

2023 Interim Financial Report

2023 INTERIM FINANCIAL REPORT

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

CONTENTS

	Corporate bodies	4
	Group structure	5
	Directors' report	6
	Plant location	7
	Introduction	8
	Key events of the period	8
	Alternative performance indicators	8
	Share performance	10
	Key results	11
Basis of preparation of the reclassified interim consolidated financial statements		12
	The group's performance	13
	Legislative framework	18
	Main risks and uncertainties	20
	Related party and intragroup transactions	22
	Events after the reporting period and outlook	23
	Other information	24
	Condensed interim consolidated financial statements	27
	Condensed interim consolidated financial statements	28
	Notes to the condensed interim consolidated financial statements	34
Statement on the condensed interim consolidated financial statements at 30 June 2023		89
Report on review of condensed interim consolidated financial statements		90

CORPORATE BODIES

Board of directors*

Josef Gostner	Chairman and chief executive officer ¹
Stefano Francavilla	Deputy chairman and chief executive officer ¹
Patrick Pircher	Director and chief executive officer ¹
Antonia Coppola	Director ^{2 4}
Nadia Dapoz	Director ^{2 3 4}
Carlo Delladio	Director ^{2 3 4}
Elisabetta Salvani	Director ²
Germana Cassar	Director ³
Pietro Mauriello	Director
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

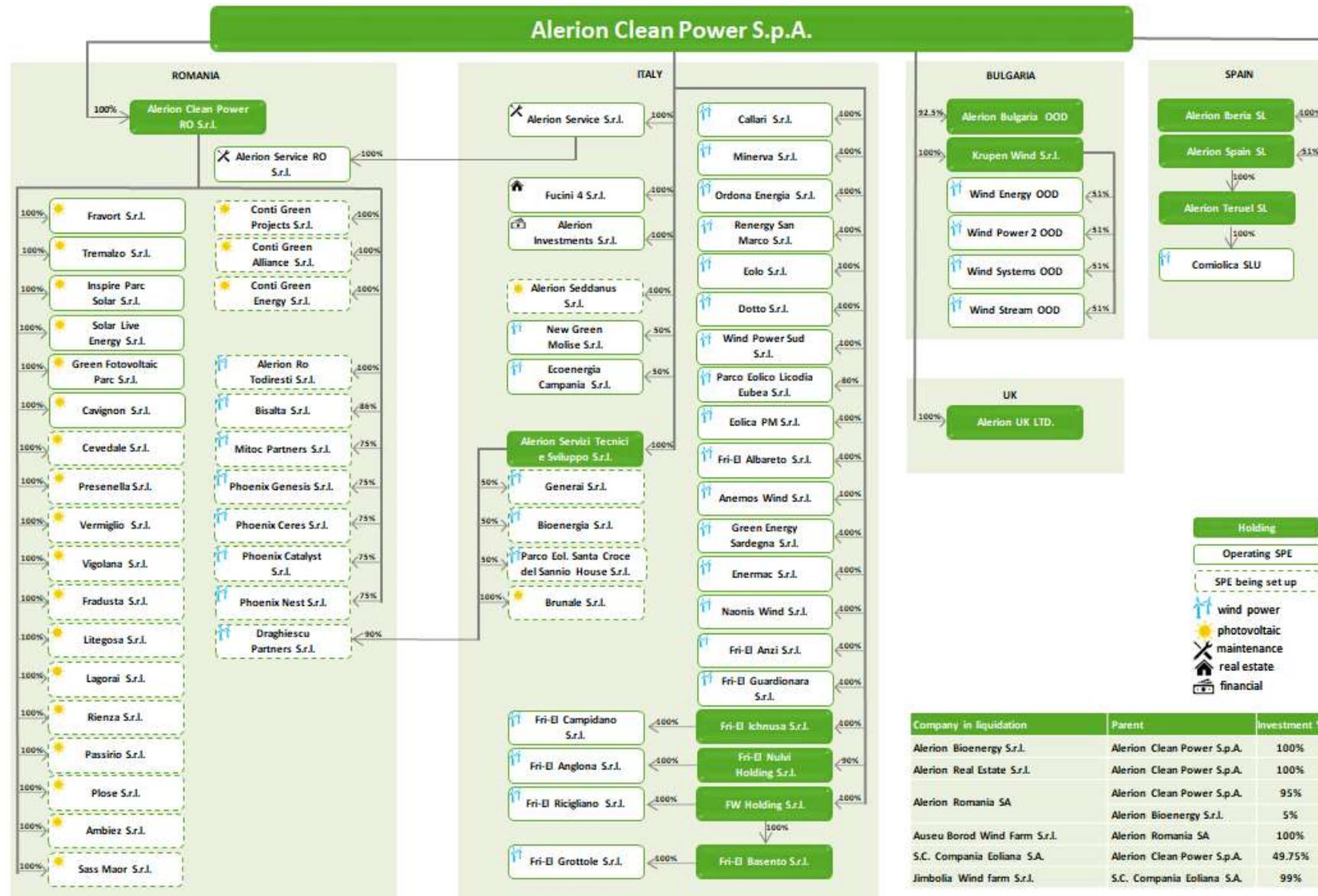
Manager in charge of financial reporting (Law no. 262/05)

Stefano Francavilla

Independent auditors

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

GROUP STRUCTURE

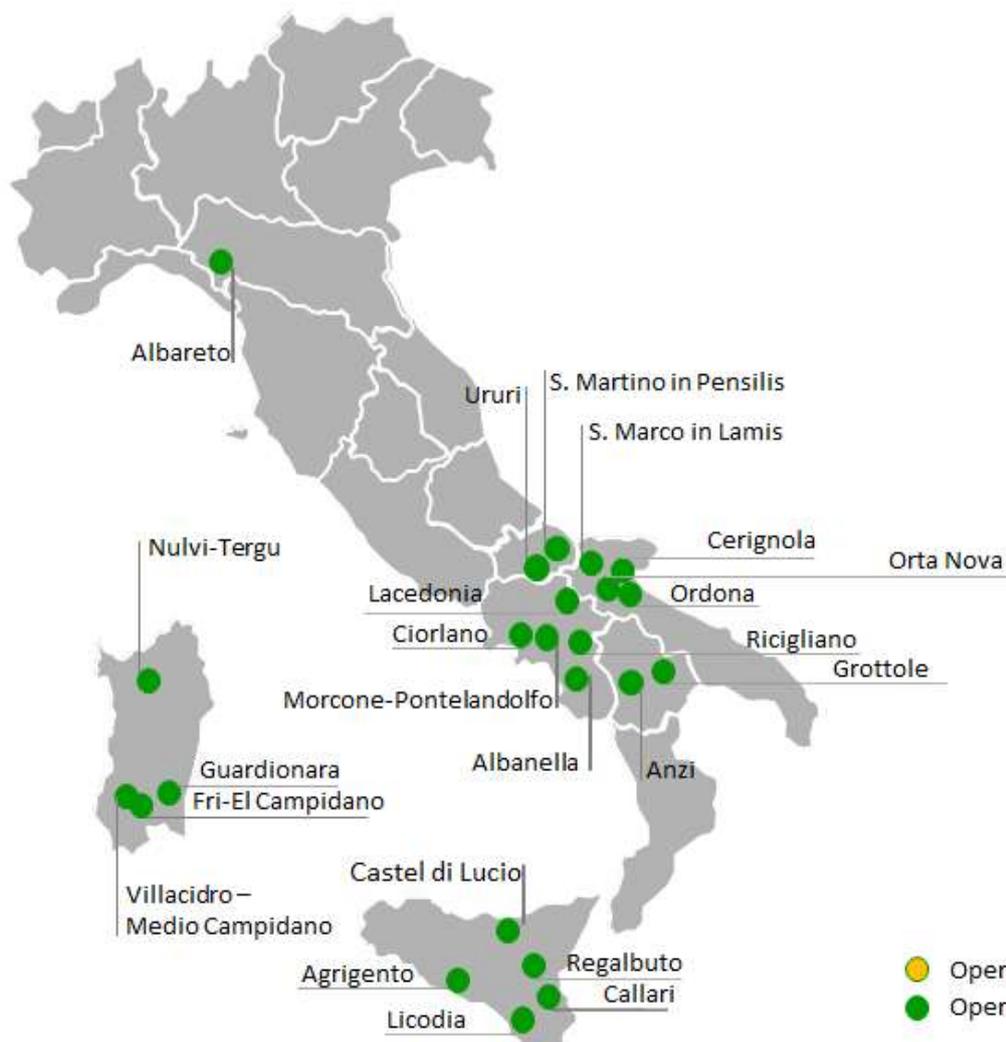


DIRECTORS' REPORT

ALERION CLEAN POWER

THE WIND ENERGY COMPANY

PLANT LOCATION



- Operating solar farms
- Operating wind farms

INTRODUCTION

The parent, Alerion Clean Power S.p.A. (the "parent" or "Alerion") is a joint stock entity subject to Italian law. Its ordinary shares are listed on the Euronext Milan market of the Italian stock exchange. The Alerion Group's (the "group") headquarters are at Via Renato Fucini 4 in Milan.

This 2023 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 2023 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 2022.

On 27 July 2023, the parent's board of directors approved the publication of the condensed interim consolidated financial statements at 30 June 2023.

KEY EVENTS OF THE PERIOD

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

On 21 April 2023, the parent signed an agreement with RWE Renewables Italia S.r.l. ("RWE") for the acquisition of 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., of which it already held the other 49%.

Fri-El Anzi and Fri-El Guardionara each own a wind farm located in the municipality of Anzi (PZ), with installed capacity of 16 MW, and the municipality of San Basilio (CA), with installed capacity of 24.7 MW, respectively. The agreement also established that Alerion would sell RWE its 49% investment in Andromeda Wind S.r.l. (of which RWE already held the other 51%), which owns a wind farm in the municipality of Ururi (CB) with installed capacity of 26 MW.

The consideration transferred for the acquisition of the investments in Fri-El Azi and Fri-El Guardionara was €18.8 million and €25.5 million, respectively, while Alerion received €26.5 million for the sale of its investment in Andromeda Wind.

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 Annual Report, it should be noted that:

- the method of determining 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 condensed interim consolidated financial statements to evaluate its financial performance and position;

- the alternative performance indicators must be read in conjunction with the group's condensed interim 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 their processing 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 profit (loss) before depreciation, amortisation and impairment losses. EBITDA thus defined is a measure used by management to monitor and assess the group's operating performance.

Financial indebtedness 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 | ESMA32-382-1138). It is not an accounting measure under the IFRS.

Financial indebtedness (net of derivatives) is calculated as financial indebtedness net of current and non-current hedging derivatives.

Financial indebtedness 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, hedging derivatives and other non-current financial assets, net of the financial indebtedness resulting from assets held for sale. Financial indebtedness for reporting purposes is not identified as an accounting measure under the IFRS. The calculation method 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 indebtedness for reporting purposes (net of derivatives) is calculated as financial indebtedness for reporting purposes net current and non-current hedging derivatives. Moreover, financial indebtedness for reporting purposes (net of derivatives) is reported as it is relevant for determining the financial parameters required by the regulation for the three bond issues placed by the group on 19 December 2019, 3 November 2021 and 17 May 2022, respectively, in line with the parent's Green Bond Framework.

Gross financial indebtedness is calculated as the sum of current and non-current financial liabilities and financial instruments. It is not an accounting measure under the IFRS. The calculation method 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 2023, the parent's share price was €28.60, after distributing a dividend of €0.65 to each share on 10 May 2023. This performance represented an 11% decrease on the 31 December 2022 price of €32.20.

In the first half of 2023, the share price ranged from a maximum of €34.05 on 23 January 2023 to a minimum of €25.45 on 25 April 2023 as shown in the following graph on the actual average monthly prices:



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

Share price	€
Price at 30 June 2023	28.60
Maximum price (03/01/2023)	34.05
Minimum price (25/04/2023)	25.45
Average price	30.23

At 30 June 2023, the parent's stock market capitalisation is approximately €1,551 million compared to €1,746 million at the end of 2022. The average number of shares traded during the period was 53,892,905.

Volumes traded	Shares (no.)
Maximum volume (25/04/2023)	34,488
Minimum volume (08/06/2023)	2,712
Average volume	39,219

KEY RESULTS

Statement of profit or loss (€m)	First half 2023	First half 2022
Revenue	111,5	141,0
Gross operating profit	88,0	126,0
Profit for the period	50,5	44,7
Profit attributable to the owners of the parent	50,1	43,1
Statement of financial position (€m)	30.06.2023	31.12.2022
Equity	307,6	305,0
Financial indebtedness*	414,2	385,5
Financial indebtedness* (excluding derivatives)	414,3	387,6
Operating figures	First half 2023	First half 2022
Gross capacity (MW)	866,6	821,6
Electricity production (GWh) ⁽¹⁾	695,4	678,7
Electricity production (GWh) - Consolidated plants	654,8	609,2

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

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

BASIS OF PREPARATION OF THE RECLASSIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

This section describes the basis of preparation of the reclassified statement of financial position at 30 June 2023 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 2023

The captions have been reclassified and combined as follows:

Non-current assets have been broken down into the following sub-captions:

- **Intangible assets**, which comprise i) licences and concessions of €248.5 million; ii) development costs of €15.2 million; iii) industrial patents and intellectual property and other assets of €0.2 million; and iv) assets under development of €1.4 million (notes 4 and 5).
- **Property, plant and equipment**, which comprise i) land of €29.4 million; ii) buildings of €5.8 million; iii) plant and machinery of €442.2 million; iv) other assets of €2.2 million; and v) assets under construction of €102.3 million, related to investments in wind farms (note 6).
- **Financial assets**, which comprise the equity investments recognised under non-current financial assets in "Equity-accounted investments" of €23.2 million (note 7);
- **Non-current loans**, which include loans and other non-current financial assets of €10.6 million (note 19).

Other non-financial assets and liabilities, which include i) trade receivables from associates and other companies of €14 million (note 10); ii) deferred tax assets of €32.1 million (note 34); iii) tax assets (note 11) and other current assets (note 12) of €43.1 million; iv) trade payables of €54.9 million (note 14); v) post-employment benefits and other employee benefits of €1.2 million (note 25); vi) deferred tax liabilities of €54.3 million (note 34); vii) provisions for future risks and charges of €56.4 million (note 26); viii) other non-current liabilities of €17.7 million (note 13); ix) tax liabilities of €65.1 million (note 15); x) other current liabilities of €17.5 million (note 16); xi) other non-current assets of €1.2 million (note 8); and xii) inventories of €9.6 million (note 9),

Cash and cash equivalents, which include cash and cash equivalents of €236.5 million (note 21);

Other financial assets and liabilities, which include i) loans and other current financial assets of €75.5 million (note 20); ii) non-current financial liabilities of €656.3 million (note 22); iii) current financial liabilities of €69.9 million (note 23); and iv) derivatives, classified under current and non-current liabilities, of €8.2 million (note 24").

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

Revenue, which includes i) revenue from electricity sales and revenue from the feed-in tariff scheme of €86.4 million; and ii) other revenue and income of €25.1 million (notes 28 and 29);

Net financial expense, which includes the net financial expense of €8.7 million (note 32);

Income taxes, which comprise the i) current taxes of €13.3 million; and ii) deferred taxes of €4 million (note 34).

THE GROUP'S PERFORMANCE

The geopolitical and economic situation of the first half of 2023 was very complicated. The energy market continued to be volatile and unsettled although it gradually stabilised after the exceptional difficulties seen in 2022 and electricity prices dropped sharply compared to the first six months of 2022.

The group's operating performance in the first half of 2023 included the consolidated plants which produced 654.8 GWh of electricity, up on the corresponding six months of the previous year (609.2 GWh) despite the scarce windiness of the period. The upturn is mostly due to the fully operational Orta Nova wind farm (commissioned at the end of the first half of 2022), the solar farms that began operating during the period and the asset swaps that took place during the six months.

Specifically, in April 2023, the parent concluded the acquisition of the other 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., which each own a wind farm, as part of the transaction with RWE Renewables Italia S.r.l. (see the press release of 21 April 2023). The two wind farms are located in the municipalities of Anzi (PZ) and San Basilio (CA), respectively and have installed capacity of 16 MW and 24.7 MW, respectively. The agreement with RWE also included the parent's sale of its non-controlling interest in Andromeda Wind S.r.l., which owns a wind farm with installed capacity of 26 MW.

ALERION GROUP - Reclassified income statement

(€m)	First half 2023	First half 2022
Revenue	86.4	138.4
Other revenue and income	25.1	2.6
Total revenue and income	111.5	141.0
Personnel expenses	(4.9)	(2.4)
Other operating costs	(20.7)	(19.3)
Operating costs	(25.6)	(21.7)
Share of profit of equity-accounted investees	2.1	6.7
Gross operating profit	88.0	126.0
Amortisation, depreciation and impairment losses	(42.4)	(20.8)
Operating profit	45.6	105.2
Net financial (income) expense	14.2	(8.3)
Profit before tax	59.8	96.9
Income taxes	(9.3)	(52.2)
Profit for the period	50.5	44.7
Profit attributable to non-controlling interests	0.4	1.6
Profit attributable to the owners of the parent	50.1	43.1

Total revenue and income amount to €111.5 million, a decrease on the corresponding period of the previous year (€141 million). Specifically, **revenue** decreased to €86.4 million from €138.4 million for the first half of 2022, mostly as a result of the sharp drop in market prices despite the contribution of the acquisitions made at the beginning of 2023 for the entire period and the commissioning of the self-constructed wind farms which started to operate in the second half of 2023 and at the start of 2023.

Revenue includes the effects of hedges of electricity prices agreed for part of the production of the first quarter of 2023 in order to decrease price volatility risks. In line with general sector practice, these effects have been recognised as an increase in revenue from electricity sales of €8.4 million during the first half of 2023.

The above-mentioned contraction in revenue reflects both the falling selling price of electricity and the smaller unit feed-in tariffs for wind farms that benefit from the feed-in tariff scheme (FIP, formerly "green certificates"), which was zero in 2023 compared to €42.9/MWh in 2022.

A breakdown of the average prices per area and the variable price (PUN) for Italy in the first half of 2023 and the corresponding period of 2022 is as follows:

(€/Mwh)	First half 2023	First half 2022	Δ	Δ %
PUN - national single price	135.0	249.1	(114.1)	-46%
North Italy	135.6	251.1	(115.5)	-46%
Central-North Italy	135.7	250.8	(115.1)	-46%
Central-South Italy	134.4	245.6	(111.2)	-45%
South Italy	132.7	242.8	(110.1)	-45%
Sardinia	134.4	245.5	(111.1)	-45%
Sicily	132.7	246.4	(113.7)	-46%
Feed-in tariff (former green certificates) - Italy	-	42.9	(42.9)	-100%
Spain	88.9	205.6	(116.7)	-57%
Romania*	108.2	219.1	(110.9)	-51%

*The comparative average price for Romania is for the entire year (2022)

With resolution 27/2023/R/efr of 31 January 2023, the Italian regulatory authority for energy, networks and the environment ("Arera") announced, for the purposes of determining the 2023 feed-in tariff, that the average annual selling price of electricity was €298.05/MWh in 2022. Accordingly, the 2023 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 nil. Based on Italian energy services operator GSE's procedures, these feed-in tariffs are paid by GSE on a monthly basis by the end of the second month following the reference month. The following table shows the average feed-in tariffs for 2021, 2022 and 2023:

In the first six months of 2023, the average selling price for the in-scope wind farms is €142.4/MWh compared to €283/MWh for the corresponding period of 2022. Specifically:

(€/Mwh)	2023	2022	2021
Feed-in tariff (former green certificates) - Italy	0.0	42.9	109.4

- the average selling price of electricity for the in-scope wind farms is €142.4/MWh compared to €240.1/MWh in the first half of 2022;
- the average feed-in tariff for the period is nil (€42.9/MWh in the corresponding period of 2022).

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 €25.1 million (€2.6 million in the first half of 2022) include the gain of approximately €14 million on the sale of the investment in Andromeda Wind S.r.l.. The caption also includes insurance compensation of €4.4 million and income from administrative and technical consultancy services provided to third parties and equity-accounted investees.

The following table shows the electricity production figures of the group's operating wind farms in the first half of 2023:

Site	Gross capacity (MW)	Consolidated capacity (MW)	Consolidated production (MWh)	
			30 June 2022	30 June 2023
Subsidiaries' plants (consolidated)				
Operating wind farms - Italy				
North	19.8	19.8	25,335	26,594
Central-South	116.3	116.3	120,803	119,460
South	210.2	210.2	136,374	183,962
Sicily	164.2	164.2	131,840	125,955
Sardinia	155.2	155.2	127,321	121,766
Total	665.7	665.7	541,673	577,737
Operating wind farms - abroad				
Spain	36.0	36.0	48,782	47,520
Bulgaria	12.0	12.0	16,596	14,711
Total	48.0	48.0	65,378	62,231
Operating solar farms - abroad				
Romania	80.0	80.0	2,104	14,860
Total	80.0	80.0	2,104	14,860
Total subsidiaries' plants	793.7	793.7	609,155	654,828
Equity-accounted investees' wind farms (1)				
Operating wind farms - Italy				
Central-South	15.0	7.5	6,413	6,132
South	58.0	29.0	51,871	34,408
Sardinia	0.0	0.0	11,272	0
Total	73.0	36.5	69,556	40,540
Total	866.7	830.2	678,711	695,369
(1) Wind farms owned by investees consolidated using the equity method as a result of the application of IFRS 11.				

The **gross operating profit** amounts to €88 million compared to €126 million for the corresponding period of 2022. As described earlier, it reflects the upturn in electricity production volumes of approximately 46 GWh and the positive effects of the sale of the non-controlling interest in Andromeda Wind S.r.l., despite the contracting selling prices of electricity. The group's share of the profit of the equity-accounted investees, included in the **gross operating profit**, is €2.1 million for the first six months of 2023, while it was €6.7 million for the first half of 2022.

The **profit before tax** decreased to €59.8 million from €96.9 million for the corresponding period of 2022, mostly pushed down by the contracting energy prices.

It includes the effects of the acquisition agreement with RWE finalised during the first quarter of 2023, with recognition of fair value gains of €22.9 million in **net financial income** on the net assets already held by the group, which were remeasured at the fair value determined for the purposes of the acquisition of the other 51%. **Amortisation, depreciation and impairment losses** include the impairment loss of €16.9 million recognised on these net assets after the impairment test performed at 30 June 2023. The profit before tax also reflects higher financial expense related to the 2022-2028 bonds issued on 15 May 2022 and the greater depreciation expense following the commissioning of the wind farms in the municipality of Ortonova at the end of the first half of 2022.

The **profit for the period** amounts to €50.5 million, in line with the corresponding period of 2022. It is net of income taxes of roughly €9.3 million compared to €52.2 million in the corresponding period of 2022, which included €25.9 million for the effects of the government's measures adopted with article 37 of Decree law no. 21 of 21 March 2023 amended by Decree law no. 50 of 17 May 2022, which introduced the windfall tax imposed on energy companies.

The **profit attributable to the owners of the parent** amounts to €50.1 million compared to €43.1 million for the first half of 2022.

The **profit attributable to non-controlling interests** comes to €0.4 million down on the corresponding period of 2022 (€1.6 million).

Financial position and cash flows

ALERION GROUP - Reclassified statement of financial position (€m)

	30.06.2023	31.12.2022	Change
Intangible assets	265.3	197.8	67.5
Property, plant and equipment	581.8	543.4	38.4
Financial assets	23.2	56.6	(33.4)
Non-current loans	18.6	17.6	1.0
Non-current assets	888.9	815.4	73.5
Other non-financial liabilities, net	(167.1)	(124.9)	(42.2)
NET INVESTED CAPITAL	721.8	690.5	31.3
Equity attributable to the owners of the parent	301.7	298.8	2.9
Equity attributable to non-controlling interests	5.9	6.2	(0.3)
Equity	307.6	305.0	2.6
Cash and cash equivalents	236.5	226.6	9.9
Other financial liabilities, net	(650.7)	(612.1)	(38.6)
Financial indebtedness *	(414.2)	(385.5)	(28.7)
EQUITY + FINANCIAL INDEBTEDNESS*	721.8	690.5	31.3

Consolidation scope

Changes in the consolidation scope compared to 31 December 2022 mostly relate to the transaction with RWE for the acquisition of the other 51% of two companies that each own a wind farm. Alerion already held 49% and the investees were classified as equity-accounted investees.

During the six months, the group continued its penetration of the Romanian market acquiring four new companies, three of which own a wind farm and one a solar farm.

At 30 June 2023, **property, plant and equipment** and **intangible assets** amount to €847.1 million (€741.2 million at 31 December 2022). The €105.9 million increase is net of amortisation, depreciation and impairment losses of €42.4 million and reflects the greater investments made mostly in Italy and Romania during the period.

Other non-financial liabilities, net include trade receivables for the sale of electricity and amounts due under feed-in tariff schemes totalling €10.8 million compared to €18.7 million at 31 December 2022. Specifically, amounts due under feed-in tariff schemes from GSE amount to €0.1 million (€3 million at 31 December 2022).

Equity attributable to the owners of the parent increased by €2.9 million to €301.7 million at 30 June 2023. This increase is mostly a result of: i) the profit for the year attributable to the owners of the parent of €50.1 million; ii) the fair value losses on derivatives hedging bank project financing and commodity swaps on electricity prices of €8.8 million, net of the related tax; iii) the distribution of dividends of €35 million as per the shareholders' resolution of 20 April 2023; and iv) repurchases of own shares of €3.6 million.

Financial indebtedness amounts to €414.2 million compared to €385.5 million at 31 December 2022 (up by €28.7 million). The increase is mostly due to the investments made in Romania and Italy during the period, net of operating cash flows generated in the six months which were adversely affected by the contraction in the selling price of electricity.

A breakdown of financial indebtedness at 30 June 2023 and 31 December 2022 is as follows:

ALERION GROUP - Financial indebtedness

	30.06.2023	31.12.2022	Change
Cash and cash equivalents			
Cash equivalents	236.5	226.6	9.9
Total cash and cash equivalents	236.5	226.6	9.9
Loans and other current financial assets	78.4	76.0	2.4
Liquidity	314.9	302.6	12.3
Current financial liabilities			
Bank facilities	(40.2)	(0.1)	(40.1)
Derivatives	(2.8)	-	(2.8)
Current loans and borrowings	(43.0)	(0.1)	(42.9)
Bank loans and borrowings and project financing	(20.6)	(34.0)	13.4
Lease liabilities	(1.2)	(1.1)	(0.1)
Accrued interest on bonds	(6.7)	(3.1)	(3.6)
Other loans and borrowings	(1.3)	(0.3)	(1.0)
Current portion of non-current loans and borrowings	(29.8)	(38.5)	8.7
Current financial indebtedness	(72.8)	(38.6)	(34.2)
NET CURRENT FINANCIAL POSITION	242.1	264.0	(21.9)
Non-current financial liabilities			
Bank loans and borrowings and project financing	(134.1)	(127.7)	(6.4)
Other loans and borrowings	(10.2)	(10.4)	0.2
Lease liabilities	(16.1)	(16.0)	(0.1)
Non-current loans and borrowings	(160.4)	(154.1)	(6.3)
Bonds issued	(495.9)	(495.4)	(0.5)
Debt instruments	(495.9)	(495.4)	(0.5)
Trade payables and other non-current liabilities	-	-	-
NON-CURRENT FINANCIAL INDEBTEDNESS	(656.3)	(649.5)	(6.8)
FINANCIAL INDEBTEDNESS*	(414.2)	(385.5)	(28.7)
FINANCIAL INDEBTEDNESS (excluding derivatives)	(414.3)	(387.6)	(26.7)
Loans and other non-current financial assets	10.6	8.0	2.6
Derivatives	8.0	9.7	(1.7)
FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES	(395.6)	(367.8)	(27.8)

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

Reference should be made to the notes to the financial indebtedness for the table on financial indebtedness in accordance with the template of the ESMA Guidelines 32-232-1138 of 4 March 2021.

The increase in financial indebtedness is principally due to: i) cash flows of approximately €68 million generated by operating activities; ii) cash flows of approximately €38.3 million used by investing activities, mostly for investments in Romania and Italy; iii) net financial expense and fair value losses on derivatives of €25.1 million; iv) dividends of €1.8 million received from equity-accounted investees; and v) dividends of €35 million distributed during the period.

The following table shows the group's financial indebtedness calculated in accordance with the ESMA Guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). It also shows the financial parameters of the covenants provided for in the regulations of the bonds issued by the parent and traded on the regulated market (the 2019-2025 green bonds, the 2021-2027 green bonds placed in 2021 and the 2022-2028 green bonds placed in 2022). At 31 December 2022, the covenants were complied with.

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

(€m)	First half 2023	First half 2022	Change
Cash flows generated by operating activities	68.0	126.5	(58.5)
Cash flows used in investing activities	(38.3)	(57.7)	19.4
Net financial expense and net fair value gains (losses) on derivatives	(25.1)	3.7	(28.8)
Dividends received from equity-accounted investees	1.8	8.3	(6.5)
Dividends distributed	(35.1)	(24.6)	(10.5)
Variation in financial indebtedness*	(28.7)	56.2	(84.9)
Opening financial indebtedness*	(385.5)	(502.5)	117.0
CLOSING FINANCIAL INDEBTEDNESS*	(414.2)	(446.3)	32.1

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

Leverage, which is the ratio of net financial indebtedness to net invested capital, is 57.4% at 30 June 2023 (55.8% at 31 December 2022).

Financial indebtedness (excluding derivatives) amounts to €414.3 million at 30 June 2023 compared to €387.6 million at 31 December 2022.

Cash and cash equivalents increased by €9.9 million from €226.6 million at 31 December 2022 to €236.5 million at 30 June 2023. The main changes of the period relate to the net effects of the transaction with RWE and the drawdown of credit lines of approximately 40 million. More information is available in the statement of cash flows for the six months.

Current financial indebtedness including derivatives increased by €34.2 million to €72.8 million at 30 June 2023 (€38.6 million at 31 December 2022). The increase is mostly due to i) the parent's greater use of credit lines (+€40 million); and ii) the decrease in bank loans and borrowings and project financing (-€13.4 million).

Non-current financial indebtedness, including derivatives, amounts to €656.3 million (€649.5 million at 31 December 2022) and includes (i) bonds issued of €495.9 million, being the 2019-2025 bonds of €200 million placed on 12 December 2019, net of the unamortised transaction costs of €1.3 million, the 2021-2027 bonds of €200 million placed on 3 November 2021, net of the unamortised transaction costs of €3.1 million and the 2022-2028 bonds of €100 million placed on 17 May 2022, net of the unamortised transaction costs of €1.2 million; (ii) the non-current portion of project financing of €134.1 million, net of the amounts that fell due on 30 June 2023; and (iii) the non-current portion of lease liabilities of €16.1 million recognised in accordance with IFRS 16 "Leases".

Loans and other non-current financial assets decreased by €0.9 million to €18.6 million at 30 June 2023 and mostly refer to loans given to equity-accounted investees and derivatives, whose fair value became positive during the period.

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 2023 are described below.

Feed-in tariff (formerly "green certificates")

With resolution 27/2023/R/EFR of 31 January 2023, Arera announced, for the purposes of determining the 2023 feed-in tariff, that the average annual selling price of electricity was €298.05/MWh in 2022. Accordingly, the 2023 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 nil. Based on 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 reduction target of at least 40% for GHG emissions (using 1990 levels as the baseline) and a second target of 32% (compared with the 27% originally proposed by the European Commission) in the final consumption of renewable energy by 2030, 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 currently revisiting these directives to enact the proposal to bring the net reduction in GHG emissions to at least 55%.

Decree law no. 4 of 27 January 2022 was published in the Italian Official Journal on 27 January 2022 and set out urgent measures to support businesses and economic operators, employment, health and local services in conjunction with the Covid-19 emergency and to curb the effects of the price increases in the electricity sector.

Article 16 introduces a compensation mechanism calculated by comparing current and historical prices, which is applicable from 1 February 2022 to 30 June 2023 to electricity injected into the grid by renewable energy plants (excluding plants with capacity of less than 20 kW) that benefit from the feed-in tariff and use hydroelectric, solar or wind power and that do not have access to feed-in schemes.

Measures to mitigate high energy prices

In 2022, the Italian government introduced a series of measures to mitigate high energy prices which i) reduced the revenue; and ii) increased the tax burden of energy sector companies:

Two-way compensation contribution - Decree law no. 4/2022

Law no. 25 of 28 March 2022, converting Decree law no. 4 of 27 January 2022, established that a two-way compensation mechanism would be applied to energy prices in the period from 1 February 2022 to 31 December 2022 applicable to electricity generated by plants with capacity in excess of 20 kW that use solar, hydroelectric, geothermal or wind power and that do not have access to feed-in schemes and were commissioned before 1 January 2010. This mechanism is equal to the difference between the reference price for the market area and the market price equal to the hourly area price of the electricity market and, therefore, the price indicated in the in-scope supply contracts agreed before 27 January 2022.

Windfall tax - Decree law no. 21/2022

Decree law no. 21/2022 and the related amendment to Decree law no. 50/2022 established a windfall tax on profits for every company belonging to an industrial group active in the energy sector. This levy is based on the increase in the balance between the company's income and expense in the period from 1 October 2021 to 30 April 2022, compared to the same period 12 months earlier. The rate, initially set at 10%, was increased to 25% and is applicable if the increase is greater than €5,000,000. The windfall tax is not due if the increase is less than 10%.

Price cap mechanism - Law no. 197/2022

Article 1.30-38 of Law no. 127 of 29 December 2022 refers to Council Regulation (EU) 2022/1854 of 6 October 2022 and establishes a cap from 1 December 2022 to 30 June 2023 on market revenue earned on the generation of electricity through a price cap mechanism. The GSE was to take the difference between the set price of €180/MWh and the market price (the monthly average of the market hourly area price, calculated as the weighted average for the non-programmable plants based on their production parameters) from the producers.

Temporary solidarity contribution - Law no. 197/2022

This contribution was introduced by article 1.115 of Law no. 127 of 29 December 2022 and is calculated using a rate of 50% on the total taxable profits as determined for IRES purposes for the fiscal year starting on or before 1 January 2023 that exceed the average taxable profits generated in the four previous fiscal years by at least 10%. Moreover, this contribution is due for up to 25% of the company's equity at the year end prior to the year starting on or after 1 January 2022. More information about this contribution is provided in the section on legal disputes.

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 2014, which regulates the generation of electricity from renewable sources, co-generation and

waste; (ii) Royal decree no. 1955/2000 of 1 December 2000, 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 1997, 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, however, 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.

Romanian legislative framework

In response to the rising cost of international electricity and gas markets, the Romanian government introduced a compensation mechanism so that the current prices of electricity and natural gas used for domestic consumption do not worsen the level of energy poverty.

On 29 October 2021, the Romanian government approved Law no. 259/2021 which introduced a windfall tax of 80% for the period from 1 November 2021 to 31 March 2022 on the extra revenue generated by electricity producers (including renewable production capacities but excluding thermal production capacities). This extra revenue is the difference between the average monthly selling price of electricity and the price of RON450/MWh (roughly €91/MWh).

The government then published a new government emergency ordinance no. 27/2022, which entered into force on 22 March 2022, to extend application of the windfall tax for the period from 1 April 2022 to 31 March 2023 with some favourable changes. The 80% tax was to be applied to profits rather than revenue for sales in excess of RON450/MWh (€91/MWh), thus reducing the cost for producers. The new tax does not apply to production capacities commissioned after enactment of the new law.

MAIN RISKS AND UNCERTAINTIES

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.

Furthermore, while climate disasters can adversely affect the group’s production as a consequence of the ongoing climate change, institutions are increasingly interested in companies that produce renewable energy. In particular, the European Union has developed an action plan for financing sustainable growth (EU Action Plan) and to direct capital flows towards the European and world economy. The group, whose core business is the production of energy from renewable sources, is heavily involved in these projects.

The production of electricity from wind and solar sources is included in the European taxonomy as a sector that actively contributes to climate mitigation, contributing to Italy’s binding obligation to reduce its CO2 emissions in the non ETS sectors by at least 33% by 2030 compared to the 2005 baseline for decarbonisation purposes.

In addition, companies whose core business mostly consists of environmentally sustainable economic activities can access specific financing and investment tools, such as green bonds. In this regard, on 19 December 2019, 3 November 2021 and 17 May 2022, the parent’s board of directors resolved to issue bonds, the terms of use of which are designed to meet the criteria set out in the parent’s Green Bond Framework.

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 in full or on time. At 30 June 2023, the group has trade receivables of €10.7 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 just 1.35% of its revenue for the first half of 2023 is related to the national feed-in tariff schemes. The Anglona and Ciorlano farms became eligible in the first half of 2023. 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, even significantly. Payment delays, non-receipt of the feed-in tariffs or smaller feed-in tariffs, including for reasons not attributable to the group, could make it necessary for the parent to financially assist its subsidiaries (even significantly) to ensure that 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 year to limit the impact of credit losses. Moreover, these receivables are usually secured by collateral and, in the case of a 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 company is required to settle its financial liabilities before their natural maturity.

The group mitigates this risk by issuing bonds and has placed several issues with six-year maturities, such as: i) the bonds placed on 19 December 2019 with a fixed interest rate of 3.125%; ii) those placed on 3 November 2021 with a fixed interest rate of 2.25%; and iii) those issued on 17 May 2022 with a fixed interest rate of 3.5%. These issues are not affected by interest rate volatility as they are all agreed at a fixed rate.

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.

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 of 12 March 2010 on related party transactions, as amended, it is noted that none of the group's related party transactions were 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 economically or financially disadvantageous 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

None.

Outlook

The group will continue with its plan to invest in building new wind and solar farms, principally in Romania and Italy. It will also develop new renewable capacity to grow its pipeline of projects in areas of interest such as Spain and the United Kingdom in addition to Italy and Romania. The group does not expect the ongoing war in Ukraine to affect its operations.

Background

The outbreak of the war in Ukraine just a few days after approval of the 2022-2025 business plan, the repercussions on the gas market of Russia's reduction of supplies and international speculation, the rising inflation and interest rates, both at unprecedented rates, all contributed to creating an exceptionally volatile global economic and energy situation.

In 2022, the price of electricity fluctuated in an extraordinary and irregular manner making the energy market more difficult to navigate.

The fluctuating energy prices also exasperated the existing problems in the international supply chains, with a knock-on effect on logistics and the cost of investing in the renewable energy sources sector. The situation has only begun to normalise in the last few months.

Notwithstanding this very difficult situation, with the energy transition to renewable sources becoming increasingly important on a global level, and despite the government's commitment announced at the start of 2022 to fast track the authorisation procedures for new farms, only recently has Italy begun to introduce a real simplification and acceleration process that can bolster the sector's growth prospects.

Sector operators have also been penalised by extraordinary, excessive government measures (such as the most recent ones approved with the budget act at the end of 2022), which have made the market more risky and volatile, adversely affecting the operators' ability to invest in new production plants.

2024-2028 business plan

The very complex geopolitical and economic context undergoing radical change would have affected the group's scheduled review of its business plan and therefore it decided to update the plan in the first half of 2023 when the extreme volatility and uncertainty started to dissipate.

The group also extended the plan's timeframe (to five years) in order to have more time to achieve its strategies and market positioning objectives in the renewable sources sector, which is expected to grow strongly in Italy and abroad.

2024-2028 strategies

The new business plan confirms the group's focus on the countries where it already operates (Italy, Romania, Spain and the UK) with wind and solar farms. It intends to consolidate its growth through the pipeline of renewable energy projects of approximately €7,000 MW, fuelled by the huge development drive of recent years in all the geographical areas where the group works. This will allow it to achieve the planned growth objectives in the next five years.

The strategies for the 2024-2028 period include organic growth, to be attained with two business models:

- a traditional full ownership model, where the new operating farms will be fully owned by the group; and
- an equity recycling model, where new farms will be built and operated as joint ventures with third party investors in Italy and abroad.

Investment programme and installed capacity

The group plans to invest approximately €2.3 billion over the plan period to achieve installed capacity of roughly 3,000 MW at the end of 2028, up about 2,100 MW on 31 December 2023.

Financial objectives

The plan objectives include EBITDA of approximately €300 million by 2025 and roughly €400 million by 2028.

The group can rely on a strong financial structure, capable of driving sustainable growth thanks to the cash flows generated by the operating farms and the financial resources obtainable from the equity recycling model.

At 31 December 2028, the group's net financial indebtedness is expected to approximate €1.2 billion with a debt/EBITDA ratio constantly below 4x over the entire plan horizon.

The group does not expect the ongoing war in Ukraine to affect its operations.

OTHER INFORMATION

Corporate governance

The Alerion Group is a signatory of, and complies with, the Code of Corporate Governance approved in January 2020 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 20 April 2023, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.65 per outstanding ordinary share (excluding treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 10 May 2023 and detachment date of coupon 12 on 8 May 2023. The parent distributed the dividend of €35 million in compliance with the terms established by the shareholders.

Management and coordination

Since 7 May 2021, Fri-EI 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 2023, the parent has 364,803 treasury shares, which is an increase on the number held at 31 December 2022, equal to 0.67270% of its share capital. With respect to the shareholders' resolution of 20 April 2023 authorising repurchases of treasury shares, on 27 July 2023, it repurchased an additional 385,636 treasury shares equal to 0.71112% of its share capital.

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 Italian Consolidated Finance Act (TUF).

Exercise of option to depart from 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 152 employees at the reporting date, broken down as follows:

	31.12.2022	Increases	Decreases	30.06.2023	Average
Managers	4	0	0	4	4.0
Junior managers and white collars	77	23	(9)	91	91.0
Blue collars	50	12	(5)	57	56.0
Total employees	131	35	(14)	152	151.0

The employees' average age and education are as follows:

	Average age		University graduates	
Managers	50	51	4	4
Junior managers and white collars	38	35	50	69
Blue collars	33	31	0	0
Average	40.3	39.0	54	73

Branches

Alerion Clean Power S.p.A. has its registered office at Via Renato Fucini 4, Milan and a branch at Via del Gallitello 221, Potenza (PZ).

- On 15 March 2022, the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l. opened another local unit at Via Museo 33, Bolzano (BZ).
- The parent transferred its registered and head offices to Via Renato Fucini 4, 20133 Milan on 1 August 2022.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at and for the six months ended 30 June 2023

Condensed interim consolidated financial statements

Interim consolidated financial statements	28
Notes to the condensed interim consolidated financial statements	34
Statement on the condensed interim consolidated financial statements at 30 June 2023	89
Report on review of condensed interim consolidated financial statements	90

STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	Note	30.06.2023	including: related parties	31.12.2022	including: related parties
NON-CURRENT ASSETS:					
Intangible assets	4 - 5	265,311		197,791	
Property, plant and equipment	6	581,831		543,380	
Investments in joint ventures and associates	7	23,156		56,599	
Loans and other non-current financial assets	19	10,572	4,176	8,005	3,089
Derivatives	24	8,019		9,643	
Other non-current assets	8	1,157		1,215	
Deferred tax assets	34	32,169		34,505	
TOTAL NON-CURRENT ASSETS		922,215		851,138	
CURRENT ASSETS:					
Inventories	9	9,621		8,284	
Trade receivables	10	14,083	2,691	27,405	10,182
Current tax assets	11	3,863		3,089	
Other current assets	12	39,237	5,778	31,702	4,269
Loans and other current financial assets	20	75,511		73,885	1,000
Derivatives	24	2,931		2,164	-
Cash and cash equivalents	21	236,485		226,609	
TOTAL CURRENT ASSETS		381,731		373,138	
TOTAL ASSETS		1,303,946		1,224,276	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	30.06.2023	including: related parties	31.12.2022	including: related parties
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	17	301,705		298,786	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERES¹	17	5,878		6,212	
NON-CURRENT LIABILITIES:					
Financial liabilities	22	656,300	9,951	649,526	9,951
Post-employment benefits and other employee benefits	25	1,261		1,180	
Deferred tax liabilities	34	54,322		41,140	
Provisions for future risks and charges	26	56,460	6	55,679	6
Other non-current liabilities	13	17,666	1,530	15,879	1,620
TOTAL NON-CURRENT LIABILITIES		786,009		763,404	
CURRENT LIABILITIES:					
Financial liabilities	23	69,999	423	38,598	213
Derivatives	24	2,794		-	
Trade payables	14	54,929	333	45,571	604
Current tax liabilities	15	65,135		59,060	
Other current liabilities	16	17,497	1,827	12,645	721
TOTAL CURRENT LIABILITIES		210,354		155,874	
TOTAL LIABILITIES		996,363		919,278	
TOTAL EQUITY AND LIABILITIES		1,303,946		1,224,276	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	First half 2023	including: related parties	First half 2022	including: related parties
Electricity sales		85,209	-	122,388	37,241
Feed-in tariff		1,167		16,025	
Revenue	28	86,376		138,413	
Other revenue and income	29	25,125	3,325	2,637	1,075
Total revenue and income		111,501		141,050	
Operating costs					
Personnel expenses		4,867		2,386	
Other operating costs		20,723	1,250	19,320	2,833
Accruals to provisions for risks		13		31	
Total operating costs	30	25,603		21,737	
Share of profits of equity-accounted investees		2,124		6,680	
Depreciation and amortisation		25,467		20,809	
Impairment losses/reversals of impairment losses		16,921		-	
Total amortisation, depreciation and impairment losses	31	42,388		20,809	
OPERATING PROFIT		45,634		105,184	
Financial income		4,542		264	
Financial expense		(13,205)		(8,552)	
Net financial expense	32	(8,663)	(253)	(8,288)	(210)
Net gains on equity investments and other financial assets	33	22,876	97	18	72
PROFIT BEFORE TAX		59,847		96,914	
Current		(13,326)		(47,909)	
Deferred		4,018		(4,293)	
Income tax	34	(9,308)		(52,202)	
PROFIT FOR THE PERIOD		50,539		44,712	
Attributable to:					
Owners of the parent	35	50,120		43,114	
Non-controlling interests		419		1,598	
EARNINGS PER SHARE					
<i>(€ per share)</i>					
- Basic, considering the profit for the year attributable to the owners of the parent		0.93		0.80	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
- Basic, considering the profit from continuing operations attributable to the owners of the parent		0.93		0.80	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	First half 2023	First half 2022
PROFIT FOR THE PERIOD (A)	50,539	44,712
Net hedging gains (losses)	(12,033)	19,622
Related tax	3,324	(5,122)
Net fair value gains (losses) on cash flows hedges relating to equity-accounted investees	(166)	1,020
Related tax	40	(245)
Net fair value gains (losses) on financial assets at fair value through other comprehensive income	87	-
Related tax	(24)	-
Post-tax other comprehensive income (expense) that may be reclassified subsequently to profit or loss (b1)	(8,772)	15,275
Net actuarial gains (losses) on defined benefit plans (IAS 19)	24	(3)
Related tax	(7)	1
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (b2)	17	(2)
Total post-tax other comprehensive income (expense) (b1) + (b2) = (B)	(8,755)	15,273
COMPREHENSIVE INCOME (A) + (B)	41,784	59,985
Attributable to the owners of the parent	41,365	58,387
Attributable to non-controlling interests	419	1,598
COMPREHENSIVE INCOME	41,784	59,985

STATEMENT OF CASH FLOWS

(€'000)	Note	First half 2023	including: related parties	First half 2022	including: related parties
A. Cash flows from operating activities					
Profit attributable to:					
Owners of the parent		50,120		43,114	
Non-controlling interests		419		1,598	
Adjustments for:					
Amortisation, depreciation and impairment losses	31	42,388		20,809	
Financial (income)/expense and (gains)/losses on equity investments	32 33	(14,213)		8,270	
Current taxes	34	13,326		47,909	
Share of profits of equity-accounted investees		(2,124)		(6,680)	
Proceeds from the disposal of investments in subsidiaries and associates		(13,926)			
Share-based payments		111			
Increase (decrease) in post-employment benefits	25	105		12	
Increase (decrease) in provisions for risks and charges	26	(197)		2,140	
Increase (decrease) in deferred tax liabilities	34	(3,717)		4,297	
Total cash flows from current operations		72,292		121,469	
(Increase) decrease in inventories	9	(1,337)		(906)	
(Increase) decrease in trade receivables and other assets	10 11 12	(1,983)	4,895	16,369	(7,901)
Increase (decrease) in trade payables and other liabilities	14 15 16	(8,913)	745	(24,368)	(3,047)
Taxes paid	34	7,923		13,977	
Total cash flows from changes in working capital		(4,310)		5,072	
Total cash flows generated by operating activities		67,982		126,541	
B. Cash flows from investing activities					
Cash acquired as part of business combinations		13,268			
Consideration transferred in business combinations		(44,296)			
Consideration transferred to acquire investments in subsidiaries		-		(6,000)	
Consideration received on the sale of investments in subsidiaries and associates		26,483			
(Investments) disposals of intangible assets	5	(7,496)		(1,314)	
(Investments) disposals of property, plant and equipment	6	(26,308)		(49,804)	
Change in financial liabilities for investing activities		-		(541)	
Dividends received from equity-accounted investees	7	1,851		8,260	
Total cash flows used in investing activities		(36,498)		(49,399)	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	19 20 22 23	(2,014)		(1,378)	
Net change in lease liabilities	22 23	810		(24,802)	
Decrease in bank loans and borrowings	22 23	(16,118)		50,767	
Increase in bank loans and borrowings	22 23	40,000			
Increase (decrease) in bonds issued	22 23	-		98,551	
Repurchase of treasury shares	17	(3,624)			
Dividends distributed	17	(35,056)		(24,586)	
Financial expense paid	32	(5,606)		(2,816)	
Total cash flows generated by (used in) financing activities		(21,608)		95,736	
D. Cash flows for the period (A+B+C)		9,876		172,878	
E. Opening cash and cash equivalents	21	226,609		123,652	
F. Closing cash and cash equivalents (D+E)	21	236,485		296,530	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - Six months ended 30 June 2023

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
1 January 2023	161,137	(5,316)	21,400	106,422	15,143	298,786	6,212	304,998
Profit for the period	-	-	-	50,120	-	50,120	419	50,539
Other comprehensive expense	-	-	-	80	(8,709)	(8,629)	-	(8,629)
Other comprehensive expense relating to equity-accounted investees	-	-	-	-	(126)	(126)	-	(126)
Comprehensive income	-	-	-	50,200	(8,835)	41,365	419	41,784
Dividends approved and/or distributed	-	-	-	(35,039)	-	(35,039)	(746)	(35,785)
Repurchase of treasury shares	-	(3,624)	-	-	-	(3,624)	-	(3,624)
Allocation of treasury shares	-	522	-	(552)	-	(30)	-	(30)
IFRS 2 reserve	-	-	-	141	-	141	-	141
Other changes	-	-	-	106	-	106	(7)	99
30 June 2023	161,137	(8,418)	21,400	121,278	6,308	301,705	5,878	307,583

Reference should be made to note 17 "EQUITY" for details of the individual captions.

STATEMENT OF CHANGES IN EQUITY - Six months ended 30 June 2022

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
1 January 2022	161,137	(3,147)	21,400	62,939	(15,231)	227,098	4,525	231,623
Profit for the period	-	-	-	43,114	-	43,114	1,598	44,712
Other comprehensive income	-	-	-	(2)	14,500	14,498	-	14,498
Other comprehensive income relating to equity-accounted investees	-	-	-	-	775	775	-	775
Comprehensive income	-	-	-	43,112	15,275	58,387	1,598	59,985
Dividends approved and/or distributed	-	-	-	(23,762)	-	(23,762)	(468)	(24,230)
Repurchase of treasury shares	-	-	-	-	-	-	-	-
Other changes	-	-	-	(3,377)	(15)	(3,392)	-	(3,392)
30 June 2022	161,137	(3,147)	21,400	78,912	29	258,331	5,655	263,986

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 Euronext Milan stock exchange. The Alerion Group's (the "group") headquarters are at Via Renato Fucini 4 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 2023 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 2022.

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

On 27 July 2023, the parent's board of directors approved the publication of the condensed interim consolidated financial statements at 30 June 2023.

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 significantly 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 which are based on currently-available information. 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 2022.

The above uncertainties 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 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 and the recent conflict between Ukraine and Russia which has heightened tensions on international markets, also due to the difficulty in reading the current geopolitical situation, 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 such events.

The accounting policies adopted for the preparation of these condensed interim consolidated financial statements at 30 June 2023 are consistent with those used for the annual consolidated financial statements at 31 December 2022, except for those affected by the standards, amendments and interpretations that the group applied for the first time as of 1 January 2023, which are described below.

AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2023

The group has applied the following standards, amendments and interpretations for the first time starting from 1 January 2023:

On 18 May 2017, the IASB published IFRS 17 "Insurance contracts" which is intended to replace IFRS 4 "Insurance contracts".

The objective of the new standard is to ensure that entities provide relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to cover all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new standard also includes presentation and disclosure requirements to improve comparability among entities in this sector.

Under the new standard, an entity shall measure an insurance contract based on a general measurement model ("GMM") or a simplified approach (the premium allocation approach, "PAA").

The GMM's main features are:

- o future cash flows are presented using current estimates and assumptions;
- o measurement reflects the time value of money;
- o estimation techniques extensively based on observable market inputs;
- o a current and explicit risk measurement;
- o at initial recognition, the expected profit (contractual service margin, "CSM") is deferred and aggregated into groups of insurance contracts; and
- o the CSM is allocated over the coverage period, considering the adjustments arising from changes in cash flows assumptions for each group of contracts.

The PAA entails measuring the liability for the remaining coverage for a group of insurance contracts provided that, at initial recognition, the entity reasonably expects that such liability would not differ materially from the one that would be produced applying the GMM. Contracts with a coverage period of one year or less are automatically eligible for the PAA. The simplifications arising from the application of the PAA do not apply to the measurement of liabilities for incurred claims, which are measured using the

GMM. However, the entity is not required to adjust future cash flows for the time value of money if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

An entity shall apply the new standard to insurance contracts, including reinsurance contracts, it issues, reinsurance contracts it holds and investment contracts with a discretionary participation feature (DPF) it issues. Adoption of this standard did not affect the condensed interim consolidated financial statements.

On 9 December 2021, the IASB published "Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)". This amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities to therefore improve the usefulness of comparative information for users of financial statements. Adoption of this amendment did not affect the condensed interim consolidated financial statements.

On 12 February 2021, the IASB published two amendments, "Disclosure of accounting policies - Amendments to IAS 1 and IFRS 2 Practice Statement 2" and "Definition of accounting estimates - Amendments to IAS 8". The amendments are aimed at improving the disclosure on accounting policies to provide investors and primary users of financial statements with more useful information and to assist entities distinguish changes in accounting estimates from changes in accounting policies. Adoption of these amendments did not affect the condensed interim consolidated financial statements.

On 7 May 2021, the IASB published "Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)". It clarifies the accounting treatment of deferred tax on certain transactions that can generate assets and liabilities of the same amount, such as leases and decommissioning obligations. Adoption of these amendments did not affect the condensed interim consolidated financial statements. More information is available in note 34.

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 group will apply the standards and amendments at the application date and will assess their potential impact on the consolidated financial statements, when they have been endorsed by the European Union.

- On 23 January 2020, the IASB published "Classification of liabilities as current or non-current (Amendments to IAS 1)" and on 31 October 2022 it published "Non-current liabilities with covenants

(Amendments to IAS 1)". The amendments clarify how to classify current and non-current liabilities. They become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors are assessing the effects of their application on the consolidated financial statements.

- On 22 September 2022, the IASB published "Lease liability in a sale and leaseback (Amendments to IFRS 16)". The amendments clarify how a seller-lessee measures lease liabilities in sale and leaseback transactions so as not to recognise a gain or loss on the right of use retained. They become effective for annual periods beginning on or after 1 January 2024, with earlier application permitted. The directors do not expect adoption of these amendments will have a significant impact on the consolidated financial statements.

3. CONSOLIDATION SCOPE

The changes in the consolidation scope are due to the following:

- (i) the acquisition of 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara, of which the parent already held 49%, from RWE Renewables Italia S.r.l. (RWE) as part of its transaction with RWE . Fri-El Anzi and Fri-El Guardionara own two wind farms in the municipalities of Anzi (PZ), with installed capacity of 16 MW, and San Basilio (CA), with installed capacity of 24.7 MW, respectively. The agreement also provided for Alerion's sale of 49% of Andromeda Wind S.r.l. to RWE (it already held the other 51%). This former investee owns a wind farm in the municipality of Ururi (CB) with installed capacity of 26 MW;
- (ii) the acquisition by the parent of an investment in Alerion Seddanus S.r.l. from its majority quotaholder during the period. The investee is building a solar farm in the municipality of Villacidro (SU) in Sardinia;
- (iii) the acquisition, through Alerion Clean Power RO S.r.l., of 100% of: a) Sass Maor S.r.l., and b) Ambiez S.r.l., both of which are engaged in the development and preparatory activities to design solar farms in Romania, and c) 86% of Bisalta S.r.l., a Romanian company engaged in the development and preparatory activities to design a wind farm in Romania;
- (iv) the incorporation of the Romanian company Alerion Service Ro S.r.l. through Alerion Service S.r.l. to operate and provide maintenance to the group's wind and solar farms in Romania.

The following table shows the exchange rates used by the group for translation purposes:

	First half 2023 average	30 June 2023	First half 2022 average	31 December 2022
RON New Leu - Romania	4.9342	4.9635	4.9457	4.9495
New Lev - Bulgaria	1.9558	1.9558	1.9558	1.9558
Pound sterling - UK	0.8764	0.8583	0.8424	0.8869

Note 41 provides details of the consolidation scope at 30 June 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. BUSINESS COMBINATIONS

On 21 April 2023, the parent concluded an agreement with the third RWE Renewables Italia S.r.l. ("RWE"), which led it to exercise the call options provided for in the original agreement to acquire 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., of which it already held the other 49%.

The disclosure required by IFRS 3 for business combinations is provided below.

The business combinations have been recognised on a provisional basis as the estimates and measurement of the assets acquired and liabilities assumed had not been completed at the reporting date.

As required by IFRS 3, once the net assets acquired have been identified and measured, the carrying amount of the business combinations will be defined within 12 months of the transaction date and, therefore, no later than the date of publication of the condensed interim consolidated financial statements at 30 June 2024.

Entities participating in the business combinations

	Quota capital (€'000)	Investment %	Direct investor
Fri-el Anzi	10	100%	Alerion Clean Power S.p.A.
Fri-el Guardionara	10	100%	Alerion Clean Power S.p.A.

The parties involved in the business combinations are the parent, as the acquiror, and Fri-El Anzi, which owns a wind farm with installed capacity of 16 MW in Anzi (PZ), and Fri-El Guardionara, which owns a wind farm with installed capacity of 24.7 MW in San Basilio (CA), as the acquirees.

As a result of the acquisitions, the group obtained control of both acquirees.

Consideration transferred in the business combinations

The group paid €18,831 thousand and €25,465 thousand to acquire the investments in Fri-El Anzi and Fri-El Guardionara, respectively, as follows:

	Fri-el Anzi	Fri-el Guardionara
Total consideration transferred in the business combinations (a)	(18,831)	(25,465)
Cash acquired at the acquisition date	6,922	6,346
Net cash flows of the business combination (a - b)	(11,909)	(19,119)

Transaction costs

The group incurred transaction costs of €35 thousand for legal services and the due diligence. It has recognised them under "Administrative costs" in the statement of profit or loss.

Identifiable assets acquired, liabilities assumed and fair value

The group used one of the three measurement methods allowed by IFRS 3 to determine the fair value of the intangible assets. Specifically, it considered their fair value to be the present value of the cash flows attributable to the assets. At the acquisition date, it determined the fair value of the intangible assets to be €84,590 thousand by discounting the future cash flows using a specific risk rate (WACC).

Measurement of assets acquired and liabilities assumed identified in the business combinations
The acquisition-date fair value of the net assets acquired is €36,924 thousand for Fri-El Anzi and €49,931 thousand for Fri-El Guardionara, broken down by assets acquired and liabilities assumed as follows:

	Note	Net assets at the acquisition date	Allocated fair value at the acquisition date	Net assets at the acquisition date	Fair value of net assets acquired
		Fri-El Guardionara		Fri-El Anzi	
Intangible assets - concessions	4-5	32	49,015	28	35,575
Property, plant and equipment	6	16,624		13,035	
Derivatives	24	113		0	
Deferred tax assets	34	(247)		(148)	
Trade receivables	10	1,813		476	
Tax assets	11	191		0	
Other current assets	12	295		199	
Cash and cash equivalents	21	6,346		6,922	
Deferred taxes	34	0	(13,077)	0	(9,491)
Provision for risks	26	(430)		(197)	
Financial liabilities	22-23	(4,461)		(4,460)	
Tax liabilities	15	(2,122)		(120)	
Trade payables	14	(645)		(544)	
Other current and non-current financial liabilities	13-16	(3,516)		(4,350)	
Net assets identifiable upon acquisition of control		13,993		10,841	
Fair value of 100% of net assets		49,931		36,924	

The consideration transferred for the fair value of the net assets acquired of Fri-El Anzi and Fri-El Guardionaria (for the 51% investments) was determined at the measurement date using an appraisal prepared by sector experts in accordance with market best practices. The fair value is a provisional value in accordance with IFRS 3.

Amounts recognised as a result of the business combinations

The gain arising on the acquisitions has been recognised as follows:

	Fri-El Guardionara	Fri-El Anzi	Total
Fair value at the acquisition date of 100%	49,931	36,924	86,855
Net assets upon acquisition of control	(13,993)	(10,841)	(24,834)
Gain arising on the acquisitions	35,938	26,083	62,021

In accordance with the provisions of IFRS 3 for a step acquisition, Alerion recognised a gain of €22,848 thousand after remeasuring its previously-held equity interests at the acquisition-date fair value. Remeasurement of the 49% investments previously held by the group in Fri-El Guardionara and Fri-El Anzi generated a gain of €22,848 thousand, (€14,105 thousand and €8,744 thousand, respectively). It recognised this gain under "Net gains from equity investments and other financial assets" in the statement of profit or loss.

	Fri-El Guardionara	Fri-El Anzi	Total
Carrying amount of Alerion's pre-acquisition interests in the investee's net assets (49%)	10,361	9,349	19,710
Fair value of Alerion's pre-acquisition interests in the investee's net assets (49%)	24,466	18,093	42,559
Remeasurement gain	14,105	8,744	22,848

The group also recognised deferred tax assets and liabilities in relation to each asset or liability provisionally recognised at fair value.

Given that the two acquisitions were completed in the first quarter of 2023, the statement of profit or loss for the six months ended 30 June 2023 includes the contribution of the two subsidiaries for the period from the acquisition date to the reporting date.

As described earlier, the fair value of the net assets acquired has been determined on a provisional basis and it could change once the purchase price allocation (PPA) procedure has been completed.

The profit or loss figures for the two subsidiaries are provided below as if the acquisition had taken place on 1 January 2023 with comparative figures for the period from the acquisition date to the reporting date:

Fri-El Guardionara S.r.l.

(€'000)	Included in profit or loss (from 21 April to 30 June 2023)	From 1 January to 30 June 2023
	Revenue	(2,868)
Personnel expenses	75	75
Other operating costs	567	567
Operating costs	642	642
Gross operating profit	(2,226)	(2,226)
Amortisation, depreciation and impairment losses	627	627
Operating profit	(1,599)	(1,599)
Net financial income	(14)	(14)
Profit before tax	(1,613)	(1,613)
Income taxes	430	430
Profit for the period	(1,183)	(1,183)
Profit (loss) attributable to non-controlling interests	0	0
Profit attributable to the owners of the parent	(1,183)	(1,183)

Fri-El Anzi S.r.l.

(€'000)	Included in profit or loss (from 21	
	April to 30 June 2023)	From 1 January to 30 June 2023
Revenue	(858)	(2,336)
Personnel expenses	0	0
Other operating costs	252	415
Operating costs	252	415
Share of profit of equity-accounted investees	(334)	0
Gross operating profit	(940)	(1,921)
Amortisation, depreciation and impairment losses	234	468
Operating profit	(706)	(1,453)
Net financial expense	13	17
Profit before tax	(693)	(1,436)
Income taxes	230	502
Profit for the period	(463)	(934)
Profit (loss) attributable to non-controlling interests	0	0
Profit attributable to the owners of the parent	(463)	(934)

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	Assets under development	Total
Carrying amount at 01.01.2022	187,349	11,780	172	77	1,888	201,266
Gross carrying amount						
Change in consolidation scope	3,171	-	69	2	-	3,242
Increases	4,193	1,762	46	3	788	6,792
Decreases	(489)	(185)	(195)	(486)	-	(1,355)
Other reclassifications	180	329	-	-	(1,547)	(1,038)
Total change in gross carrying amount	7,055	1,906	(80)	(481)	(759)	7,641
Accumulated amortisation						
Change in consolidation scope	-	-	(17)	(1)	-	(18)
Amortisation	(10,950)	(548)	(37)	(16)	-	(11,551)
Elimination of acc. amortisation of transferred assets	-	-	154	464	-	618
Other changes	-	(165)	-	-	-	-
Total change in accumulated amortisation	(10,950)	(713)	100	447	-	(10,951)
Gross carrying amount at 31.12.2022	257,351	17,560	436	2,300	1,129	278,776
Accumulated amortisation	(73,897)	(4,587)	(244)	(2,257)	-	(80,985)
Carrying amount at 01.01.2023	183,454	12,973	192	43	1,129	197,791
Gross carrying amount						
Change in consolidation scope	4,683	-	-	137	-	4,820
Business combinations	86,035	-	-	-	-	86,035
Increases	12	2,486	-	-	417	2,915
Decreases	(16,921)	-	-	-	(156)	(17,077)
Total change in gross carrying amount	73,809	2,486	-	137	261	76,693
Accumulated amortisation						
Change in consolidation scope	-	-	-	(106)	-	(106)
Business combinations	(1,385)	-	-	-	-	(1,385)
Amortisation	(7,381)	(285)	(25)	(13)	-	(7,704)
Other changes	22	-	-	-	-	22
Total change in accumulated amortisation	(8,744)	(285)	(25)	(119)	-	(9,173)
Gross carrying amount at 30.06.2023	331,160	20,046	436	2,437	1,390	355,469
Accumulated amortisation	(82,641)	(4,872)	(269)	(2,376)	-	(90,158)
Carrying amount at 30.06.2023	248,519	15,174	167	61	1,390	265,311

Licences and concessions amount to €248,519 thousand (€183,454 thousand at 31 December 2022) and relate to permits and concessions to operate wind farms, obtained through the acquisition of equity investments in special purpose entities.

The €65,065 thousand increase is due to the inclusion of the two previous joint ventures Fri-El Anzi and Fri-El Guardionara in the consolidation scope. Note 4 provides information on the accounting treatment of the gains arising from the business combination.

Development costs amount to €15,174 thousand (€12,973 thousand at 31 December 2022) and relate to costs mostly 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 start amortising them when the related plant begins production over the useful life of the relevant project.

IAS 36 requires that the group assess whether there are indications of impairment of assets at every reporting date. If there is any such indication, the group estimates the asset's recoverable amount.

The group performed ad hoc procedures for the intangible assets resulting from the business combinations of Fri-El Guardionara and Fri-El Anzi (described earlier) to align the fair values determined by the appraisals performed during the acquisition procedure with those obtained in the context of the new energy price scenario at 30 June 2023. The impairment tests especially focused on those assets to which the gains

arising from the business combinations were provisionally allocated and led to a pre-tax adjustment of €16,921 thousand to the intangible assets acquired.

With respect to the other intangible assets, the group used the actual figures recognised at 30 June 2023 for the sensitivity analysis rather than the figures in the approved plans used for the most recent impairment test performed in December 2022. Despite the downturn in sales prices, the group achieved a positive performance during the first six months of 2023, which was affected by the adverse impacts of the government's measures to combat the rising prices introduced in 2022 and still applied in the first half of 2023. The group did not identify any impairment indicators during preparation of the condensed interim consolidated financial statements based on either internal or external sources of information.

The group's market capitalisation of approximately €1.7 billion at 30 June 2023 is significantly higher than its equity at the same date, supporting the assumption that the carrying amount of the assets is recoverable.

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 01.01.2022	27,926	4,640	396,683	397	60,877	490,523
Gross carrying amount						
Change in consolidation scope	475	-	329	979	662	2,445
Other reclassifications	7	54	41,481	-	(40,504)	1,038
Increases/decreases for IFRS 16	(3,509)	244	-	74	-	(3,191)
Increases	3,136	400	25,215	1,307	57,922	87,980
Decreases	(1,203)	-	(2,950)	(594)	-	(4,747)
Total change in gross carrying amount	(1,094)	698	64,075	1,766	18,080	83,525
Accumulated depreciation						
Change in consolidation scope	-	-	(39)	(280)	-	(319)
Depreciation	(1,124)	(291)	(29,776)	(290)	-	(31,481)
Increases/decreases for IFRS 16	468	-	-	42	-	510
Elimination of acc. depreciation of transferred assets	-	-	120	502	-	622
Total change in accumulated depreciation	(656)	(291)	(29,695)	(26)	-	(30,668)
Gross carrying amount at 31.12.2022	30,498	5,490	870,058	3,299	78,957	988,302
Accumulated depreciation	(4,322)	(443)	(438,995)	(1,162)	-	(444,922)
Carrying amount at 01.01.2023	26,176	5,047	431,063	2,137	78,957	543,380
Gross carrying amount						
Change in consolidation scope	1,654	666	-	-	6,418	8,738
Business combinations	1,994	483	62,981	39	-	65,497
Other reclassifications	-	(229)	229	-	-	-
Increases/decreases for IFRS 16	19	(33)	-	-	-	(14)
Increases	210	17	585	329	18,860	20,001
Decreases	-	-	(862)	(3)	(1,940)	(2,805)
Total change in gross carrying amount	3,877	904	62,933	365	23,338	91,417
Accumulated depreciation						
Change in consolidation scope	-	(32)	-	-	-	(32)
Business combinations	(109)	(145)	(35,548)	(36)	-	(35,838)
Depreciation	(579)	(165)	(16,842)	(207)	-	(17,793)
Increases/decreases for IFRS 16	-	4	-	-	-	4
Elimination of acc. depreciation of transferred assets	-	-	692	1	-	693
Other reclassifications	-	145	(145)	-	-	-
Total change in accumulated depreciation	(688)	(193)	(51,843)	(242)	-	(52,966)
Gross carrying amount at 30.06.2023	34,375	6,394	932,991	3,664	102,295	1,079,719
Accumulated depreciation	(5,010)	(636)	(490,838)	(1,404)	-	(497,888)
Carrying amount at 30.06.2023	29,365	5,758	442,153	2,260	102,295	581,831

Land and buildings amount to €35,123 thousand, up by €3,900 thousand on the previous year end (€31,223 thousand), mostly due to the purchase of land and the change in the consolidation scope as a result of the acquisitions made in the period.

Plant and equipment amount to €442,153 thousand (€431,063 thousand at 31 December 2022) and include the estimated costs to restore the sites. The net increase is due to the increase as a result of the inclusion of the former joint ventures Fri-El Anzi and Fri-El Guardionara in the consolidation scope and the decrease mostly due to the normal depreciation process for the six months.

Other assets amount to €2,260 thousand (€2,137 thousand at 31 December 2022) and mainly consist of office fixtures, fittings and electronic equipment.

Assets under construction amount to €102,295 thousand (€78,957 thousand at 31 December 2022). The increase is mostly a result of the recognition of the costs incurred to build the new wind farms in Italy and Romania.

7. EQUITY-ACCOUNTED INVESTMENTS

The disclosure required by IFRS 11 "Joint arrangements" is provided below.

At 30 June 2023, the parent has investments in the joint ventures Ecoenergia Campania S.r.l., New Green Molise S.r.l., Generai S.r.l., Bioenergia S.r.l. and Parco Eolico Santa Croce del Sannio House S.r.l..

The investments in Fri-El Andromeda, Fri-El Anzi and Fri-El Guardionara are no longer included in this caption as a result of the asset swap transaction with RWE.

Following its merger with the subsidiary Alerion Energie Rinnovabili S.r.l., the parent also has direct investments in the following associates: Giava Uno S.r.l. in liquidation and S.C. Compagnia Eoliana S.A.. The latter, in turn, owns 99% of Jimbolia Wind Farm S.r.l.. These equity investments were fully impaired in previous years.

Under the governance structure and contractual arrangements, the parent cannot exercise sole control over these investees. Decisions about relevant activities require the unanimous consent of the parties.

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

(€'000)	30.06.2023	31.12.2022	Change
New Green Molise S.r.l.	18,897	19,777	(880)
Ecoenergia Campania S.r.l.	2,407	3,205	(798)
Andromeda Wind S.r.l.	-	12,440	(12,440)
Fri-El Anzi S.r.l.	-	8,955	(8,955)
Fri-El Guardionara S.r.l.	-	10,361	(10,361)
Generai S.r.l.	881	885	(4)
Bioenergia S.r.l.	882	884	(2)
Parco Eolico Santa Croce del Sannio House S.r.l.	89	92	(3)
Investments in joint ventures and associates	23,156	56,599	(33,440)

Note 40 provides information about the investments in equity-accounted investees.

8. OTHER NON-CURRENT ASSETS

Other non-current assets amount to €1,157 thousand compared to €1,215 thousand at 31 December 2022 and mainly consist of VAT assets to be collected after one year.

CURRENT ASSETS

9. INVENTORIES

Inventories amount to €9,621 thousand (€8,284 thousand at 31 December 2022) and have been recognised after the acquisition of Alerion Service S.r.l.. This company provides asset management services to all the group's operating wind farms. Its maintenance activities comprise assistance and replacement of spare parts of the wind farms either on a routine or as-needed basis.

10. TRADE RECEIVABLES

Trade receivables amount to €14,083 thousand (€27,405 thousand at 31 December 2022) and mainly relate to sales of the energy produced in June 2023. The decrease is due to the sharp drop in prices during the six months.

Trade receivables are generally due within 30-45 days.

11. TAX ASSETS

Tax assets amount to €3,863 thousand (€3,089 thousand at 31 December 2022) and mainly relate to IRES (corporate income tax) claimed for reimbursement and paid on account (€2,504 thousand and €117 thousand, respectively) and IRAP (tax on production activities) claimed for reimbursement and paid on account (€1,068 thousand and €118 thousand, respectively).

12. OTHER CURRENT ASSETS

Other current assets are broken down in the following table:

(€'000)	30.06.2023	31.12.2022	Change
Tax assets	17,058	17,595	(537)
Other assets	22,179	14,107	8,072
Total other current assets	39,237	31,702	7,535

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

Other assets amount to €22,179 thousand (€14,107 thousand at 31 December 2022), net of a loss allowance of €146 thousand, and mainly relate to insurance compensation and prepayments of €17,272 thousand and €3,864 thousand, respectively.

LIABILITIES

13. OTHER NON-CURRENT LIABILITIES

These amount to €17,666 thousand (€15,879 thousand at 31 December 2022) 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, respectively.

(€'000)	30.06.2023	31.12.2022	Change
Sundry liabilities	17,666	15,879	1,788
Total other non-current liabilities	17,666	15,879	1,788

CURRENT LIABILITIES

14. TRADE PAYABLES

Trade payables amount to €54,929 thousand (€45,571 thousand at 31 December 2022) and are due to suppliers. They do not bear interest and are usually settled within 60 days. The increase is due to greater amounts due to third party suppliers.

15. TAX LIABILITIES

Tax liabilities amount to €65,135 thousand (€59,060 thousand at 31 December 2022) and mainly relate to IRES, including €25,451 million for the domestic tax consolidation scheme.

(€'000)	30.06.2023	31.12.2022	Change
IRAP	3,070	4,180	(1,110)
Substitute tax	1,112	880	232
IRES	28,847	25,200	3,647
Sundry tax liabilities	32,106	28,800	3,306
Total tax liabilities	65,135	59,060	6,075

16. OTHER CURRENT LIABILITIES

Other current liabilities of €17,497 thousand (€12,645 thousand at 31 December 2022) relate to:

(€'000)	30.06.2023	31.12.2022	Change
Employees and directors	1,304	930	374
Taxes	991	1,103	(112)
Social security charges payable	434	429	5
Sundry liabilities	14,768	10,183	4,585
Total other current liabilities	17,497	12,645	4,852

Sundry liabilities mainly relate to:

- agreements with municipal authorities (€3,152 thousand);
- deferred grants related to assets recognised by the subsidiaries Eolo S.r.l., WPS S.r.l., Fri-El Ricigliano S.r.l., Fri-El Grottole S.r.l. and Fri-El Anglona S.r.l. (€2,271 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.

17.EQUITY

The group's capital management policies are designed to maintain a capital level that ensures investor, creditor and market confidence, while also allowing it to grow its business. The group regularly monitors the return on capital and dividends to be distributed to the holders of the parent's ordinary shares.

Equity attributable to the owners of the parent increased by €2,919 thousand to €301,705 thousand from €298,786 thousand at 31 December 2022. The increase includes:

- the profit attributable to the owners of the parent of €50,120 thousand;
- net fair value gains of €63 thousand on bonds (classified under financial assets) recognised directly in OCI, net of tax;
- net actuarial gains on defined benefit plans (IAS 19) of €17 thousand, recognised in OCI, net of tax;
- repurchases of own shares for €3,418 thousand, net of utilisations for the 2021-2022 incentive plan;
- an increase of €98 thousand in the IFRS 2 reserve due to recognition of the effects of the stock grant incentive plan for 2023, 2024 and 2025. The plan provides for the free assignment of shares to executive directors and key management personnel if performance targets are met at the end of the vesting period. The maximum number of shares that can be assigned to the beneficiaries is 34,332 shares (in this case treasury shares). The group recognises the services rendered by the beneficiaries as personnel expenses and indirectly estimates their value and the related increase in equity based on the fair value of the equity instruments at the grant date, as established by IFRS 2;
- net fair value losses of €8,835 thousand on derivatives, net of tax;
- the partial distribution of available reserves for €35,039 thousand. At their meeting of 20 April 2023, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.65 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 8 May 2023 and detachment date of coupon 1 on 10

May 2023. The parent distributed the dividend of €35,039 thousand in compliance with the terms established by the shareholders.

The changes in equity during the first half of 2023 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 2022) is made up of 54,229,403 ordinary shares.

The **treasury share reserve** has a negative balance of €8,418 thousand (negative balance of €5,136 thousand at 31 December 2022) and shows the price paid to repurchase 364,804 treasury shares.

The **share premium** amounts to €21,400 thousand, unchanged from 31 December 2022, 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 €121,278 thousand (€106,422 thousand at 31 December 2022) and include retained earnings less dividends distributed.

The **hedging reserve** is positive by €6,308 thousand (positive by €15,143 thousand at 31 December 2022) and includes the post-tax net fair value losses on the effective portion of hedging derivatives. The decrease in the reserve of €8,835 thousand includes €126 thousand relating to equity-accounted investments. Reference should be made to section 3. "FINANCIAL RISK MANAGEMENT" for the related changes.

Equity attributable to non-controlling interests amounts to €5,878 thousand (€6,212 thousand at 31 December 2022).

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

Company	Operating office	Investment percentage		Profit (loss) attributable to non-controlling interests		Equity attributable to non-controlling interests	
		30.06.2023	31.12.2022	First half 2023	First half 2022	30.06.2023	31.12.2022
(€'000)							
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(1)	(1)	(7)	(7)
Parco Eolico Licodia Eubea	Italy	80.00%	80.00%	111	703	955	1,593
Energes Biccari	Italy	75.00%	75.00%	0	0	0	0
Wind Energy EOOD	Bulgaria	51.00%	51.00%	70	190	1,075	1,001
Wind Stream EOOD	Bulgaria	51.00%	51.00%	49	136	756	707
Wind Systems EOOD	Bulgaria	51.00%	51.00%	70	204	1,060	990
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	65	188	1,020	955
Fri-El Anglona	Italy	90.00%	90.00%	98	339	(382)	(401)
Draghiescu Partners	Romania	90.00%	90.00%	(25)	(36)	(144)	(119)
Fre-El Nulvi Holding	Italy	90.00%	90.00%	(1)	(3)	1,801	1,722
Bisalta	Romania	86.00%	0.00%	0	0	(13)	0
Mitoc Partners	Romania	75.00%	75.00%	(13)	(73)	(130)	(117)
Phoenix Catalyst	Romania	75.00%	75.00%	(1)	(7)	(19)	(19)
Phoenix Ceres	Romania	75.00%	75.00%	(1)	(7)	(19)	(19)
Phoenix Genesis	Romania	75.00%	75.00%	(1)	(7)	(20)	(19)
Phoenix Nest	Romania	75.00%	75.00%	(1)	(28)	(55)	(55)
Total				419	1,598	5,878	6,212

18. FINANCIAL INDEBTEDNESS FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

The group's financial indebtedness at 30 June 2023 and 31 December 2022 presented in accordance with the criteria of the ESMA Guidelines 32-232-1138 of 4 March 2021 is as follows:

(€'000)		30.06.2023	31.12.2022
Cash and cash equivalents			
Cash	21	13	15
Cash equivalents	21	236,472	226,594
Total cash and cash equivalents	21	236,485	226,609
Loans and other current financial assets	20	78,442	76,049
Liquidity		314,927	302,658
Current financial liabilities			
Bank facilities	23	(40,233)	(111)
Derivatives	24	(2,794)	-
Current loans and borrowings	23 - 24	(43,027)	(111)
Bank loans and borrowings and project financing	23	(20,575)	(33,964)
Lease liabilities	23	(1,199)	(1,144)
Accrued interest on bonds	23	(6,690)	(3,124)
Other loans and borrowings	23	(1,302)	(255)
Current portion of non-current loans and borrowings	23	(29,766)	(38,487)
Current financial indebtedness	23 - 24	(72,793)	(38,598)
NET CURRENT FINANCIAL POSITION		242,134	264,060
Non-current financial liabilities			
Bank loans and borrowings and project financing	22	(134,064)	(127,736)
Other loans and borrowings	22	(10,160)	(10,386)
Lease liabilities	22	(16,132)	(15,978)
Non-current loans and borrowings	22	(160,356)	(154,100)
Bonds issued	22	(495,944)	(495,426)
Debt instruments	22	(495,944)	(495,426)
Trade payables and other non-current liabilities		-	-
NON-CURRENT FINANCIAL INDEBTEDNESS	22	(656,300)	(649,526)
FINANCIAL INDEBTEDNESS*		(414,166)	(385,466)
* Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines			

19. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other non-current financial assets amount to €10,572 thousand (€8,005 thousand at 31 December 2022) and include: i) loans to equity-accounted investees; and ii) financial assets related to the development and investment projects in Romania, as described in the notes to the 2022 consolidated financial statements.

20. LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €75,511 thousand (€73,885 thousand at 31 December 2022) includes temporary investments of liquidity. Specifically, it comprises time deposit contracts of €10,000 thousand with a remaining maturity of four months and bonds of €65,876 thousand with an average maturity of around five years placed with major banks (the amounts include the fair value gains of €1,262 thousand).

21. CASH AND CASH EQUIVALENTS

Bank demand deposits amount to €236,485 thousand (€226,609 thousand at 31 December 2022).

(€'000)	30.06.2023	31.12.2022	Change
Demand deposits	236,472	226,594	9,878
Cash and cash equivalents on hand	13	15	(2)
Total cash and cash equivalents	236,485	226,609	9,876

At the reporting date, the bank deposits relating to group companies that are not parties to project financing agreements amount to €156,673 thousand (€180,770 thousand at 31 December 2022).

Cash and cash equivalents of group companies funded through project financing amount to €79,797 thousand (€45,822 thousand at 31 December 2022) 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.

NON-CURRENT LIABILITIES

22. NON-CURRENT FINANCIAL LIABILITIES

(€'000)	30.06.2023	31.12.2022	Change
Bonds issued	495,944	495,426	518
Bank loans and borrowings	134,064	127,736	6,328
Lease liabilities	16,132	15,978	154
Loans from non-controlling investors	10,160	10,386	(226)
Total non-current financial liabilities	656,300	649,526	6,774

Bonds issued at 30 June 2023 comprise i) the 2019-2025 bonds of €200,000 thousand placed on 12 December 2019, net of issue costs of €1,275 thousand; ii) the 2021-2027 bonds of €200,000 thousand issued on 3 November 2021, net of issue costs of €1,603 thousand; and iii) the 2022-2028 bonds of €100,000 thousand issued on 17 May 2022, net of issue costs of €1,178 thousand. The increase of €518 thousand is mostly due to the interest accrued during the period.

Bank loans and borrowings amount to €134,064 thousand (€127,736 thousand at 31 December 2022) and comprise the non-current portions of i) the project financing taken out to build the Villacidro, Albareto and Ponte Gandolfo wind parks by the subsidiaries Green Energy Sardegna S.r.l. (€20,640 thousand), Fri-El Albareto S.r.l. (€13,963 thousand) and Eolica PM S.r.l. (€34,934 thousand), respectively, net of transaction costs; ii) the bank loans taken out by Alerion from Mediocredito (€1,938 thousand); iii) the project financing agreed in the first half of 2022 by Enermac S.r.l. (€39,205 thousand), Naonis Wind S.r.l. (€8,517 thousand) and Anemos Wind (€10,486 thousand); and iv) the mortgage loan of the former joint venture Fri-El Anzi (€1,006 thousand, net of transaction costs).

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

(€'000)	31.12.22	Increase	Decrease	30.06.23	Interest rate	IRS	Maturity
2019-2025 green bonds	198,708	3,339	0	202,047	3.125%	n.a.	2025
2021-2027 green bonds	198,941	2,403	0	201,344	2.25%	n.a.	2027
2022-2028 green bonds	100,901	0	(1,657)	99,244	3.5%	n.a.	2028
Project financing - Albareto	15,689	0	(618)	15,071	6M Euribor + 1.95%	0.95%	2035
Project financing - Naonis	9,102	0	(215)	8,887	6M Euribor + 1.80%	1.90%	2039
Project financing - Enermac	41,868	0	(852)	41,016	6M Euribor + 1.80%	1.93%	2039
Project financing - Anemos Wind	14,501	0	(1,105)	13,396	6M Euribor + 1.55%	1.39%	2028
Project financing - Campidano	6,904	0	(3,443)	3,461	6M Euribor + 1.75%	(0.17%)	2023
Project financing - Comiolica	0	0	0	0	6M Euribor + 2.75%	0.43%	Repaid
Project financing - Eolica PM	39,174	0	(1,543)	37,631	6M Euribor + 1.95%	1.11%	2035
Project financing - Green Energy Sardegna	23,111	0	(893)	22,218	6M Euribor + 1.95%	1.23%	2035
Project financing - Grottole	3,230	0	(3,230)	0	6M Euribor + 1.10%	0.19%	Repaid
Project financing - Guardionara	0	2,823	0	2,823	6M Euribor + 1.6%	0.12%	2024
Mortgage loan - Anzi	0	2,984	0	2,984	3M Euribor + 2.0%	n.a.	2024
Mortgage loan - Fucini4	3,815	0	(147)	3,668	6M Euribor + 1.6%	0.47%	2032
Bankinter loan	1,110	0	(409)	701	6M Euribor + 2.32%	n.a.	2024
Mediocredito 2020-2026 loan	3,188	0	(413)	2,775	3M Euribor + 1.8%	n.a.	2026
Bank loans and borrowings	111	40,122	0	40,233	1M Euribor + 1.0%	n.a.	on demand
Lease liabilities	17,122	209	0	17,331	Incremental borrowing rate 3.71%	n.a.	
Shareholder loan - non-controlling investors	10,649	0	(72)	10,577			
Other financial liabilities	0	892	0	892			
Total financial liabilities	688,124	52,772	(14,597)	726,299			
<i>including:</i>							
Current	38,598			69,999			
Non-current	649,526			656,300			

A breakdown of the above financing by individual project, residual liability (current and non-current), 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	24,319	0	Proj. financing	Repaid	(*)	(**)
Ordonia (FG)	Ordonia S.r.l.	34.00	25,338	0	Proj. financing	Repaid	(*)	(**)
Castel di Lucio (ME)	Minerva S.r.l.	22.95	19,949	0	Quotaholder loan	Repaid	(Itg)	(Itg)
Licodia (CT)	Parco Eolico Licodia Eubea S.r.l.	22.10	19,232	0	Quotaholder loan	Repaid	(Itg)	(Itg)
San Marco in Lamis (FG)	Renegy San Marco S.r.l.	44.20	33,015	0	Quotaholder loan	Repaid	(Itg)	(Itg)
Agrigento (AG)	Wind Power Sud S.r.l.	33.15	30,033	0	Quotaholder loan	Repaid	(Itg)	(Itg)
Albanella (SA)	Eolo S.r.l.	8.50	3,565	0	Quotaholder loan	Repaid	(Itg)	(Itg)
Ciorlano (CE)	Dotto S.r.l.	20.00	10,537	0	Quotaholder loan	Repaid	(Itg)	(Itg)
Morcone-Pontelandolfo (BN)	Eolica PM S.r.l.	51.8	64,702	37,631	Proj. financing	Repaid	(*)	(**)
Villacidro (VS)	Green Energy Sardegna S.r.l.	30.8	34,751	22,218	Proj. financing	Repaid	(*)	(**)
Comiolica (Spain)	Comiolica S.L.	36.0	43,009	0	Proj. financing	Repaid	(*)	(**)
Albareto (PR)	Fri-El Albareto S.r.l.	19.8	25,976	15,071	Proj. financing	Repaid	(*)	(**)
Campidano (VS)	Fri-El Campidano S.r.l.	70.0	39,720	3,461	Proj. financing	Repaid	(*)	(**)
Regalbuto (EN)	Anemos Wind S.r.l.	50.0	29,511	13,396	Proj. financing	Repaid	(*)	(**)
Orta Nova (FG)	Enermac S.r.l.	51.0	55,062	41,016	Proj. financing	Repaid	(*)	(**)
Cerignola (FG)	Naonis Wind S.r.l.	11.0	11,069	8,887	Proj. financing	Repaid	(*)	(**)
San Basilio (CA)	Fri-el Guardionara	24.7	53,980	2,823	Proj. financing	2024	(*)	(**)
Grottole (MT)	Fri-el Grottole	54.0	62,911	0	Proj. financing	Repaid	(*)	(**)
Ricigliano (SA)	Fri-el Ricigliano	36.00	17,804	0	Proj. financing	Repaid	(*)	(**)
Nulvi-Tergu (SS)	Fri-el Anglona	29.75	14,064	0	Proj. financing	Repaid	(*)	(**)
Krupen (1) (Bulgaria)	W.Energy Eood	3.00	2,019	0	Proj. financing	Repaid	(*)	(**)
Krupen (2) (Bulgaria)	W.Power Eood	3.00	1,994	0	Proj. financing	Repaid	(*)	(**)
Krupen (3) (Bulgaria)	W.Stream Eood	3.00	2,019	0	Proj. financing	Repaid	(*)	(**)
Krupen (4) (Bulgaria)	W.System Eood	3.00	2,019	0	Proj. financing	Repaid	(*)	(**)
		697.6	626,598	144,503				

(*) 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 SPEs' 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 relating to group companies that are parties		Amounts relating to group companies that are parties	
	30.06.2023	to project financing	31.12.2022	to project financing
Trade receivables	14,083	5,019	27,405	11,944
Tax assets	3,863	2,001	3,089	1,681
Other current assets	39,237	6,352	31,702	7,193
<i>including: feed-in tariff</i>	0	0	3,030	1,788
Loans and other current financial assets	75,511	188	73,885	0
Cash and cash equivalents	236,485	79,793	226,609	63,713
CURRENT ASSETS	369,179	93,353	362,690	84,531

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 first 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:

Project financing:

DSCR (debt service cover ratio)

Project financing - Grottole	Repaid
Project financing - Green Energy Sardegna	1.05
Project financing - Eolica PM	1.05
Project financing - Friel Albareto	1.05
Project financing - Campidano	1.05
Project financing - Anemos wind	1.05
Project financing - Enermac	1.05
Project financing - Naonis	1.05

The above covenants had been complied with at 30 June 2023, the most recent calculation date.

With reference to the **2019-2025 bonds**, if, on each calculation date, the ratio of the financial indebtedness 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 indebtedness 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 indebtedness for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of each bond issue and already applied to prepare the 2019 annual financial report.

With reference to the **2021-2027 bonds** and the **2022-2028 bonds**, if, on each calculation date, the ratio of the financial indebtedness for reporting purposes net of derivatives to equity net of derivatives is higher than 3, the parent undertakes not to take on additional financial indebtedness for reporting purposes net of derivatives, unless this ratio is equal to or less than 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December of the year after that in which the bonds were issued. The financial indebtedness for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of each bond issue and already applied to prepare the 2021 annual financial report.

At the most recent calculation date (31 December 2022), the covenants had been complied with, in line with the bond regulations.

Lease liabilities of €16,132 thousand show the present value of the lease payments due after one year, recognised using the treatment required by IFRS 16.

Loans from non-controlling investors of €10,160 thousand 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.

23. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to €69,999 thousand (€38,598 thousand at 31 December 2022) and comprise:

(€'000)	30.06.2023	31.12.2022	Change
Loans and borrowings and bank facilities	60,808	34,075	26,733
Accrued interest on bonds	6,690	3,124	3,566
Lease liabilities	1,199	1,144	55
Loans from non-controlling investors	1,302	255	1,047
Total current financial liabilities	69,999	38,598	31,401

Loans and borrowings and bank facilities amount to €60,808 thousand and mostly relate to the current portion of credit lines drawn down by the parent (€40,000 thousand) and the current portion of project financing associated with the plants owned by: i) Eolica PM S.r.l. (€2,697 thousand); ii) Fri-El Campidano S.r.l. (€3,461 thousand); iii) Anemos Wind (€2,910 thousand); iv) Green Energy Sardegna S.r.l. (€1,578 thousand); v) Fri-El Albareto S.r.l. (€1,108 thousand); vi) Enermac and Naonis (€2,182 thousand); vii) Fri-El Guardionara (€2,823 thousand); and viii) Fri-El Anzi (€1,978 thousand). The caption also includes the current portion of the parent's corporate loan from Bankinter (€703 thousand) and its loan from Mediocredito (€837 thousand).

Accrued interest on bonds amounts to €6,690 thousand and shows the unpaid interest accrued during the six months on the 2019-2025 bonds subscribed on 19 December 2019 and on the two new bond issues placed by the group (the 2021-2027 issue of 3 November 2021 and the 2022-2028 issue of 17 May 2022). The increase in the period is due to the accrued unpaid interest.

Lease liabilities of €1,199 thousand (€1,144 thousand at 31 December 2022) show the present value of the lease payments due within one year recognised using the treatment required by IFRS 16.

24. DERIVATIVES

This caption amounts to €2,794 thousand (nil at 31 December 2022) while derivatives recognised under assets amount to €10,950 thousand (€11,807 thousand at 31 December 2022, of which the current portion of €2,931 thousand shows the cash flows due within one year and the non-current portion of €8,019 thousand shows future cash flows until the derivative's maturity which matches that of the project financing.

At 30 June 2023, the group's financing whose cash flows have been hedged is as follows:

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	IRS fair value at 30 June 2023	Through equity	Change in consolidation scope	Early termination and settlement of derivatives	Through profit or loss	IRS fair value at 31 December 2022
Banco BPM (Fucini)	3,668	3,700	503	(35)		0	0	538
Banco BPM (Anemos Wind)	13,396	9,569	514	(6)		0	0	520
Banco BPM (Campidano)	1,978	1,494	31	(41)		0	0	72
Banco BPM (Campidano # 2)	1,483	1,120	23	(31)		0	0	53
Unicredit (Green Energy Sardegna)	22,218	17,059	1,816	(139)		0	0	1,954
Unicredit (Eolica PM)	37,631	28,810	3,271	(250)		0	0	3,521
Unicredit (Enermac)	41,016	33,514	2,710	(243)		0	0	2,953
Unicredit (Naonis Wind)	8,887	6,865	583	(46)		0	0	629
Unicredit (Grottole)	0	0	0	(36)		0	4	32
Unicredit (Guardionara)**	2,823	2,523	72	(41)	113	0	0	0
Unicredit (Fri-El Albareto)	15,071	11,761	1,427	(108)		0	0	1,535
IRS relating to project financing	148,171	116,415	10,950	(976)	113	0	4	11,807

Counterparty (group company) (€'000)	Commodity swaps	Swap notional amount (GWh)	Swap fair value at 30 June 2023	Through equity	Change in consolidation scope	Early termination and settlement of swaps	Through profit or loss	Swap fair value at 31 December 2022
Unicredit (Alerion Clean Power)	0	300	(2,794)	(11,171)		0	8,377	0
Commodity swaps	0	300	(2,794)	(11,171)	0	0	8,377	0
Derivatives relating to investments in consolidated companies			8,156	(12,147)	113	0	8,381	11,807
Related tax			(1,839)	3,352	(29)	0	(2,338)	(2,824)
Derivatives relating to investments in consolidated companies, net of tax			6,317	(8,795)	84	0	6,043	8,983

Counterparty (group company) (€'000) Equity-accounted investments	Hedged project financing	IRS notional amount	IRS fair value at 30 June 2023	Through equity	Change in consolidation scope	Early termination and settlement of IRS	Through profit or loss	IRS fair value at 31 December 2022
Unicredit (Andromeda)*	0	0	0	(110)	0	0	0	110
Unicredit (Guardionara)**	0	0	0	58	(113)	0	0	55
Derivatives relating to equity-accounted investments	0	0	0	(52)	(113)	0	0	165
Related tax			0	12	29	0	0	(41)
Derivatives relating to equity-accounted investments net of related tax			0	(40)	(84)	0	0	124

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

(**) Equity investment measured at equity as per IFRS 11 up until 31 December 2022 and consolidated starting from 1 January 2023

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 IRS with a notional amount of approximately €148,171 thousand, setting interest at an average IRS rate of approximately 4% over an average period of 15 years.

The group enters 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 swaps with a notional amount of approximately 300 GWh for contracts maturing during 2023 and 2024.

The fair value of the consolidated companies' interest rate swaps amounts to €10,950 thousand (€11,807 thousand at 31 December 2022). The group measured their fair value using the discounted cash flow model. These derivatives are designated as cash flow hedges and their hedging relationship is effective. Therefore, their net fair value loss has been accumulated in equity. Any ineffective portion is recognised in profit or loss.

The fair value loss on interest rate swaps hedging interest rate risk on project financing is €857 thousand, mostly due to the settlement of differentials during the period.

The fair value loss on commodity swaps hedging energy prices amounts to €2,794 thousand due to the expected higher prices of energy hedged. The loss was recognised in full in equity.

The fair value loss on derivatives held by the equity-accounted investees amounts to €165 thousand, cancelling the opening balance. Part of the loss (€52 thousand, pre-tax) was recognised in OCI while the remainder (€113 thousand) is due to the change in the consolidation scope.

Derivatives: cash flow hedges

As mentioned in the interest rate risk and commodity price risk sections, 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:
- commodity swaps to hedge the risk of electricity selling price volatility, with the monthly swap of a spread between a fixed and variable price indexed to the average benchmark price (PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

The reporting-date fair value of the consolidated companies' interest rate swaps is an estimated €10,950 thousand (€11,807 thousand at 30 December 2022).

The reporting-date fair value of the consolidated companies' commodity swaps is a negative €2,794 thousand (nil at 31 December 2022).

The group's post-tax hedging reserve amounts to a positive €15,143 thousand and a positive €6,308 thousand at 31 December 2022 and 30 June 2023, respectively.

Counterparty (*) 30 June 2023 (€'000)	Fair value at 30					Fixed rate	Variable rate
	Notional	June 2023	Inception date	Effective date	Termination date		
Interest rate swaps							
Banco BPM (Fucini)	3,700	503	18 January 2022	30 June 2022	30 June 2032	0.47%	6M Euribor
Banco BPM (Anemos Wind)	9,569	514	12 May 2022	30 June 2022	31 December 2028	1.39%	6M Euribor
Unicredit (Green Energy Sardegna)	17,059	1,816	30 October 2018	31 December 2018	29 June 2035	1.23%	6M Euribor
Banco BPM (Campidano)	1,494	31	15 November 2019	19 November 2019	31 December 2023	-0.17%	6M Euribor
Banco BPM (Campidano) #2	1,120	23	17 January 2020	31 December 2019	31 December 2023	-0.16%	6M Euribor
Unicredit (Enermac)	33,514	2,710	16 May 2022	30 June 2022	31 December 2039	1.93%	6M Euribor
Unicredit (Naonis Wind)	6,865	583	20 May 2022	30 June 2022	30 December 2039	1.90%	6M Euribor
Unicredit (Eolica PM)	28,810	3,271	21 December 2018	21 December 2018	29 June 2035	1.11%	6M Euribor
Unicredit (Grottole)	0	0	24 November 2017	31 December 2019	Settled	0.19%	6M Euribor
Unicredit (Guardionara)	2,523	72	06 July 2016	30 December 2016	30 June 2024	0.12%	6M Euribor
Unicredit (Fri-El Albareto)	11,761	1,427	15 February 2019	28 June 2019	29 June 2035	0.95%	6M Euribor
Interest rate swaps	116,415	10,950					
Counterparty (*) 30 June 2023 (€'000)	Fair value at 30					Fixed price	Variable price
	Notional (GWh)	June 2023	Inception date	Effective date	Termination date		
Commodity swaps							
Unicredit (Alerion Clean Power)	150	(1,391)	23 May 2023	01 October 2023	31 December 2023	143	National single price (PUN)
Unicredit (Alerion Clean Power)	150	(1,403)	23 May 2023	01 January 2024	31 March 2024	157	National single price (PUN)
Unicredit (Alerion Clean Power)	0	0	3-ago-22	1-gen-23	Settled	457	National single price (PUN)
Unicredit (Alerion Clean Power)	0	0	3-ago-22	1-gen-23	Settled	460	National single price (PUN)
Commodity swaps	300	(2,794)					
Derivatives relating to investments in consolidated companies		8,156					

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

NB: Following the sale of the investment in Andromeda Wind S.r.l., the related derivative is no longer included in the consolidation scope.

The reporting-date net fair value of the consolidated companies' interest rate swaps and commodity swaps on electricity prices is an estimated positive €8,156 thousand (positive €11,807 thousand at 31 December 2022). This amount is recognised under derivative assets (€10,950 thousand) and derivative liabilities (€2,794 thousand).

The group's post-tax hedging reserve amounts to a positive €15,143 thousand and a positive €6,308 thousand at 31 December 2022 and 30 June 2023, respectively.

	Hedging reserve at 30 June 2023	Hedging reserve at 31 December 2022	Other changes	Change in hedging reserve Differential settlement (+ payments - collections)	Net fair value loss
IRS Banco BPM (Fucini)	503	538	0	(45)	10
IRS Banco BPM (Anemos Wind)	514	520	0	(72)	66
IRS Banco BPM (Fri-El Campidano)	31	72	0	(8)	(33)
IRS Banco BPM (Fri-El Campidano)	23	54	0	(8)	(23)
IRS Unicredit (Enermac)	2,710	2,953	0	(142)	(101)
IRS Unicredit (Naonis Wind)	583	629	0	(30)	(16)
IRS Unicredit (Green Energy Sardegna)	1,816	1,955	0	(136)	(3)
(*) IRS Unicredit (Andromeda)	0	110	(110)	0	0
(***) IRS Unicredit (Guardionara)	72	55	58	(49)	8
IRS Unicredit (Eolica PM)	3,271	3,521	0	(249)	(1)
IRS Unicredit (Grottole)	0	36	0	(31)	(5)
Commodity swaps Unicredit (Alerion Clean Power)	(2,794)	8,377	0	(8,377)	(2,794)
IRS Unicredit (Fri-El Albareto)	1,427	1,535	0	(111)	3
Pre-tax hedging reserve	8,156	20,355	(52)	(9,258)	(2,889)
Deferred tax liabilities	(1,848)	(5,212)	12	2,549	803
Net hedging reserve	6,308	15,143	(40)	(6,709)	(2,086)

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

(**) Hedging reserve

(***) Equity investment measured at equity as per IFRS 11 up until 31 December 2022 and consolidated starting from 1 January 2023

Net of tax, it shows a €8,835 thousand decrease on the previous year end, negatively impacting equity mostly due to settlement of the IRS coupons that matured during the period and the fair value losses on the commodity swaps hedging electricity selling prices.

The pre-tax hedging reserve for commodity swaps that amounted to €8,377 thousand at 31 December 2022 was released to profit or loss in the first quarter of 2023, as the hedged electricity was produced. At the reporting date, the hedging reserve for new hedges amounts to €2,794 thousand.

Unhedged financial assets and liabilities

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

- financial liabilities, mostly consisting of the parent's loans taken out from Bankinter and Mediocredito (€3,476 thousand);
- demand and short-term bank deposits (with a maximum maturity of three months), used to temporarily invest liquidity.

25. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These amount to €1,261 thousand (€1,180 thousand at 31 December 2022) and include the actuarially-determined liability, in accordance with IAS 19.

(€'000)	30.06.2023	31.12.2022	Change
Post-employment benefits	1,261	1,180	81
Post-employment benefits and other employee benefits	1,261	1,180	81

The underlying actuarial assumptions are as follows:

Actuarial and economic assumptions

<i>Calculation date</i>	30/06/2023
<i>Mortality rate</i>	IPS55 tables
<i>Disability rate</i>	INPS-2000 tables
<i>Turnover rate</i>	2.00%
<i>Discount rate*</i>	3.62%
<i>Salary increase rate</i>	1.00%
<i>Advance payment rate</i>	1.00%
<i>Inflation rate</i>	3.00%

The group has 152 employees at the reporting date, broken down as follows:

	31.12.2022	Increases	Decreases	30.06.2023	Average
Managers	4	0	0	4	4.0
Junior managers and white collars	77	23	(9)	91	91.0
Blue collars	50	12	(5)	57	56.0
Total employees	131	35	(14)	152	151.0

The employees' average age and education are as follows:

	Average age		University graduates	
Managers	50	51	4	4
Junior managers and white collars	38	35	50	69
Blue collars	33	31	0	0
Average	40.3	39.0	54	73

26. PROVISIONS FOR FUTURE RISKS AND CHARGES

(€'000)	30.06.2023	31.12.2022	Change
Provision for taxes and tax disputes	6,237	6,404	(167)
Provision for legal disputes	37,971	37,705	266
Provisions for other risks	12,252	11,570	682
Total provisions for future risks and charges	56,460	55,679	781

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 2022	6,404	37,705	11,570	55,679
Accruals	227	280	699	1,206
Utilisations/releases	(394)	(14)	(17)	(425)
30 June 2023	6,237	37,971	12,252	56,460

The **provision for taxes and tax disputes** of €6,237 thousand (€6,404 thousand at 31 December 2022) includes the accruals for the higher local property tax (ICI/IMU) as recalculated by the local tax authorities mainly on the basis of their redetermination of property income rates.

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

The provision mostly relates to the proceedings commenced by the parent aimed at declaring the nullity of commodity swaps entered into to hedge energy price risk. The provision reflects the maximum risk with a corresponding decrease in revenue from electricity sales (more information is available in note 38).

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

- plant decommissioning costs of €5,019 thousand (€4,625 thousand at 31 December 2022);
- the provision for the Spanish operating company Comiolica of €5,025 thousand (€4,820 thousand at 31 December 2022), calculated on the income established by Spanish law for wind farms and recognised under other revenue in the statement of profit or loss.

More information about legal disputes is available in note 38 "LEGAL DISPUTES".

27.COMMITMENTS AND GUARANTEES

The group's contractual commitments and guarantees to third parties at the reporting date are summarised below:

- Sureties to third parties of €258,089 thousand are made up as follows:
 - environmental restoration obligations (€12,123 thousand);
 - participation in auctions (€1,207 thousand issued to GSE);
 - other obligations (€244,758 thousand).
- Pledge on the quotas of Fri-El Albareto S.r.l., New Green Molise S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l., Anemos Wind S.r.l. and Fri-El Giardionara S.r.l. securing project financing;
- 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:

- sureties and other guarantees given to third parties and on behalf of third parties (€96 thousand);
- guarantees for the collection of the consideration for electricity sales (€89,243 thousand).

STATEMENT OF PROFIT OR LOSS

28. REVENUE

Revenue for the first half of 2023 amounts to €86,376 thousand (€138,413 thousand in the first half of 2022) and mostly refers to:

- electricity sales: €85,209 thousand (€122,388 thousand in the first half of 2022);
- feed-in tariff: €1,167 thousand (€16,025 thousand in the first half of 2022).

In the first six months of 2023, the average selling price for the in-scope wind farms is €142.4/MWh compared to €283/MWh for the corresponding period of 2022. Specifically:

- the average selling price of electricity is €142.4/MWh compared to €240.1/MWh in the corresponding period of 2022;
- the average feed-in tariff for the period is nil (€42.9/MWh in the corresponding period of 2022);
- 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 €86.9/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 highest trading price and the regulator subsequently pays an additional premium (calculated at 30 June) for each MWh generated.

During the period, the group 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 300 GWh to be exchanged in the last quarter of 2023 and the first quarter of 2024. In the first half of 2023, the income from the release of the swaps during the first quarter of 2023 settled in cash in advance at the end of 2022 was recognised as revenue.

29. OTHER REVENUE AND INCOME

Other revenue and income for the first half of 2023 increased significantly to €25,125 thousand from €2,637 thousand in the corresponding period of 2022. This increase is mostly due to the gain of approximately €14 million on the sale of the investment in Andromeda Wind S.r.l. after completion of the acquisition of the other 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l. as part of the transaction with RWE. The two subsidiaries each own a wind farm in the municipality of Anzi (PZ), with installed capacity of 16 MW, and the municipality of San Basilio (CA), with installed capacity of 24.7 MW, respectively. The agreement with RWE provided for the sale of the non-controlling interest in Andromeda Wind S.r.l., which owns a wind farm with installed capacity of 26 MW. The accounting effects of the transaction were recognised during the period as per the agreements between the parties.

The remainder of the increase is due to:

- administrative and technical consultancy services provided to equity-accounted investees (€1,019 thousand compared to €809 thousand in 2022);
- the release of provisions for €264 thousand;

- insurance compensation for work performed at the farms and for non-production (€5,067 thousand compared to €916 thousand in the first half of 2022) recognised in profit or loss when its receipt is certain;
- 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 (€830 thousand compared to €502 thousand in the first half of 2022).

30. OPERATING COSTS

Operating costs for the first half of 2023 amount to €25,603 thousand (€21,737 thousand for the first half of 2022) and comprise:

(€'000)	First half 2023	First half 2022	Change
Operating costs			
Personnel expenses	4,867	2,386	2,481
BoD and corporate costs	1,075	746	329
Consultancies	4,075	2,252	1,823
Insurance	2,445	1,646	799
Maintenance	6,540	8,053	(1,513)
Royalties and leases	1,872	2,440	(568)
IMU	521	477	44
Other production and unbalancing costs	296	259	37
Other costs	3,899	3,447	452
Other operating costs	20,723	19,320	1,403
Accruals to provisions for risks	13	31	(18)
Accruals to provisions for risks	13	31	(18)
Total operating costs	25,603	21,737	3,866

Personnel expenses are broken down below:

(€'000)	First half 2023	First half 2022	Change
Wages and salaries	3,590	1,717	1,873
Social security contributions	961	492	469
Post-employment benefits	171	37	134
Other personnel expenses	145	140	5
Total personnel expenses	4,867	2,386	2,481

For comparative purposes, the impact of Decree law no. 4 of 27 January 2022, previously recognised under operating costs in the first half of 2022 (€10,000 thousand), was recognised as a direct reduction in revenue in line with the treatment adopted in the 2022 annual report. Therefore, the comparative figure in "Operating costs" for the first half of 2022 has been reclassified.

Operating costs increased by €3,866 thousand to €25,603 thousand from €21,737 thousand for the first half of 2022. **Personnel expenses** increased by €2,481 thousand due to the new hires of 2022 as a result of the group's organisational overhaul.

BoD and corporate costs increased to €1,075 thousand from €746 thousand for the first half of 2022.

Consultancies increased by approximately €1,823 thousand to €4,075 thousand from €2,252 thousand for the corresponding period of 2022.

Royalties decreased by approximately €568 thousand to €1,872 thousand, due to the contraction in revenue from the sale of electricity.

Maintenance costs of €6,540 thousand (€8,053 thousand for the first half of 2022) mostly relate to the operating plants.

Accruals to provisions for risks amount to €13 thousand compared to €31 thousand for the corresponding period of 2022.

31. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

The following table provides a breakdown of this caption:

(€'000)	First half 2023	First half 2022	Change
Amortisation	7,704	5,668	2,036
Depreciation	17,763	15,141	2,622
Impairment losses	16,921	-	16,921
Total amortisation, depreciation and impairment losses	42,388	20,809	21,579

Amortisation and depreciation increased to €25,467 thousand and entirely relate to the depreciation of the group's operating farms (€20,809 thousand in the first half of 2022). The increase is mostly due to the farms in Cerignola in the province of Foggia which became fully operational in the second half of 2022 and the acquisition of control of Fri-El Guardionara and Fri-El Anzi in the first quarter of 2023.

Depreciation of right-of-use assets recognised in accordance with IFRS 16 (land and buildings) amounts to €744 thousand for the period.

The impairment losses refer to the two recent acquisitions (Fri-El Guardionara and Fri-El Anzi), recognised on a provisional basis in accordance with IFRS 3 with the provisional allocation of the resulting gains to concessions. Based on the impairment tests and the fact that the market conditions are significantly different to those at the acquisition date, the group recognised an impairment loss of €16,921 thousand, net of the related tax effect.

More information is available in note 5.

32. FINANCIAL INCOME (EXPENSE)

Financial income and expense are broken down in the following table:

(€'000)	First half 2023	First half 2022	Change
Financial income:			
- bank interest	1,071	2	1,069
- fair value gains on derivatives	938	1	937
- financial income from third parties	2,533	12	2,521
- other financial income	-	249	(249)
Total financial income	4,542	264	4,278
Financial expense:			
- interest on bonds	(7,673)	(5,136)	(2,537)
- interest and financial expense	(4,948)	(2,998)	(1,950)
- other financial expense	(584)	(418)	(166)
Total financial expense	(13,205)	(8,552)	(4,653)
Net financial expense	(8,663)	(8,288)	(375)

Financial income

Financial income increased to €4,542 thousand from €4,278 thousand for the first half of 2022 and mostly consists of interest accrued on financial assets, which are temporary investments of liquidity: i) bonds with an average term of roughly 5 years issued by leading banks; and ii) current account liquidity temporarily invested in time deposit contracts.

Fair value gains on derivatives are those on the ineffective portion of hedging derivatives. Due to the rise in interest rates, this caption mostly consists of interest income from IRS agreed to hedge project financing.

The group's objective is 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 €13,205 thousand (€8,552 thousand in the corresponding period of 2022) and includes **short-term bank interest and charges** of €4,948 thousand, which mainly accrued on the use of project financing, and **interest on bonds** of €7,673 thousand. The **other financial expense** of €584 thousand comprises lease interest expense recognised in accordance with IFRS 16 and exchange rate losses.

The increase in **financial expense** compared to the first half of 2022 is chiefly a result of the issue of bonds in the second half of 2022 which mature in 2028.

33. GAINS (LOSSES) ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net gains on equity investments and other financial assets amount to €22,876 thousand and mostly relate to the transaction with RWE, the effects of which are shown in note 4.

34. INCOME TAXES

Income taxes are broken down in the following table:

€'000	First half 2023	First half 2022	Change
Current taxes	(13,326)	(47,909)	34,583
Change in deferred tax assets due to the occurrence and reversal of temporary differences	(3,024)	(8,036)	5,012
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	7,042	3,743	3,299
Income taxes	(9,308)	(52,202)	42,894

Current taxes amount to €13,326 thousand. The decrease compared to the corresponding period of 2022 is mostly due to the adverse effect of applying Law no. 25 of 28 March 2022 (the levy on extra profits) of €25,930 thousand, included in this caption for that period.

Deferred taxes

A breakdown of deferred taxes is set out below:

€'000	Statement of financial position			Statement of profit or loss	OCI and other changes	Profit or loss
	30/06/2023	31/12/2022	Change	First half 2023		First half 2022
(A) Deferred tax liabilities						
Discounting of post-employment benefits	8	8	0	0	0	0
Non-taxable dividends and amortisation and depreciation	(3,612)	(2,991)	(621)	(614)	(7)	237
Initial application of IFRS 16 to finance leases	(2,956)	(3,091)	135	135	0	(302)
Intragroup eliminations	(144)	(144)	0	0	0	0
Business combination (IFRS 3)	(44,052)	(27,480)	(16,572)	5,976	(22,548)	920
Derivatives	(2,283)	(4,062)	1,779	(780)	2,559	2,953
Adjustments for compliance with group accounting policies	(1,283)	(3,380)	2,097	2,324	(227)	(65)
Total (A)	(54,322)	(41,140)	(13,182)	7,041	(20,223)	3,743
(B) Deferred tax assets						
Accruals to provisions for risks, amortisation and depreciation	12,892	12,753	139	139	0	(26)
Derivatives	(257)	1,300	(1,557)	(2,337)	780	(4)
Consolidation adjustments to comply with the group's accounting policies	(1,522)	(683)	(839)	(746)	(93)	1,501
Non-deductible portion of net interest expense	(54)	(75)	21	21	0	(7,287)
Initial application of IFRS 16 to operating leases	286	270	16	16	0	16
Intragroup eliminations	962	993	(31)	(31)	0	(29)
Unused tax losses offsettable against future taxable profits	14	9	5	5	0	(39)
Other deductible temporary differences	19,848	19,938	(90)	(90)	0	(2,168)
Total (B)	32,169	34,505	(2,336)	(3,023)	687	(8,036)
Net deferred tax assets	(22,153)	(6,635)	(15,518)	4,018	(19,536)	(4,293)
Current taxes				(13,326)		(47,909)
Total income taxes				(9,308)		(52,202)

Deferred tax assets and liabilities

The difference of €10,717 thousand on 31 December 2022 was partly recognised directly in equity and partly in profit or loss.

Deferred tax liabilities principally relate to intangible assets acquired as part of business combinations, non-taxable dividends, amortisation and depreciation and finance leases.

Deferred tax assets mainly relate to:

- the tax benefit of future deductible higher amortisation arising on the revaluation of assets in the group companies' financial statements at 31 December 2020 to align their tax base for consolidation purposes with that in the group companies' financial statements;
- 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.

The group adopted the provisions of "Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)" on 1 January 2023. These amendments narrowed the scope of the exemption from initial recognition of deferred taxes by excluding transactions that give rise to equal taxable and deductible temporary differences (e.g., recognition of a lease or decommissioning obligations). An entity shall recognise the deferred tax assets and liabilities for all temporary differences related to leases or decommissioning obligations at the beginning of the earliest comparative period presented, recognising the cumulative effect at that date as an adjustment to retained earnings or other component of equity. For all other transactions, an entity applies the amendments to IAS 12 to the transactions that take place after the beginning of the earliest comparative period presented.

The group previously recognised deferred tax related to leases and decommissioning obligations in accordance with the integrally linked method, obtaining a result similar to that obtained by applying the amendments to IAS 12, although the deferred tax assets or liabilities were presented on a net basis. In accordance with the amendments to IAS 12, the group recognised a deferred tax asset related to a lease liability and a deferred tax liability for the right-of-use asset separately. However, this did not affect its statement of financial position as the balances may be offset as per IAS 12.74. The group did not recognise any effects of the amendments to IAS 12 in retained earnings at 1 January 2022. The change in accounting treatment will also be reflected in the group's consolidated financial statements at 31 December 2023.

Current taxes

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

€'000	Italy	Abroad	Total
Tax base	62,711	(2,864)	59,847
Theoretical tax	17,105	629	17,734
Effective current tax	12,160	629	12,789
Effective current tax %	19.4%	n.a.	21.4%
Other taxes	487	50	537
Deferred tax assets and liabilities	(3,870)	(148)	(4,018)
Income taxes	8,778	530	9,308

€'000	IRES	IRAP	Total
Tax base	62,711		62,711
Theoretical tax	15,051	2,054	17,105
Permanent differences	(8,381)	(104)	
Temporary differences	3,712	0	
Use of carryforward tax losses	(2)	n.a.	
ACE (Aid for economic growth) deduction	(84)	n.a.	
Other changes in the domestic tax consolidation scheme	(85)	n.a.	
Effective current tax (IRES e IRAP)	10,210	1,950	12,160
Effective current tax %	16.3%	3.1%	19.4%
Deferred tax assets and liabilities	403	(6)	397
Total current and deferred taxes (IRES and IRAP)	10,613	1,944	12,557
Other taxes			550
Consolidation adjustments - current tax			(63)
Consolidation adjustments - deferred taxes			(4,267)
Income taxes			8,778

35. 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 first half of 2023.

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

€'000	First half 2023	First half 2022
Profit from continuing activities attributable to the holders of ordinary shares	50,539	44,712
Profit attributable to non-controlling interests	419	1,598
Profit attributable to the owners of the parent	50,120	43,114
Number of outstanding shares		
	First half 2023	First half 2022
Number of outstanding shares	54,229,403	54,229,403
Treasury shares at the reporting date	364,804	225,356
Weighted average of outstanding shares	53,892,905	54,004,047
Earnings per share		
(Euro)	First half 2023	First half 2022
Earnings per share	0.93	0.80

36.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.

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

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, seven solar farms in Romani and Comiolica in Spain).

<i>Revenue by geographical segment</i>	First half 2023		First half 2022	
	(€'000)	% of total	(€'000)	% of total
Italy - Islands	31,115	36%	70,793	48%
Italy - Mainland	48,566	56%	63,351	43%
Spain	3,574	4%	10,906	7%
Bulgaria	1,416	2%	2,906	2%
Romania	1,705	2%	457	0%
Revenue	86,376	100%	148,413	100%

Business segments: Statement of financial position

Statement of financial position

(€'000)	Operating business segment		Holding business segment		Consolidated figures	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022	30.06.2023	31.12.2022
NON-CURRENT ASSETS:						
Intangible assets	265,274	197,791	37	0	265,311	197,791
Property, plant and equipment	569,575	531,461	12,256	11,919	581,831	543,380
Loans, equity investments and other non-current financial assets	37,821	70,874	3,926	3,373	41,747	74,247
Other non-current assets	21,941	22,928	11,385	12,792	33,326	35,720
TOTAL NON-CURRENT ASSETS	894,611	823,054	27,604	28,084	922,215	851,138
CURRENT ASSETS:						
Inventories	9,621	8,284	0	0	9,621	8,284
Loans, equity investments and other current financial assets	3,134	2,063	75,308	73,986	78,442	76,049
Other current assets	45,942	52,199	11,241	9,997	57,183	62,196
Cash and cash equivalents	97,530	95,921	138,955	130,688	236,485	226,609
TOTAL CURRENT ASSETS	156,227	158,467	225,504	214,671	381,731	373,138
TOTAL ASSETS	1,050,838	981,521	253,108	242,755	1,303,946	1,224,276
EQUITY	139,558	144,190	168,025	160,808	307,583	304,998
NON-CURRENT LIABILITIES:						
Financial liabilities	144,654	137,442	511,646	512,084	656,300	649,526
Other non-current liabilities	85,619	68,851	44,090	45,027	129,709	113,878
TOTAL NON-CURRENT LIABILITIES	230,273	206,293	555,736	557,111	786,009	763,404
CURRENT LIABILITIES:						
Financial liabilities	19,736	32,948	53,058	5,651	72,793	38,598
Other current liabilities	102,260	83,828	35,301	33,448	137,561	117,276
TOTAL CURRENT LIABILITIES	121,996	116,776	88,359	39,099	210,354	155,874
Intra-segment financing	559,011	514,262	(559,011)	(514,262)	0	0
TOTAL LIABILITIES	911,280	837,331	85,084	81,948	996,363	919,278
TOTAL EQUITY AND LIABILITIES	1,050,838	981,521	253,108	242,755	1,303,946	1,224,276

Business segments: Statement of profit or loss

Statement of profit or loss

	Operating business segment		Holding business segment		Consolidated figures	
	First half 2023	First half 2022	First half 2023	First half 2022	First half 2023	First half 2022
(€'000)						
Revenue	86,376	138,413	0	0	86,376	138,413
Other revenue and income	7,926	1,342	17,199	1,295	25,125	2,637
TOTAL REVENUE AND INCOME	94,302	139,755	17,199	1,295	111,501	141,050
Operating costs	23,188	19,079	2,415	2,658	25,603	21,737
Share of profits of equity-accounted investees	2,124	6,680	0	0	2,124	6,680
Amortisation, depreciation and impairment losses	42,172	20,550	216	259	42,388	20,809
OPERATING PROFIT (LOSS)	31,066	106,806	14,568	(1,622)	45,634	105,184
Net gains (losses) on equity investments	14,851	(5,868)	(638)	(2,402)	14,213	(8,270)
PROFIT BEFORE TAX	45,917	100,938	13,930	(4,024)	59,847	96,914
Income tax					(9,308)	(52,202)
PROFIT FROM CONTINUING OPERATIONS					50,539	44,712
PROFIT FOR THE PERIOD					50,539	44,712
Profit attributable to non-controlling interests					419	1,598
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT					50,120	43,114

Operating business segment:

Revenue for the first half of 2023 amounts to €86,376 thousand (€138,413 thousand in the first half of 2022) and mostly refers to:

- electricity sales of €85,209 thousand (€122,388 thousand in the first half of 2022);
- feed-in tariff and guarantees of origin of €1,167 thousand (€16,025 thousand in the first half of 2022).

In the first six months of 2023, the average selling price for the in-scope wind farms is €142.4/MWh compared to €283.9/MWh for the corresponding period of 2022. Specifically:

- the average selling price of electricity is €142.4/MWh compared to €241.0/MWh in the corresponding period of 2022;
- the average feed-in tariff for the period is nil (€42.9/MWh in the corresponding period of 2022);

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 Krupen plant in Bulgaria was approximately €86.9/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 highest trading price and the regulator subsequently pays an additional premium (calculated at 30 June) for each MWh generated.

The operating profit amounts to €31,066 thousand (€106,806 thousand in the first half of 2022) after amortisation, depreciation and impairment losses of €42,172 thousand (€20,550 thousand in the first half of 2022).

Property, plant and equipment and intangible assets amount to €834,849 thousand. The €105,597 thousand increase on 31 December 2022 is mostly due to the inclusion in the consolidation scope of the former joint ventures, Fri-El Anzi and Fri-El Guardionara, acquired during the period, as well as new investments.

Holding business segment:

At 30 June 2023, the holding business segment mainly comprises holding company advisory service activities, which are considered marginal compared to the electricity production business.

37. 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 of 12 March 2010 on related party transactions, as amended, it is noted that 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 2023, as have profits and losses arising from intragroup trading and financial transactions not yet 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	0	766	0
New Green Molise S.r.l.	937	100	9,102	115
Bioenergia S.r.l.	0	0	104	0
Generai S.r.l.	0	0	143	0
Parco Eolico Santa Croce del Sannio House S.r.l.	0	0	21	0
Total equity-accounted investees	997	100	10,136	115
Related parties:				
Fri-El Green Power Group	2,425	1,117	2,510	2,038
Wind Development S.r.l.	0	77	0	1,543
Simest S.p.A.	0	210	0	10,374
Total related parties	2,425	1,403	2,510	13,955
Total	3,422	1,503	12,646	14,070

Revenue of €2,425 thousand from transactions with the Fri-El Group mostly relates to recharges of employee expenses by Alerion Servizi Tecnici e Sviluppo S.r.l..

Costs of €1,117 thousand on transactions with the Fri-El Group principally relate to asset management services (€818 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.

(€'000)	Equity-accounted investees					FRI-EL Green Power Group	Wind Development S.r.l.	Simest S.p.A.	Total
	New Green Molise S.r.l.	Ecoenergia Campania S.r.l.	Bioenergia S.r.l.	Generai S.r.l.	Parco Eolico Santa Croce del Sannio House S.r.l.				
Trade receivables	181	1	0	0	0	2,510	0	0	2,691
<i>total trade receivables</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>	<i>14,083</i>
percentage	1.3%	0.0%	0%	0%	0%	17.8%	0%	0%	19.1%
Other assets	5,013	765	0	0	0	0	0	0	5,778
<i>total other current assets</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>	<i>39,237</i>
percentage	12.8%	1.9%	0%	0%	0%	0%	0%	0%	14.7%
Current financial assets	0	0	0	0	0	0	0	0	0
<i>total current financial assets</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>	<i>75,511</i>
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-current loans	3,908	0	104	143	21	0	0	0	4,176
<i>total non-current loans</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>	<i>10,572</i>
percentage	37.0%	0%	1.0%	1.4%	0.2%	0%	0%	0%	39.5%
Non-current financial liabilities	0	0	0	0	0	0	0	9,951	9,951
<i>total non-current financial liabilities</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>	<i>656,300</i>
percentage	0%	0%	0%	0%	0%	0%	0%	1.5%	1.5%
Other non-current liabilities	0	0	0	0	0	0	1,530	0	1,530
<i>total other non-current liabilities</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>	<i>17,666</i>
percentage	0%	0%	0%	0%	0%	0%	8.7%	0%	8.7%
Current financial liabilities	0	0	0	0	0	0	0	423	423
<i>total current financial liabilities</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>	<i>69,999</i>
percentage	0%	0%	0%	0%	0%	0%	0%	0.6%	0.5%
Trade payables	0	0	0	0	0	320	13	0	333
<i>total trade payables</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>	<i>54,929</i>
percentage	0%	0%	0%	0%	0%	0.6%	0.0%	0%	0.6%
Tax liabilities	0	0	0	0	0	0	0	0	0
<i>total tax liabilities</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>	<i>65,135</i>
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other current liabilities	115	0	0	0	0	1,712	0	0	1,827
<i>total other current liabilities</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>	<i>17,497</i>
percentage	0.7%	0%	0%	0%	0%	9.8%	0%	0%	10.4%
Provisions for future risks and charges	0	0	0	0	0	6	0	0	6
<i>total provisions for future risks and charges</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>	<i>56,460</i>
percentage	0%	0%	0%	0%	0%	0.0%	0%	0%	0.0%
Electricity sales	0	0	0	0	0	0	0	0	0
<i>total electricity sales</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>	<i>86,376</i>
percentage	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other revenue and income	840	60	0	0	0	2,425	0	0	3,325
<i>total other revenue and income</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>	<i>25,125</i>
percentage	3.3%	0.2%	0%	0%	0%	9.7%	0%	0%	13.2%
Other operating costs	100	0	0	0	0	1,074	77	0	1,250
<i>total other operating costs</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>	<i>20,723</i>
percentage	0.5%	0%	0%	0%	0%	5.2%	0.4%	0%	6.0%
Net financial expense	0	0	0	0	0	43	0	210	253
<i>total net financial expense</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>	<i>(8,663)</i>
percentage	0%	0%	0%	0%	0%	(0.5%)	0%	(2.4%)	2.9%
Net gains on equity investments	97	0	0	0	0	0	0	0	97
<i>total net gains on equity investments</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>	<i>22,876</i>
percentage	0.4%	0%	0%	0%	0%	0%	0%	0%	0.4%

38. 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 Italian Consolidated Finance Act (TUF).

3. FINANCIAL RISK MANAGEMENT

This section provides an update about the disclosure on interest rate risk provided in the 2022 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 2023 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 2023, 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 many bond issues, starting from that placed on 19 December 2019 at a fixed rate of 3.125%, that placed on 3 November 2021 at a fixed rate of 2.25% and finally that placed on 17 May 2022 at a fixed rate of 3.5% which are not affected by interest rate volatility.

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 (area 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).

39. LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

Disputes involving the parent

SIC - Società Italiana Cauzioni S.p.A now Atradius

The parent and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") were called as joint defendants by SIC - Società Italiana Cauzioni S.p.A. now Atradius - 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 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 company 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 company 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 quotas on 24 May 1999. This confirms the fact that the parent and its subsidiary have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC 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 Alerion.

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 the parent obtained the joining of the proceedings.

The Rome court of appeal rejected the appeals in its ruling of 9 May 2022 and accepted the companies' defence and their release from the co-obligations of the policies. Atradius appealed the ruling before the court of cassation.

Alerion Real Estate S.r.l. in liquidation and the parent have challenged Atradius' appeal before the court of cassation requesting it be found inadmissible as it is contrary to both the ruling of the Rome court of appeal

and the first instance ruling of the Rome court (two concordant decisions). The parties appeared in court within the time limits. A date for the first hearing has not yet been set.

Dispute about commodities

The parent has filed a lawsuit aimed at declaring the nullity of certain commodity swaps and that it does not owe any amounts under such contracts and that the amounts that it has already paid should be returned. It believes that the grounds for nullity should be accepted. However, and solely for prudent reasons, the provision for future risks and charges of €37.6 million includes the amount that the parent would be required to pay the swap counterparties should the validity of the swaps be confirmed, despite its claims.

The judge decided to start a preliminary procedure and appointed an expert. After the hearing of 22 June 2023, they took the case under advisement.

Legal disputes involving other group companies

Tax dispute relating to IRES - deductibility of interest expense

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 (MLBO).

The Agrigento provincial tax court rejected WPS' 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.

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 31 December 2022 as other assets and considers them to be recoverable.

Dispute relating to IRES – IRAP – depreciation

Some of the group companies have pending disputes with the tax authorities about the application of depreciation rates to the wind farms.

Specifically, the tax authorities notified Callari S.r.l., Minerva S.r.l., Ordon Energia s.r.l., Parco Eolico Licodia Eubea S.r.l. and Renergy San Marco S.r.l. 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 Callari S.r.l., 2016.

On the basis of the assessment of their tax advisors and supported by the rulings 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 and second instance judgements about the assessments found in favour of the SPEs. The tax authorities have appealed against the second instance judgements before the court of cassation.

Although the tax advisors deem that an adverse outcome is possible but not probable, the companies have opted to settle their pending disputes by availing of the simplified tax settlement system introduced by article 1.186 and following articles of Law no. 197/2022, paying €0.1 million equal to 5% of the higher assessed tax.

Property tax dispute pre-Law no. 208/2015

The disputes with the tax authorities about the assessments on the property income for the years before 2016 are still pending and the group companies have set up provisions of €1.3 million.

Property tax dispute post-Law no. 208/2015

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 land 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 €5.5 million.

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 Ordon 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.

Ordon Energia S.r.l. and Renergy San Marco S.r.l. challenged the notices and the underlying provincial regulation before the Puglia regional administrative court, which disallowed their petitions. They have 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 reports have been presented reporting a fee lower than that charged by the provincial authorities. Conciliation proposals were presented in the hearing held on 16 February 2022 adhering to the fees quantified by the expert. The judge has yet to hand down the ruling.

In January 2022, the companies voluntarily paid the fees for 2019 and 2020 as per the annual fee determined in the expert's reports. They also have a provision for risks equal to the difference between the alleged fees and that paid (€0.1 million).

In April 2023, the two hearings ended with a settlement agreement. The companies are not required to pay any extra amounts, in addition to that paid in January 2022.

Dispute related to the single property tax (CUP)

In May 2021, the Foggia provincial authorities approved a new regulation applying a single property tax (CUP) and contextually repealing the COSAP regulation. This new regulation provides for the application of a standard unit fee which would decrease the fees for the use of occupied surface compared to the COSAP fee. However, it also introduces a safeguard clause that allows local bodies to regulate this fee in order to ensure that their income is not less than the fees calculated by the COSAP regulation. Ordon Energia S.r.l. and Renergy San Marco S.r.l. have challenged the regulation before the Puglia regional administrative court, a proceeding which will be dismissed for inactivity as the regulation was annulled in another proceeding, as subsequently confirmed by the Council of State.

Article 15-bis of Decree law no. 4 of 27 January 2022

Some companies have applied to the Milan section of the Lombardy regional administrative court for the cancellation, after its precautionary suspension, of ARERA resolution no. 266/2022 (the “ARERA resolution”), implementing article 15-bis of the Decree law on the compensation contribution mechanism.

This mechanism provides for payment of the difference between the “reference price” and the “market price”, with the subsequent reimbursement (in the case of a positive difference) or request (in the case of a negative difference) of the amount from the energy producer.

The Milan section allowed the petition with its ruling of 7 December 2022, cancelling ARERA resolution no. 266/2022 without providing any reasons.

Pending the filing of the reasons, the Council of State accepted the precautionary measure brought by ARERA, suspending the effects of the Milan section’s ruling. It found there was serious prejudice caused by the inaction of the Milan section in providing the reasons for the ruling, and stated that it will be possible to recoup the amounts from the operators should the first instance ruling be confirmed after the appeal.

On 9 February 2023, the Milan section published its reasons, finding that article 15-bis complies with EU and constitutional law as it is ARERA’s remit to dictate the regulatory framework for implementation of such EU legislation. The Milan section found that ARERA should have regulated the matter by carefully considering the relevant costs, calculating the existing differences between the various types of energy production plants powered by renewable sources and the need to make a levy on profits and not on revenue.

Therefore, ARERA shall re-exercise its power by adopting a new resolution in compliance with the ruling handed down by the Milan section of the regional administrative court.

ARERA, GSE and the relevant ministries appealed to the Council of State which accepted the Milan section’s precautionary suspension ruling and setting a hearing date of 5 December 2023.

The companies are preparing their appeal against the part of the ruling in which the Milan section has not referred to the Constitutional Court or the European Court of Justice, i.e., the question of unconstitutionality or incompatibility of article 15-bis with EU law.

Article 37 of Decree law no. 21 of 21 March 2022

Some group companies have applied to the Lazio regional administrative court for the cancellation, after its precautionary suspension, of the tax authorities’ circular of 17 June 2022, which sets out instructions for payment of the extraordinary levy as per article 37 of Decree law no. 21 March 2022 (the Ukraine bis decree).

Article 37 introduced an “extraordinary solidarity contribution” to be levied on revenue generated in the period from 1 October 2021 to 30 April 2022 in excess of the ceiling established by it.

The group companies also challenged the tax authorities’ implementing measure of 17 June 2022, which included guidance about how to pay and declare this extraordinary contribution in accordance with article 37 of Decree law no. 21 of 21 March 2022.

The regional administrative court handed down a ruling declining its jurisdiction, which the group companies appealed before the Council of State that accepted the appeal finding that the regional administrative court

could hear the case and decide on the legitimacy of the measure issued by the tax authorities and the disputes as per article 37 of Decree law no. 21/2022.

In April 2023, the group companies petitioned against the tacit denial to their claim for reimbursement of the contribution.

Article 1.115-122 of the 2023 budget act (Law no. 197/2022)

Some group companies have applied to the Lazio regional administrative court for the cancellation, after its precautionary suspension, of the tax authorities' circular 4E of 23 February 2023 on the temporary solidarity contribution for 2023. The court entertained the petition, rejecting the precautionary suspension and will set a date for the hearing to discuss the merits of the matter.

After the regional administrative court rejected the precautionary suspension, the companies filed a precautionary appeal before the Council of State. In July 2023, the Council of State accepted the appeals without, however, suspending the payment obligation. Instead it urged the regional administrative court to promptly set a date for the hearing, which should take place before the end of 2023.

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.

40. EQUITY-ACCOUNTED INVESTMENTS

The current and non-current assets and liabilities, costs and revenue of these companies recognised in the condensed interim consolidated financial statements at 30 June 2023 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)		
	30.06.2023	31.12.2022
Non-current assets	7,045	7,422
Current assets	3,571	4,767
<i>including: cash and cash equivalents</i>	<i>3,063</i>	<i>3,595</i>
Total assets	10,616	12,189
Equity	4,814	6,409
Non-current liabilities	394	397
Current liabilities	5,408	5,383
Liabilities and equity	10,616	12,189
	First half 2023	First half 2022
Revenue	1,771	3,662
Costs	(1,038)	(1,701)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(373)</i>	<i>(374)</i>
<i>including: interest expense</i>	<i>(7)</i>	<i>(1)</i>
<i>including: income taxes</i>	<i>(304)</i>	<i>(816)</i>
Profit for the period	733	1,961
Dividends distributed	(2,328)	(2,914)
	30.06.2023	31.12.2022
Net assets	4,814	6,409
Investment percentage	50%	50%
Carrying amount of the investment	2,407	3,205

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)	
	30.06.2023	31.12.2022
Non-current assets	56,532	58,715
Current assets	16,015	13,949
<i>including: cash and cash equivalents</i>	<i>14,093</i>	<i>10,893</i>
Total assets	72,547	72,664
Equity	37,794	39,554
Non-current liabilities	10,959	10,112
<i>including: financial liabilities</i>	<i>10,412</i>	<i>9,550</i>
Current liabilities	23,794	22,998
<i>including: financial liabilities</i>	<i>718</i>	<i>1,847</i>
Liabilities and equity	72,547	72,664
	First half 2023	First half 2022
Revenue	7,460	16,551
Costs	(4,828)	(12,592)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(2,075)</i>	<i>(2,061)</i>
<i>including: interest expense</i>	<i>(212)</i>	<i>(1,929)</i>
<i>including: income taxes</i>	<i>(1,116)</i>	<i>(7,268)</i>
Profit for the period	2,632	3,959
Statement of comprehensive income		
Effective portion of net fair value gains (losses) on cash flow hedges of equity-accounted investees	-	1,748
<i>Related tax</i>	-	(420)
Post-tax other comprehensive income (expense) that may be reclassified subsequently to profit or loss	-	1,328
Dividends distributed	(4,392)	(11,636)
	30.06.2023	31.12.2022
Net assets	37,794	39,554
Investment percentage	50%	50%
Carrying amount of the investment	18,897	19,777

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 (Foggia).

Generai S.r.l.	(€'000)	
	30.06.2023	31.12.2022
Non-current assets	1,886	1,872
Current assets	76	21
<i>including: cash and cash equivalents</i>	20	19
Total assets	1,962	1,893
Equity	1,763	1,769
Non-current liabilities	143	70
<i>including: financial liabilities</i>	143	70
Current liabilities	56	54
<i>including: financial liabilities</i>	51	50
Liabilities and equity	1,962	1,893
	First half 2023	First half 2022
Revenue	-	-
Costs	(6)	(3)
<i>including: interest expense</i>	(3)	-
<i>including: income taxes</i>	2	(417)
Loss for the period	(6)	(3)
Dividends distributed	-	-
	30.06.2023	31.12.2022
Net assets	1,763	1,769
Investment percentage	50%	50%
Carrying amount of the investment	881	885

Bioenergia S.r.l.

Bioenergia S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 30 MW in the municipalities of Orta Nova and Cerignola (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these condensed interim consolidated financial statements using the equity method, are summarised below:

Bioenergia S.r.l.	(€'000)		
		30.06.2023	31.12.2022
Non-current assets		1,861	1,828
Current assets		38	23
<i>including: cash and cash equivalents</i>		25	12
Total assets		1,899	1,851
Equity		1,763	1,769
Non-current liabilities		105	64
<i>including: financial liabilities</i>		104	62
Current liabilities		31	18
<i>including: financial liabilities</i>		19	18
Liabilities and equity		1,899	1,851
		First half 2023	First half 2022
Revenue		-	4
Costs		(6)	(1)
<i>including: interest expense</i>		(2)	-
Profit (loss) for the period		(6)	3
Dividends distributed		-	-
		30.06.2023	31.12.2022
Net assets		1,763	1,769
Investment percentage		50%	50%
Carrying amount of the investment		882	885

Parco Eolico Santa Croce del Sannio House S.r.l.

Parco Eolico Santa Croce del Sannio House S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 29.6 MW in the municipality of Manfredonia (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these condensed interim consolidated financial statements using the equity method, are summarised below:

Parco Eolico Santa Croce del Sannio House S.r.l. (€'000)		
	30.06.2023	31.12.2022
Non-current assets	192	190
Current assets	24	26
<i>including: cash and cash equivalents</i>	<i>15</i>	<i>8</i>
Total assets	216	216
Equity	178	184
Non-current liabilities	26	20
<i>including: financial liabilities</i>	<i>21</i>	<i>20</i>
Current liabilities	12	12
<i>including: financial liabilities</i>	<i>10</i>	<i>10</i>
Liabilities and equity	216	216
	First half 2023	First half 2023
Revenue	2	4
Costs	(8)	(52)
Loss for the period	(6)	(48)
Dividends distributed	-	-
	30.06.2023	31.12.2022
Net assets	178	184
Investment percentage	50%	50%
Carrying amount of the investment	89	92

Compania Eoliana S.A.

Compania Eoliana S.A., of which the parent holds 49.75%, was in charge of projects in Romania no longer deemed feasible. Accordingly, the parent fully impaired its investment in the associate, as well as the loan it granted thereto, in 2016.

41. CONSOLIDATION SCOPE

	Registered office	Share/quota capital	Investment %		Indirect investor
			Direct	Indirect	
Consolidated subsidiaries					
- Alerion Cleanpower S.p.A.	Milan - Via Renato Fucini 4	161,137	-		
- Alerion Real Estate S.r.l. in liquidation	Milan - Via Renato Fucini 4	90	100.00		
- Alerion Servizi Tecnici e Sviluppo S.r.l.	Milan - Via Renato Fucini 4	100	100.00		
- Alerion Bioenergy S.r.l. in liquidation	Milan - Via Renato Fucini 4	10	100.00		
- Fri-EI 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		
- Fri-EI Ichnusa S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Fri-EI Campidano S.r.l.	Bolzano - Piazza del Grano 3	100		100	Fri-EI Ichnusa S.r.l.
- Fri-EI Nulvi Holding S.r.l.	Bolzano - Piazza del Grano 3	3,000	90.00		
- Fri-EI Anglona S.r.l.	Bolzano - Piazza del Grano 3	100		100.00	Fri-EI Nulvi Holding S.r.l.
- FW Holding S.r.l.	Bolzano - Piazza del Grano 3	100	100.00		
- Fri-EI Basento S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW Holding S.r.l.
- Fri-EI Ricigliano S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW Holding S.r.l.
- Fri-EI Grottole S.r.l.	Bolzano - Piazza del Grano 3	50		100.00	Fri-EI Basento S.r.l.
- Anemos Wind S.r.l.	Milan - Via Renato Fucini 4	50	100.00		
- Ordone Energia S.r.l.	Milan - Via Renato Fucini 4	435	100.00		
- Callari S.r.l.	Milan - Via Renato Fucini 4	1,000	100.00		
- Minerva S.r.l.	Milan - Via Renato Fucini 4	14	100.00		
- Eolo S.r.l.	Milan - Via Renato Fucini 4	750	100.00		
- Parco Eolico Licodia Eubea S.r.l.	Milan - Via Renato Fucini 4	100	80.00		
- Dotto S.r.l.	Milan - Via Renato Fucini 4	10	100.00		
- Wind Power Sud S.r.l.	Milan - Via Renato Fucini 4	10	100.00		
- Renergy San Marco S.r.l.	Milan - Via Renato Fucini 4	108	100.00		
- Krupen Wind S.r.l.	Milan - Via Renato Fucini 4	10	100.00		
- Enermac S.r.l.	Milan - Via Renato Fucini 4	40	100.00		
- Fucini4 S.r.l.	Milan - Via Renato Fucini 4	10	100.00		
- Auseu-Borod Wind Farm S.r.l. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON0.2		100.00	Alerion Romania S.A.
- Alerion Romania S.A. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON100	95.00		
- Draghiescu Partners S.r.l.	Oras Bradului, strada PRIMAVERII, nr.13D, Camera 5, Judet Ilfov	RON0.3		90.00	Alerion Bioenergy S.r.l. in liquidation
- Alerion Bulgaria OOD	Sofia - 6th Septemvri Str., 6A, Sredetz Region	LEV90	92.50		Alerion Servizi Tecnici e Sviluppo S.r.l.
- Wind Energy OOD	Sofia - 6th Septemvri Str., 6A	LEV2,375		51.00	Krupen Wind S.r.l.
- Wind Stream OOD	Sofia - 6th Septemvri Str., 6A	LEV2,319		51.00	Krupen Wind S.r.l.
- Wind Systems OOD	Sofia - 6th Septemvri Str., 6A	LEV2,290		51.00	Krupen Wind S.r.l.
- Wind Power 2 OOD	Sofia - 6th Septemvri Str., 6A	LEV2,312		51.00	Krupen Wind S.r.l.
- Naonis Wind S.r.l.	Milan - Via Renato Fucini 4	20	100.00		
- Alerion Clean Power RO S.r.l.	Bucharest Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3	RON50	100.00		
- Fravort S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Tremalzo S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Green Fotovoltaic Parc S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Solar Live Energy S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Inspire Parc Solar S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Projects S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Alliance S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Energy S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON0.2		100.00	Alerion Clean Power RO S.r.l.
- Mitoc Partners S.r.l.	Bucharest, Via Maior Ștefan Sanatescu, N. 53, Palazzo C1, Corp 4, Piano 2, Stanza 4, Settore 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Cevedale S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Cavignon S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Presenella S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Vermiglio S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Viggolana S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Phoenix Ceres S.r.l.	Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Catalyst S.r.l.	Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Nest S.r.l.	Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Genesis S.r.l.	Str. Maior Ștefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Alerion Ro Todiresti S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON50		100.00	Alerion Clean Power RO S.r.l.
- Fradusta S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Litegosa S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Brunale S.r.l.	Pietramontecorvino, Via della Pace, 7	1		100.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Lagoral S.r.l.	Bucharest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Rienza S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
- Passirio S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
- Plose S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
- Alerion Investments S.r.l.	Milan - Via Renato Fucini 4	10	100.00		
- Alerion UK Ltd.	Gateway House, Old Hall Road, Bromborough, Wirral, United Kingdom	GBP0.001	100.00		
- Alerion Service S.r.l.	Bolzano - Piazza del Grano 3	100	100.00		
- Alerion Seddanus S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Fri-EI Guardianara S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Fri-EI Anzi S.r.l.	Bolzano - Piazza del Grano 3	50	100.00		
- Ambiez S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
- Sass Maor S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	RON1		100.00	Alerion Clean Power RO S.r.l.
- Alerion Service RO S.r.l.	Bucharest, Strada Popa Savu n. 78, etaj 3, Ap. 5, Settore 1	10		100.00	Alerion Service S.r.l.
- Bisalta S.r.l.	Timisoara, Piata Victoriei nr.7, camera 3, scara D, etaj 6, apartament 21, Judetul Timis	RON0.5		86.00	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.	Naples - Via Diocleziano 107	10	50.00		
- S.C. Compania Eoliana S.A.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON501	49.75		
- Jimbolia Wind farm S.r.l.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON1		99.00	S.C. Compania Eoliana S.A.
- Generali S.r.l.	Pietramontecorvino - Piazza Martiri del terrorismo 10	10		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Parco Eolico Santa Croce del Sannio House S.r.l.	Benevento - Viale Mario Rotili 148	40		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Bioenergia S.r.l.	Pietramontecorvino - Via Calcare 6	1		50	Alerion Servizi Tecnici e Sviluppo S.r.l.

Statement on the condensed interim consolidated financial statements at 30 June 2023

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 chief executive officer, 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 2023 to prepare the condensed interim consolidated financial statements.
2. Moreover, they state that:
 - 2.1 the condensed interim consolidated financial statements at 30 June 2023:
 - 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 2023 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, 27 July 2023

Chief executive officer

Josef Gostner

(signed on the original)

Manager in charge of financial reporting

Stefano Francavilla

(signed on the original)



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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 as at 30 June 2023, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The 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 the 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 2023

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 2023 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, 28 July 2023

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director