

Press release

The Board of Directors approves the Half-yearly Financial Report for the six months ending 30 June 2023, with a Net Result of €50.5 million, up by approximately 13% compared with the first half of 2022 (€44.7 million).

- Revenues for the first half of 2023 came in at €111.5 million (€141 million in the first half of 2022).
- EBITDA for the first half of 2023 came in at €88 million (€126 million in the first half of 2022).
- Net Financial Indebtedness as of 30 June totalled €414.2 million (€385.5 million at 31 December 2022)

The new 2024-2028 Business Plan was approved:

The Group's growth continues with an increase in installed capacity of up to 3 GW, investments of €2.3 billion and EBITDA at the end of the plan of approximately €400 million.

Milan, 27 July 2023 - The Board of Directors of Alerion Clean Power S.p.A. today examined and approved the Consolidated Half-yearly Financial Report as at 30 June 2023, prepared using the valuation and measurement criteria established by the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS).

Economic data (millions of euros)	I Half 2023	I Half 2022
Revenues	111.5	141.0
Gross operating margin (EBITDA)	88.0	126.0
Net result	50.5	44.7
Net result attributable to the Group	50.1	43.1
Statement of financial position data (millions of euros)	30.06.2023	31.12.2022
Shareholders' Equity	307.6	305.0
Financial indebtedness*	414.2	385.5
Financial indebtedness* (excluding derivatives)	414.3	387.6
Operating Data	I Half 2023	I Half 2022
Gross Power (MW)	866.6	821.6
Electricity production (GWh) ⁽¹⁾	695.4	678.7
Electricity production (GWh) - Fully consolidated plants	654.8	609.2

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

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

The first half of 2023 was characterised by a very complicated geopolitical and economic environment. The energy market scenario continues to be volatile and uncertain, although it is gradually stabilising following the exceptionally complex situation that arose in 2022, with electricity selling prices falling sharply compared with the same period of the previous year.

Operating performance in the first half of 2023 was characterised by electricity production by the fully consolidated plants totalling 655 GWh, up on the same period of 2022 when it totalled 609 GWh, despite poor wind conditions compared with the same period of the previous year. This was mainly due to the full operation of the Orta Nova plant (which entered into operation at the end of the first half of 2022), the photovoltaic plants that entered into operation in the first half of 2023 and the contribution from the asset swap operation concluded in the current half-year.

Most notably, in April 2023, Alerion Clean Power S.p.A. also completed the acquisition, within the scope of its transaction with RWE Renewables Italia S.r.l. (see press release

dated 21 April 2023), of the remaining 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., the owners of two wind farms, located respectively in the municipality of Anzi (Potenza), with an installed capacity of 16 MW, and in the municipality of San Basilio (Cagliari) with an installed capacity of 24.7 MW. The agreement with RWE also provided for the transfer of the minority interest in Andromeda Wind S.r.l., which owns a wind farm with a capacity of 26 MW.

Economic and financial results for the first half of 2023

Revenues for the first half of 2023 totalled €111.5 million down on the €141 million recorded in the first half of 2022. In particular, in the first half of 2023, **operating revenues** amounted to €86.4 million, down compared to the same period in 2022 (€138.4 million), mainly as a result of the sharp fall in market prices and in spite of the contribution made by the new plants, as described in the previous paragraph.

Gross operating margin (EBITDA) in the first quarter of 2023 was €88 million, compared with €126 million in the same period of 2022, and as stated above - despite the fall in electricity selling prices - reflects the increase in electricity production volumes of around 46 GWh compared with 2022 and the positive effects of the sale of the minority interest in Andromeda Wind S.r.l.. It should also be noted that as at 30 June 2023, the **result for companies consolidated using the equity method**, included in EBITDA, amounted to €2.1 million, down from €6.7 million in 2022.

Profit before tax was €59.8 million, down compared with the first half of 2022 when it was €96.9 million, mainly due to the decrease in energy prices.

Net result for the first half of 2023 was €50.5 million, up compared with the first half of 2022 (€44.7 million in the first half of 2022), after taxes for the period of approximately €9.3 million (€52.2 million in the first half of 2022).

In 2022, in addition to the effects for the period, taxes included €25.9 million relating to the measures adopted by the Government in Article 37 of Decree-Law No. 21 of 21 March 2022 (the "Price Cut Decree"), subsequently amended by Decree-Law No. 50 of 17 May 2022 (the "Aid Decree"), which had introduced a contribution by way of an

extraordinary solidarity levy (the “Levy on Excess Profits”) payable by companies operating in the energy sector.

The **Net Result attributable to the Group** was €50.1 million for the first half of 2023 (€43.1 million in the first half of 2022).

The **Net Result Attributable to Non-Controlling Interests** in the first half of 2023 amounted to €0.4 million (down compared with the 30 June 2022 figure of €1.6 million).

Group shareholders’ equity at 30 June 2023 was €301.7 million, up by €2.9 million compared with 31 December 2022, when it stood at €298.8 million. The change is mainly due to: i) the Group’s share of the net profit for the period of €50.1 million; ii) the negative change in the fair value of derivatives on bank project financing and commodity swaps involving the electricity selling price, after tax, of €8.8 million; iii) the distribution of dividends totalling €35 million, as per the resolution of 20 April 2023, and iv) the purchases of treasury shares in the amount of €3.6 million.

Financial indebtedness was €414.2 million as at 30 June 2023, up by €28.7 million compared with 31 December 2022, when it was €385.5 million. The change mainly reflects the investments made during the first six months in Romania and Italy, net of the operating cash flow generated in the period negatively affected by the decline in electricity prices.

Significant events after 30 June 2023 and business outlook

Significant events after 30 June 2023

There are no significant events to report after the end of the first half of 2023.

Business outlook

During 2023, the investment programme for the construction of new wind and photovoltaic plants will continue, particularly in Romania and Italy. The development of new renewable capacity will also continue, in order to increase the pipeline of projects in the Group’s various geographic areas of interest, not only in Italy and Romania, but also in Spain and the UK.

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

2024-2028 Business Plan

Today, the Board of Directors approved the updated Business Plan of the Alerion Group, extending the time horizon to the next five years (2024 - 2028).

Baseline scenario

The start of the war in Ukraine, just days after the approval of the 2022-2025 Business Plan, the negative effects on the gas market, resulting from the reduction in supplies from Russia and international speculation, the increase in inflation and interest rates, both characterised by unprecedented rapid growth, created exceptional instability in the global economic and energy scenario.

In 2022 there was an extraordinary and anomalous increase in the volatility of electricity prices, which increased the complexity of the energy market.

Energy prices have also fuelled problems that already exist in international supply chains, with a consequent impact on both logistics and the costs of investment in the renewable energy sector, which in recent months were only recently were gradually returning to normal.

Despite this particularly complex situation, in which the energy transition to renewable sources is becoming increasingly important globally, and despite the political commitment made at the beginning of 2022 to speed up the authorisation procedures for new plants, it is only recently that steps able to support the growth prospects of the sector have been taken towards simplification and acceleration in Italy.

Companies in the sector were also penalised by extraordinary and particularly onerous government measures (the last of which were approved by the Budget Law at the end of 2022), which increased the risk and uncertainty in the market, adversely affecting operators' ability to invest in new production facilities.

2024-2028 Business Plan

The update to the Group's Business Plan is therefore in the context of a profoundly changing and highly complex geopolitical and economic environment. For this reason, it was decided to proceed with this update in the first half of 2023, at a time when the phenomena of extreme volatility and elements of uncertainty in the reference market have begun to fade.

The time horizon of the Business Plan was also extended to the next five years, in order to better represent the strategy and positioning objectives of the Alerion Group in the renewable energy sector, which nevertheless continues to be characterised by sustained growth prospects in Italy and abroad.

2024-2028 Strategic lines

The new Business Plan, confirming the focus on the current countries with a geographical presence (Italy, Romania, Spain and Great Britain), in onshore wind and solar photovoltaic power, provides for the consolidation of a development platform that already benefits from a pipeline of renewable projects totalling approximately 7,000 MW, the result of the massive strengthening of development activities in recent years in all the geographical areas in which the Group has a presence, and that will allow it to support the path of growth planned for the next five years.

The strategic guidelines defined for the period 2024-2028 provide for an organic growth programme, through the implementation of two business models:

- the traditional, "*full ownership*" model, in which the new operating plants will be wholly owned by the Alerion Group,
- and the "*equity recycling*" model, which provides for the construction and management of new plants in joint ventures with third-party investors, both in Italy and abroad.

Investment programme and installed capacity

The investments planned for the period 2024-2028 total approximately €2.3 billion, to achieve an installed capacity of approximately 3 GW at the end of 2028, an increase of approximately 2.1 GW compared with the end of 2023.

Economic and financial objectives

In economic terms, the Plan objectives forecast consolidated EBITDA of around €300 million in 2025 and around €400 million in 2028.

Over the term of the Plan, the Group will have a solid financial structure capable of supporting growth in a sustainable manner, thanks to both the cash generation of operating plants and the financial resources produced by the *equity recycling* model.

The consolidated net financial position is expected to be approximately €1.2 billion at the end of 2028, with a NFP/EBITDA ratio that will remain constantly below 4x for the entire duration of the Plan.

This press release contains forward-looking statements that reflect the Group's current expectations with respect to future events and the Alerion Group's financial and operating results. These forward-looking statements are subject to risks and uncertainties, and therefore the actual results may differ significantly from those contained in these forecasts due to multiple factors, most of which are outside the Group's sphere of control, such as regulatory changes and fluctuations in electricity market prices.

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

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

Please note that the Consolidated Half-year Financial Report as at 30 June 2023, approved by the Board of Directors today, together with the Independent Auditors' report, will be available on request from the registered office, the NIS-Storage authorised storage mechanism at www.emarketstorage.com, on the Company's website at www.alerion.it and from Borsa Italiana S.p.A., within the time limits established by applicable legislation.

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CONSOLIDATED HALF-YEAR INCOME STATEMENT

(€'000)	I Half 2023	I Half 2022
Electricity sales	85,209	122,388
Feed-in tariff	1,167	16,025
Revenue	86,376	138,413
Other revenue and income	25,125	2,637
Total revenue and income	111,501	141,050
Operating costs		
Personnel expenses	4,867	2,386
Other operating costs	20,723	19,320
Accruals to provisions for risks	13	31
Total operating costs	25,603	21,737
Share of profits of equity-accounted investees	2,124	6,680
Amortisation and depreciation	25,467	20,809
Impairment losses/reversals of impairment losses	16,921	-
Total amortisation, depreciation and impairment losses	42,388	20,809
OPERATING PROFIT	45,634	105,184
Financial income	4,542	264
Financial expense	(13,205)	(8,552)
Net financial expense	(8,663)	(8,288)
Net gains (losses) on equity investments and other financial assets	22,876	18
PROFIT BEFORE TAX	59,847	96,914
Current	(13,326)	(47,909)
Deferred	4,018	(4,293)
Income taxes	(9,308)	(52,202)
PROFIT FOR THE PERIOD	50,539	44,712
Attributable to:		
Owners of the parent	50,120	43,114
Non-controlling interests	419	1,598
EARNINGS PER SHARE		
(€ per share)		
- Basic, considering the profit for the period 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

CONSOLIDATED HALF-YEAR STATEMENT OF COMPREHENSIVE INCOME

(€'000)	I Half 2023	I Half 2022
PROFIT FOR THE PERIOD (A)	50,539	44,712
Net hedging gains (losses)	(12,033)	19,622
<i>Related tax</i>	3,324	(5,122)
Net fair value gains/(losses) on cash flows hedges relating to equity-accounted investees	(166)	1,020
<i>Related tax</i>	40	(245)
Net gains/(losses) from fair value measurement of financial assets measured at fair value through other comprehensive income	87	-
<i>Related tax</i>	(24)	-
Post-tax other comprehensive income (expense) that can be reclassified subsequently to profit or loss (b1)	(8,772)	15,275
<i>Net actuarial gains (losses) on defined benefit plans (IAS 19)</i>	24	(3)
<i>Related tax</i>	(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 owners of the parent	41,365	58,387
Attributable to non-controlling interests	419	1,598
COMPREHENSIVE INCOME	41,784	59,985

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	30.06.2023	31.12.2022
NON-CURRENT ASSETS		
Intangible assets	265.311	197.791
Property, plant and equipment	581.831	543.380
Investments in joint ventures and associates	23.156	56.599
Loans and other non-current financial assets	10.572	8.005
Derivatives	8.019	9.643
Other non-current assets	1.157	1.215
Deferred tax assets	32.169	34.505
TOTAL NON-CURRENT ASSETS	922.215	851.138
CURRENT ASSETS		
Inventories	9.621	8.284
Trade receivables	14.083	27.405
Tax assets	3.863	3.089
Other current assets	39.237	31.702
Loans and other current financial assets	75.511	73.885
Derivatives	2.931	2.164
Cash and cash equivalents	236.485	226.609
TOTAL CURRENT ASSETS	381.731	373.138
TOTAL ASSETS	1.303.946	1.224.276

CONSOLIDATED HALF-YEAR STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

(€'000)	30.06.2023	31.12.2022
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	301.705	298.786
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	5.878	6.212
NON-CURRENT LIABILITIES		
Financial liabilities	656.300	649.526
Derivatives	-	-
Post-employment benefits and other employee benefits	1.261	1.180
Deferred tax liabilities	54.322	41.140
Provisions for future risks and charges	56.460	55.679
Other non-current liabilities	17.666	15.879
TOTAL NON-CURRENT LIABILITIES	786.009	763.404
CURRENT LIABILITIES		
Financial liabilities	69.999	38.598
Derivatives	2.794	-
Trade payables	54.929	45.571
Tax liabilities	65.135	59.060
Other current liabilities	17.497	12.645
TOTAL CURRENT LIABILITIES	210.354	155.874
TOTAL LIABILITIES	996.363	919.278
TOTAL EQUITY AND LIABILITIES	1.303.946	1.224.276