2	2007	2019	26,396	25,806
Callari (CT)	36.0	100%	36.0	2009	2023	24,087	27,500
Castel di Lucio (ME)	23.0	100%	23.0	2010	2025	16,862	20,250
Ciorlano (CE)	20.0	100%	20.0	2008	2023	8,834	9,761
Fri-El Campidano (VS)	70.0	100%	70.0	2008	2023	55,460	66,277
Grottole (MT)	54.0	100%	54.0	2009	2024	56,369	48,641
Licodia (CT)	22.1	80%	22.1	2010	2025	14,446	16,175
Morcone-Pontelandolfo (BN)	51.8	100%	51.8	2019	2039	69,721	76,719
Nulvi-Tergu (SS)	29.8	90%	29.8	2008	2023	26,753	27,744
Ordona (FG)	34.0	100%	34.0	2009	2024	33,750	31,070
San Marco in Lamis (FG)	44.2	100%	44.2	2011	2026	30,985	30,466
Regalbuto (EN)	50.0	100%	50.0	2010	2024	29,245	28,779
Ricigliano (SA)	36.0	100%	36.0	2007	2019	32,340	31,341
Villacidro (VS)	30.8	100%	30.8	2019	2039	34,107	37,615
Total	563.1		563.1			485,610	505,775
Operating wind farms - abroad							
Comolice (Spain)	36.0	100%	36.0	2012	2032	35,738	48,797
Krupen (1,2,3,4) (Bulgaria)	12.0	51%	12.0	2010	2025	15,737	13,341
Total	48.0		48.0			51,475	62,138
Total subsidiaries' wind farms	611.1		611.1			537,085	567,914
Equity-accounted investees' wind farms ⁽¹⁾							
Operating wind farms - Italy							
Lacedonia (AV)	15.0	50%	7.5	2008	2023	5,770	6,543
San Martino in Pensilis (CB)	58.0	50%	29.0	2010	2025	27,608	26,662
Anzi (PZ)	16.0	49%	7.8	2011	2026	-	8,667
San Basilio (CA)	24.7	49%	12.1	2010	2025	-	11,659
Ururi (CB)	26.0	49%	12.7	2010	2026	-	12,323
Total	139.7		69.2			33,377	65,853
Total	750.8		680.3			570,462	633,767

(1) Wind farms owned by investees measured using the equity method as a result of the application of IFRS 11.

The **gross operating profit** amounts to €58.8 million, up 45.5% on the corresponding period of 2020 (€40.4 million), reflecting the increase in revenue in the first six months of 2021 as described earlier, driven by the greater production of electricity in the period and the higher average prices, partly offset by the cost of the derivative entered into to hedge electricity prices in 2021. Operating costs increased from €15.8 million in the first half of 2020 to €16.9 million. In addition, the **gross operating profit** includes the group's share of the profit of the equity-accounted investees and associates, which is €4.6 million higher than the first half of 2020 due to the group's acquisition of 49% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which each own a wind farm for a total installed capacity of 66.65 MW, on 15 December 2020.

The **operating profit** amounts to €38.2 million (€19.8 million in the first half of 2020) after amortisation, depreciation and impairment losses of €20.6 million.

The **profit before tax** of €29.1 million shows an increase on the €8.0 million for the corresponding period of the previous year. It includes financial expense and net gains on equity investments and other financial assets of approximately €9.1 million (€11.8 million in the first half of 2020). The difference is mostly due to the smaller interest expense paid by Callari S.r.l. and Ordona Energia S.r.l. as a result of their prepayment of the project financing.

The **profit for the period** amounts to €20.2 million, which is a very significant increase on the €5.3 million for the first half of 2020. It includes income taxes of roughly €8.9 million (€2.7 million in the corresponding period of 2020).

The **profit attributable to the owners of the parent** amounts to €19.6 million compared to €4.9 million for the first half of 2020.

The **profit for the period attributable to non-controlling interests** comes to €0.6 million in line with that for the corresponding period of 2020 (€0.4 million).

Financial position and cash flows

ALERION Group - Reclassified statement of financial position

(€m)

	30.06.2021	31.12.2020
<i>Intangible assets</i>	194.3	198.1
<i>Property, plant and equipment</i>	452.5	455.6
<i>Financial assets</i>	52.3	50.0
<i>Non-current loans</i>	9.8	4.4
Non-current assets	708.9	708.1
Other non-financial liabilities, net	(7.0)	(10.1)
NET INVESTED CAPITAL	701.9	698.0
Equity attributable to the owners of the parent	198.0	202.5
Equity attributable to non-controlling interests	4.9	4.5
Equity	202.9	207.0
Cash and cash equivalents	93.4	147.7
Other financial liabilities, net	(592.4)	(638.7)
Financial debt *	(499.0)	(491.0)
EQUITY + FINANCIAL DEBT*	701.9	698.0

* Financial debt calculated as per the ESMA32-382-1138 Guidelines

Changes in the consolidation scope compared to 31 December 2020 have not had a significant impact on the group's cash flows and results of operations for the six months as they mostly refer to the acquisition or incorporation of companies that are in a start-up phase.

At 30 June 2021, **property, plant and equipment** and **intangible assets** amount to €646.8 million (€653.7 million at 31 December 2020). The €6.9 million decrease is net of amortisation and depreciation of €20.6 million.

Other non-financial liabilities, net include trade receivables for the sale of electricity and amounts due under feed-in tariff schemes totalling €14.6 million compared to €17

million at 31 December 2020. Specifically, amounts due under feed-in tariff schemes from GSE total €9.4 million (€10 million at 31 December 2020).

Equity attributable to the owners of the parent decreased by €4.5 million to €198 million at 30 June 2021. This reduction is mostly a result of: i) the profit for the period attributable to the owners of the parent of €19.6 million; ii) the fair value losses on derivatives hedging bank project financing and commodity swaps on electricity prices of €7.9 million, net of the related tax; iii) repurchases of own shares of €1.2 million as resolved by the shareholders on 26 April 2021; and iv) the distribution of dividends of €15.2 million as per the shareholders' resolution of 26 April 2021.

Financial debt amounts to €499 million at 30 June 2021, up €8 million on 31 December 2020, in order to bolster the scheduled investments in Romania and Italy communicated to the market at the start of the year.

A breakdown of financial debt at 30 June 2021 and 31 December 2020 is as follows:

	30.06.2021	31.12.2020
Cash and cash equivalents		
Cash equivalents	93.4	147.7
Total cash and cash equivalents	93.4	147.7
Loans and other current financial assets	1.0	1.0
Cash and cash equivalents	94.4	148.7
Current financial liabilities		
Bank facilities	(15.9)	(12.1)
Lease liabilities	(1.1)	(1.1)
Finance lease liabilities	(4.8)	(4.7)
Derivatives	(17.8)	(8.6)
Current loans and borrowings	(39.6)	(26.5)
Bank loans and borrowings and project financing	(25.5)	(68.6)
Accrued interest on bonds	(3.3)	(3.1)
Other loans and borrowings	(0.5)	(0.2)
Current portion of non-current loans and borrowings	(29.3)	(71.9)
Current financial debt	(68.9)	(98.4)
NET CURRENT FINANCIAL POSITION	25.5	50.3
Non-current financial liabilities		
Bank loans and borrowings and project financing	(121.0)	(132.9)
Non-current loans and borrowings	(121.0)	(132.9)
Bonds issued	(346.2)	(345.7)
Debt instruments	(346.2)	(345.7)
Other loans and borrowings	(12.3)	(12.1)
Lease liabilities	(19.5)	(19.5)
Finance lease liabilities	(21.2)	(24.6)
Derivatives	(4.3)	(6.5)
Trade payables and other non-current liabilities	(57.3)	(62.7)
NON-CURRENT FINANCIAL DEBT	(524.5)	(541.3)
FINANCIAL DEBT*	(499.0)	(491.0)
FINANCIAL DEBT* (excluding derivatives)	(476.9)	(475.9)
Loans and other non-current financial assets	9.8	4.4
FINANCIAL DEBT FOR REPORTING PURPOSES	(489.2)	(486.6)

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

Note 24 to these condensed interim consolidated financial statements includes the table on financial debt prepared in accordance with the ESMA Guidelines 32-232-1138 of 4 March 2021.

Therefore, the increase in financial debt is principally due to: i) cash flows of approximately €52.1 million generated by operating activities; ii) cash flows of approximately 24.4 million used in investing activities, mostly for investments made in Romania and Italy; iii) net financial expense and fair value losses on derivatives of €21.7 million; iv) dividends of €1.3 million received from equity-accounted investees; and v) dividends of €15.3 million distributed during the period.

The following table shows the group's cash inflows and outflows and their effect on financial debt:

(€m)	First half 2021	First half 2020
Cash flows generated by operating activities	52.1	39.6
Cash flows used in investing activities	(24.4)	
Cash flows used in acquisitions	0.0	(89.8)
Cash held by the acquirees at the acquisition date	0.0	16.6
Effects of the change in the consolidation scope	0.0	(32.2)
Net financial expense and net fair value losses on derivatives	(21.7)	(13.1)
Effect of IFRS 16 FTA	0.0	(2.6)
Dividends received from equity-accounted investees	1.3	2.5
Dividends distributed	(15.3)	(10.0)
Increase in financial debt*	(8.0)	(89.0)
Opening financial debt*	(491.0)	(407.2)
CLOSING FINANCIAL DEBT*	(499.0)	(496.2)

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

Leverage, which is the ratio of net financial debt to net invested capital, is 71.1% at 30 June 2021 (70.3% at 31 December 2020).

Financial debt (excluding derivatives) amounts to €476.9 million at 30 June 2021 compared to €475.9 million at 31 December 2020.

Cash and cash equivalents decreased by €54.3 million to €93.4 million at 30 June 2021. The main reasons for this reduction are the use of cash to repay their loans by Callari S.r.l. and Ordonia Energia S.r.l., as described earlier, and to make investments in Romania and Italy.

The **current financial position**, including derivatives, decreased by €29.5 million from €98.4 million at 31 December 2020 to €68.9 million at 30 June 2021. This reduction is mostly due to i) the above-mentioned prepayment of their project financing by Ordonia Energia S.r.l. and Callari S.r.l. (already reclassified to current financial liabilities at 31 December 2020); ii) the greater use of its credit facilities for €3.9 million by the parent during the year and the fair value losses of €9.2 million on derivatives recognised under current financial liabilities.

Non-current financial debt, including derivatives, amounts to €524.5 million (€541.3 million at 31 December 2020) and includes i) bonds issued of €346.2 million, being the 2019-2025 bonds of €200 million subscribed on 12 December 2019, net of the outstanding transaction costs of €2.2 million, and the 2018-2024 bonds of €150 million subscribed on 29 June 2018, net of the outstanding transaction costs of €1.6 million; ii) the non-current portion of project financing of €121 million, net of the amounts that fell due on 30 June 2021; and iii) the non-current portion of lease liabilities of €40.7 million recognised in accordance with IFRS 16 "Leases".

Interest of €2.9 million accrued on the 2018-2024 bonds at 31 December 2020, and recognised as current financial liabilities at that date, was paid on 30 June 2021.

Loan assets and other non-current financial assets increased by €5.4 million to €9.8 million at 30 June 2021 and mostly refer to loans given to equity-accounted investees.

Reference should be made to the note to “Related party and intragroup transactions” for information on the relevant terms and conditions.

LEGISLATIVE FRAMEWORK

The most important measures affecting the legislative framework for the sector in the first half of 2021 are shown below.

Feed-in tariff (formerly “green certificates”)

With resolution 22/2021/R/EFR of 26 January 2021, the Italian regulatory authority for energy, networks and the environment (“Arera”) announced, for the purposes of determining the 2021 feed-in tariff, that the average annual selling price of electricity was €39.8/MWh in 2020. Accordingly, the 2021 feed-in tariff, which is 78% of the difference between €180/MWh and the average annual selling price of electricity for the previous year, is €109.36/MWh. According to GSE’s procedures, these incentives are paid by GSE on a monthly basis by the end of the second month following the reference month.

Europe’s new 2030 targets for renewable energy and energy efficiency

The new European renewable energy and energy efficiency targets for 2030 were set in 2018. These principles, which are to be transposed into new Community directives, set a target of at least 40% for GHG emissions (compared to 1990 levels) and a second target of 32% (compared with the 27% originally proposed by the European Commission) for the final consumption of renewable energy, with an annual obligation of 1.3% for thermal renewables and a 14% obligation in the transport sector. The new 2030 target for energy efficiency was set at 32.5%. The European Community is current revisiting these directives to enact the proposal to bring the net reduction in GHG emissions to at least 55%.

Spanish legislative framework

Spanish legislation governing renewable energy is regulated by the framework for the generation and promotion of renewable energies of the EU and specifically Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. As provided for by Spanish law, the judicial framework is established by Law no. 24/2013 of 26 December 2013 on the electricity sector (the “ESL”), which is implemented with: (i) Royal decree no. 413/2014 of 6 June, which regulates the generation of electricity from renewable sources, co-generation and waste, (ii) Royal decree no. 1955/2000 of 1 December, which covers the production, transmission, distribution, sale and supply of electricity and the

authorisation procedures for power plants; and (iii) Royal decree no. 2019/1997 of 26 September, which organises and governs the electricity market.

In addition to the regulations enacted at government level: (i) most of the autonomous communities ("*Comunidades Autónomas*") have also approved specific regulations (an example is Aragón with its decree of 25 June 2004); (ii) the municipalities also have their own regulations for the issue of work authorisations; and (iii) the environmental and urban planning regulations (mostly approved at autonomous community and municipality level) also need to be considered when designing a renewable energy project.

The ESL establishes that electricity generation is an unregulated activity (unlike the transmission and distribution of energy) and, therefore, does not actually require a licence, authorisations to build and operate a power plant have to be obtained before it can start to produce electricity.

The remuneration of renewable energy producers in an unregulated market mostly consists of revenue earned on sales in the wholesale market. In addition, the Spanish government encourages the development of renewable energy projects and holds auctions to grant the "specific remuneration system" ("*régimen de retribución específico*") to the bidder that offers renewable energy capacity at the lowest price (e.g., requesting a lower feed-in tariff). However, any company can build a renewable energy plant without participating in an auction (i.e., without requesting a feed-in tariff) although it is then completely unprotected from price fluctuations in the electricity market.

MAIN RISKS AND UNCERTAINTIES

The "Financial risks management policy" section in the notes to the condensed interim consolidated financial statements provides information about how the group manages its financial risks. This report does not include all the disclosures required of annual reports and, therefore, reference is made to the 2020 Annual Report for a more complete description of the main risks and uncertainties.

The Covid-19 pandemic

The international public health emergency triggered by Covid-19 has continued throughout the first half of 2021. The group has taken and takes all the steps necessary to both protect its employees' health and the ongoing operating of its assets in secure conditions.

During the period, the group carefully monitored developments in the countries where it operates. It issued guidelines about the most suitable procedures to adopt to prevent and/or mitigate the effects of contagion in the workplace in order to protect the health and safety of its employees and those of its suppliers and customers while allowing operations to continue.

Assumptions about future changes in the current macroeconomic and financial situations due to Covid-19 are subject to great uncertainty, which could affect the

judgements and estimates made by management about the carrying amount of assets and liabilities that are subject to greater volatility.

Risks related to the legislative and regulatory environment

The group operates in a highly regulated sector and therefore group companies are required to comply with a large number of laws and regulations.

Specifically, the group and its plants are subject to national and local regulations relating to various aspects of the activities carried out, which cover the entire electricity production chain. These regulations relate, inter alia, to the construction of the plants (the obtaining of building permits and other administrative authorisations), their operation and the protection of the surrounding environment, thus affecting the manner in which the group's activities are carried out.

The enactment of new legislation applicable to the group or to the production of electricity, or any changes to the current Italian legislative framework, including tax legislation, could have a negative impact on the operations of Alerion and its group. In addition, the implementation of any such changes could entail specific additional costs for the group. In particular, the costs of complying with changes to existing regulatory provisions, including compliance costs, which encompass the costs of adapting to requirements for operational activities, personnel authorisations and occupational safety, could be particularly high. Similarly, adaptation to the changes to the regulations described above may require long implementation periods. Such events could have negative effects on the group's financial position, financial performance and cash flows.

The group contains this risk by constantly monitoring the legislative framework in order to implement any changes promptly, in such a way as to minimise any economic impacts that may arise.

Risks related to the cyclical nature of production and climate change

Given the characteristics of the energy sources used, the climatic conditions of the sites where the wind farms are located and production forecasts that are based on historical data and probabilistic estimates, production is highly variable.

Specifically, since wind power generation is dependent on "non-programmable" climatic factors, it is characterised by seasonal factors that make energy production inconstant during any one year. Any adverse weather conditions and, in particular, any persistent lack of windiness for wind farms, also with respect to the measurements made during the development phase (regarding the availability of the energy source and weather forecasts), could lead to time lags and a reduction or stoppage of plant operations, resulting in peaks and troughs in the volumes of electricity produced, with consequent short-term effects on the group's operations, financial position, financial performance and cash flows.

The group contains this risk by planning the installation of new sites in diversified geographical areas, monitoring the trends in anemometric data in order to improve weather forecasting and scheduling plant closures in less windy periods. The group contains any risk of damage to the plants due to adverse weather events that cannot be controlled or programmed by taking out insurance policies and agreeing maintenance contracts.

Credit risk related to the sale of electricity

The energy produced by the group's wind farms is purchased by trading companies, which sell it on the market. The group has specific agreements with such companies for the electricity generated by the group SPEs' wind farms and is exposed to the risk that they may not pay the consideration due or on time. At period end, the group has trade receivables of €5.2 million due from these trading companies.

The group sells the electricity produced by all the wind farms under one-year bilateral agreements (without tacit renewal) agreed by the SPEs that own the wind farms with the trading companies.

Risks related to the national feed-in tariff schemes the group is eligible for

All the group's wind farms, except for those in Albanella, Agrigento, Ricigliano and Bulgaria, benefit from a feed-in tariff and 55% of its revenue for the first half of 2021 is related to the national feed-in tariff schemes. Should one or more of the group's wind farms no longer qualify for these schemes for any reason whatsoever or should GSE delay paying the amounts due, the group's revenue could decrease, including significantly. Payment delays, non-receipt of the incentives or smaller incentives, including for reasons not attributable to the group, could make it necessary for the parent to financially assist its subsidiaries (also significantly) to ensure they comply with their financing covenants and other clauses in the related agreements.

Credit risk

The group's financial assets mainly comprise trade receivables arising from the supply of electricity and possibly the sale of equity investments.

Factoring is usually only carried out with well-known and reliable counterparties. The balance of trade receivables is monitored during the period to limit the impact of credit losses. Moreover, these receivables are usually secured by collateral and, in the case of counterparty's default, the maximum risk is equal to the carrying amount of the related asset.

The group's exposure to credit risk is increasingly associated with the sale of electricity. Due to the nature of the market, exposure is strongly concentrated with a few commercial counterparties of high credit standing, whose positions are periodically monitored for compliance with payment terms.

Liquidity risk

Liquidity risk is the risk that the group may encounter difficulties in finding the financial resources necessary to meet its contractual obligations at market conditions. It may arise as a result of a lack of available resources to meet financial obligations according to the established terms and deadlines in the event of a sudden withdrawal of non-revolving credit lines or if the group is required to settle its financial liabilities before their natural maturity.

On 10 May 2018, the parent placed a six-year 2018-2024 bond issue for a total of €150 million, bearing interest at the nominal annual fixed rate of 3.75%. Part of the proceeds will be used for future investments. Moreover, on 19 December 2019, it issued the six-

year 2019-2025 green bonds for a total of €200 million, bearing interest at the nominal annual fixed rate of 3.125%.

Moreover, the parent has sufficient liquidity and undrawn bank credit lines to meet temporary cash requirements.

The parent manages treasury activities on behalf of the group operating companies. It has agreed project financing facilities on their behalf in order for them to cover the financial requirements of their investment projects in the renewable energy production sector, especially the wind sector. It has also agreed short-term credit lines with leading banks. Furthermore, the parent may grant loans to its investees to support their development plans, in line with its portfolio investment return objectives. These loans are subordinated to the repayment of any non-current bank loans granted under project financing agreements.

Liquidity risk of individual investment projects is managed by maintaining an adequate level of cash and/or short-term securities that can be readily converted to cash, as well as short-term credit lines. The group also has sufficient undrawn bank credit lines to meet temporary cash requirements, make approved investments and cover the potential risk of the group being required to repay non-revolving credit lines, through its centralised treasury management.

CORPORATE EVENTS

On 14 May 2021, the group acquired 50% of Generai S.r.l., which is developing a project in the province of Foggia in Italy.

It also incorporated Alerion Clean Power RO S.r.l. in Romania on 22 May 2021.

On 8 June 2021, the parent acquired 100% of three SPEs which own solar systems under construction in Romania with total installed capacity of roughly 14.3 MW through its Romanian subsidiary Alerion Clean Power RO S.r.l..

RELATED PARTY AND INTRAGROUP TRANSACTIONS

The information on related party transactions required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the relevant sections of this report.

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 on related party transactions of 12 March 2010, as amended, it is noted the group's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the group's financial position, financial performance and cash flows.

Terms and conditions of intragroup transactions

As part of its holding company activities, Alerion coordinates the administrative, management and commercial activities of the group companies and optimises their financial resources. It provides services to the subsidiaries and associates as part of these activities. These transactions with subsidiaries are eliminated in the consolidation process. Financial transactions are also carried out between the group companies. Transactions with subsidiaries and investees are regulated at arm's length, taking into account the nature of the services provided. Significant transactions with subsidiaries or investees that affect the group's consolidated financial statements include the subsidiaries' participation in the domestic tax consolidation scheme.

The parent is the tax consolidator. The scheme enables the participating group companies to offset their taxable profits or tax losses with a clear benefit not only for themselves, but also for the group as a whole.

Companies participating in the domestic tax consolidation scheme have signed an agreement governing and specifying the requirements, obligations and responsibilities to which they mutually agree when they join the scheme. In particular, specific provisions are designed to ensure that participation is not disadvantageous economically or financially compared to their position had they not joined the scheme, or if (where applicable) they had opted for group taxation with their own subsidiaries.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

Events after the reporting period

On 9 July 2021, the parent's board of directors resolved to update the business plan's capital structure in order to change the ratio of own funds to third party funds, decreasing the equity requirement from the originally-envisaged maximum €300 million to €200 million, as described on the "Key events of the period" section.

On the same date, the group completed its acquisition of 50% of Bioenergia S.r.l., which owns a development project in the municipalities of Orta Nova (FG) and Cerignola (FG) in Italy.

On 8 July 2021, the parent acquired 100% of Inspire Parc Solar S.r.l. and Solar Live Energy S.r.l., which each own a solar farm under construction in Romania, through its Romanian subsidiary Alerion Clean Power RO S.r.l..

On the same date, it acquired 100% of Conti Green Projects S.r.l., Conti Green Energy S.r.l. and Conti Green Alliance S.r.l., which each own a solar farm under construction in Romania, through its Romanian subsidiary Alerion Clean Power RO S.r.l..

On 9 July 2021, the parent acquired 75% of Mitoc Partners S.r.l., which owns a 156 MW wind project under development in Romania, through its Romanian subsidiary Alerion Clean Power RO S.r.l..

Outlook

The parent will continue to introduce measures to improve the group's operating efficiency and financial strength, designed to underpin its international growth in Spain and Romania, during the second half of the year.

It will pursue extending its footprint through targeted organic and inorganic growth in order to increase the installed capacity of its wind farms in Italy and abroad.

OTHER INFORMATION

Corporate governance

The Alerion Group is a signatory of, and complies with the Code of Conduct for Listed Companies approved in December 2011 and most recently updated in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., integrated and amended to reflect its characteristics.

The corporate governance report includes a general description of the group's corporate governance system, information about its ownership structure and compliance with the Code of Conduct. It also describes the main corporate governance practices applied and the characteristics of the internal controls over financial reporting and the risk management system. This report is available on the website www.alerion.it.

Dividend distribution

At their meeting of 26 April 2021, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.28 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 5 May 2021 and detachment date of coupon 10 on 3 May 2021. The parent distributed the dividend of €15.2 million in compliance with the terms established by the shareholders.

Management and coordination

Since 7 May 2021, Fri-El Green Power S.p.A. has no longer managed and coordinated the parent pursuant to article 2497 and following articles of the Italian Civil Code although it continues to exercise its rights as the majority shareholder.

Consolidated non-financial statement

The parent is exempt from the requirement to disclose non-financial and diversity information as per Legislative decree no. 254 of 30 December 2016 which transposed Directive 2014/95/EU on the disclosure of non-financial and diversity information into Italian law. This is because at individual and group level, the average number of employees is less than 500 and therefore it does not qualify by size as a listed public interest entity, a bank or insurance company which are required to prepare and publish

an individual or consolidated non-financial statement that provides disclosures on environmental, social, human resources, human rights and anti-corruption topics.

Treasury shares and shares of parents

At 30 June 2021, the parent has 94,000 treasury shares (4,500 at 31 December 2020), equal to 0.17334% of its share capital. With respect to the shareholders' resolution of 3 May 2021 authorising repurchases of treasury shares, at 30 July 2021, it has repurchased an additional 9,554 treasury shares.

Investments held by directors, statutory auditors, COOs and key management personnel

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the investments held by the directors, statutory auditors, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act (TUF).

Exercise of option to waive the disclosure obligations about significant non-recurring transactions

On 30 January 2013, the parent's board of directors resolved to avail of the option not to publish the information documents required for significant mergers, demergers and capital increases through the contribution of assets in kind, acquisitions and disposals.

Workforce

The group has 42 employees at the reporting date, broken down as follows:

	31.12.2020	Increases	Decreases	30.06.2021	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	34	7	(1)	40	38.0
Total employees	36	7	(1)	42	40.0

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2020	30.06.2021	31.12.2020	30.06.2021
Managers	53	54	2	2
Junior managers and white collars	41	42	17	22
Average	47.0	48.0	19	24

Branches

Alerion Clean Power S.p.A. has its registered office at Viale Majno 17, Milan and a branch at Via del Gallitello 221, Potenza (PZ).

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at and for the six months ended 30 June 2021

Condensed interim consolidated financial statements	31
Condensed interim consolidated financial statements	32
Notes to the condensed interim consolidated financial statements	36
Statement on the condensed interim consolidated financial statements at 30 June 2021	92
Independent auditors' report on the condensed interim consolidated financial statements	93

STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	Note	30.06.2021	including: related parties	31.12.2020	including: related parties
NON-CURRENT ASSETS					
Intangible assets	5	194,281		198,100	
Property, plant and equipment	6	452,532		455,637	
Equity-accounted investments	7	52,331		50,026	
Loans and other non-current financial assets	8	9,747	3,882	4,358	3,883
Other current assets		842		875	
Deferred tax assets	31	44,039		43,805	
TOTAL NON-CURRENT ASSETS		753,772		752,801	
CURRENT ASSETS					
Trade receivables	9	6,531	239	9,113	1,722
Tax assets	10	6,040		5,096	
Other current assets	11	31,742	1,798	28,539	
Loans and other current financial assets	12	978		1,003	
Cash and cash equivalents	13	93,435		147,706	
TOTAL CURRENT ASSETS		138,726		191,457	
TOTAL ASSETS		892,498		944,258	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	30.06.2021	including: related parties	31.12.2020	including: related parties
EQUITY ATTRIBUTABLE TO THE OWNER OF THE PARENT	14	197,976		202,528	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	14	4,864		4,473	
NON-CURRENT LIABILITIES					
Financial liabilities	15	520,142	9,951	534,883	9,951
Derivatives	16	4,336		6,452	
Post-employment benefits and other employee benefits	17	619		602	
Deferred tax liabilities	31	42,270		38,649	
Provisions for future risks and charges	18	15,013	18	21,975	18
Other non-current liabilities	19	13,379		13,970	
TOTAL NON-CURRENT LIABILITIES		595,759		616,531	
CURRENT LIABILITIES					
Financial liabilities	20	51,163	423	89,751	213
Derivatives	16	17,779		8,573	
Trade payables	21	12,038	505	8,313	1,401
Tax liabilities	22	4,310		4,559	650
Other current liabilities	23	8,609	698	9,530	883
TOTAL CURRENT LIABILITIES		93,899		120,726	
TOTAL LIABILITIES		689,658		737,257	
TOTAL EQUITY AND LIABILITIES		892,498		944,258	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	First half 2021	including: related parties	First half 2020	including: related parties
Electricity sales		29,580	3,299	17,249	1,892
Feed-in tariff		36,447		35,468	
Revenue	25	66,027		52,717	1,892
Other revenue and income	26	5,138	489	2,446	2,758
Total revenue and income		71,165		55,163	
Operating costs					
Personnel expenses		1,448		1,110	
Other operating costs		15,428	2,645	14,679	2,349
Accruals to provisions for risks		44	-	74	-
Total operating costs	27	16,920		15,863	
Share of profit of equity-accounted investees		4,584		1,040	
Amortisation and depreciation		20,636		20,575	
Total amortisation, depreciation and impairment losses	28	20,636		20,575	
OPERATING PROFIT		38,193		19,765	
Financial income		215		101	
Financial expense		(9,336)		(11,676)	
Net financial expense	29	(9,121)	210	(11,575)	
Net gains (losses) on equity investments and other financial assets	30	13	70	(187)	71
Profit before tax		29,085		8,003	
Current		(2,327)		(2,313)	
Deferred		(6,574)		(396)	
Income taxes	31	(8,901)		(2,709)	
PROFIT FOR THE PERIOD		20,184		5,294	
Attributable to:					
Owners of the parent	32	19,620		4,926	
Non-controlling interests		564		368	
EARNINGS PER SHARE					
(€ per share)					
- Basic, considering the profit for the year attributable to the owners of the parent		0.36		0.10	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
- Basic, considering the profit from continuing operations attributable to the owners of the parent		0.36		0.10	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	First half 2021	First half 2020
PROFIT FOR THE PERIOD (A)	20,184	5,294
Net hedging losses	(11,495)	(828)
Related tax	3,292	200
Net fair value gains on cash flows hedges relating to equity-accounted investees	384	261
Related tax	(92)	(62)
Post-tax other comprehensive expense that can be reclassified subsequently to profit or loss (b1)	(7,911)	(429)
Net actuarial gains (losses) on defined benefit plans (IAS 19)	28	(40)
Related tax	(8)	11
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (b2)	20	(29)
Total post-tax other comprehensive expense (b1) + (b2) = (B)	(7,891)	(458)
COMPREHENSIVE INCOME (A) + (B)	12,293	4,836
Attributable to owners of the parent	11,729	4,468
Attributable to non-controlling interests	564	368
COMPREHENSIVE INCOME	12,293	4,836

STATEMENT OF CASH FLOWS

(€'000)	Note	First half 2021	including: related parties	First half 2020	including: related parties
A. Cash flows from operating activities					
Profit attributable to:					
Owners of the parent		19,620		4,926	
Non-controlling interests		564		368	
Adjustments for:					
Amortisation, depreciation and impairment losses	28	20,653		20,575	
Financial (income)/expense and (gains)/losses on equity investments	30	9,108		11,762	
Current taxes	31	2,327		2,313	
Share of profit of equity-accounted investees		(4,584)		(1,040)	
Increase (decrease) in post-employment benefits	17	45		(198)	
Increase (decrease) in provisions for risks and charges	18	(1,179)		696	
Increase (decrease) in deferred tax liabilities	31	6,670		(176)	
Total cash flows from current operations		53,224		39,226	
(Increase) decrease in trade receivables and other assets	9 - 10 - 11	(252)	(315)	8,281	130
Increase (decrease) in trade payables and other liabilities	21 - 22 - 23	(1,750)	(1,081)	(7,164)	408
Taxes paid	22	882		(718)	
Total cash flows from changes in working capital		(1,120)		399	
Total cash flows generated by operating activities		52,104		39,625	
B. Cash flows from investing activities					
Cash acquired as part of business combinations		-		16,568	
Consideration transferred in business combinations		-		(89,800)	
(Investments) disposals of intangible assets	5	(1,846)		(674)	
(Investments) disposals of property, plant and equipment	6	(17,542)		(696)	
Change in financial liabilities for investing activities	8	(4,977)		-	
Dividends received from equity-accounted investees	7	1,291		2,468	
Total cash flows used in investing activities		(23,074)		(72,134)	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	8 - 12 - 15 - 20	(10)		(2,223)	
Net change in lease liabilities	15 - 20	(2,990)		(2,421)	
Increase (decrease) in bank loans and borrowings	15 - 20	(51,514)		(30,791)	
Increase (decrease) in bonds issued	15 - 20	696		452	
Repurchase of treasury shares	14	(1,177)		(96)	
Dividends distributed	14	(15,331)	-	(10,069)	
Financial expense paid		(12,975)		(11,059)	
Total cash flows used in financing activities		(83,301)		(56,207)	
D. Cash flows for the period (A+B+C)		(54,271)		(88,716)	
E. Opening cash and cash equivalents	13	147,706		238,348	
F. Closing cash and cash equivalents (D+E)	13	93,435		149,632	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - Six months ended 30 June 2021

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 December 2020	161,137	(28)	21,400	29,085	(9,066)	202,528	4,473	207,001
Profit for the period	-	-	-	19,620	-	19,620	564	20,184
Other comprehensive expense	-	-	-	20	(8,203)	(8,183)	-	(8,183)
Other comprehensive income relating to equity-accounted investees					292	292	-	292
Comprehensive income	-	-	-	19,640	(7,911)	11,729	564	12,293
Dividends approved and/or distributed	-	-	-	(15,158)	-	(15,158)	(173)	(15,331)
Repurchase of treasury shares	-	(1,177)	-	-	-	(1,177)	-	(1,177)
Capital increase	-	-	-	-	-	-	-	-
Other changes	-	-	-	181	(127)	54	-	54
30 June 2021	161,137	(1,205)	21,400	33,748	(17,104)	197,976	4,864	202,840

Reference should be made to note 14 "EQUITY" for details of the individual captions.

STATEMENT OF CHANGES IN EQUITY - Six months ended 30 June 2020

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 December 2019	140,000	(1,660)	21,400	8,438	(10,114)	158,064	2,752	160,816
Profit for the period	-	-	-	4,926	-	4,926	368	5,294
Other comprehensive expense	-	-	-	(29)	(628)	(657)	-	(657)
Other comprehensive income relating to equity-accounted investees					199	199	-	199
Comprehensive income	-	-	-	4,897	(429)	4,468	368	4,836
Dividends approved and/or distributed	-	-	-	(10,069)	-	(10,069)	-	(10,069)
Repurchase of treasury shares	-	(96)	-	-	-	(96)	-	(96)
Other changes	-	-	-	(4,433)	-	(4,433)	1,189	(3,244)
30 June 2020	140,000	(1,756)	21,400	(1,167)	(10,543)	147,934	4,309	152,243

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The parent, Alerion Clean Power S.p.A. (the “parent” or “Alerion”) is a legal entity subject to Italian law. Its ordinary shares are listed on the MTA segment of the Italian stock exchange. The Alerion Group’s (the “group”) headquarters are at Viale Majno 17 in Milan.

The condensed interim consolidated financial statements have been prepared pursuant to IAS 34. They include additional disclosures deemed useful to provide a more comprehensible understanding of the group’s financial position at 30 June 2021 and its financial performance and cash flows for the six months then ended. They do not, however, include all the disclosures required for annual consolidated financial statements and should be read in conjunction with the group’s consolidated financial statements at 31 December 2020.

The group specialises in electricity production from renewable sources, particularly in the wind power sector.

On 30 July 2021, the parent’s board of directors approved the publication of the condensed interim consolidated financial statements at 30 June 2021.

2. BASIS OF PREPARATION

The condensed interim consolidated financial statements have been drawn up on a going concern basis. Indeed, despite the general uncertain situation and volatile financial markets caused by the spread of Covid-19, which the World Health Organisation classified as a pandemic on 11 March 2020, the group believes that there are no material uncertainties (as defined by IAS 1.24 that may cast significant doubt upon the group’s ability to continue as a going concern. Since electricity production is a service of public interest, the group’s operations have not been reduced or affected by the pandemic.

The group usually only makes certain assessments and judgements, especially the more complex ones such as impairment testing of non-current assets, during preparation of the annual consolidated financial statements when all the relevant information is available. However, if there are indicators of impairment, it tests the related assets immediately.

The condensed interim consolidated financial statements are presented as follows:

- the statement of financial position presents current and non-current assets and current and non-current liabilities separately;
- the statement of profit or loss presents costs based on their nature rather than their function, as the group deems that this classification is more representative;

- the statement of cash flows is based on the indirect method.

As required by Consob (the Italian commission for listed companies and the stock exchange) resolution no. 15519 of 27 July 2006, the group has included additional tables showing the significant effects of related party transactions.

Unless otherwise indicated, amounts are expressed in thousands of Euros.

JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

Directors make judgements, estimates and assumptions in preparing the condensed interim consolidated financial statements, which affect the carrying amount of assets and liabilities as well as the disclosures about contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to determine accruals to provisions for risks, impairment losses on assets, current and deferred taxes, other accruals and provisions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are immediately recognised in profit or loss. More information about the main judgements and assumptions is provided in the "Judgements and significant accounting estimates" section of the notes to the consolidated financial statements at 31 December 2020.

The uncertainties defined above do not affect the measurement of the group's financial assets or estimation of expected credit losses, given the nature of such assets, which mainly consist of cash and cash equivalents, the amounts due under feed-in tariff schemes from GSE and VAT assets.

The accounting policies adopted for the preparation of these condensed interim consolidated financial statements at 30 June 2021 are consistent with those used for the consolidated financial statements at 31 December 2020, except for those affected by the standards, amendments and interpretations that the group applied for the first time as of 1 January 2020, which are described below.

AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2021

Amendments to IFRS 4 - Deferral of effective date of IFRS 9

These amendments are designed to assist entities implement the new IFRS 17 and facilitate presentation of their financial performance. They are effective for annual periods beginning on or after 1 January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform - Phase 2":

These amendments supplement the amendments issued in 2019 and relate to phase 2. They mostly refer to the effects of changes to contractual cash flows or hedging

relationships arising from the replacement of an interest rate by another alternative benchmark rate (replacement issue). They are designed to assist entities apply the IFRS when changes are made to contractual cash flows or hedging relationships due to interest rate reforms and to provide useful information for the users of financial statements. They are effective for annual periods beginning on or after 1 January 2021.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process for the adoption of the amendments and standards described below.

The IASB has issued amendments to the following standards:

amendments to IFRS 3 "Reference to the Conceptual Framework": their objective is to (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the standard, (ii) clarify the requirements for the recognition of provisions, contingent liabilities and liabilities for a levy assumed as part of a business combination at the acquisition date, (iii) specify that contingent assets may not be recognised as part of a business combination;

amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use" to establish that proceeds from selling items produced by an asset while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management be recognised in profit or loss with the related costs;

amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" to clarify how to determine onerous contracts;

"Annual Improvements to IFRS Standards 2018- 2020 Cycle" including amendments mostly of a technical and presentation nature of the standards;

IFRS 17 "Insurance Contracts" is a new standard that establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. It will replace IFRS 4 "Insurance contracts" issued in 2005 and is applicable to all types of insurance contract, regardless of the type of insurance entity, as well as to certain guarantees and financial instruments with discretionary participation features;

amendments to the classification of assets as current or non-current assets in IAS 1 to provide a more general approach to the classification of liabilities under this standard, based on the contractual arrangements in place at the reporting date;

amendments to IAS 12 to clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations;

amendments to IAS 1 and IAS 8 to improve accounting policy disclosures so they provide more useful information to investors and other primary users of the financial statements, as well as to assist entities distinguish between changes in accounting estimates from changes in accounting policies.

3. FINANCIAL RISK MANAGEMENT

This section provides an update about the disclosure on interest rate risk provided in the 2020 consolidated financial statements:

Interest rate risk

The group is primarily exposed to the risk of fluctuations in interest rates. This arises from its financial liabilities bearing variable interest rates (project financing), which expose the group to variable cash flows linked to the volatility of the Euribor curve.

This risk is managed in order to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group's non-current loans and borrowings. The use of these instruments is governed by established practices which are in line with the group's risk management strategies.

The group applies hedge accounting when it signs the derivative agreement up to its extinguishment or termination, formally documenting the hedging relationship, the hedged risk and hedging objective. It also assesses the hedging instrument's effectiveness on a regular basis.

Specifically, it applies the requirements for cash flow hedges provided for by IFRS 9. As described in the "Accounting policies" section, the standard requires that the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge be recognised in equity (hedging reserve), offsetting the interest income or expense on the hedged item recognised in profit or loss.

If a group company has entered into hedging derivatives before being acquired by the group, those derivatives are recognised at the acquisition-date fair value, as required by IFRS 3, and the effective portion of the fair value gain or loss to be recognised in equity is measured by deducting the subsequent fair value gain or loss from the acquisition-date fair value (designation).

If a hedging derivative is modified (as a result of changes in the future plans provided for the underlying liability or in the group's hedging objectives), the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The new (modified) transaction generates the recognition of a new reserve, which is measured by deducting the subsequent fair value gain or loss on the derivative's fair value at the modification date.

The fair value of interest rate swaps is measured by discounting cash flows, estimated on the basis of the differential between the contractually established fixed and variable rates. The aim of the effectiveness assessment is to demonstrate the close link between the technical and financial characteristics of the hedged item (maturity, amount, etc.)

and those of the hedging instrument by carrying out appropriate retrospective and prospective tests, using the dollar offset and curve shift methods, respectively.

Specifically, these tests are carried out by identifying a hedging derivative which replicates the use and repayment plan of the hedged liability, in relation to both actual and future uses, provided that it is highly probable (updating the figures at each reporting date on the basis of new information available), and bears, with reference to the same maturities, a fixed rate in line with the market rates applicable to the group at the designation date.

Hedge accounting is discontinued when the hedging instrument matures, is terminated or the qualifying criteria are no longer met. From that date, the portion for the year of the gain or loss on the hedging instrument accumulated in equity is reclassified to profit or loss, while the remainder will be reclassified as the cash flows of the hedged items affect profit or loss, or they are immediately reclassified to profit or loss if the cash flows of the hedged item are no longer highly probable.

Fair value gains or losses on derivatives that do not qualify for hedge accounting are immediately recognised in profit or loss. All the group's derivatives at 30 June 2021 are classified as hedging instruments, although they sometimes generate ineffective portions for the reasons described above (IFRS 3, modifications, smaller use, etc.). The group does not enter into derivatives for trading purposes.

At 30 June 2021, the group's exposure to interest rate risk, mainly arising from bank loans and borrowings and relating to the volatility of the Euribor curve, is limited as a result of the 2018 bond issue at a fixed rate of 3.75% and the 2019-2025 green bonds.

Commodity price risk

The group is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's sales price will affect its future revenue.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The group negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the group is to peg the hedged risk component tied to future highly probable electricity sales to set market levels by agreeing commodity swaps.

Specifically, it solely hedges the risk component tied to variations in the benchmark price for the domestic electricity wholesale market (national single price, "PUN"), which

is the main source of fluctuations in the selling prices of the electricity generated by the group, compared to the average prices of the areas where its power plants are located (zone prices).

These commodity swaps provide for the monthly exchange of a spread between a fixed and variable price indexed to the average benchmark price (the PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

Derivatives: cash flow hedges

As mentioned in the interest rate risk section, the group enters into interest rate swaps to hedge interest rate risk on bank loans and borrowings, thereby converting most of these financial liabilities' interest rates from variable to fixed.

At 30 June 2021, the group's derivatives qualifying for hedge accounting are as follows:

Counterparty (*) 30 June 2021 (€'000)	Notional	Fair value at 30 June 2021	Inception date	Effective date	Termination date	Fixed rate	Variable rate
GE Capital (Ortona)	0	0	24 April 2008	30 April 2008	Reimbursed	4.84%	6M Euribor
Monte dei Paschi di Siena (Callari)	0	0	24 June 2008	1 July 2008	Reimbursed	4.85%	6M Euribor
Banco BPM (Campidano)	7,992	(34)	15 November 2019	19 November 2019	31 December 2023	-0.17%	6M Euribor
Unicredit (Green Energy Sardegna)	19,466	(1,729)	30 October 2018	31 December 2018	29 June 2035	1.23%	6M Euribor
Banco BPM (Campidano) #2	5,994	(27)	17 January 2020	31 December 2019	31 December 2023	-0.16%	6M Euribor
Unicredit (Eolica PM)	32,837	(2,617)	21 December 2018	21 December 2018	29 June 2035	1.11%	6M Euribor
Sabadell (Teruel)	0	0	26 June 2019	26 June 2019	30 June 2021	0.21%	6M Euribor
Sabadell (Comiolica)	13,419	(158)	26 June 2019	26 June 2019	30 June 2026	0.44%	6M Euribor
Unicredit (Grottole)	10,679	(89)	24 November 2017	31 December 2019	30 June 2023	0.19%	6M Euribor
Unicredit (Fri-el Albareto)	13,382	(905)	15 February 2019	28 June 2019	29 June 2035	0.95%	6M Euribor
Interest rate swaps	103,769	(5,559)					

Counterparty (*) 30 June 2021 (€'000)	Notional (MW)	Fair value at 30 June 2021	Inception date	Effective date	Termination date	Fixed price	Variable price
Commodity derivatives							
DXT Commodities (Alerion Cleanpower) (**)	750	(16,556)	17/21 Dec. 2020	1 January 2021	31 December 2021	53.30	National single price (PUN)
Derivatives relating to investments in consolidated companies		(22,115)					

Counterparty (*) 30 June 2021 (€'000)	Notional	Fair value at 30 June 2021	Inception date	Effective date	Termination date	Fixed rate	Variable rate
Unicredit (Andromeda)	5,422	(80)	21 June 2016	30 December 2016	31 December 2024	0.31%	6M Euribor
Unicredit (Guardionara)	3,630	(36)	6 July 2016	30 December 2016	30 June 2024	0.12%	6M Euribor
B.I.I.S. (New Green Molise)	13,548	(1,186)	12 May 2010	31 December 2010	30 June 2025	3.50%	6M Euribor
Derivatives relating to equity-accounted investments	22,600	(1,302)					

(*) When the financing is granted by a bank syndicate, the "counterparty" is the agent bank.

(**) Alerion Clean Power S.p.A. has agreed seven commodity swaps with DXT Commodities SA. The fixed price shown above is the average of the fixed prices for the seven contracts.

The reporting-date fair value of the consolidated companies' interest rate swaps and commodity swaps on electricity prices is an estimated €22,115 thousand (€15,025 thousand at 31 December 2020).

The group's post-tax hedging reserve amounts to €9,066 thousand and €17,104 thousand at 31 December 2020 and 30 June 2021, respectively.

	Hedging reserve at 30.06.2021	Hedging reserve at 31.12.2020	Change in hedging reserve		
			Other changes	IRS differential settlement	Net fair value loss
Banco BPM (Fri-el Campidano)	(34)	(57)	-	21	3
Banco BPM (Fri-el Campidano # 2)	(27)	(44)	-	21	(4)
Unicredit (Green Energy Sardegna)	(1,729)	(2,347)	-	177	441
Unicredit (Andromeda)	(80)	-	(114)	-	34
Unicredit (Guardionara)	(36)	-	(53)	-	17
B.I.I.S. (New Green Molise)	(1,186)	(1,518)	-	229	103
Unicredit (Eolica PM)	(2,617)	(3,646)	-	277	752
Sabadel (Alerion Teruel)	-	(1)	-	1	-
Sabadel (Comiolica)	(158)	(211)	-	36	17
Unicredit (Grottole)	(29)	(52)	-	49	(26)
DXT Commodities (Alerion Cleanpower)	(16,556)	(2,893)	-	4,767	(18,430)
Unicredit (Fri-el Albareto)	(905)	(1,310)	-	102	303
Pre-tax hedging reserve	(23,357)	(12,079)	(167)	5,679	(16,790)
Deferred tax liabilities	6,253	3,013	40	(1,549)	4,749
Net hedging reserve	(17,104)	(9,066)	(127)	4,130	(12,041)

(*) Equity investments measured using the equity method as per IFRS 11

At 30 June 2021, the hedging reserve decreased by €8,038 thousand compared to 31 December 2020 due to the settlement of the IRS coupons that matured during the period, the fair value losses on commodity swaps and the substantial stability of the rate curve at minimum values in line with that used to measure the fair value of derivatives at 31 December 2020.

Unhedged financial assets and liabilities

The group has not hedged the following types of financial instruments:

- financial liabilities used to fund the group's operating activities, mostly consisting of the four Bulgarian companies' (Krupen entities) liabilities with DEG (the German Development Finance Institution) of €1,444 thousand;
- demand and short-term bank deposits (with a maximum maturity of three months), used to temporarily invest liquidity.

4. CONSOLIDATION SCOPE

The consolidation scope at 30 June 2021 is detailed below:

	Registered office	Share/quota capital	Investment %		Indirect investor
			Direct	Indirect	
Consolidated subsidiaries					
- Alerion Cleanpower S.p.A.	Milan - Viale Majno 17	161,137	-		
- Alerion Real Estate S.r.l. in liquidation	Milan - Viale Majno 17	90	100.00		
- Alerion Servizi Tecnici e Sviluppo S.r.l.	Milan - Viale Majno 17	100	100.00		
- Alerion Bioenergy S.r.l. in liquidation	Milan - Viale Majno 17	19	100.00		
- Frie-el Albareto S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Eolica PM S.r.l.	Bolzano - Piazza del Grano 3	20	100.00		
- Green Energy Sardegna S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Alerion Spain S.L.	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	100	51.00		
- Alerion Teruel	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	10		100.00	Alerion Spain S.L.
- Comiolica	Zaragoza - Paseo de la Independencia 27, 5, 50001	2,500		100.00	Alerion Teruel S.L.
- Alerion Iberia SL	Zaragoza - Paseo de la Independencia 27, 5, 50001	50	100.00		
- Frie-el Ichnusa S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Frie-el Campidano S.r.l.	Bolzano - Piazza del Grano 3	100		100	- Frie-el Ichnusa S.r.l.
- Frie-el Nulvi Holding S.r.l.	Bolzano - Piazza del Grano 3	3,000	90.00		
- Frie-El Anglona S.r.l.	Bolzano - Piazza del Grano 3	100		100.00	FRI-EL NULVI HOLDING S.r.l.
- FW Holding S.r.l.	Bolzano - Piazza del Grano 3	100	100.00		
- Frie-el Basento S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW HOLDING S.r.l.
- Frie-el Ricigliano S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW HOLDING S.r.l.
- Frie-el Grottole S.r.l.	Bolzano - Piazza del Grano 3	50		100.00	FRI-EL BASENTO S.r.l.
- Anemos wind S.r.l.	Milan - Viale Majno 17	100	100.00		
- Ordon Energia S.r.l.	Milan - Viale Majno 17	435	100.00		
- Callari S.r.l.	Milan - Viale Majno 17	1,000	100.00		
- Minerva S.r.l.	Milan - Viale Majno 17	14	100.00		
- Eolo S.r.l.	Milan - Viale Majno 17	750	100.00		
- Parco Eolico Licodia Eubea S.r.l.	Milan - Viale Majno 17	100	80.00		
- Dotto S.r.l.	Milan - Viale Majno 17	10	100.00		
- Wind Power Sud S.r.l	Milan - Viale Majno 17	10	100.00		
- Renergy San Marco S.r.l.	Milan - Viale Majno 17	108	100.00		
- Krupen Wind S.r.l.	Milan - Viale Majno 17	10	100.00		
- Enermac S.r.l.	Milan - Viale Majno 17	40	100.00		
- Auseu-Borod Wind Farm S.r.l. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	0.2 RON		100.00	Alerion Romania S.A.
- Alerion Romania S.A. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	100 RON	95.00		Alerion Clean Power S.p.A.
				5.00	Alerion Bioenergy S.r.l. in liquidation
- Draghiescu Partners S.r.l.	Oras Bragadiru, strada PRIMAVERII, nr.13D, Camera 5, Judet Ilfov	300 RON		90.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Alerion Bulgaria OOD	Sofia - 6th Septemvri Str., 6A, Sredetz Region	50 LEV	92.50		
- Wind Energy OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.4 LEV		51.00	Krupen Wind S.r.l.
- Wind Stream OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Wind Systems OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Wind Power 2 OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Naonis Wind S.r.l.	Milan - Viale Majno 17	10	100.00		
- Alerion Clean Power RO S.r.l.	Bucarest - Clea Floresca nr. 175	1000 RON	100.00		Alerion Clean Power S.p.A.
- Fravort S.r.l.	Bucarest - Baia de Fier nr. 8	1000 RON		100.00	Alerion Clean Power RO S.r.l.
- Tremalzo S.r.l.	Bucarest - Baia de Fier nr. 8	1000 RON		100.00	Alerion Clean Power RO S.r.l.
- Green Fotovoltaic Parc S.r.l.	Bucarest - Maria Rossetti nr. 10	1000 RON		100.00	Alerion Clean Power RO S.r.l.
Equity-accounted investees					
- Ecoenergia Campania S.r.l.	Cervinara (AV) - Via Cardito, 14	100	50.00		
- New Green Molise S.r.l.	Napoli - Via Diocleziano, 107	10	50.00		
- Andromeda Wind S.r.l	Bolzano - Piazza del Grano 3	10	49.00		
- Frie-El Guardionara S.r.l.	Bolzano - Piazza del Grano 3	10	49.00		
- Frie-El Anzi Holding S.r.l.	Bolzano - Piazza del Grano 3	10	49.00		
- Frie-El Anzi S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	- Frie-El Anzi Holding S.r.l.
- S.C. Compania Eoliana S.A.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	501 RON	49.75		
- Jimbolia Wind Farm S.r.l.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	1 RON		99.00	S.C. Compania Eoliana S.A.
- Generai S.r.l.	Pietramontecorvino - Piazza Martiri del terrorismo 10	10		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.

The changes in the consolidation scope are due to the acquisition of 50% of Generai S.r.l., which owns a development project in the province of Foggia, Italy. In addition, on 22 May 2021, the group incorporated Alerion Clean Power RO S.r.l. in Romania,

which acquired three SPEs that each own a development project in that country on 8 June 2021: Tremalzo S.r.l., Fravort S.r.l. and Green Fotovoltaic Parc S.r.l..

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The following table shows changes in intangible assets with a finite useful life during the six months:

(€'000)	Licences and concessions	Development costs	Patents and intellectual property rights	Other intangible assets	Assets under development	Total
Carrying amount at 01.01.2020	137,748	10,446	276	34	-	148,504
Gross carrying amount						
Change in consolidation scope	1,496	34	-	2	1,043	2,575
Business combinations	57,161	-	-	714	-	57,875
Increases	48	538	19	-	571	1,176
Decreases	-	(2)	-	(1)	-	(3)
Increases for reversals of impairment losses	990	-	-	-	-	990
Total change in gross carrying amount	59,695	570	19	715	1,614	62,613
Accumulated amortisation						
Change in consolidation scope	(910)	(34)	1	(9)	-	(952)
Business combinations	-	-	-	(714)	-	(714)
Amortisation	(10,756)	(496)	(85)	(15)	-	(11,352)
Elimination of acc. amortisation of transferred assets	-	-	-	1	-	1
Total change in accumulated amortisation	(11,666)	(530)	(84)	(737)	-	(13,017)
Gross carrying amount at 31.12.2020	238,089	14,277	512	2,608	1,614	257,100
Accumulated amortisation	(52,312)	(3,791)	(301)	(2,596)	-	(59,000)
Carrying amount at 01.01.2021	185,777	10,486	211	12	1,614	198,100
Gross carrying amount						
Change in consolidation scope	614	-	-	-	-	614
Increases	1,116	18	-	167	4	1,305
Decreases	-	(96)	-	-	-	(96)
Other reclassifications	264	-	-	-	(264)	-
Total change in gross carrying amount	1,994	(78)	-	167	(260)	1,823
Accumulated amortisation						
Amortisation	(5,388)	(249)	(22)	(6)	-	(5,665)
Elimination of acc. amortisation of transferred assets	-	96	-	88	-	184
Other reclassifications	-	-	-	(161)	-	(161)
Total change in accumulated amortisation	(5,388)	(153)	(22)	(79)	-	(5,642)
Gross carrying amount at 30.06.2021	240,083	14,199	512	2,775	1,354	258,923
Accumulated amortisation	(57,700)	(3,944)	(323)	(2,675)	-	(64,642)
Carrying amount at 30.06.2021	182,383	10,255	189	100	1,354	194,281

Licences and concessions amount to €182,383 thousand (€185,777 thousand at 31 December 2020) and relate to permits and concessions to operate wind farms, obtained through the acquisition of equity investments in special purpose entities. The decrease for the period is due to normal amortisation.

Development costs amount to €10,255 thousand (€10,486 thousand at 31 December 2020) and mainly relate to costs incurred in connection with feasibility and design studies, anemometric analyses and other costs relating to wind power projects under development and implementation. The group has capitalised these costs in accordance with IAS 38 and it will commence amortising them when the related plant enters production over the useful life of the relevant project.

IAS 36 requires that the group assesses whether there are indications of impairment of property, plant and equipment and intangible assets at every reporting date. If there is any indication of impairment, the group estimates the asset's recoverable amount. Management did not identify any impairment indicators during preparation of the condensed interim consolidated financial statements based on both internal and external sources of information. Specifically, the higher electricity production volumes and the strong hike in selling prices during the period bolstered the group's performance during the first six months of 2021. Moreover, the group's market capitalisation of €732 million at 30 June 2021 is higher than its equity at the same date. Therefore, it did not perform any impairment tests.

6. PROPERTY, PLANT AND EQUIPMENT

The following table shows changes in property, plant and equipment:

(€'000)	Land	Buildings	Plant and equipment	Other assets	Assets under construction	Total
Carrying amount at 01.01.2020	18,817	948	395,351	168	41	415,325
Gross carrying amount						
Change in consolidation scope	1,165	-	39,675	16	-	40,856
Business combinations	2,556	-	120,480	32	-	123,068
Other reclassifications	-	-	(161)	161	-	-
Increases/decreases for IFRS 16	2,647	(466)	26	(235)	-	1,972
Increases	-	-	2,143	91	1,086	3,320
Decreases	(1)	-	(1,835)	(66)	-	(1,902)
Total change in gross carrying amount	6,367	(466)	160,328	(1)	1,086	167,314
Accumulated depreciation						
Change in consolidation scope	(10)	-	(22,440)	(15)	-	(22,465)
Business combinations	(155)	-	(75,800)	(4)	-	(75,959)
Depreciation	(1,235)	(172)	(28,779)	(153)	-	(30,339)
Increases/decreases for IFRS 16	60	(28)	75	255	-	362
Elimination of acc. depreciation of transferred assets	-	-	1,333	66	-	1,399
Total change in accumulated depreciation	(1,340)	(200)	(125,611)	149	-	(127,002)
Gross carrying amount at 31.12.2020	26,185	609	811,204	1,209	1,127	840,334
Accumulated depreciation	(2,341)	(327)	(381,136)	(893)	-	(384,697)
Carrying amount at 01.01.2021	23,844	282	430,068	316	1,127	455,637
Gross carrying amount						
Change in consolidation scope	220	-	-	-	1,280	1,500
Other reclassifications	-	-	(144)	144	-	-
Increases/decreases for IFRS 16	70	(16)	-	25	-	79
Increases	1,427	-	656	28	13,520	15,631
Decreases	-	-	(5,793)	(3)	-	(5,796)
Total change in gross carrying amount	1,717	(16)	(5,281)	194	14,800	11,414
Accumulated depreciation						
Depreciation	(649)	(16)	(14,273)	(41)	-	(14,979)
Increases/decreases for IFRS 16	-	288	-	-	-	288
Elimination of acc. depreciation of transferred assets	-	-	172	-	-	172
Other reclassifications	-	-	140	(140)	-	-
Total change in accumulated depreciation	(649)	272	(13,961)	(181)	-	(14,519)
Gross carrying amount at 30.06.2021	27,902	593	805,923	1,403	15,927	851,748
Accumulated depreciation	(2,990)	(55)	(395,097)	(1,074)	-	(399,216)
Carrying amount at 30.06.2021	24,912	538	410,826	329	15,927	452,532

Land and buildings amount to €25,450 thousand, up by €1,324 thousand on the previous year end, mostly due to the purchase of land by Enermac S.r.l. for two new wind farms in the municipality of Orta Nova (FG) (in the La Ficora and Tre Confini areas).

Plant and equipment amount to €410,826 thousand (€430,068 thousand at 31 December 2020) and include the estimated costs to restore the sites. The decrease for the period is mostly due to the normal depreciation recognised during the six months and the effect of the change in estimates used to calculate the provision for future decommissioning costs of the operating wind farms, which decreased this caption by €4,919 thousand.

Other assets amount to €329 thousand (€316 thousand at 31 December 2020) and mainly consist of office fixtures, fittings and electronic equipment.

Assets under construction amount to €15,927 thousand (€1,127 thousand at 31 December 2020). The increase is mostly a result of the recognition of the costs incurred to build the new wind farms in Italy and, to a lesser extent, in Romania.

7. EQUITY-ACCOUNTED INVESTMENTS

At 30 June 2021, the parent has investments in equity-accounted investees, namely, Ecoenergia Campania S.r.l., New Green Molise S.r.l., Andromeda Wind S.r.l., Fri-El Guardionara and Fri-El Anzi Holding, as well as in the associate S.C. Compania Eoliana S.A., which in turn, owns 99% of Jimbolia Wind Farm S.r.l..

In May 2021, the parent completed its acquisition of 50% of Generai S.r.l., which owns a development project for the construction of a wind farm in the municipality of Cerignola (FG) with total capacity of 29.4 MW.

Under the governance structure and contractual arrangements, the parent cannot exercise sole control over the investees, which it owns at 50%. Decisions about relevant activities require the unanimous consent of the investors.

Accordingly, the investments in these entities are measured using the equity method.

(€'000)	30.06.2021	31.12.2020	Change
Ecoenergia Campania S.r.l.	4,079	3,956	123
New Green Molise S.r.l.	18,256	16,305	1,951
Andromeda Wind S.r.l.	11,658	11,601	57
Fri-El Anzi Holding S.r.l.	8,567	8,595	(28)
Fri-El Guardionara S.r.l.	9,430	9,570	(140)
Generai S.r.l.	341	-	341
Equity-accounted investments	52,331	50,027	2,304

The current and non-current assets and liabilities, costs and revenue of each investee recognised in the condensed interim consolidated financial statements at 30 June 2021 are set out below.

Ecoenergia Campania S.r.l.

Ecoenergia Campania S.r.l., in which the parent has a 50% stake, owns a wind farm with installed capacity of 15 MW in Lacedonia in the province of Avellino.

Ecoenergia Campania S.r.l. (€'000)

	30.06.2021	31.12.2020
Non-current assets	8,412	8,814
Current assets	1,783	1,426
<i>including: cash and cash equivalents</i>	<i>1,080</i>	<i>825</i>
Total assets	10,195	10,240
Equity	8,158	7,911
Non-current liabilities	329	504
Current liabilities	1,708	1,825
Total liabilities and equity	10,195	10,240

	First half 2021	First half 2020
Revenue	2,407	1,622
Costs	(1,191)	(1,174)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(369)</i>	<i>(405)</i>
<i>including: interest expense</i>	<i>(11)</i>	<i>(129)</i>
<i>including: income taxes</i>	<i>(461)</i>	<i>(252)</i>
Profit for the period	1,216	448
Dividends distributed	(968)	(1,080)

	30.06.2021	31.12.2020
Net assets	8,158	7,911
Investment percentage	50%	50%
Carrying amount of the investment	4,079	3,956

New Green Molise S.r.l.

New Green Molise S.r.l., in which the parent has a 50% stake, owns a wind farm with installed capacity of 58 MW in San Martino in Pensilis in the province of Campobasso.

New Green Molise S.r.l. (€'000)	30.06.2021	31.12.2020
Non-current assets	66,079	68,339
Current assets	17,528	14,760
<i>including: cash and cash equivalents</i>	<i>15,528</i>	<i>12,041</i>
Total assets	83,607	83,099
Equity	36,513	32,611
Non-current liabilities	33,895	38,402
<i>including: financial liabilities</i>	<i>33,263</i>	<i>37,071</i>
Current liabilities	13,199	12,086
<i>including: financial liabilities</i>	<i>9,063</i>	<i>8,797</i>
Total liabilities and equity	83,607	83,099
	First half 2021	First half 2020
Revenue	9,478	7,293
Costs	(6,081)	(5,661)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(2,042)</i>	<i>(2,034)</i>
<i>including: interest income</i>	<i>-</i>	<i>2</i>
<i>including: interest expense</i>	<i>(1,320)</i>	<i>(1,512)</i>
<i>including: income taxes</i>	<i>(1,553)</i>	<i>(970)</i>
Profit for the period	3,397	1,632
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	664	522
<i>Related tax</i>	<i>(159)</i>	<i>(125)</i>
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	505	397
Dividends distributed	-	(3,796)
	30.06.2021	31.12.2020
Net assets	36,513	32,611
Investment percentage	50%	50%
Carrying amount of the investment	18,256	16,305

At the most recent contractually-agreed calculation date (31 December 2020), New Green Molise S.r.l. had complied with the financial covenants provided for by the project financing agreement.

Andromeda Wind S.r.l.

Andromeda Wind S.r.l., in which the parent has a 49% stake, owns a wind farm with installed capacity of 26 MW in the municipalities of Ururi and Larino in the province of Campobasso.

Andromeda Wind S.r.l. (€'000)	30.06.2021	31.12.2020
Non-current assets	38,610	40,181
Current assets	7,810	6,092
<i>including: cash and cash equivalents</i>	<i>6,078</i>	<i>4,814</i>
Total assets	46,420	46,273
Equity	23,793	23,675
Non-current liabilities	14,982	20,508
<i>including: financial liabilities</i>	<i>10,093</i>	<i>15,276</i>
Current liabilities	7,645	2,090
<i>including: financial liabilities</i>	<i>3,630</i>	<i>173</i>
Total liabilities and equity	46,420	46,273
	First half 2021	First half 2020
Revenue	4,251	-
Costs	(2,684)	-
<i>including: impairment losses, amortisation and depreciation</i>	<i>(1,268)</i>	-
<i>including: interest expense</i>	<i>(179)</i>	-
<i>including: income taxes</i>	<i>(641)</i>	-
Profit for the period	1,567	-
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	69	-
<i>Related tax</i>	<i>(17)</i>	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	52	-
Dividends distributed	(1,500)	-
	30.06.2021	31.12.2020
Net assets	23,793	23,675
Investment percentage	49%	49%
Carrying amount of the investment	11,658	11,601

Fri-El Anzi Holding S.r.l.

Fri-El Anzi Holding S.r.l. wholly owns Fri-El Anzi S.r.l., which in turn owns a wind farm in the municipalities of Anzi and Brindisi Montagna in the province of Potenza, with installed capacity of 16 MW. Alerion has a 49% interest in Fri-El Anzi Holding S.r.l..

Fri-el Anzi Holding S.r.l. (€'000)		
	30.06.2021	31.12.2020
Non-current assets	26,987	27,985
Current assets	3,748	3,400
<i>including: cash and cash equivalents</i>	<i>2,817</i>	<i>2,638</i>
Total assets	30,735	31,385
Equity	17,483	17,541
Non-current liabilities	9,951	12,937
<i>including: financial liabilities</i>	<i>5,441</i>	<i>8,275</i>
Current liabilities	3,301	907
<i>including: financial liabilities</i>	<i>1,917</i>	<i>25</i>
Total liabilities and equity	30,735	31,385

	First half 2021	First half 2020
Revenue	3,154	-
Costs	(1,856)	-
<i>including: impairment losses, amortisation and depreciation</i>	<i>(802)</i>	<i>-</i>
<i>including: interest expense</i>	<i>(95)</i>	<i>-</i>
<i>including: income taxes</i>	<i>(532)</i>	<i>-</i>
Profit for the period	1,298	-
Comprehensive income		
Dividends distributed	(1,400)	-

	30.06.2021	31.12.2020
Net assets	17,483	17,541
Investment percentage	49%	49%
Carrying amount of the investment	8,567	8,595

Fri-El Guardionara S.r.l.

Fri-El Guardionara S.r.l., in which the parent has a 49% stake, owns a wind farm with installed capacity of 24.65 MW in the municipalities of San Basilio, Donigala and Goni in the province of Cagliari.

Fri-el Guardionara S.r.l. (€'000)	30.06.2021	31.12.2020
Non-current assets	29,268	30,388
Current assets	7,455	5,295
<i>including: cash and cash equivalents</i>	<i>6,055</i>	<i>4,003</i>
Total assets	36,723	35,683
Equity	19,244	19,531
Non-current liabilities	10,757	15,036
<i>including: financial liabilities</i>	<i>5,825</i>	<i>9,756</i>
Current liabilities	6,722	1,116
<i>including: financial liabilities</i>	<i>2,709</i>	<i>67</i>
Total liabilities and equity	36,723	35,683

	First half 2021	First half 2020
Revenue	4,136	-
Costs	(2,350)	-
<i>including: impairment losses, amortisation and depreciation</i>	<i>(917)</i>	-
<i>including: interest income</i>	<i>3</i>	-
<i>including: interest expense</i>	<i>(115)</i>	-
<i>including: income taxes</i>	<i>(728)</i>	-
Profit for the period	1,786	-
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	35	-
<i>Related tax</i>	<i>(8)</i>	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	27	-
Dividends distributed	(2,100)	-
	30.06.2021	31.12.2020
Net assets	19,244	19,531
Investment percentage	49%	49%
Carrying amount of the investment	9,430	9,570

Generai S.r.l.

Generai S.r.l., in which the parent has a 50% stake, owns a development project to build a wind farm with installed capacity of 29.4 MW in the municipality of Cerignola (FG).

Generai S.r.l. (€'000)	30.06.2021	31.12.2020
Non-current assets	682	-
Current assets	4	-
<i>including: cash and cash equivalents</i>	2	-
Total assets	686	-
Equity	682	-
Current liabilities	4	-
Total liabilities and equity	686	-

	First half 2021	First half 2020
Revenue	-	-
Costs	(1)	-
Profit for the period	(1)	-
Dividends distributed	-	-

	30.06.2021	31.12.2020
Net assets	682	-
Investment percentage	50%	-
Carrying amount of the investment	341	-

8. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other non-current financial assets amount to €9,747 thousand (€4,358 thousand at 31 December 2020) and include: i) loans to equity-accounted investees; and ii) financial assets related to the development and investment projects in Romania, described in the "Key events of the period" section.

CURRENT ASSETS

9. TRADE RECEIVABLES

Trade receivables amount to €6,531 thousand (€9,113 thousand at 31 December 2020) and mainly relate to sales of the energy produced in June 2021.

Trade receivables are generally due within 30-45 days.

The group's exposure to credit risk is entirely related to its sales of electricity. Given the market's characteristics, its exposure is heavily concentrated with a few customers with a high credit rating and the group regularly checks compliance with payment terms.

The trade receivables are usually secured by collateral and, should the customer become insolvent, the maximum risk is equal to the asset's carrying amount.

10. TAX ASSETS

Tax assets amount to €6,040 thousand (€5,096 thousand at 31 December 2020) and comprise i) IRES (corporate income tax) of €1,234 thousand claimed for reimbursement; ii) IRES of €4,435 thousand for offsetting; iii) IRAP (tax on production activities) of €174 thousand claimed for reimbursement; iv) IRAP of €196 thousand for offsetting; and v) IRAP payments on account of €1 thousand.

11. OTHER CURRENT ASSETS

Other current assets are broken down in the following table:

	30.06.2021	31.12.2020	Change
Tax assets	13,109	13,164	(55)
Other assets	18,633	15,375	3,258
Total other current assets	31,742	28,539	3,203

Tax assets mostly comprise the portion of withholdings and VAT deemed to be recoverable within one year.

Other assets amount to €18,633 thousand (€15,375 thousand at 31 December 2020), net of a loss allowance of €254 thousand, and mainly relate to amounts due under feed-in tariff schemes of €9,364 thousand (€10,066 thousand at 31 December 2020), prepayments of €2,666 thousand, accrued income of €1,062 thousand and sundry assets for dividends of €1,764 thousand of the equity-accounted investees.

Amounts due under feed-in tariff schemes are mostly due within 60 days.

12. LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €978 thousand (€1,003 thousand at 31 December 2020) includes loans for a project under development in Romania and bonds issued by Belenergia to settle the consideration for its 2011 acquisition of investments in photovoltaic companies. The group recognised a provision for risks of the same amount to cover a probable price adjustment arising from certain warranties included in the agreement for the sale of the above three companies.

13. CASH AND CASH EQUIVALENTS

(€'000)	30.06.2021	31.12.2020
Demand deposits	93,416	147,688
Cash and cash equivalents on hand	19	18
Total cash and cash equivalents	93,435	147,706

Bank demand deposits amount to €93,435 thousand (€147,706 thousand at 31 December 2020).

At the reporting date, the bank deposits relating to group companies that are not parties to project financing agreements amount to €67,233 thousand (€105,016 thousand at 31 December 2020). Cash and cash equivalents of group companies funded through project financing amount to €26,184 thousand (€42,690 thousand at 31 December 2020) and mainly comprise bank current account balances, which are to be used in accordance with the related project financing agreements.

Reference should be made to the statement of cash flows for further details.

14. EQUITY

Equity attributable to the owners of the parent increased by €4,538 thousand to €197,976 thousand from €202,528 thousand at 31 December 2020. The increase includes:

- the profit attributable to the owners of the parent of €19,620 thousand;
- net actuarial gains on defined benefit plans (IAS 19) of €20 thousand, recognised in OCI net of tax;
- the repurchase of treasury shares of €1,177 thousand recognised as a direct reduction in equity in the specific reserve;
- net fair value losses of €7,911 thousand on derivatives hedging project financing, net of tax;
- the partial distribution of the prior year profit of €15,158 thousand;
- an increase of €54 thousand in other changes, mostly due to the recent acquisitions of the SPEs in Romania.

At their meeting of 26 April 2021, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.28 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 5 May 2021 and detachment date of coupon 10 on 3 May

2021. The parent distributed the dividend in compliance with the terms established by the shareholders.

The changes in equity during the first half of 2021 are presented in the statement of changes in equity.

Equity captions are commented on below:

The parent's **share capital** of €161,137 thousand (unchanged from 31 December 2020) is made up of 54,229,403 ordinary shares.

The **treasury share reserve** has a negative balance of €1,205 thousand (negative €28 thousand at 31 December 2020) and shows the price paid to repurchase 94,000 treasury shares. The increase in the reserve is due to the repurchase of treasury shares for €1,177 thousand during the six months.

The **share premium** amounts to €21,400 thousand, unchanged from 31 December 2020, and includes: i) the premium of €0.02 per share for the increase carried out in 2003; ii) the premium of €0.55 per share for the increase carried out in 2008, net of transaction costs; and iii) the difference between the repurchase price of treasury shares cancelled in 2012 and their nominal amount, in addition to the related commissions.

The **income-related reserves** amount to €33,748 thousand (€29,085 thousand at 31 December 2020) and include retained earnings less dividends distributed.

The **hedging reserve** is negative by €17,104 thousand (negative by €9,066 thousand at 31 December 2020) and includes the post-tax net fair value losses on the effective portion of hedging derivatives. The net fair value losses of €8,038 thousand accumulated during the period include gains of €292 thousand relating to equity-accounted investments. Reference should be made to section 3.0. "FINANCIAL RISK MANAGEMENT" for the related changes.

Equity attributable to non-controlling interests amounts to €4,864 thousand (€4,473 thousand at 31 December 2020).

The disclosure required by IFRS 12 "Disclosure of interests in other entities" is set out below:

Company (€'000)	Operating office	Investment percentage		Profit (loss) attributable to non-controlling interests		Equity attributable to non-controlling interests	
		30.06.2021	31.12.2020	First half 2021	First half 2020	30.06.2021	31.12.2020
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(1)	(1)	(7)	(7)
Parco Eolico Licodia Eubea	Italy	80.00%	80.00%	168	14	943	774
Energes Biccari	Italy	75.00%	75.00%	0	(1)	0	0
Wind Energy EOOD	Bulgaria	51.00%	51.00%	40	58	634	593
Wind Stream EOOD	Bulgaria	51.00%	51.00%	44	42	450	407
Wind Systems EOOD	Bulgaria	51.00%	51.00%	38	51	530	492
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	40	60	597	557
FRI-EL Anglona	Italy	90.00%	90.00%	246	147	(460)	(481)
Draghiescu Partners	Romania	90.00%	90.00%	(8)	(1)	(19)	(11)
FRI-EL Nulvi Holding	Italy	90.00%	90.00%	(3)	(1)	2,196	2,149
Total				564	368	4,864	4,473

NON-CURRENT LIABILITIES

15. NON-CURRENT FINANCIAL LIABILITIES

(€'000)	30.06.2021	31.12.2020	Change
Bonds issued	346,163	345,730	433
Bank loans and borrowings	120,952	132,933	(11,981)
Lease liabilities	19,575	19,496	79
Finance lease liabilities	21,183	24,625	(3,442)
Shareholder loans - non-controlling investors	12,133	12,099	34
Other loans and borrowings	136	-	136
Total non-current financial liabilities	520,142	534,883	(14,741)

Bonds issued at 30 June 2021 comprise i) the 2018-2024 bonds subscribed on 29 June 2018 for €150,000 thousand, net of transaction costs of €1,617 thousand, with annual accrued interest paid on 30 June 2021; and ii) the 2019-2025 bonds subscribed on 12 December 2019 for €200,000 thousand, net of transaction costs of €2,219 thousand.

Bank loans and borrowings amount to €120,952 thousand (€132,933 thousand at 31 December 2020) and include the non-current portions of i) the project financing taken out to construct the Villacidro, Albareto and Ponte Gandolfo wind farms by the subsidiaries Green Energy Sardegna S.r.l. (€23,796 thousand), Fri-el Albareto S.r.l. (€16,437 thousand) and Eolica PM S.r.l. (€40,327 thousand), respectively, net of transaction costs, ii) the project financing arising from the 2019 acquisitions of Comiolica S.L. (€16,500 thousand) and Fri-el Campidano S.r.l. (€11,610 thousand), net of transaction costs, iii) the bank loans taken out by Alerion Clean Power S.p.A. in May 2019 and October 2020 (€1,507 thousand and €3,597 thousand, respectively), iv) the project financing relating to the Krupen plants (€479 thousand), and v) the project

financing relating to the acquisitions performed in 2020, such as Grottole S.r.l. (€6,698 thousand).

A breakdown of current and non-current financial liabilities, the related interest rates and maturities is as follows:

(€'000)	31.12.2020	Increase	Decrease	30.06.2021	Interest rate	IRS	Maturity
Project financing - Callari	17,521	-	(17,521)	-	6M Euribor + 1.20%	4.85%	Reimbursed
Project financing - Ortona	23,744	-	(23,744)	-	6M Euribor + 1.20%	4.84%	Reimbursed
2018-2024 bonds	151,025	-	(2,627)	148,398	3.75%	n.a.	2024
Project financing - Albareto	18,964	-	(1,175)	17,789	6M Euribor + 2.05%	0.91%	2035
Project financing - Alerion Teruel	1,670	-	(1,005)	665	6M Euribor + 2.75%	0.21%	2021
Bankinter loan	2,699	-	(389)	2,310	6M Euribor + 2.32%	n.a.	2024
2019-2025 green bonds	197,779	3,324	-	201,103	3.13%	n.a.	2025
Project financing - Campidano	23,632	-	(3,916)	19,716	6M Euribor + 1.75%	-0.17%	2023
Project financing - Comiolica	17,433	-	(18)	17,415	6M Euribor + 2.75%	0.43%	2026
Project financing - Eolica PM	44,227	-	(1,301)	42,926	6M Euribor + 2.05%	1.11%	2035
Project financing - Green Energy Sardegna	26,797	-	(1,182)	25,615	6M Euribor + 2.05%	1.23%	2035
Project financing - W.Energy Eood	480	-	(119)	361	DEG Base + 4.75 %	n.a.	2022
Project financing - W.Power Eood	480	-	(119)	361	DEG Base + 4.75 %	n.a.	2022
Project financing - W.Stream Eood	480	-	(119)	361	DEG Base + 4.75 %	n.a.	2022
Project financing - W.System Eood	480	-	(119)	361	DEG Base + 4.75 %	n.a.	2022
Project financing - Grottole	18,155	-	(4,021)	14,134	6M Euribor + 1.10%	0.19%	2023
Lease liabilities	49,878	-	(3,167)	46,711	Incremental borrowing rate 3.71%	n.a.	
Bank loans and borrowings	12,075	3,864	-	15,939	1M Euribor + 1.0%	n.a.	on demand
Mediocredito 2020-2026 loan	4,802	-	(398)	4,404	3M Euribor + 1.8%	n.a.	2026
Loan from non-controlling investors	12,313	287	-	12,600			
Other financial liabilities	-	136	-	136			
Total financial liabilities	624,634	7,611	(60,940)	571,305			
<i>including:</i>							
Current	89,751			51,163			
Non-current	534,883			520,142			

A breakdown of the above financing by individual project, residual liability, type, maturity, commitments, guarantees provided and significant covenants is set out below:

(€'000)				Associated financial liability				
Plant	Company	Installed capacity (consolidated) (MW)	Carrying amount of assets	Carrying amount of liabilities	Type	Maturity	Commitments and guarantees given to financial backers	Significant covenants
Callari (CT)	Callari S.r.l.	36.00	28,840	-	Proj. financing	Reimbursed	(*)	(**)
Ordona (FG)	Ordona S.r.l.	34.00	30,956	-	Proj. financing	Reimbursed	(*)	(**)
Castel di Lucio (ME)	Minerva S.r.l.	22.95	22,997	-	Quotaholder loan	2022	(Itg)	(Itg)
Licodia Eubea (CT)	Parco Eolico Licodia Eubea S.r.l.	22.10	22,289	-	Quotaholder loan	2022	(Itg)	(Itg)
San Marco in Lamis (FG)	Renergy San Marco S.r.l.	44.20	38,936	-	Quotaholder loan	2022	(Itg)	(Itg)
Agrigento (AG)	Wind Power Sud S.r.l.	33.15	35,995	-	Quotaholder loan	2022	(Itg)	(Itg)
Albanella (SA)	Eolo S.r.l.	8.50	4,209	-	Quotaholder loan	2022	(Itg)	(Itg)
Ciorlano (CE)	Dotto S.r.l.	20.00	12,486	-	Quotaholder loan	2022	(Itg)	(Itg)
Morcone and Pontelandolfo	Eolica PM S.r.l.	51.80	70,765	42,926	Proj. financing	2035	(*)	(**)
Villa Cidro (SU)	Green Energy Sardegna S.r.l.	30.80	38,956	25,615	Proj. financing	2035	(*)	(**)
Comiolicca (Spain)	Comiolicca S.L.	36.00	47,035	17,415	Proj. financing	2035	(*)	(**)
Comiolicca (Spain)	Alerion Teruel S.L.	-	-	665	Proj. financing	2035	(*)	(**)
Albareto	Fri-El Albareto S.r.l.	19.80	28,539	17,789	Proj. financing	2035	(*)	(**)
Campidano	Fri-El Campidano S.r.l.	70.00	47,134	19,716	Proj. financing	2023	(*)	(**)
Regalbuto	Anemos Wind S.r.l.	50.00	36,708	25,990	Lease	2023	(*)	(**)
Grottole	Fri-el Grottole	54.00	72,983	14,134	Proj. financing	2023	(*)	(**)
Ricigliano	Fri-el Ricigliano	36.00	20,926	-	Proj. financing	Reimbursed	(*)	(**)
Nulvi-Tergu	Fri-el Anglona	29.75	16,301	-	Proj. financing	Reimbursed	(*)	(**)
Krupen (1) (Bulgaria)	W.Energy Eood	3.00	2,324	361	Proj. financing	n.a.	(*)	(**)
Krupen (2) (Bulgaria)	W.Power Eood	3.00	2,299	361	Proj. financing	n.a.	(*)	(**)
Krupen (3) (Bulgaria)	W.Stream Eood	3.00	2,324	361	Proj. financing	n.a.	(*)	(**)
Krupen (4) (Bulgaria)	W.System Eood	3.00	2,324	361	Proj. financing	n.a.	(*)	(**)
		611.1	585,326	165,694				

(*) Main commitments and guarantees given: pledge on the quotas, pledge on bank current accounts, mortgage and lien

(**) Debt service cover ratio and debt to equity ratio.

(Itg) The parent purchased the SPE's project financing at the bonds' issue date.

The project financing agreements provide for the compliance with covenants typical of financial markets, in line with the market practice for similar agreements. Collateral given mainly relates to: i) liens on movable property; ii) first-degree mortgages on buildings; iii) pledges on loans, receivables and current accounts and iv) pledges on the entire share capital.

The reporting-date current assets of the group companies participating in project financing schemes are set out below:

(€'000)	Amounts related to group companies that are parties to project financing		Amounts relating to group companies that are parties to project financing	
	30.06.2021	agreements	31.12.2020	agreements
Trade receivables	6,531	3,876	9,113	5,583
Tax assets	6,040	10	4,532	83
Other current assets	31,742	8,530	30,130	12,244
<i>including: feed-in tariff</i>	<i>9,364</i>	<i>4,284</i>	<i>10,066</i>	<i>5,841</i>
Loans and other current financial assets	978	-	1,003	-
Cash and cash equivalents	93,435	26,184	147,706	42,690
CURRENT ASSETS	138,726	38,600	192,484	60,600

Under the financing agreements, borrowers are required to comply with the following **affirmative** and **negative covenants**:

- the **affirmative covenants** include opening the project and VAT accounts, having own funds, signing an agreement with the national grid operator, signing insurance policies, appointing a project manager, safeguarding the plant, reporting any nullifying, terminating or withdrawing event, complying with the feed-in tariff

decree in full, complying with the minimum level and granting the right of refusal to the lending bank in the event of refinancing;

- the **negative covenants** comprise a ban on repaying shareholder loans (subject to the prior approval of the lending bank, should this prevent the entity from maintaining a debt to equity ratio at least equal to the contractually-defined ratio), discontinuing or changing the nature of business activities, pledging any of the project's assets and earmarking assets for a specific purpose.

The following table shows the **financial ratios** provided for in the project financing agreements, with which compliance was already required at the reporting date. They principally relate to the debt service cover minimum amount, which cannot fall below the sum of the principal repayments, fees and interest expense accruing between the various half-yearly calculation dates:

	DSCR (debt service cover ratio)
- Project financing - Grottole	1.05
- Project financing - New Green Molise	1.10
- Project financing - Green Energy Sardegna	1.05
- Project financing - Eolica PM (*)	1.05
- Project financing - Fri-el Albareto	1.05
- Project financing - Alerion Teruel	1.05
- Project financing - Comiolica	1.05
- Project financing - Campidano	1.05
- Project financing - Krupen	1.10
(*) DSCR calculation date as of 30 June 2021	

The above covenants had been complied with at 30 June 2021, the most recent calculation date.

With reference to the **2018-2024 bonds**, if, on each calculation date, the ratio of the financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2018. The financial debt for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of the bond issue and already applied to prepare the 2018 annual financial report, which do not include IFRS 16 "Leases".

With reference to the **2019-2025 bonds**, if, on each calculation date, the ratio of the financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2019. The financial debt for reporting

purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of the bond issue and already applied to prepare the 2019 annual financial report.

Based on simulations, the parent is currently in compliance with the financial covenants of the bonds.

Lease liabilities show the present value of the lease payments due after one year, recognised using the treatment required by IFRS 16. They include finance lease liabilities of €21,183 thousand related to the Regalbuto plant.

Shareholder loans - non-controlling investors are those granted in connection with wind farm development projects. The caption mostly relates to SIMEST, which granted a loan of €9,851 thousand, net of transaction costs of €100 thousand, to support the Alerion Group's growth in Spain. Specifically, SIMEST invested €10 million, partly as a capital increase and partly as a shareholder loan, to support the group, through its local subsidiary, Alerion Spain, with the acquisition of Comiolica S.L., which was completed on 26 June 2019. Following the subscription of the capital increase of the Spanish holding company, SIMEST has a 49% interest in Alerion Spain, which is still controlled by the parent with its 51% stake. Since, based on its substance, this is a financing transaction and considering the existence of a put option that the counterparty can exercise, the group has considered SIMEST as a financial backer and has not presented non-controlling interests when consolidating Comiolica S.L

16. DERIVATIVES

The group's derivatives amount to €22,115 thousand (€15,025 thousand at 31 December 2020). Their current portion of €17,779 thousand shows the cash flows due within one year and their non-current portion of €4,336 thousand shows future cash flows until the repayment of the project financing.

(€'000)	30.06.2021	31.12.2020	Change
Non-current portion	4,336	6,452	(2,116)
Current portion	17,779	8,573	9,206
Total non-current financial liabilities	22,115	15,025	7,090

At 30 June 2021, the group's financing whose cash flows have been hedged are as follows:

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	IRS fair value at 30 June 2021	Through OCI	Early settlement and reimbursement of derivatives	Through profit or loss	IRS fair value at 31 December 2020
GE Capital (Ortona)	-	-	-	-	2,892.00	-	(2,892.00)
Monte dei Paschi di Siena (Callari)	-	-	-	-	1,479.00	-	(1,479.00)
Banco BPM (Campidano)	11,266.29	7,992.00	(34.00)	23.00	-	-	(57.00)
Banco BPM (Campidano # 2)	8,449.71	5,994.00	(27.00)	17.00	-	-	(44.00)
Unicredit (Green Energy Sardegna)	25,615.00	19,466.00	(1,729.00)	619.00	-	-	(2,348.00)
Unicredit (Eolica)	42,926.00	32,837.00	(2,617.00)	1,029.00	-	-	(3,646.00)
Sabadel (Alerion Teruel)	665.00	-	-	-	-	1.00	(1.00)
Sabadel (Comiolica)	17,415.00	13,419.00	(158.00)	53.00	-	-	(211.00)
Unicredit (Grottolo)	14,134.00	10,679.00	(89.00)	23.00	-	32.00	(144.00)
Unicredit (Fri-el Albareto)	17,789.00	13,382.00	(905.00)	405.00	-	-	(1,310.00)
Derivatives relating to project financing	138,260	103,769	(5,559)	2,169	4,371	33	(12,132)

Counterparty (group company) (€'000)	Commodity swaps	Swap notional amount (MW)	Swap fair value at 30 June 2021	Through OCI	Early settlement and reimbursement of derivatives	Through profit or loss	Swap fair value at 31 December 2020
DXT Commodities (Alerion Cleanpower)	-	750	(16,556)	(13,663)	-	-	(2,893)
Commodity swaps	-	750	(16,556)	(13,663)	-	-	(2,893)

Derivatives relating to investments in consolidated companies			(22,115)	(11,494)	4,371	33	(15,025)
Related tax			1,345	3,291	(1,049)	(3,820)	2,923
Derivatives relating to investments in consolidated companies, net of related tax			(20,770)	(8,203)	3,322	(3,787)	(12,102)

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	IRS fair value at 30 June 2021	Through OCI	Early settlement and reimbursement of derivatives	Through profit or loss	IRS fair value at 31 December 2020
Equity-accounted investments							
Unicredit (Andromeda)*	5,950	5,422	(80)	34	-	-	(114)
Unicredit (Guardionara)*	3,981	3,630	(36)	17	-	-	(53)
B.I.I.S. (New Green Molise)*	15,675	13,548	(1,186)	332	-	-	(1,518)
Derivatives relating to equity-accounted investments	25,606	22,600	(1,302)	383	-	-	(1,685)
Related tax			312	(92)	-	-	404
Derivatives relating to equity-accounted investments net of related tax			(990)	291	-	-	(1,281)

(*) Equity-accounted investments measured in accordance with IFRS 11

The group enters into interest rate swaps to manage the risk arising from changes in interest rates on its project financing agreed with several bank syndicates and, at the latter's request (a condition precedent of the project financing agreements), to convert the related interest rates from variable to fixed. At the reporting date, the group has agreed derivatives with a notional amount of approximately €103,769 thousand, setting interest at an average IRS rate of approximately 4% over an average period of 15 years.

As already described in the section on financial risks, since the end of 2020, the group has entered into commodity swaps to hedge electricity price risks, contain the effect of price volatility triggered by changes in the electricity market prices on its profitability and stabilise the related cash flows generated by sales of electricity generated by its

wind farms. The swaps provide for the conversion of the variable price (PUN) to a fixed price, calculated using a set notional volume. At the reporting date, the group has agreed swaps with a notional volume of approximately 750 MW to be exchanged in the period from 1 January to 31 December 2021, setting the price at an average €53.3 over the year.

The consolidated companies' interest rate swaps' fair value amounts to €22,115 thousand (€15,025 thousand at 31 December 2020). The group measured their fair value using the discounted cash flow model. These derivatives are designed as cash flow hedges and their hedging relationship is effective. Therefore, their net fair value loss has been accumulated in equity. Any ineffective portion has been recognised in profit or loss.

The net fair value gain on interest rate swaps of €6,572 thousand is mostly attributable to:

- the €4,371 thousand decrease, due to the prepayment of project financing by Ordonia Energia S.r.l. and Callari S.r.l.;
- the reduction of €2,169 thousand in the liability for derivatives recognised in equity, principally as a result of the ongoing situation on the financial markets, which continues to adversely affect the fair value of derivatives, impacted by the negative difference between the IRS rate curve and the forward rate curve.

The fair value of commodity swaps decreased by €13,663 thousand, which was recognised in full in equity and is a result of the expectations of a curve in the forward prices in the second half of the year which is forecast to be higher than the agreed price.

The group recognised a fair value gain of €291 thousand, net of tax, in OCI on the derivatives entered into by the equity-accounted investees. The derivative liabilities of these investees totalled €990 thousand at the reporting date, compared to €1,281 thousand at 31 December 2020.

17. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These amount to €619 thousand (€602 thousand at 31 December 2020) and are measured using actuarial techniques as the group's actual liability to all employees, in accordance with IAS 19.

(€'000)	30.06.2021	31.12.2020	Change
Post-employment benefits	619	602	17
Total post-employment benefits and other employee benefits	619	602	17

The underlying actuarial and financial assumptions are as follows:

Actuarial and economic assumptions

<i>Calculation date</i>	30/06/2021
<i>Mortality rate</i>	IPS55 tables
<i>Disability rate</i>	INPS-2000 tables
<i>Turnover rate</i>	2.00%
<i>Discount rate*</i>	0.79%
<i>Salary increase rate</i>	1.00%
<i>Advance payment rate</i>	1.00%
<i>Inflation rate</i>	0.50%

The group has 42 employees at the reporting date, broken down as follows:

	31.12.2020	Increases	Decreases	30.06.2021	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	34	7	(1)	40	38.0
Total employees	36	7	(1)	42	40.0

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2020	30.06.2021	31.12.2020	30.06.2021
Managers	53	54	2	2
Junior managers and white collars	41	42	17	22
Average	47.0	48.0	19	24

18. PROVISIONS FOR FUTURE RISKS AND CHARGES

(€'000)	30.06.2021	31.12.2020	Change
Provision for taxes and tax disputes	6,102	5,850	252
Provision for legal disputes	110	110	-
Provisions for other risks	8,801	16,015	(7,214)
Total provisions for future risks and charges	15,013	21,975	(6,962)

Changes in the **provisions for future risks and charges** are set out below:

(€'000)	Provision for taxes and tax disputes	Provision for legal disputes	Provisions for other risks	Total
31 December 2020	5,850	110	16,015	21,975
Accruals	338	-	748	1,086
Utilisations/releases	(86)	-	(7,962)	(8,048)
30 June 2021	6,102	110	8,801	15,013

The **provision for taxes and tax disputes** of €6,102 thousand (€5,580 thousand at 31 December 2020) covers the increase in the local property tax (ICI/IMU) as recalculated by the local tax authorities mainly on the basis of their redetermination of property income.

The **provision for legal disputes** covers the legal costs of pending disputes, based on risk estimates updated at the reporting date.

The **provision for other risks** mainly covers:

- plant decommissioning costs of €5,260 thousand (€13,098 thousand at 31 December 2020). The decrease relates to the change in estimate made during the period to account for the smaller restoration costs of €7,837 thousand. In accordance with IAS 16 and IAS 37, part of the change in the provision for the restoration of the site where the wind farms operate has been adjusted against against property, plant and equipment while the difference of €2,778 thousand has been recognised under other revenue and income;
- a probable price adjustment on the sale of three photovoltaic companies for the enforcement of certain guarantees provided for in the sale agreement (€509 thousand).

More information about legal disputes is available in note 36 "LEGAL DISPUTES".

19. OTHER NON-CURRENT LIABILITIES

These amount to €13,379 thousand (€13,970 thousand at 31 December 2020) and include the deferred grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella, Agrigento, Campidano, Ricigliano, Grottole and Anglona wind farms.

(€'000)	30.06.2021	31.12.2020	Change
Sundry liabilities	13,379	13,970	(591)
Total other non-current liabilities	13,379	13,970	(591)

CURRENT LIABILITIES

20. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to €51,163 thousand (€89,751 thousand at 31 December 2020) and comprise:

(€'000)	30.06.2021	31.12.2020	Change
Loans and borrowings and bank facilities	41,404	80,705	(39,301)
Accrued interest on bonds	3,337	3,074	263
Operating lease liabilities	1,149	1,057	92
Finance lease liabilities	4,806	4,702	104
Shareholder loans - non-controlling investors	467	213	
Total current financial liabilities	51,163	89,751	(38,842)

Loans and borrowings and bank facilities amount to €41,404 thousand and mostly relate to the current portion of project financing associated with the plants owned by: i) Eolica PM (€2,599 thousand); ii) Fri-El Campidano (€8,106 thousand); iii) Krupen (€963 thousand); iv) Green Energy Sardegna (€1,819 thousand); vi) Fri-El Albareto (€1,352 thousand); vii) Alerion Teruel and Comiolica (€1,579 thousand); and viii) Grottole (€7,436 thousand). The caption also includes the current portion of the parent's: i) corporate loans with Bankinter (€803 thousand); ii) the loan with Mediocredito (€807 thousand); and iii) drawn-down credit lines (€15,900 thousand). The reduction in the caption is due to the prepayment of project financing by Callari S.r.l. and Ordonia Energia S.r.l. (€17,521 thousand and €23,744 thousand, respectively), which had already been reclassified to current liabilities at 31 December 2020.

Accrued interest on bonds amount to €3,337 thousand and shows the unpaid interest on the 2019-2025 bonds accrued in the first half of the year and not yet due as well as the interest accrued on the 2018-2024 bonds.

Lease liabilities of €5,955 thousand show the present value of the lease payments due within one year, recognised using the treatment required by IFRS 16. Finance lease liabilities of €4,806 thousand relate to the Regalbuto plant.

21. TRADE PAYABLES

Trade payables amount to €12,038 thousand (€8,313 thousand at 31 December 2020) and are due to suppliers. They do not bear interest and are usually settled within 60 days. The decrease is due to smaller amounts due to third party suppliers.

22. TAX LIABILITIES

Tax liabilities amount to €4,310 thousand (€4,559 thousand at 31 December 2020) and mainly relate to corporate income taxes.

(€'000)	30.06.2021	31.12.2020	Change
IRAP	594	312	282
Substitute tax	1,648	2,499	(851)
IRES	2,068	1,748	320
Total tax liabilities	4,310	4,559	(249)

23. OTHER CURRENT LIABILITIES

Other liabilities of €8,609 thousand (€9,350 thousand at 31 December 2020) relate to:

(€'000)	30.06.2021	31.12.2020	Change
Employees and directors	376	438	(62)
Taxes	1,034	1,913	(879)
Social security charges payable	227	220	7
Sundry liabilities	6,972	6,959	13
Total other current liabilities	8,609	9,530	(921)

Sundry liabilities mainly relate to:

- agreements with municipal authorities (€2,008 thousand);
- the deferred grants related to assets recognised by the subsidiaries Eolo S.r.l. and Wind Power Sud S.r.l. received as per Law no. 488/92 "Government assistance for production activities" pertaining to subsequent years (€944 thousand).

Sundry liabilities do not bear interest and are usually settled every 12 months.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

24. FINANCIAL DEBT FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

The table on financial debt at 30 June 2021 and 31 December 2020 prepared in accordance with the new template established by ESMA Guidelines 32-232-1138 of 4 March 2021 is provided below:

(€'000)	30.06.2021	31.12.2020
Cash	19	18
Cash equivalents	93,416	147,688
Other current financial assets	978	1,003
Cash and cash equivalents	94,413	148,709
Loans and borrowings	(39,674)	(26,408)
Current portion of non-current loans and borrowings	(29,268)	(71,916)
Current financial debt	(68,942)	(98,324)
NET CURRENT FINANCIAL POSITION	25,471	50,385
Non-current financial debt	(120,952)	(132,933)
Debt instruments	(346,163)	(345,730)
Trade payables and other non-current liabilities	(57,363)	(62,672)
NON-CURRENT FINANCIAL DEBT	(524,478)	(541,335)
FINANCIAL DEBT*	(499,007)	(490,950)
* Financial debt calculated as per the ESMA32-382-1138 Guidelines		

Reference should be made to the relevant notes for comments on the individual captions.

STATEMENT OF PROFIT OR LOSS

25. REVENUE

Revenue for the first half of 2021 amounts to €66,027 thousand (€52,717 thousand in the first half of 2020) and mostly refers to:

- electricity sales: €29,580 thousand (€17,249 thousand in the first half of 2020);
- feed-in tariff: €36,447 thousand (€35,468 thousand in the first half of 2020).

In the first half of 2021, the average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €169.5/MWh, compared to €129.5/MWh in the first six months of 2020. Specifically:

- the average selling price of electricity is €60.1/MWh compared to €30.4/MWh in the corresponding period of 2020;
- the average feed-in tariff for the period is €109.4/MWh (€99.1/MWh in the corresponding period of 2020).
- The Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

The average selling price of the period of the Krupen plant in Bulgaria was approximately €93.9/MWh. In particular, in Bulgaria, the feed-in premium scheme changed from a fixed price to a variable price scheme in June 2019. Electricity generated is sold on the open market via traders at the best trading price and the regulator subsequently pays an additional premium (calculated at 30 June of each year for each MWh generated).

As already described in the section on financial risks, starting from 2020, the group has entered into commodity swaps to hedge electricity price risks, contain the effect of price volatility triggered by changes in the electricity market on its profitability and stabilise the related cash flows generated by sales of electricity generated by its wind farms. The swaps provide for the conversion of the variable price (PUN) to a fixed price, calculated using a set notional volume. At the reporting date, the group has agreed swaps with a notional volume of approximately 750 MW to be exchanged in the period from 1 January to 31 December 2021, setting the price at an average €53.3 over the year. At 30 June 2021, the variable price was always above the fixed price, generating a cost of €4,767 thousand which has been offset directly against revenue.

26. OTHER REVENUE AND INCOME

Other revenue and income for the first half of 2021 amount to €5,138 thousand (€2,446 thousand in the corresponding period of 2020) and mainly relate to:

- the reversal of excess costs recognised for the restoration of the areas used for operating wind farms after the change in estimate based on the technical appraisals prepared by sector experts (€2,864 thousand);
- transfer of guarantees of origin (GOs) to third parties (€226 thousand);
- administrative and technical consultancy services to equity-accounted investees and associates (€185 thousand);
- insurance compensation for non-production (€380 thousand);
- grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella and Agrigento wind farms (€646 thousand).

27. OPERATING COSTS

Operating costs amount to €16,920 thousand (€15,863 thousand in the first half of 2020) and comprise:

(€'000)	First half 2021	First half 2020	Change
Operating costs			
Personnel expenses	1,448	1,110	338
Personnel expenses	1,448	1,110	338
BoD and corporate costs	652	499	153
Consultancies	3,012	1,952	1,060
Insurance	1,240	1,262	(22)
Maintenance	6,987	7,352	(365)
Royalties and leases	1,076	852	224
IMU	494	503	(9)
Other production and unbalancing costs	206	263	(57)
Other costs	1,761	1,996	(235)
Other operating costs	15,428	14,679	749
Accruals to provisions for risks	44	74	(30)
Total operating costs	16,920	15,863	1,057

Personnel expenses are broken down below:

(€'000)	First half 2021	First half 2020	Change
Wages and salaries	1,025	809	216
Social security contributions	325	266	59
Post-employment benefits	64	(8)	72
Other personnel expenses	34	43	(9)
Total personnel expenses	1,448	1,110	338

The operating costs are in line with the corresponding period of the previous year.

BoD and corporate costs increased to €652 thousand from €499 thousand in the first half of 2020.

Consultancies increased by approximately €1,060 thousand to €3,012 thousand.

Maintenance costs of €6,987 thousand, in line with the first half of 2020 (€7,235 thousand), mostly refer to the operating plants.

Accruals to provisions for risks amount to €44 thousand compared to €74 thousand for the first half of 2020.

28. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

The following table provides a breakdown of this caption:

(€'000)	First half 2021	First half 2020	Change
Amortisation	5,665	5,672	(7)
Depreciation	14,971	14,903	68
Total amortisation, depreciation and impairment losses	20,636	20,575	61

Amortisation and depreciation are substantially unchanged from the first half of 2020 as the operating wind farms and non-current assets have not undergone significant change during the period compared to the corresponding six months of 2020.

Depreciation of right-of-use assets recognised in accordance with IFRS 16 amounts to €665 thousand for the period.

29. FINANCIAL INCOME (EXPENSE)

This caption is broken down in the following table:

(€'000)	First half 2021	First half 2020	Change
Financial income:			
- bank interest	14	23	(9)
- income on securities	-	32	(32)
- fair value gains on derivatives	197	46	151
- other financial income	4	-	
Total financial income	215	101	110
Financial expense:			
- interest on bonds	(6,395)	(6,421)	26
- interest and financial expense	(2,905)	(5,249)	2,344
- other financial expense	(36)	(6)	(30)
Total financial expense	(9,336)	(11,676)	2,340
Net financial expense	(9,121)	(11,575)	2,450

Financial income

“Fair value gains on derivatives” show the fair value gains on derivatives that do not qualify for hedge accounting at the reporting date. This risk is managed in order to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group’s non-current loans and borrowings. At each reporting date, the group assesses the effectiveness of its hedges.

Financial expense

Financial expense amounts to €9,336 thousand (€11,676 thousand in the first half of 2020) and includes **short-term bank interest and charges** of €2,905 thousand, which mainly consist of interest accrued on the use of project financing, and **interest on bonds** of €6,395 thousand. The **other financial expense** comprises lease interest expense of €36 thousand recognised in accordance with IFRS 16.

The reduction in **financial expense** is mostly due to the smaller interest expense and fair value losses on derivatives accrued during the period following prepayment of their project financing by Callari S.r.l. and Ordona S.r.l..

30. NET LOSSES ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net losses on equity investments of €13 thousand mostly relate to the loans agreed with the non-controlling investors of companies that the group does not have full control over.

(€'000)	First half 2021	First half 2020	Change
Dividends and financial income from associates and investees	35	(174)	209
Share of profit (loss) of equity-accounted associates	(22)	(22)	-
Reversals of impairment losses on financial assets	-	9	(9)
Net gains (losses) from equity investments	13	(187)	200

31. INCOME TAXES

Income taxes are broken down in the following table:

(€'000)	First half 2021	First half 2020	Change
Current taxes	(2,327)	(2,313)	(14)
Change in deferred tax assets due to the occurrence and reversal of temporary differences	(3,091)	(969)	(2,122)
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	(3,483)	573	(4,056)
Income taxes	(8,901)	(2,709)	(6,192)

Deferred taxes

A breakdown of deferred taxes is set out below:

(€'000)	Statement of financial position			Profit or loss	OCI and other changes	Profit or loss
	30/06/21	31/12/20	Change	First half 2021		First half 2020
Deferred tax liabilities						
Discounting of post-employment benefits	15	15	0	0	0	0
Non-taxable dividends and amortisation and depreciation	(2,895)	(2,965)	70	70	0	(71)
Initial application of IFRS 16 to finance leases	(2,402)	(1,926)	(476)	(476)	0	(189)
Intragroup eliminations	(187)	(126)	(61)	(61)	0	(49)
Business combination (IFRS 3)	(29,852)	(30,792)	940	940	0	877
Derivatives	(3,518)	302	(3,820)	(3,820)	0	(9)
Adjustments for compliance with group accounting policies	(3,431)	(3,157)	(274)	(136)	(138)	15
Total (A)	(42,270)	(38,649)	(3,621)	(3,483)	(138)	573
Deferred tax assets						
Accruals to provisions for risks, amortisation and depreciation	4,297	4,619	(322)	(322)	0	(380)
Derivatives	4,925	2,683	2,242	(1,049)	3,291	16
Consolidation adjustments to comply with the group's accounting policies	1,870	1,870	0	0	0	30
Non-deductible portion of net interest expense	12,656	13,492	(836)	(836)	0	(735)
Initial application of IFRS 16 to operating leases	163	163	0	0	0	69
Intragroup eliminations	1,154	1,270	(116)	(149)	33	31
Unused tax losses offsettable against future taxable profits	57	57	0	0	0	0
Other deductible temporary differences	18,916	19,651	(735)	(735)	0	0
Total (B)	44,038	43,805	233	(3,091)	3,324	(969)
Net deferred tax assets	1,768	5,156	(3,388)	(6,574)	3,186	(396)
Current taxes				(2,327)		(2,313)
Total income taxes				(8,901)		(2,709)

Deferred tax assets and liabilities

Part of the €3,388 thousand difference has been recognised directly as a reduction in equity and the other part in profit or loss.

Deferred tax liabilities principally relate to intangible assets acquired as part of business combinations and derivatives.

Deferred tax assets mainly relate to:

- temporary differences arising from the recognition of provisions for risks (Alerion Clean Power S.p.A. and Alerion Real Estate S.r.l. in liquidation);
- the non-deductible portion of net interest expense which the group is reasonably certain will be recovered in future years under article 96 of the Italian consolidated income tax act;
- temporary differences arising from intragroup eliminations and mainly relating to borrowing costs on intragroup loans that the subsidiaries have capitalised in their financial statements.

Current taxes

The reconciliation between the theoretical and effective tax expense is presented below:

(€'000)	IRES		IRAP		TOTAL	
First half 2021	Tax	%	Tax	%	Tax	%
Tax base	29,085		38,193			
Theoretical tax	(6,980)	24.0%	(1,490)	3.9%	(8,470)	27.9%
Permanent differences	4,547	(15.6%)	637	(1.7%)	5,184	(17.3%)
Temporary differences	948	(3.3%)	(15)	0.0%	933	(3.2%)
ACE deduction	150	(0.5%)	-	0.0%	150	(0.5%)
Change in tax rate			(249)	0.7%	(249)	0.7%
Effective current tax	(1,210)	4.2%	(1,117)	2.9%	(2,327)	7.1%

	IRES		IRAP		TOTAL	
First half 2020	Tax	%	Tax	%	Tax	%
Tax base	8,003		19,765			
Theoretical tax	(1,921)	24.0%	(771)	3.9%	(2,692)	27.9%
Permanent differences	51	(0.6%)	(192)	1.0%	(141)	0.3%
Temporary differences	497	(6.2%)		0.0%	497	(6.2%)
Use of tax losses	34	(0.4%)			34	(0.4%)
Change in tax rate			(11)	0.1%	(11)	0.1%
Effective current tax	(1,339)	16.7%	(974)	4.9%	(2,313)	21.7%

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to the owners of the parent by the weighted average number of shares outstanding during the period, net of the treasury shares repurchased by the parent during the period.

The information used to calculate basic and diluted earnings per share is as follows:

Results		
(€'000)	First half 2021	First half 2020
Profit from continuing activities attributable to the holders of ordinary shares	20,184	5,294
Profit attributable to non-controlling interests	564	368
Profit attributable to the owners of the parent	19,620	4,926
Number of outstanding shares		
	First half 2021	First half 2020
Number of outstanding shares	54,229,403	43,579,004
Treasury shares at the reporting date	94,000	813,685
Weighted average of outstanding shares	54,187,296	47,576,923
Earnings per share		
(€)	First half 2021	First half 2020
Earnings per share	0.36	0.10

33. SEGMENT REPORTING

IFRS 8 requires the identification of reportable operating segments, on the basis of information regularly used by managers to allocate resources to and assess the performance of the operating segments. The group's activities are concentrated in the wind power segment.

Including on the basis of management reporting, the information on the identified business segments, **operating** and **holding**, is presented below.

A breakdown of revenue by geographical segment is provided even though the group mostly operates in Italy with only a tiny part of its business being performed abroad (the Krupen plant in Bulgaria and the Comiolica plant in Spain).

Operating segments: Revenue

<i>Revenue by geographical segment</i>	First half 2021		First half 2020	
	(€'000)	% of total	(€'000)	% of total
Italy - Islands	36,076	55%	24,920	47%
Italy - Mainland	24,500	37%	23,554	45%
Spain	4,190	6%	2,780	5%
Bulgaria	1,261	2%	1,463	3%
Revenue	66,027	100%	52,717	100%

Operating segments: Statement of financial position

(€'000)	Operating business segment		Holding business segment		Consolidated figures	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
NON-CURRENT ASSETS:						
Intangible assets	194,281	198,100	0	0	194,281	198,100
Property, plant and equipment	447,280	455,109	5,252	528	452,532	455,637
Loans, equity investments and other non-current financial assets	55,632	50,501	6,446	3,883	62,078	54,384
Other non-current assets	38,779	42,231	6,102	2,449	44,881	44,680
TOTAL NON-CURRENT ASSETS	735,972	745,941	17,800	6,860	753,772	752,801
CURRENT ASSETS:						
Loans, equity investments and other current financial assets	436	442	542	561	978	1,003
Other current assets	37,176	39,034	7,137	3,714	44,313	42,748
Cash and cash equivalents	51,699	59,831	41,736	87,875	93,435	147,706
TOTAL CURRENT ASSETS	89,311	99,307	49,415	92,150	138,726	191,457
TOTAL ASSETS	825,283	845,248	67,215	99,010	892,498	944,258
EQUITY	211,500	186,820	(8,660)	20,181	202,840	207,001
NON-CURRENT LIABILITIES:						
Financial liabilities	162,873	179,713	361,605	361,622	524,478	541,335
Other non-current liabilities	64,799	72,538	6,482	2,658	71,281	75,196
TOTAL NON-CURRENT LIABILITIES	227,672	252,251	368,087	364,280	595,759	616,531
CURRENT LIABILITIES:						
Financial liabilities	30,264	76,764	38,679	21,561	68,942	98,324
Other current liabilities	19,670	19,329	5,287	3,073	24,957	22,402
TOTAL CURRENT LIABILITIES	49,934	96,093	43,966	24,634	93,899	120,726
Intra-segment financing	336,177	310,084	(336,177)	(310,084)	0	0
TOTAL LIABILITIES	613,783	658,428	75,876	78,830	689,658	737,257
TOTAL EQUITY AND LIABILITIES	825,283	845,248	67,215	99,010	892,498	944,258

Operating segments: Statement of profit or loss

(€'000)	Operating business segment		Holding business segment		Consolidated figures	
	First half	First half	First half	First half	First half	First half
	2021	2020	2021	2020	2021	2020
Revenue	66,027	52,717	0	0	66,027	52,717
Other revenue and income	4,708	2,154	430	292	5,138	2,446
TOTAL REVENUE AND INCOME	70,735	54,871	430	292	71,165	55,163
Operating costs	14,244	12,877	2,676	2,986	16,920	15,863
Share of profit of equity-accounted investees	4,584	1,040	0	0	4,584	1,040
Amortisation, depreciation and impairment losses	20,565	20,233	71	342	20,636	20,575
OPERATING PROFIT	40,510	22,801	(2,317)	(3,036)	38,193	19,765
Financial income (expense) and gains (losses) on equity investments	(5,626)	(4,782)	(3,482)	(6,980)	(9,108)	(11,762)
PROFIT (LOSS) BEFORE TAX	34,884	18,019	(5,799)	(10,016)	29,085	8,003
Income taxes					(8,901)	(2,709)
PROFIT FROM CONTINUING OPERATIONS					20,184	5,294
PROFIT FOR THE PERIOD					20,184	5,294
Profit attributable to non-controlling interests					564	368
PROFIT ATTRIBUTABLE TO THE GROUP					19,620	4,926

Operating business segment:

Revenue for the first half of 2021 amounts to €66,027 thousand (€52,717 thousand in the first half of 2020) and mostly refers to:

- electricity sales: €29,580 thousand (€17,249 thousand in the first half of 2020);
- feed-in tariff: €36,447 thousand (€35,468 thousand in the first half of 2020).

In the first half of 2021, the average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €169.5/MWh, compared to €129.5/MWh in the first six months of 2020. Specifically:

- the average selling price of electricity is €60.1/MWh compared to €30.4/MWh in the corresponding period of 2020;
- the average feed-in tariff for the period is €109.4/MWh (€99.1/MWh in the corresponding period of 2020).

The Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

The **operating profit** amounts to €40,510 thousand (€22,801 thousand in the first half of 2020) after amortisation, depreciation and impairment losses of €20,565 thousand (€20,233 thousand in the first half of 2020).

Property, plant and equipment and **intangible assets** amount to €641,561 thousand. The €11,648 thousand decrease on 31 December 2020 is mostly due to the depreciation and amortisation for the period.

Holding business segment:

At 30 June 2021, the holding business segment mainly comprises holding company advisory service activities, which are considered marginal compared to the electricity production business.

34. RELATED PARTY AND INTRAGROUP TRANSACTIONS

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 on related party transactions of 12 March 2010, as amended, it is noted the group's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the group's financial position, financial performance and cash flows.

The related party transactions carried out fall within ordinary operations, as part of each party's core business, and are governed by market conditions.

All intragroup balances and material intragroup transactions have been eliminated when preparing the condensed interim consolidated financial statements at 30 June 2021, as have profits and losses arising from trading and financial intragroup transactions not yet been realised with third parties.

The related party disclosures required by IAS 24 and Consob communication no. 6064293 of 28 July 2006 are provided below:

(€'000)	Revenue	Costs	Assets	Liabilities
Existence of significant influence:				
Equity-accounted investees				
Ecoenergia Campania S.r.l.	60	-	-5	-
New Green Molise S.r.l.	202	-	3,953	-
Andromeda Wind S.r.l.	-	-	735	-
FRI-EL Guardionara S.r.l.	-	-	1,029	-
Total equity-accounted investees	262	-	5,712	-
Related parties:				
Gruppo FRI-EL Green Power	3,596	2,643	173	1,221
Heliopolis Energia S.p.A.	-	2	34	-
Simest S.p.A.	-	210	-	10,374
Total related parties	3,596	2,854	207	11,595
Total	3,858	2,854	5,919	11,595

Revenue of €3,596 thousand on transactions with the FRI-EL Group mostly relates to: i) sales of electricity by some of the group's operating companies; and ii) recharges for employees of Alerion Servizi Tecnici e Sviluppo S.r.l..

Costs of €2,643 thousand on transactions with the FRI-EL Group principally relate to: i) ordinary plant maintenance as per the contracts agreed in June 2018 (€1,957 thousand); and ii) asset management services (€397 thousand). Contracts for the latter services were signed in the first half of 2019 and provide for the management of commercial services and the sale of electricity, routine technical management of the wind farms, remote control and analysis of data sent by the wind farms and security assistance.

	Equity-accounted investees					Related parties			Total
	New Green Molise S.r.l.	Ecoenergia Campania S.r.l.	Andromeda Wind S.r.l.	FRI-EL Anzi Holding S.r.l.	FRI-EL Guardionara S.r.l.	Gruppo FRI-EL Green Power	Heliopolis S.p.A.	Simest S.p.A.	
(€'000)									
Trade receivables	71	-5	-	-	-	173	-	-	239
<i>total trade receivables</i>	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531	6,531
percentage	1.1%	-0.1%	0.0%	0.0%	0.0%	2.7%	0.0%	0.0%	3.7%
Other assets	-	-	-	-	-	-	34	-	34
<i>total other current assets</i>	34,076	34,072	34,072	34,072	34,072	34,072	34,072	34,072	34,072
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Current loans	-	-	735	-	1,029	-	-	-	1,764
<i>total current loans</i>	969	969	969	969	969	969	969	969	969
percentage	0.0%	0.0%	75.9%	0.0%	106.2%	0.0%	0.0%	0.0%	182.0%
Non-current loans	3,882	-	-	-	-	-	-	-	3,882
<i>total non-current loans</i>	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135	5,135
percentage	75.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	75.6%
Non-current financial liabilities	-	-	-	-	-	-	-	9,951	9,951
<i>total non-current financial liabilities</i>	520,142	520,142	520,142	520,142	520,142	520,142	520,142	520,142	520,142
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	1.9%
Current financial liabilities	-	-	-	-	-	-	-	423	423
<i>total current financial liabilities</i>	51,163	51,163	51,163	51,163	51,163	51,163	51,163	51,163	51,163
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.8%
Trade payables	-	-	-	-	-	505	-	-	505
<i>total trade payables</i>	12,038	12,038	12,038	12,038	12,038	12,038	12,038	12,038	12,038
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%	0.0%	0.0%	4.2%
Tax liabilities	-	-	-	-	-	-	-	-	-
<i>total tax liabilities</i>	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current liabilities	-	-	-	-	-	698	-	-	698
<i>total other current liabilities</i>	8,557	8,557	8,557	8,557	8,557	8,557	8,557	8,557	8,557
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	8.2%	0.0%	0.0%	8.2%
Provisions for future risks and charges	-	-	-	-	-	18	-	-	18
<i>total provisions for future risks and charges</i>	15,013	15,013	15,013	15,013	15,013	15,013	15,013	15,013	15,013
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%
Electricity sales	-	-	-	-	-	3,299	-	-	3,299
<i>total electricity sales</i>	29,580	29,580	29,580	29,580	29,580	29,580	29,580	29,580	29,580
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	11.2%	0.0%	0.0%	11.2%
Other revenue and income	132	60	-	-	-	297	-	-	489
<i>total other revenue and income</i>	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138	5,138
percentage	2.6%	1.2%	0.0%	0.0%	0.0%	5.8%	0.0%	0.0%	9.5%
Other operating costs	-	-	-	-	-	2,643	2	-	2,645
<i>total other operating costs</i>	15,394	15,394	15,394	15,394	15,394	15,394	15,394	15,394	15,394
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	17.2%	0.0%	0.0%	17.2%
Net financial expense	-	-	-	-	-	-	-	210	210
<i>total net financial expense</i>	-9,278	-9,278	-9,278	-9,278	-9,278	-9,278	-9,278	-9,278	-9,278
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.3%	-2.3%
Net gains on equity investments	70	-	-	-	-	-	-	-	70
<i>total net gains on equity investments</i>	13	13	13	13	13	13	13	13	13
percentage	538.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	538.5%

35. REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES, COOs AND OTHER KEY MANAGEMENT PERSONNEL

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the remuneration paid to the board of directors and supervisory bodies, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act (TUF).

36. LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

Disputes involving the parent

SIC - Società Italiana Cauzioni S.p.A.

The parent and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") have been called as joined defendants by SIC - Società Italiana Cauzioni S.p.A. (at the date of the Registration Document named ATRADIUS Credit Insurance, assignee of the SIC business unit) - in their capacity as policy co-obligors in the civil proceedings brought before the Rome court by AGIED S.r.l. against INPDAP and SIC.

The policies were issued to guarantee the obligations incumbent on AGIED S.r.l. for the compensation of monetary losses that INPDAP could have suffered as a result of the malicious actions of AGIED S.r.l. when performing its duties provided for in the agreement between AGIED and INPDAP, for the management of part of INPDAP's property.

The purpose of this case is to assess the said surety policies and have them declared lapsed due to expiry of the time limit. In particular, AGIED S.r.l. asked the Court to declare that INPDAP has no right to enforce the policies and that, therefore, SIC is not required to pay anything to INPDAP.

The parent and Alerion Real Estate were co-obligors with SIC for the fulfilment of the obligations under the policies as quotaholders of AGIED. These quotas were sold by means of a deed dated 24 May 1999, following which SIC, in a letter dated 9 June 1999, stated that Alerion and Alerion Real Estate were released from their joint obligation due to events that occurred after the date of the sale of the quotas.

SIC, which concurred with AGIED's conclusions, nevertheless summonsed the parent and Alerion Real Estate as a precautionary measure, as, due to the generic nature of the claims, liability for the alleged damages claimed by INPDAP could not be placed in terms of time.

With regard to the policies referred to by ATRADIUS, the then SIC had, in a specific letter, released the co-obligors Alerion and Alerion Real Estate from liability for events occurring after the date of sale of the company shares on 24 May 1999. This confirms

the fact that the parent and its subsidiaries have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ATRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

On 1 December 2014, the first instance judge ordered just SIC (ATRADIUS at the date of the Registration Document) to pay the damages and concluded that the defaults took place after 31 December 2000, i.e., following the release from the co-obligations, thereby implicitly ruling out the company and Alerion Real Estate being summonsed as defendants. Accordingly, any further evolutions in the proceedings will not affect the company.

AGIED and ATRADIUS (formerly SIC) separately appealed the first instance ruling to the court of appeal. As proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joining of the proceedings.

ATRADIUS has appealed to the Rome court of appeal, which acknowledged the fact that the judgement is pending for an amicable settlement of the dispute and postponed its discussion to the hearing of 11 November 2021.

The group deems the risk of an unfavourable outcome to be remote.

Bocchi

Mr. Renato Bocchi commenced civil proceedings before the Rome court against Banca di Roma and the parent. Mr. Bocchi requested that Banca di Roma and Alerion Clean Power S.p.A. (formerly Fincasa 44 S.p.A.) return a guarantee issued in a personal capacity in the interest of Fincasa 44 S.p.A. to secure all obligations assumed by it, which are now extinguished. The Rome court and the court of appeal (the latter with its ruling filed on 26 October 2020) rejected Mr Bocchi's petition in full.

The group deems the risk of an unfavourable outcome to be remote.

Census consortium

As part of an action for contractual fulfilment brought about by the Census consortium (in which Fincasa 44, and subsequently, as of the date of the Registration Document, the parent, holds a share of approximately 10%) against the Rome municipal authorities, the Rome court, on the one hand, allowed some of the consortium's claims (payment to the consortium of approximately €0.24 million) and, on the other, upheld one of the counterclaims of the Rome municipal authorities (payment of approximately €4.4 million plus interest) in relation to the works carried out by Fintecna S.p.A. and Engie Servizi S.p.A., which respectively hold 12% and 30% stakes in the consortium.

The court of appeal rejected the consortium's appeal filed in July 2015 and confirmed the first instance ruling.

The Rome municipal authorities did not notify the appeal ruling against Census of last July.

The consortium appealed to the court of cassation against the court of appeal ruling, with a petition to suspend the effects of the ruling.

As a result of the internal agreements among the consortium members, the financial consequences of the ruling would fall exclusively on the parties responsible for the work carried out, except in the event of their insolvency, in which case the other consortium members would be held liable on the basis of their respective stakes.

With regard to the payment of the amount indicated in the counterclaims made by the municipal authorities, on 13 February 2018, the management board of the Census consortium concluded that liability for any payment rests with the consortium members that performed the related works. Accordingly, the outcome of the proceedings is mainly a matter for the parties concerned. This assessment was reflected in the 2017 financial statements of the Census consortium, which, with their approval on 27 February 2018, allocated any costs to be borne among the individual consortium members that carried out the work. The resolution was not challenged by the deadline established by law, making the allocation of payments demanded by the Rome municipal authorities final. Accordingly, the provision recognised in the consolidated financial statements was released in 2018. The directors deem that the risk is remote.

Legal disputes involving other group companies

The Agrigento provincial tax office notified Wind Power Sud S.r.l. ("WPS") of four separate assessment notices totalling €1.3 million, plus interest and fines, for 2008, 2009, 2010 and 2011, contesting the deductibility of interest expense accrued on a loan taken out following a merger leveraged buyout.

The Agrigento provincial tax court rejected WPS's petitions against these notices in August 2015.

WPS subsequently filed an appeal on the basis that the rulings of the Agrigento provincial tax court were unlawful due to the failure to state the reasons for and groundlessness of the claim. The Palermo regional tax court rejected the appeal in April 2016.

In December 2016, the Agrigento provincial tax office carried out an internal review, which only partially decreased the assessed taxes from the originally claimed €1.3 million to €0.7 million, plus fines and legal interest.

The Agrigento provincial tax office's decision is based on the fact that it considered the economic reasons for the MLBO, which resulted in the parent holding an equity investment in WPS through a reverse merger with a special purpose newco, only partially valid.

According to the subsidiary's legal advisors, albeit partial, the outcome of the internal review would reinforce WPS' position in the appeal before the court of cassation. WPS, therefore, decided to appeal. The appeal was lodged with the court of cassation on 5 December 2016.

Moreover, Equitalia (the Italian tax collection agency): i) in May 2017, accepted the application for the payment of two tax bills totalling €0.4 million relating to 2010 and 2011 in 48 instalments and ii) in December 2017, accepted the application for the payment of two tax bills totalling €0.9 million for 2008 and 2009 in 72 instalments.

In February 2020, the subsidiary applied for the inclusion of the amount claimed in the rescheduling plans.

As a result of the legislative measures issued to ease the economic hardship caused by the spread of Covid-19, payment of the instalments as per the rescheduling plans was deferred from 8 March 2020 until 31 August 2021. At 30 June 2021, the outstanding amount to be repaid totals €0.7 million, unchanged from 31 December 2020.

In the event of an unsuccessful outcome, Alerion's exposure would in any case be limited to 50%, since, at the time of the sale of the equity investment, the vendors, Moncada and Campione, committed to bearing 50% of the risk. The legal advisors consider the risk of losing the case only possible but not probable. Accordingly, the group has not made any provision in this respect. It has recognised the payments made up to the reporting date as other assets and considers them to be recoverable.

Tax dispute relating to the depreciation rates of the operating companies

Some of the group companies have pending disputes with the tax authorities about the application of a depreciation rate to the wind farms that was higher than that deemed correct by the tax authorities (4%).

Specifically, the tax authorities notified five group SPEs of assessment notices disallowing the portion of depreciation (in excess of 4%) deducted for the purposes of calculating the IRES and IRAP tax bases for 2013, 2014, 2015 and, solely for just one SPE, 2016.

On the basis of the assessment of its tax advisors and supported by the first ruling handed down to the parties, the SPEs decided not to change their tax treatment for the years where depreciation was applied and subsequent years, and to appeal the assessment notices received, initiating litigation.

All the first instance judgements and, when completed, the second instance judgements, about the assessments found in favour of the SPEs. At the date of preparation of this report, no appeals have been made to the court of cassation for proceedings where the second instance judgements have been handed down.

Since the directors consider the risk of losing the proceeding to be only possible, but not probable, no provision has been made therefor in the condensed interim consolidated financial statements.

Tax dispute relating to the local property tax (IMU) of operating companies

In 2016, the group's operating companies filed documents updating property registry records for wind turbines pursuant to article 1.21/22 of Law no. 208/2015 (2016 stability law, the "Imbullonati" law). Accordingly, as of 2016, they have calculated IMU on the basis of the revised property income.

In early 2017, the property registry authority served assessment notices to some of the group companies whereby it increased the property income of their wind turbines by including the tower and other components in the calculation. The companies challenged the notices and the disputes are still pending At the date of preparation of this report.

Despite the land registry authority's assessments being in contrast with applicable legislation, following the opinion expressed by the ministry, the companies' tax advisors believe that the outcome of the proceedings is uncertain. Therefore, since 2017, the group has increased the related provision for risks by the assessed IMU to cover the probable risk of losing the disputes. At the reporting date, it had accrued €3.6 million.

The disputes with the tax authorities about the assessments on the property income for the years before 2016 (i.e., before the "Imbullonati" law became effective) are still pending and the group companies have set up provisions of €2 million.

In the first half of 2021, Ordonia Energia S.r.l. was notified of an IMU assessment notice for 2017 by the Ordonia Municipality (FG) while Wind Power Sud S.r.l. received a notice for the 2015 IMU from the Naro Municipality. Both companies have filed petitions against the assessments within the legal terms.

COSAP dispute

In November 2018, the Foggia provincial authorities approved a new regulation imposing a fee for the occupation of public spaces and areas (COSAP), contextually repealing the regulation for the occupation of public spaces and areas and for the application of the related tax (TOSAP).

Accordingly, the authorities notified COSAP payment notices for 2019 to Renergy San Marco S.r.l. and Ordonia Energia S.r.l., calculated on the subsoil occupation of the provincial roads with their cable ducts. Unlike the previous TOSAP regulation, which provided for the payment of a tax per linear kilometre, the new COSAP regulation applies a fee for the occupied surface, which is considerably higher than the TOSAP tax.

Ordonia Energia S.r.l. and Renergy San Marco S.r.l. challenged the notices and the underlying provincial regulation before the Puglia regional tax court. They also

commenced civil proceedings before the Foggia court challenging the legitimacy of the unilateral increase in the occupation fee and the correct calculation of the amount due. The preliminary hearing before the Puglia regional administrative court was held on 24 July 2019 to discuss the precautionary suspension of the payment notices. The court disallowed the precautionary measure, on the grounds that there was no serious and irreparable damage, but also ordered the provincial authorities not to take any action until the dispute on the legitimacy of the regulation is settled. With its sentence of 4 February 2020, the regional administrative court disallowed the companies' petitions. They challenged this decision before the council of state.

During the civil proceeding hearing before the Foggia court, the judge appointed an expert to calculate the COSAP fee. At the date of preparation of this report , the expert's report has yet to be presented.

Since the regional administrative court decided in favour of the provincial authorities, it is highly probable that the latter will claim the fees. Accordingly, the companies accrued €0.4 million.

Other minor disputes

The parent decided to make the necessary provisions for other minor pending disputes involving the group companies.

Considering the progress of the disputes and the opinions of the relevant advisors, the provisions for risks recognised in the condensed interim consolidated financial statements are believed to be appropriate.

37. COMMITMENTS AND GUARANTEES

- Sureties to third parties of €86,044 thousand are made up as follows:
 - environmental restoration obligations (€12,236 thousand);
 - participation in auctions (€7,022 thousand issued to GSE);
 - other obligations (€66,786 thousand).
- Pledge on the quotas of New Green Molise S.r.l., Fri-EL Albareto S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l. and FRI-EL Grottole S.r.l. securing project financing and of Anemos Wind S.r.l. securing leases.
- Warranties in equity investments sale agreements covering any contingent liabilities or non-existent assets compared to the relevant assets and liabilities at the time of the sale.

Commitments and guarantees received from third parties include:

- guarantees for the collection of the consideration of electricity sales (€11,078 thousand);
- guarantees for the supply and installation of turbines (€39,958 thousand).

Statement on the condensed interim consolidated financial statements at 30 June 2021

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as managing director, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:
 - that the administrative and accounting procedures are adequate given the group's characteristics;
 - that they were actually applied during the first half of 2021 to prepare the condensed interim consolidated financial statements.
2. Moreover, they state that:
 - 2.1 the condensed interim consolidated financial statements at 30 June 2021:
 - have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - are consistent with the accounting records and entries;
 - are suitable to give a true and fair view of the parent's and its consolidated companies' financial position, financial performance and cash flows;
 - 2.2 the directors' report includes a reliable analysis of the key events of the first six months of 2021 and their impact on the condensed interim consolidated financial statements, together with information about the key risks and uncertainties for the second half of the year. It also includes a reliable analysis of significant related party transactions.

Milan, 30 July 2021

Chief executive officer

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla



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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Alerion Clean Power S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Alerion Clean Power Group comprising the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes thereto, as at and for the six months ended 30 June 2021. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



Alerion Clean Power Group

Report on review of condensed interim consolidated financial statements
30 June 2021

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Alerion Clean Power Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 31 July 2021

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit