



Press release

The Board of Directors approves the consolidated financial statements and the draft financial statements at 31/12/2022

The 2022-2026 Strategic Plan and ESG Plan have been updated

The report on corporate governance and ownership has been approved

The Consolidated Non-Financial Statement has been approved

A dividend of EUR 1 per share has been proposed

Year 2022

Adjusted consolidated EBITDA¹: EUR 537 million, EUR 399 million in 2021 adjusted²

Adjusted net profit (loss) from continuing operations: EUR 216 million, EUR 127 million in 2021 adjusted

Fourth quarter 2022

Adjusted consolidated EBITDA: EUR 126 million, EUR 145 million in the fourth quarter of 2021 adjusted

Adjusted Group net profit: EUR 43 million, EUR 60 million in the fourth quarter of 2021 adjusted

Update of the 2022-2026 Plan

Confirmed growth of 2.2 GW in the RES portfolio, to reach 4.6 GW in 2026 and 5 GW in 2027, capital expenditure of EUR 3.5 billion and an EBITDA in 2026 of more than EUR 650 million. Dividend at EUR 1 per share sustainable over the Plan period

Strong growth in the RES portfolio from 2021 to date – The Group's installed capacity in wind and solar has grown by 927 MW from the beginning of 2021 to date (+526 MW in 2022), confirming ERG's execution capacity, both in M&A, which has contributed 60% approximately and in organic development with 40% approximately. ERG Group has now a presence in 9 European countries and has reached a total installed capacity of over 3 GW in wind and solar energy.

2022 Results – EBITDA at EUR 537 million, up by 35% as a result of the increase of 526 MW in installed capacity during the year, thanks to the contribution of the 228 MW of new wind capacity that gradually entered into operation abroad and to M&A transactions in the period for 298 MW, as well as the full contribution of plants commissioned or acquired in 2021. Net profit increased considerably in view of the better operating results and lower financial expense.

Clawback measures and windfall taxes – Urgent and temporary measures were introduced to contain the effects of price increases in the electricity sector in Italy and abroad, not included in the EBITDA as special items³, which had a total impact of approximately EUR 91 million gross for the Group, of which approximately EUR 63 million in Italy alone.

Increase in capital expenditure – In 2022, ERG invested EUR 946 million, demonstrating the Group's strong

¹ In order to facilitate an understanding of the operating segments' performance, the operating results are shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "adjusted". A definition of the indicators and the reconciliation of the amounts involved are provided in the "Financial Statements and Alternative Performance Indicators" section of this document.

² Note that the comparison of the results of financial year 2022 with those of the corresponding period of 2021 is significantly affected by the considerable transformation of the Group's portfolio. Therefore, in order to facilitate the understanding of the performance of the two periods and in consideration of the new pure "Wind & Solar" model, the adjusted 2021 comparative figures have been restated indicating in the line "Profit (loss) from assets held for sale" the contribution of the hydroelectric and thermoelectric business, in application of IFRS 5. A definition of the indicators and the reconciliation of the amounts involved are provided in the "Financial Statements and Alternative Performance Indicators" section of this document.

³ significant income components of an unusual nature

commitment to growing its RES portfolio both in Italy and abroad. Investments were made 25% in solar and the remaining in wind assets.

2023 Guidance: For 2023, EBITDA, net of clawback measures, is estimated in the range between EUR 500 and EUR 550 million, up from 2022 (EUR 502 million net of clawback), and investments are expected to be in the range of EUR 400-500 million. The financial structure is strengthened, with net financial indebtedness expected to be in the range between EUR 1,300 million and EUR 1,400 million (EUR 1,432 million at the end of 2022), including the distribution of the ordinary dividend of EUR 1 per share.

Update of the 2022-2026 ESG plan – ERG's sustainable strategy, increasingly at the heart of its business model, has been rewarded through upgrades and confirmations in the main international ratings, where ERG is confirmed in the Top Tier. The Consolidated Non-Financial Statement has been approved and the Executive Summary including our approach to Sustainability has been published. The ESG strategy is confirmed with even more challenging goals to continue the path towards a “Just Transition”.

Update of the 2022-2026 industrial plan – In light of the changed scenario characterized by high prices and volatility, the Board of Directors of ERG has approved an update of the plan targets up to 2026, confirming the strategic guidelines of the 2022-2026 plan. The 4.6 GW target of installed capacity in 2026, which may become 5 GW in 2027, has been confirmed. Expected EBITDA of over EUR 650 million in 2026, 85-90% of a quasi-regulated nature. Capital expenditure in the 2022-2026 period are expected to be around EUR 3.5 billion, of which EUR 946 million has already been invested in 2022.

Asset Rotation: asset rotation strategy to become a pure renewable player confirmed, through the relaunch of the sale of the thermoelectric business.

Financial Strategy: Net financial indebtedness forecast at EUR 2.3 billion in 2026 and maintenance of a solid and sustainable financial structure consistent with the Investment Grade rating and a NFP/EBITDA ratio of up to 4 times over the period of the plan.

Dividend Policy: annual dividend increased to EUR 1 per share, sustainable over the period of the plan.

Genoa, 15 March 2023 – The Board of Directors of ERG S.p.A. approved the update of the 2022-2026 Industrial Plan and ESG Plan, the 2022 financial statement, the report on corporate governance and ownership, the consolidated non-financial statement and the report on remuneration policy and compensation paid.

Adjusted consolidated financial results

IV Quarter			Key economic data (EUR million)	Year		
2022	2021	% change		2022	2021	% change
126	145	-13%	EBITDA	537	399	35%
64	92	-31%	Operating profit (EBIT)	308	198	56%
43	60	-29%	Profit (loss) from continuing operations	216	127	71%

	31/12/2022	31/12/2021	Change
Net financial indebtedness continuing operations (EUR million)	1,434	2,051	617
Leverage⁴	41%	57%	

⁴ Ratio of total net financial indebtedness (including project financing) to net invested capital.

Paolo Merli, Chief Executive Officer of ERG commented: “We are very satisfied with the performance registered in 2022, which took place in a high price volatility scenario affected by pressure on the supply chain and extraordinary regulatory measures. The Group has once again demonstrated its industrial and financial resilience with strongly increased operational results, driven by increased installed capacity, and with a solid financial structure, despite significant investments, ready to support future growth.

In this context of international crisis and extreme volatility ERG, with over 3 GW of installed RES capacity to date and a solid wind and solar pipeline of almost 4 GW is even more determined to play a leading role in the energy transition and in the fight against climate change. We confirm the target of reaching 4.6 GW of installed capacity by 2026 with an expected EBITDA of over EUR 650 million. Challenging but visible targets, with many projects in advanced stages of development or under construction”.

The Board of Directors proposes to the Shareholders' Meeting, which will be convened for 26 April 2023 on first call and, if necessary, for 27 April 2023 on second call, the distribution of a dividend equal to EUR 1 per share which will be paid as from 24 May 2023 (payment date), with an ex-dividend date as from 22 May 2023 (ex date) and record date of 23 May 2023.

The Company has decided to make use of the option introduced by Italian Decree Law no. 18 of 17 March 2020 containing “Measures to strengthen the National Health Service and economic support for families, workers and businesses connected to the COVID-19 epidemiological emergency” (converted, with amendments, by Italian Law no. 27 of 24 April 2020, and most recently extended by Article 3, paragraph 10-undecies, of Italian Decree Law no. 198 of 29 December 2022, converted, with amendments, by Italian Law no. 14 of 24 February 2023), providing that (i) the Shareholders may attend the Shareholders' Meeting exclusively through the Designated Representative; (ii) the management and control bodies of the Company, as well as the Designated Representative, may participate in the Shareholders' Meeting by means of telecommunication which guarantee the identification of the participants, their participation and the exercise of the right to vote, without in any case the need for the Chairman and the secretary taking the minutes to be in the same place.

2022-2026 BP – Results to date

Since 2021, the Group's wind and solar installed capacity has increased by 927 MW, confirming ERG's execution capacity, both in M&A, which has contributed 60% and in organic development with 40%. ERG has reached a total installed capacity of over 3 GW with a well-balanced mix in wind and solar energy and a presence in 9 European countries.

During 2022, the Group's installed capacity in Wind and Solar power increased by 526 MW of which:

- **Organic Development:** wind farms built and gradually entered into operation during the year for a total of 228 MW and broken down as follows:
 - o 86 MW in the UK;
 - o 62 MW in Sweden;
 - o 61 MW in Poland;
 - o 20 MW in France;
- **M&A** for a total of 298 MW, broken down as follows:
 - o 126 MW of solar power in Italy (34 MW) and Spain (92 MW);
 - o 172 MW of new wind power in Italy.

In 2022, significant progress was also made in the repowering and green field projects in Italy with approximately 100 MW authorised and awarded at auction. The target of “securing revenues” has also been implemented through the signing of long-term contracts for around 0.5 TWh in the United Kingdom and in Italy through the 12-year agreement with Luxottica, for around 0.9 TWh of green energy that will be produced by the Partinico-Monreale wind farm, ERG's first to complete repowering operations.

Update of the 2022–2026 Business Plan

A crisis unprecedented in size and severity hit the energy system in 2022. The effects of the war in Ukraine, the rise in global inflation and the squeeze on gas supplies from Russia, contributed to the extreme volatility of energy prices.

The energy transition towards renewable energies therefore becomes fundamental, first and foremost to combat climate change, the effects of which are becoming increasingly dramatic, but also to stabilise prices for consumers and increase the security of energy supply. A number of extraordinary and shortsighted government measures, such as the price cap and extra taxes on renewable profits, have, however, created a perception of regulatory risk and unprecedented management complexity in the energy sector, undermining operators' ability to invest in the energy transition.

In the face of this changed context, ERG's Board of Directors approved an update of the plan targets for 2026, confirming the strategic guidelines defined for the period 2022-2026, strengthening the strategy for growth in Wind & Solar through a policy of geographical and technological diversification and the gradual securing of revenues.

RES Portfolio Growth

ERG confirms its 2026 target of reaching an installed capacity of 4.6 GW and the ambition of reaching **5 GW in 2027**, with an increase of 2.2 GW in the period 2022-2026, of which 526 MW already reached in 2022 and around 1,7 GW to be installed in the period 2023-26, through:

- projects entered into operation in the first quarter of the year or currently under construction in the UK and Repowering in Italy: +0.4 GW;
- repowering projects in wind in Italy and abroad: +0.1 GW (on a differential basis);
- greenfield projects in wind and solar: +0.4 GW;
- M&A transactions for approximately +0.8 GW.

Geographic and technological diversification:

ERG's diversification strategy is proceeding as planned, with 9 countries in Europe reached, and the expansion into new geographies such as Spain and Sweden. As for the technological diversification, the Group's strategic focus on solar energy continues, with a target of reaching 25% solar capacity by 2026.

Investments and EBITDA

EBITDA in 2026 is expected to be greater **than EUR 650 million**, 85-90% quasi regulated, thanks to long-term energy sale contracts at pre-established prices (PPAs, Power Purchase Agreements) and government CfD systems.

Capital expenditure allocated for the period 2022-2026 rose from approximately EUR 2.9 billion to EUR **3.5 billion**, of which EUR 0.9 billion already made in 2022. The increase with the same total MW is attributable to the acquisitions made in 2022 of high-quality assets with a higher cost per MW and with a better expected cash generation, as well as higher construction costs per MW in light of the changed market context (so-called *greeninflation*).

Financial Strategy

Indebtedness at the end of 2026 will be **EUR 2.3 billion**, compared to EUR 1.43 billion at the end of 2022. ERG has a solid financial structure capable of supporting its sustainable growth, always with the goal of maintaining the Investment Grade BBB- rating (Fitch).

Innovation

As a leader in the renewable energy sector, ERG is continuously evaluating new business opportunities and seeking to explore innovative technologies that can contribute to the growth of the RES market. The Group is currently pursuing energy storage projects and evaluating opportunities in floating offshore wind.

Asset rotation:

ERG plans to complete the valuation process of its conventional assets and relaunch the sale of the Priolo CCGT, which will enable the Group to finalize its transformation into a pure RES business model.

Dividend Policy

In view of the Group's financial strength, and also as a result of the resources deriving from disposals, as well as the positive growth prospects, the Business Plan envisages an increase in the dividend from EUR 0.90 to EUR 1 per share over the period of the plan.

ESG strategy - Update of the ESG Plan 2022-2026:

ERG's ESG strategy is increasingly integrated into the Group's business model, with more ambitious objectives to achieve a "Just Transition". The strategy is based on four pillars: Planet, Engagement, People, and

Governance. ERG aims to continue to be a responsible and sustainable player in the renewable energy sector.

The 2022-2026 ESG plan sets out 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to guaranteeing a tangible contribution to the creation of value over time for all our stakeholders and reaching 14 of the 17 SDGs established by the United Nations, incorporated in the management's short and long-term incentive system.

In 2022, we made significant progress along the path outlined by the ESG plan and the results achieved are in line with the objectives defined in the ESG Plan and also included in the short-term incentive system.

Change in business scope during the year

- **Hydroelectric**

On 3 January 2022, ERG finalised an agreement with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l. The transaction was concluded in line with what was announced on 2 August 2021.

- **Solar – Valentia**

On **31 January 2022**, ERG acquired from GEI Subasta 1 SA 100% of the capital of two Spanish project companies owning two operational solar plants located in southern Spain in the regions of Castilla de la Mancha and Andalusia, of 50.0 MW and 41.6 MW respectively.

The plants were commissioned in early 2020, having participated in the auctions regulated by Italian Royal Decree No. 359 of 2017 and have an estimated total annual production of 188 GWh, equal to over 2,050 equivalent hours/year, one of Europe's highest, corresponding to 110 kt of CO₂ emissions avoided every year.

The consideration for the transaction amounts to EUR 96 million (asset value).

It should be noted that the newly acquired Spanish companies have been consolidated on a line-by-line basis starting from 1 January 2022.

- **Solar – Siena Project**

On **7 July 2022**, ERG finalised the acquisition from ABN AMRO Sustainable Impact Fund PE B.V. of 100% of the capital of MP Solar B.V., owner, through seven Italian companies, of eighteen operational photovoltaic plants. The plants, with a total installed capacity of 33.8 MW and a total annual output of 46 GWh, came into operation between the end of 2010 and 2011 and benefit from the tariff regime under the so-called Feed-in Tariff (II, III and IV).

The transaction fee in terms of enterprise value at 31 December 2021 was approximately EUR 128 million, and the 2021 EBITDA was EUR 17 million.

It should be noted that the newly acquired photovoltaic companies have been consolidated on a line-by-line basis starting from 1 July 2022.

- **Wind – Donatello Project**

On **9 September 2022**, ERG acquired from EDP Renewables Italia Holding S.r.l. the entire share capital of seven companies, owners of seven wind farms located in Italy. The plants, with a total installed capacity of 172 MW and a total annual output of approximately 400 GWh, benefit from a "CfD" (contract for difference) tariff regime with the GSE for a duration of 20 years starting from their entry into operation, which took place between 2018 and the end of 2021.

The transaction fee in terms of enterprise value at 31 December 2021 was approximately EUR 420 million, and EBITDA for the first half of 2022 was approximately EUR 36 million.

It should be noted that the newly acquired wind companies have been consolidated on a line-by-line basis starting from 1 August 2022.

Furthermore, during 2022, two wind farms entered into operation in the United Kingdom for a total capacity of 86 MW, as did two wind farms in France for a total capacity of 27 MW, two wind farms in Poland for a total of 61 MW and one wind farm in Sweden for 62 MW. All were developed and built internally by the Group.

Comments on the performance for the period

It should be noted that the adjusted results do not include the effects of the transitory measures (claw-back) introduced during the period in various countries that involve refunds with an estimated negative impact - pending clarification of the applicability - of approximately EUR 15 million on the gross operating margin and approximately EUR 30 million on the net income of the continuing operations perimeter.

Fourth Quarter

In the fourth quarter of 2022, **adjusted revenues** amounted to EUR 187 million, down by EUR 33 million compared to the fourth quarter of 2021 adjusted (EUR 219 million), mainly due to lower sales prices and lower volumes recorded in the period in Italy and East Europe compared to the particularly high levels of the fourth quarter of 2022. These negative results are partly mitigated by the contribution deriving from the recent acquisitions in Italy⁵ and the full contribution of the capacity that entered into operation at the end of 2021, in addition to the acquisitions made in solar abroad and the entry into operation of the plants developed internally and gradually becoming operational throughout the year. Output amounted to 1.3 TWh, up by 5% (65 GWh) compared to the same period of 2021, due to the consolidation of the new scope. In Italy, unit revenues in the quarter are down, since a large part of generation is solid at pre-set prices through agreements stipulated in previous years, and there is a significant decrease in the unit value of the incentive. The effect of the higher prices mainly affected France and Germany due to the financial agreements stipulated during the year at prices higher than those recorded on the market.

Adjusted EBITDA⁶, net of special items, came to EUR 126 million, down EUR 19 million from the EUR 145 million recorded in the fourth quarter of 2021 adjusted. In summary:

ITALY

- **Wind (EUR -52 million):** EBITDA of EUR 46 million, down compared to the fourth quarter of 2021 adjusted (EUR 98 million) as a result of the lower volumes recorded in the period compared to the high wind levels of the same period of 2021 (529 GWh in the fourth quarter of 2022, of which 91 GWh from the new wind farms compared with 625 GWh in 2021), partly offset by the contribution of EUR 12 million from the newly acquired wind assets (172 MW), consolidated on a line-by-line basis as from 1 August. The price effect was down compared to the fourth quarter of 2021 due to the lower value of the incentive at the same market prices.
- **Solar (EUR +2 million):** EBITDA of EUR 10 million, up compared to the fourth quarter of 2021 adjusted (EUR 8 million) due to the acquisition of 34 MW, consolidated from 1 July, with an impact in the quarter of EUR 3 million. The result is partly reduced by slightly lower volumes (38 GWh in the fourth quarter of 2022, of which 9 GWh deriving from new wind farms compared to 30 GWh in 2021). The price scenario effect, net of hedging derivatives and the scope effect, was neutral.

ABROAD

- **Wind (EUR +30 million):** EBITDA of EUR 77 million, up from the fourth quarter of 2021 adjusted (EUR 47 million) due to the full contribution of the wind farms energised at the end of 2021 and in the course of 2022, in addition to the effect of the better prices captured in some geographic areas partly offset by the lower wind levels experienced in East Europe.
- **Solar (EUR +1 million):** EBITDA of EUR 2 million in the fourth quarter of 2022 thanks to the full contribution of the farms acquired in Spain (92 MW) in January 2022.

Overall, the scope effect of the fourth quarter linked to the plants acquired or entered into operation from the end of 2021 amounted to EUR 28 million.

Adjusted EBIT amounted to EUR 64 million (EUR 92 million in the fourth quarter 2021 adjusted) after depreciation and amortisation of EUR 63 million, up compared to the fourth quarter 2021 (EUR 53 million) mainly as a result of the full contribution of the new internally developed wind farms that came into operation in the United Kingdom and Poland, in addition to the contribution of the wind and photovoltaic assets acquired during 2022 in Italy and abroad, only partly offset by lower depreciation due to the end of the useful life of

⁵ It should be noted that the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) are consolidated on a line-by-line basis as of 1 July 2022, while the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) are consolidated on a line-by-line basis as of 1 August 2022.

⁶ Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to approximately EUR 3 million, as well as other negative effects of special items for approximately EUR 17 million. The adjusted EBITDA does not include the contribution of the thermoelectric business, given that it is in the process of being sold and has been reclassified to the item "Profit (loss) from assets held for sale".

some components of wind farms in Italy.

The **adjusted net profit (loss) from continuing operations** amounted to EUR 43 million, down compared to 2021 adjusted (EUR 60 million) in consideration of the aforementioned operating results and lower financial expense, which were reduced as a result of the full contribution of the liability management operations carried out in 2021, only partly offset by a scope effect following the acquisitions in 2022. It should be noted that the item does not include the impact (EUR -10 million, net of the related tax) of the price cap regulations in Europe (clawback), the effects of the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) (expense of EUR 1 million, net of the related tax), the impact deriving from the Extraordinary Contribution in Italy for EUR 19 million; these items, of an extraordinary and temporary nature, totalling EUR 30 million, have been isolated as special items.

Adjusted profit attributable to the owners of the parent, also including the contribution of ERG Power S.r.l.⁷, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 42 million, down compared to the 2021 result (EUR 72 million), in view of the already discussed improved operating results and lower financial expenses.

The Group's net result was EUR -80 million, down compared to the positive EUR 72 million in 2021 adjusted. The result includes primarily the impairment of the wind assets subject to repowering (equal to approximately EUR 14 million) and the photovoltaic assets subject to revamping (EUR 16 million), the impairment of the CCGT in the process of being sold (EUR 66 million), the aforementioned effects linked to the urgent tax measures regarding the containment of energy prices (clawback) (equal to EUR 20 million in Italy⁸ and EUR 10 million Abroad) and the contribution of ERG Power S.r.l., owner of the CCGT plant, reclassified under "assets held for sale".

Year 2022

It should be noted that the adjusted results do not include the effects of the transitional measures (clawback) introduced during the period in various countries that involve returns with a negative impact that can be estimated – awaiting application clarifications – at around EUR 35 million on the gross operating margin and around EUR 83 million on the net profit of continuing operations.

In 2022, **adjusted revenue** amounted to EUR 749 million, an increase of EUR 148 million compared to 2021 adjusted⁹ (EUR 601 million), mainly due to the ¹⁰recent acquisitions in Italy and the full contribution of the capacity installed during the previous year, as well as the acquisitions completed abroad and the entry into operation of the farms developed internally and entered into operation gradually throughout the year. Generation amounted to 5.0 TWh, up by 19% (0.8 TWh) compared to 2021, as a result of the volumes deriving from the greater capacity. The higher market prices only partially affected the results as the group adopts a hedging policy that provides for sales through fixed rates, PPAs under pre-established conditions and financial hedging agreements. Higher prices had an effect abroad, especially in Germany and East Europe, depending on their specific incentive mechanisms. In Italy, unit revenues are down slightly compared with 2021, since a large part of generation is sold at pre-set prices through contracts stipulated in previous years, while there is a significant decrease in the unit value of the GRIN incentive.

Adjusted EBITDA¹¹, net of special items, came to EUR 537 million, up EUR 138 million from the EUR 399 million recorded in 2021 adjusted. In summary:

ITALY

- **Wind (EUR -25 million):** EBITDA of EUR 218 million, down compared to 2021 adjusted (EUR 243 million) as a result of the lower volumes recorded due to lower wind speeds (2,062 GWh in 2022 of which 145 GWh deriving from new assets compared to 2,078 GWh in 2021) and the lower prices captured, partly offset by the contribution of the newly acquired wind assets, consolidated on a line-by-line basis from 1 August (EUR 34 million). Net of the scope effect captured sales prices were lower than the previous year since the price scenario effect was offset by the lower value of the incentive (43 EUR/MWh compared to 109 EUR/MWh

⁷ Note that the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business.

⁸ The amount indicated includes EUR 4 million relating to the thermoelectric business.

⁹ It should be noted that following the significant Asset Rotation process undertaken by the Group, the comparative data for 2021 do not include the contribution of the hydroelectric business, sold in January 2022, and the thermoelectric business, held for sale.

¹⁰ It should be noted that the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) are consolidated on a line-by-line basis as of 1 July 2022, while the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) are consolidated on a line-by-line basis as of 1 August 2022.

¹¹ Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to approximately EUR 12 million, as well as other negative effects of special items for approximately EUR 42 million. It should also be noted that the adjusted EBITDA does not include the contribution of the thermoelectric business (EUR 57 million), held for sale and reclassified to the item "Profit (loss) from assets held for sale".

in 2021) and hedging derivatives.

- **Solar (EUR +12 million):** EBITDA of EUR 77 million, up compared to 2021 adjusted (EUR 65 million) mainly due to the higher installed capacity (34 MW) following the acquisition of 18 photovoltaic plants, consolidated from 1 July and due to the higher volumes recorded (250 GWh in 2022, of which 23 GWh deriving from the consolidation of the new assets compared to 216 GWh in 2021). The price scenario effect, net of hedging derivatives, was essentially neutral.

ABROAD

- **Wind (EUR +129 million):** EBITDA of EUR 244 million, up on 2021 adjusted (EUR 115 million) due to the full contribution resulting from the scope increase in 2021 in the UK, France and Germany, as well as the better prices captured and the higher wind level experienced in East Europe and Germany. In addition, the results benefit from the gradual contribution of the 229 MW of new installed capacity in 2022.
- **Solar (EUR +22 million):** EBITDA of EUR 23 million thanks to the contribution across the entire year of the farms consolidated in France (79 MW) in the second half of 2021 and the new farms acquired in Spain (92 MW) in January 2022.

Overall, the scope effect linked to the new operating MW is EUR 118 million due to the full contribution of the new plants that entered into operation or were acquired in 2021, as well as the acquisitions and energisations carried out in 2022.

It should be noted that the total gross operating profit (EBITDA) is impacted by the electricity price hedging policies implemented in line with the Group's risk policies.

Adjusted EBIT amounts to EUR 308 million (EUR 198 million in 2021 adjusted) after depreciation and amortisation of EUR 229 million, up compared to 2021 (EUR 201 million) mainly as a result of the full contribution of the new internally developed wind farms that have come into operation in the United Kingdom, France and Poland, as well as the significant contribution of wind and photovoltaic assets acquired during 2022 in Italy and abroad, only partly offset by lower depreciation due to the end of the useful life of some components of wind farms in Italy.

The **adjusted net profit (loss) from continuing operations** amounted to EUR 216 million, a significant increase compared to 2021 adjusted (EUR 127 million) in consideration of the aforementioned operating results and lower financial expense, which were reduced as a result of the full contribution of the liability management operations carried out in 2021, only partly offset by a scope effect following the acquisitions in 2022. It should be noted that the item does not include the impact (EUR -23 milioni, net of the related tax) of the price cap regulations in Europe (clawback), the effects of the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) (expense of EUR 5 million, net of the related tax), the impact deriving from Article 37 of Italian Decree Law no. 21/2022 in Italy equal to approximately EUR 37 million and the Extraordinary Contribution in Italy for EUR 19 million; these items, of an extraordinary and temporary nature, totalling EUR 83 million, have been isolated as special items.¹²

Adjusted profit attributable to the owners of the parent, also including the contribution of ERG Power S.r.l.¹³, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 232 million, significantly higher than the 2021 result (EUR 202 million), in view of the already discussed improved operating results and lower financial expenses.

Profit attributable to the owners of the parent is EUR 379 million, an increase compared to EUR 173 million in 2021 adjusted. The result includes primarily the net capital gain recognised following the sale of the Terni hydroelectric complex on 3 January 2022 (equal to approximately EUR 324 million), as well as the impairment of the wind assets subject to repowering (equal to approximately EUR 14 million) and the photovoltaic assets subject to revamping (EUR 16 million), the impairment of the CCGT in the process of being sold (EUR 66 million), the costs related to the liability management operations carried out in 2022 (equal to approximately EUR 2 million), the aforementioned effects linked to the urgent tax measures regarding the containment of energy prices (clawback) (equal to EUR 65 million in Italy¹⁴ and EUR 23 million Abroad) and the contribution of ERG Power S.r.l., owner of the CCGT plant, reclassified under "assets held for sale".

¹² This impact is calculated on the basis of a rate equal to 25% for the period between 1 October 2021 and 30 April 2022. The amount shown considers the scope of the continuing operations, therefore not including an additional EUR 4 million related to the thermoelectric business, recognised in discontinued operations, which is in the process of being sold.

¹³ Note that the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business.

¹⁴ The amount indicated includes EUR 4 million relating to the thermoelectric business.

Adjusted net financial indebtedness of “continuing operations” totalled **EUR 1,434 million**, down (EUR -617 million) compared to 31 December 2021 (EUR 2,051 million). The change mainly reflects the proceeds from the sale of the Terni hydroelectric complex (EUR 1,265 million) and the positive cash flow for the period (EUR 523 million¹⁵), partly offset by the acquisitions in Italy, Spain and the UK (EUR 638 million), capital expenditure for the period (EUR 307 million), the dividends distributed to shareholders (EUR 139 million), the payment of taxes (EUR 92 million)¹⁶ and the change of the consolidation scope with the exit of the hydroelectric and thermoelectric businesses, the latter reported under discontinued operations. It should be noted that ERG Power S.r.l., owner of the CCGT plant, has a cash position at 31 December 2022 equal to EUR 98 million. It should also be noted that the indebtedness at the end of the period reflects the negative fair value of commodity futures of roughly EUR 153 million (EUR 344 million at 31 December 2021). Adjusted financial indebtedness is presented net of the effects deriving from the application of IFRS 16, therefore excluding the discounting of future lease payments of EUR 157 million at 31 December 2022.

Capital Expenditures

4th quarter		Million euro	Year	
2022	2021		2022	2021
56	3	Italy	653	18
1	65	France	11	220
0	150	Germany	1	151
52	23	UK	123	123
4	0	Spain	100	0
2	12	Sweden	36	57
2	12	East Europe	20	47
2	2	Corporate	3	3
123	267	Totale investments	946	617

In 2022, capital expenditure totalled EUR 946 million (EUR 617 million in 2021 adjusted) and refers mainly to the acquisition of solar farms (EUR 115 million) and wind farms (EUR 396 million) in Italy and solar farms in Spain (EUR 100 million) in January 2022, to the acquisition of a company holding permits for the construction and operation of a wind farm in Northern Ireland (EUR 27 million) and to organic development activities (EUR 282 million compared to EUR 215 million in 2021 adjusted), in particular in relation to the completion of the wind farms in the UK for approximately 179 MW (of which 50 MW became operational at the end of October and 36 MW in mid-December), Poland for 61 MW (of which 24.5 MW became operational in June and 36 MW in October), France for 20 MW (which became operational in June) and Sweden for 62 MW (which became operational at the end of November), and to the start of the construction in Italy for 47 MW Greenfield and Repowering on Italian plants for approximately 193 MW of new wind capacity. In solar Italy, plant revamping activities continue (EUR 15 million), aimed at ensuring greater plant efficiency. In addition, investments continue in the ICT area and in minor maintenance projects.

In the fourth quarter of 2022, investments amounted to EUR 123 million (EUR 267 million adjusted in the fourth quarter of 2021) and mainly related to the acquisition of a company owning the building and operating permits of a wind farm in Northern Ireland (EUR 27 million), and the progress and completion of organic development activities, particularly the construction of wind farms in Scotland for around 179 MW, Poland for 36 MW, and Sweden for 62 MW. The activities also include the construction activities in Italy for 47 MW of Greenfield capacity and repowering of Italian wind farms for approximately 193 MW of new wind capacity. In Italy, revamping activities for solar plants continue, aimed at ensuring greater efficiency.

Operating data

Fourth quarter 2022

Italy

In the fourth quarter of 2022, electricity production in Italy amounted to 567 GWh, of which 529 GWh from wind power and 38 GWh from photovoltaic plants, down compared to the same period of 2021 (655 GWh, of which 625 GWh from wind power and 30 GWh from solar plants), due to the lower wind level compared to the high

¹⁵ Includes the adjusted EBITDA, the change in working capital and net financial income (expense).

¹⁶ The amount includes the payment of the deposit pursuant to Article 37 of Italian Decree Law no. 21/2022 equal to approximately EUR 39 million, as well as payments of direct taxes.

level recorded in the same period of 2021 (-30%) despite the scope deriving from the acquisitions of wind and solar plants during the year (100 GWh).

Abroad

In the fourth quarter of 2022, electricity output abroad amounted to 763 GWh, of which 725 GWh from wind power and 38 GWh from photovoltaic plants, up compared to the same period of 2021 (596 GWh from wind power alone and 23 GWh from solar plants) due to the increase in the scope resulting from the plants that entered into operation at the end of 2021 and during 2022 (113 GWh) and the acquisition of solar in Spain (26 GWh), partly offset by the lower wind levels during the period.

Year 2022

ITALY

In 2022, electricity output in Italy amounted to 2,312 GWh, of which 2,062 GWh from wind power and 250 GWh from photovoltaic plants, a slight increase compared to 2021 (2,295 GWh, of which 2,078 GWh from wind power and 216 GWh from solar power), due to the scope effect deriving from the acquisitions of wind and solar plants in the second half of the year (+168 GWh) and the better sunlight conditions (+5%), partly offset by the lower wind levels (+6%).

Revenue recorded in 2022 is up due to the contribution of the solar and wind companies acquired in the third quarter of 2022, as well as the higher photovoltaic output in Italy, while higher market prices are more than offset by hedges carried out in line with group risk policies and by a lower unit value of the GRIN incentive (from 109.4 to 42.9 EUR/MWh).

In light of this context for ERG the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 134 EUR/MWh, down compared with 2021 (149 EUR/MWh in 2021), as a result of the aforementioned lower value of the GRIN incentive and hedging. It should be noted that a significant portion of the volumes in 2021 were recorded in the fourth quarter, and therefore characterised by very high market prices in addition to the aforementioned higher GRIN incentive price.

Net unit revenues relating to photovoltaic plants amounted to 346 EUR/MWh (335 EUR/MWh in 2021), up due to the newly acquired solar farms not subject to hedging.

Adjusted EBITDA in Italy in **2022** amounted to EUR 295 million, a decrease compared to 2021 (EUR 308 million), for the same reasons relating to revenue.

Depreciation and amortisation for the period was up compared to 2021 adjusted due to the contribution of the newly acquired wind farms and photovoltaic plants in 2022, only partly offset by the lower depreciation and amortisation due to the end of the useful life of some components of the wind farms.

Capital expenditure

Capital expenditure **in 2022 (EUR 653 million)** refers mainly to the acquisitions of wind and solar farms in the third quarter of 2022, to the start of construction of the Roccapalumba plant (47 MW) and to the repowering activities (193 MW) on the Camporeale, Partinico-Monreale, Mineo-Militello and Vizzini plants in addition to the usual maintenance aimed at further increasing the efficiency of the plants. In Solar, the revamping of the plants has begun, aimed at ensuring greater efficiency of the same.

ABROAD

France

In 2022, **electricity output in France** amounted to **1,076 GWh**, of which 982 GWh from wind sources and 94 GWh from photovoltaic plants, an increase compared to 2021 (889 GWh) due to the scope effect (+221 GWh) deriving from the acquisition of wind and solar plants consolidated between June and October 2021 and from the entry into operation of two internally developed farms. This scope effect is partially offset by the lower wind speeds encountered in the period.

The **revenue** recorded in **2022** was up due to the change in the scope of consolidation mentioned above, partly offset by the lower output recorded.

Net unit revenue from wind power in France for 98 EUR/MWh is up compared to 2021 (88 EUR/MWh) due to market installations following the exit from the incentive period, while net unit revenue from photovoltaic installations totalled 96 EUR/MWh, up compared to 2021 due to a different mix of generation with different tariffs.

Adjusted EBITDA in France in 2022 amounted to EUR 63 million, an increase compared to 2021 (EUR 45 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period increased compared to 2021 adjusted due to the contribution of the wind and solar farms acquired during the second half of 2021.

Capital expenditure

Capital expenditure in 2022 (EUR 11 million) mainly refers to the development and construction of a new wind farm that came into operation in June (20 MW).

Germany

In 2022, **electricity output in Germany** amounted to **556 GWh**, an increase compared to 2021 (428 GWh) due to the better wind conditions encountered in the period and the scope of the first nine months arising from the acquisition of consolidated wind farms in October 2021 (+80 GWh), as well as higher prices captured as a result of market prices above the incentivised tariffs.

Revenue recorded in 2022 was up compared to 2021, due to the aforementioned better wind conditions, the increase in energy sale prices and the scope of the farms acquired in 2021.

Net unit revenue from wind power in Germany, equal to 172 EUR/MWh, was significantly higher than in 2021 (112 EUR/MWh), as the incentive mechanism benefited from the increase in the market price scenario above the contractual minimum threshold.

Adjusted EBITDA in Germany in 2022 amounted to EUR 72 million, a significant increase compared to 2021 (EUR 28 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period increased compared to 2022 due to the contribution of the wind farms acquired during the second half of 2021.

Capital expenditure

Capital expenditure in 2022 relates to maintenance activities aimed at ensuring the continued high efficiency of the plants.

UK and Sweden

In **2022**, **electricity output** in the UK and Sweden amounted to **226 GWh** and mainly refers to the wind farms developed internally and entered into operation at the end of 2021 in Northern Ireland (70 MW), in addition to the first contributions deriving from the plants that entered into operation between the end of October and December in Scotland (86 MW) and Sweden (62 MW).

Revenues recorded in **2022** amounted to EUR 34 million with net unit revenues amounting to 150 EUR/MWh in 2022, mainly attributable to sales in Northern Ireland made through a PPA. Furthermore, starting from the end of the year, revenues begin to include the first sales in Scotland and Sweden;

Adjusted EBITDA in the UK and Sweden in **2022** stood at EUR 24 million, for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** relates to the construction activities of wind farms in Scotland, for approximately 179 MW, which are expected to come into operation between late 2022 and early 2023, and in Sweden, for 62 MW, which came into operation at the end of 2022.

Spain

In **2022**, **electricity output** in Spain amounted to 171 GWh and related to the solar plants acquired in January 2022 (92 MW).

Revenue recorded in **2022** amounted to EUR 22 million, with unit net revenue amounting to 126 EUR/MWh as production is actually exposed to market prices.

Adjusted EBITDA in Spain in **2022** amounted to EUR 18 million, for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** refers to the acquisition of the two solar farms in January.

East Europe

In **2022**, **electricity output** in East Europe amounted to 615 GWh, an increase compared to 2021 (546 GWh) due to the better wind conditions encountered in the first nine months of the year, as well as the commissioning of two internally developed wind farms in Poland (24.5 MW in June and 36 MW at the end of October).

Revenue recorded in **2022** was up compared to 2021, due to the aforementioned better wind conditions and the increase in energy sale prices.

Average net unit revenues in East Europe, which include the certificate that is added to the price of energy, amounted to 169 EUR/MWh, up sharply compared to 2021 (119 EUR/MWh), following the increase in the scenario particularly in the first nine months of the year. Indeed, it should be noted that starting from 1 October, the measures introduced by the Romanian government to combat high energy prices (windfall tax) require our plants to sell at 450 lei/MWh (approximately 90 EUR/MWh).

Adjusted EBITDA in East Europe in **2022** amounted to EUR 90 million, a sharp increase compared to 2021 (EUR 45 million), for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** refers to the construction of two wind farms in Poland for approximately 61 MW, of which 24.5 MW came into operation in July and the remainder in October.

Significant events during the year

Italy

Date	Sector	Significant event
Press release of 3 January 2022	Hydroelectric	ERG has finalised the closing with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l.
Press release of 26 January 2022	Corporate/ESG	ERG has been included in Bloomberg's Gender Equality Index (GEI)
Press release of 31 January 2022	Wind	ERG has been awarded a tariff for 20 years on 97.2 MW of new wind capacity as part of the seventh auction called by GSE (Gestore dei Servizi Elettrici).
Press release of 9 February 2022	Thermoelectric	ERG has signed an agreement with Enel Produzione S.p.A. to sell the entire share capital of ERG Power S.r.l., which owns the Combined Cycle Gas Turbine (CCGT) cogeneration power plant.
Press release of 10 February 2022	Corporate/ESG	ERG enters the CDP (Carbon Disclosure Project) "Suppliers Engagement Leaderboard"
Press release of 23 February 2022	Storage	ERG enters the storage market with two projects for a total of 22 MW of installed capacity in the Centre-South and Sicily.
Press release of 15 March 2022	Corporate	ERG's Board of Directors approves the 2022-2026 Business and ESG Plan.
Press release of 26 April 2022	Corporate	The Shareholders of ERG S.p.A. have approved the 2021 Financial Statements, resolved on the payment of a dividend of EUR 0.90 per share and appointed the new Board of Statutory Auditors.
Press release of 13 May 2022	Corporate	Fitch ratings agency ("Fitch") has confirmed for ERG S.p.A. a Long Term Issuer Default Rating (IDR) of BBB- with stable outlook and a senior unsecured rating of BBB-.
Press release of 01 June 2022	Solar	ERG has entered into an agreement to acquire 100% of the capital of MP Solar B.V., owner of eighteen photovoltaic plants in operation with a total installed capacity of 33.8 MW.
Press release of 15 June 2022	Corporate/ESG	ERG strengthens its ESG commitment. Signing of the Women's Empowerment Principles and entry into the United Nations Global Compact. MSCI confirms the Group's "AA" rating The Group also enters the Top 10 of the "Integrated Governance Index 2022".
Press release of 16 June 2022	Corporate	San Quirico and IFM Investors announced the establishment of a long-term strategic partnership concerning ERG S.p.A. The family office of the Garrone-Mondini family and IFM NZIF have signed a landmark agreement under which IFM NZIF and its respective affiliated companies will acquire an initial 35% interest in a new holding company to be established, which in turn will hold approximately 62.5% of ERG.
Press release of 07 July 2022	Solar	Completion of the acquisition from ABN AMRO Sustainable Impact Fund PE B.V. of 100% of the capital of MP Solar B.V., owner, through seven Italian companies, of eighteen photovoltaic plants in operation with a total installed capacity of 33.8 MW.

Press releases of 29 July 2022 and 9 September 2022	Wind	ERG has acquired from EDP Renewables Italia Holding S.r.l. the entire share capital of seven companies, owners of seven wind farms located in Italy with an installed capacity of 172 MW.
Press release of 9 September 2022	Corporate	Marco Costaguta, non-executive Director and member of the Strategic Committee, has resigned from the office of Director of ERG S.p.A.
Press release of 15 September 2022	Corporate	On the recommendation of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Incorporation, the Board of Directors of ERG S.p.A. has appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee.
Press release of 15 September 2022	Corporate	Closing of the transaction between San Quirico and IFM Investors for the establishment of a long-term strategic partnership regarding ERG S.p.A. (see PR of 16 June 2022).
Press release of 23 September 2022	Thermoelectric	Regarding the transaction for the sale to Enel Produzione S.p.A. of ERG Power Generation S.p.A.'s equity investment in ERG Power S.r.l., owner of the cogeneration power plant (CCGT) located in Priolo Gargallo, subject to the approval of the transaction by the competent Antitrust Authorities (see press release of 9 February 2022), we hereby announce that the Italian Antitrust Authority (AGCM), by order dated 23 September 2022, has not authorised the aforesaid transaction.
Press release of 30 September 2022	Corporate/ESG	Moody's ESG Solutions (previously Vigeo Eiris), one of the leading international ESG rating agencies, has confirmed ERG's Advanced Rating, the highest on its rating scale, with a score of 65/100, rewarding the Group's continued growth in ESG performance over the last 3 years. ERG thus enters the top 2% of Moody's ESG Solutions global ranking, which includes 4906 companies, obtaining 100th place and recording an increase of two points on the rating scale.
Press release of 3 October 2022	Corporate	<p>The Board of Directors sadly acknowledged the untimely death of Elena Spagnol, Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A.</p> <p>The Board of Directors, the Board of Statutory Auditors and the people of the ERG Group, in remembering Elena Spagnol for her passion, competence and extraordinary professional and human commitment to the Company, expressed their condolences and share the family's grief for such a great loss.</p> <p>Pursuant to the provisions of Art. 22 of the Articles of Association, the Alternate Auditor Paolo Prandi takes over the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A., until the next Shareholders' Meeting of ERG S.p.A.</p>
Press release of 27 October 2022	Corporate	<p>Signing, with a pool of Italian and international banks, of a "Sustainability-Linked" revolving credit line for an amount of EUR 600 million with a three-year duration and an option to extend it for a further two years. The loan, in line with the Sustainability-Linked Loan Principles, provides for an adjustment of margins to achieve specific ESG objectives, included in the Group's 2022-2026 business plan.</p> <p>In particular, the ESG objectives refer to the growth of the renewable portfolio and to Diversity & Inclusion.</p> <p>The transaction, the first of its kind for ERG, strengthens the Group's financial structure, increasing its flexibility and liquidity profile and, at the same time, contributes to the Group's sustainable development.</p>
Press release of 3 November 2022	Corporate	ERG confirms its sustainable commitment and strengthens the governance system aimed at developing its inclusive culture with the introduction of the "Policy to combat Violence, Harassment and Bullying in the workplace".
Press release of 26 November 2022	Corporate	ERG has won the 2022 Financial Statements Oscar in the "Medium and small listed companies" category. The award is given to companies whose financial statements not only report their operations, but also show their

		willingness to share results and goals with their stakeholders through timely and transparent communication.
Press release of 29 November 2022	Corporate	ERG enters the FTSE MIB index, the primary benchmark index of Euronext Milan – a regulated market organised and managed by Borsa Italiana S.p.A. – consisting of the 40 largest securities in terms of liquidity and trading volume, representing around 80% of domestic market capitalisation.
Press release of 13 December 2022	Corporate/ESG	ERG enters the 'A List' of CDP (Carbon Disclosure Project), the global non-profit organisation that, by monitoring performance in the fight against climate change, guides companies and governments towards reducing greenhouse gas emissions.

Abroad

Date	Geographical segment	Sector	Significant event
Press release of 31 January 2022	Spain	Solar	ERG acquired from GEI Subasta 1 SA 100% of the capital of two Spanish project companies owning two operational solar plants of 50.0 MW and 41.6 MW respectively.
Press release of 24 March 2022	UK	Wind	ERG, through its subsidiaries in the United Kingdom, reached an agreement with ENGIE UK Markets Ltd, for the signing of two Power Purchase Agreements (PPAs) with a ten-year duration.
Press release of 9 June 2022	France	Wind	ERG announced the commissioning of the Les Bouchats wind farm in France, situated in the Grand-Est region, with a total capacity of 19.8 MW.
Press Release of 7 July 2022	Poland	Wind	Commissioning of the Piotrków wind farm, located in the northern part of Poland, for a total of 24.5 MW.
Press release of 13 October 2022	UK	Wind	ERG announces the start-up of the first 50 MW of the Sandy Knowe wind farm at Dumfries & Galloway in the south of Scotland.
Press release of 14 October 2022	UK	Wind	ERG has completed the acquisition of 100% of the shares of the company Corlacky Energy Ltd., wholly owned by RES, which holds the permits for the construction and operation of the Corlacky wind farm in Northern Ireland. The project will consist of 11 turbines for an expected total installed capacity of up to 47 MW.
Press release of 24 October 2022	Poland	Wind	ERG has announced the start-up of the Laszki wind farm in Poland (36 MW). The wind farm was developed and built internally and consists of 18 Vestas V100 2.0 MW turbines with a total installed capacity of 36 MW and overall output of around 90 GWh per year when fully operational, preventing the annual emission of 76 kt of CO ₂ .
Press release of 25 November 2022	Sweden	Wind	ERG has completed the construction and started the energisation of the wind farm at Furuby (62 MW), in the south of Sweden. The wind farm consists of 10 latest generation Siemens Gamesa turbines of 6.2 MW with estimated annual output of approximately 210 GWh, equal to almost 3,400 equivalent hours and roughly 140 kt of CO ₂ emissions avoided each year.
Press release of 16 December 2022	UK	Wind	Sandy Knowe wind farm extension completed (36 MW)

Press release of 23 December 2022	Spain	Solar	ERG has signed an agreement with Renertia Investment Company for the acquisition of 100% of the share capital of a company that owns a photovoltaic solar plant located in Fregenal de la Sierra, in the autonomous community of Extremadura, with an installed capacity of 25 MWp. The plant, built in 2022, is in the testing and commissioning phase and is scheduled to enter into operation in early 2023.
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Significant events after the reporting date

Date	Geographical segment	Sector	Significant event
Press release of 12 January 2023	Scotland	Wind	ERG announces the commissioning of the Creag Riabhach wind farm in the county of Sutherland, in the north of Scotland. The wind farm has a total installed capacity of 92.4 MW and an overall annual production of 271 GWh at full capacity, avoiding the emission of 125 kt of CO2 each year. A large part of the electricity produced by the plant will be sold through a 10-year Power Purchase Agreement (PPA) signed with ENGIE UK Markets Ltd during the first quarter of 2022.
Press release of 18 January 2023	Italy	Corporate	Sustainalytics assigned ERG a 'Low Risk' rating with a score of 14.6 compared to the Medium Risk (20.7) recorded the previous year, improving the ESG risk profile of the Group, which ranks 5th (out of 75) among Independent Power Producers globally. In addition, ERG was included among the "Global 100 most sustainable corporations in the world", ranking 54th in the 2023 index, first among the Italian companies included in the list.
Press release of 31 January 2023	Italy	Corporate	ERG confirms its place in the Bloomberg Gender Equality Index. The Group enters the first quartile of the ranking.
Press release of 1 February 2023	Italy	Corporate	ERG has communicated the figures relating to the shares outstanding and the number of voting rights making up the share capital at 1 February 2023.
Press Release of 9 March 2023	Italy	Wind	EssilorLuxottica and ERG sign a long-term Corporate PPA agreement in Italy for the supply of electricity produced from renewable sources

Business outlook 2023

The context in which the Group operates is characterised by extreme volatility and uncertainty. Prices for commodities and electricity are extremely volatile and have fallen sharply in the first months of 2023 compared to the high prices of 2022. The regulatory context is constantly evolving and uncertain, particularly as a result of the many and uncoordinated emergency measures that have been taken in recent months, both at the level of individual countries and at European level. In addition, there are demands for a medium-term review of the European electricity market, with more room for long-term energy contracts.

It should be noted that ERG, in line with the best practices in the sector and its consolidated risk policy, has in recent years made forward sales, mainly through long-term supply contracts at fixed prices (so-called PPAs) and forward contracts also through derivative financial instruments.

These hedges, carried out with a portfolio approach by the Group's Energy Management through ERG Power Generation S.p.A., are allocated from a management standpoint to the various project companies, which own the Production Units (PUs). The hedge allocation criterion follows a cascade mechanism which, with the idea of mitigating the associated risks, has the following order of priority:

- 1) electricity produced by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;
- 2) electricity produced by PUs that are subject to "Feed in Premium" tariffs, or mechanisms that provide for an incentive that is added to the market price;
- 3) any residual hedges are finally attributed to the quantities of electricity subject to for-difference incentive mechanisms, such as the former "green certificate" incentive tariffs (GRIN). However, no hedges are envisaged

for production subject to two-way for-difference incentive mechanisms.

The expected evolution of the main performance indicators in 2023 compared to 2022 is shown below, net of the best estimate of the impacts deriving from the emergency measures (so-called clawback measures) envisaged in the various countries and/or at European level. It should be noted that the comparison with the previous year is also net of the aforementioned measures.

Italy

EBITDA for Wind is expected to increase slightly compared to 2022 due to the full contribution resulting from the assets consolidated from 1 August 2022 (172 MW), the entry into operation during the year of two plants subject to repowering for a total of 56 MW of new additional capacity (92 MW gross of the decommissioning of old plants) and a newly built wind farm (47 MW). These improved results will be partly offset by the cancellation of the GRIN incentive in 2023 following the high PUN (National Single Price) values recorded in 2022.

EBITDA for Solar is expected to increase mainly due to the full contribution resulting from the acquisition of 34 MW in July 2022.

EBITDA for Wind & Solar Italy for 2023 is expected to increase compared to 2022.

Abroad

Wind EBITDA is expected to be substantially in line with 2022 thanks to the full contribution of the wind farms that came into operation gradually during 2022 in the UK (86 MW), Sweden (62 MW), Poland (61 MW) and France (20 MW), in addition to the start-up of the wind farm in Scotland (92 MW) at the beginning of 2023. This higher result is largely offset by the lower sale price compared to that recorded in 2022 in some geographies, also due to the clawback measures in force from 1 December 2022.

Solar EBITDA is expected to increase compared to 2022 mainly due to the contribution deriving from the wind farm being acquired in Spain (25 MW).

EBITDA for Wind & Solar abroad is therefore expected to increase slightly compared to 2022.

2023 Guidance

For 2023, Group EBITDA is forecast in the range between EUR 500 and EUR 550 million, a slight increase compared to the 2022 result net of the impact of clawback measures (EUR 502 million, net of EUR 35 million for clawback measures).

Capital expenditure is in the range of EUR 400 and 500 million (EUR 946 million in 2022) and includes the completion of the wind farms that entered into operation between the end of 2022 and the beginning of 2023, ongoing construction activities and the acquisition of a photovoltaic park in Spain pending closing.

Net financial indebtedness at the end of 2023 is expected to be in the range between EUR 1,300 million and EUR 1,400 million (EUR 1,434 million at the end of 2022), including the distribution of the ordinary dividend of EUR 1 per share.

As regards the thermoelectric business, an asset sale process is underway. For this reason, the relative results are not included in the continuing operations commented on above, and will be classified in the financial statements under discontinued operations.

Additional information

Appointment of a Member of the Board of Directors

It is noted that, following the resignation of Marco Costaguta on 9 September 2022 from the office of Board Member and member of the Strategic Committee, elected from the majority list, on 15 September 2022 the Board of Directors, on the proposal of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Association, appointed Renato Pizzolla as new non-executive Director of the Company and member of the Strategic Committee, to hold office until the next Shareholders' Meeting.

The Shareholders' Meeting will therefore be called upon, among other things, pursuant to Article 15, paragraph 6, of the Articles of Association, to appoint a Member of the Board of Directors, without list voting, on the basis of proposals formulated in accordance with the applicable legislative, regulatory and statutory provisions.

The term of office of the Board Director thus appointed will expire along with that of the other members of the Board of Directors and, therefore, on the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

The Board of Directors recommends also that the proposals for the appointment of a Member of the Board of Directors be presented by the Shareholders (where appropriate, also pursuant to Article 126-bis of the Italian Consolidated Finance Act) in such a way as to allow disclosure to the public sufficiently in advance with respect to the Shareholders' Meeting called upon to approve them.

Integration of the Board of Statutory Auditors

Note that on 3 October 2022, following the untimely passing of the then Chairwoman of the Board of Statutory Auditors, Elena Spagnol, elected from the minority list, the Alternate Auditor Paolo Prandi, also elected from the minority list, pursuant to the provisions of Article 22 of the Articles of Association, took over as Standing Auditor and Chairman of the Board of Statutory Auditors and will remain in office until the next Shareholders' Meeting.

The Shareholders' Meeting will therefore be called upon, among other things, to resolve on the appointment, pursuant to Article 22 of the Articles of Association, of a Statutory Auditor and the Chair of the Board of Statutory Auditors on the basis of the lists submitted in accordance with the applicable legislative, regulatory and statutory provisions.

The Standing Auditor thus appointed will also be appointed Chair of the Board of Statutory Auditors, with their term of office expiring along with that of the other members of the Board of Statutory Auditors and therefore on the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2024.

If the current Chair of the Board of Statutory Auditors is confirmed as Standing Auditor and Chair of the Board of Statutory Auditors, it will also be necessary to appoint an Alternate Auditor in accordance with the provisions of Article 22 of the Articles of Association.

If a new Standing Auditor and Chair of the Board of Statutory Auditors is appointed, the current Chair of the Board of Statutory Auditors will return to being an Alternate Auditor and, consequently, it will not be necessary to appoint an Alternate Auditor.

Directors' remuneration

The Shareholders' Meeting will be called upon, among other things, to resolve on the fee to be paid to members of the Board of Directors, valid until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023, and on the additional remuneration to be allocated to the Directors, who are not employees of the Group, who do not hold offices in the Board and who are members of the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, valid until the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023, on the basis of the proposals made in compliance with the applicable legislative, regulatory and statutory provisions.

The Board of Directors recommends that these fees be consistent with the professional commitment required by the office, as well as with the related responsibilities.

In this regard, note that the Board of Directors, with the support of the Nominations and Remuneration Committee, assessed as adequate the annual fixed remuneration recognised, for financial year 2022, in favour of all members of the Board of Directors and all directors called upon to sit on the Nominations and Remuneration Committee and the Control, Risk and Sustainability Committee, using as reference both MID CAP companies and those included in the FTSE MIB, taking into account the professionalism and commitment required by the position. It should be noted that the Company became part of the FTSE MIB index as from 29 November 2022.

Purchase and sale of treasury shares

The Shareholders' Meeting will be called upon, among other things, to resolve on the authorisation for the Board of Directors to purchase treasury shares up to a revolving maximum of 15,032,000 ordinary shares, corresponding to 10% of the share capital of ERG (i.e. the maximum amount of treasury shares held in the portfolio from time to time), upon annulment, for the remaining period, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2022, in order to optimise the capital structure with a view to maximising value creation for Shareholders, also based on available liquidity and, in any case, for any other purpose permitted by the current applicable laws and regulations.

The authorisation will be valid for eighteen months from the date of the resolution. The purchase must be made through the use of distributable profits and available reserves resulting from the latest approved financial statements, in compliance with Article 132 of the Italian Consolidated Finance Act and in accordance with the procedures set out in Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation at a unit price, inclusive of the ancillary purchase costs, not lower than 30% below and not higher than 10% above the closing price of the stock on the day immediately preceding each individual transaction.

The Company currently holds 782,080 treasury shares, equal to 0.520% of the capital.

The Ordinary Shareholders' Meeting will be called upon, among other things, to resolve on the authorisation for the Board of Directors to dispose of treasury shares, all at once or in several steps, for a period of 18 months from the date of the related resolution, upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2022, pursuant to Article 2357-ter of the Italian Civil Code, at a unit price not lower than 10% below the closing price of the stock on the day immediately preceding each individual sale. This is with a view to optimising financial leverage and, in any case, may be carried out in any other circumstance in which the disposal of shares appears to be consistent with the interests of the Company and Shareholders, as determined by the management body.

Report on the remuneration policy and the fees paid

The Board of Directors has approved the Report on the remuneration policy and the fees paid. The Shareholders' Meeting will be called upon to resolve, pursuant to Article 123-ter of the Italian Consolidated Finance Act, in favour of or against:

- the first section of the Report, relating to the Company's policy on remuneration of the members of the management bodies and key management personnel for financial year 2023 and members of the supervisory bodies. The relative resolution shall be binding;
- the second section of the Report. The relative resolution shall not be binding.

With reference to the estimates and forecasts contained in the section "Business Outlook 2023", it should be noted that the actual results may differ significantly from those presented due to a number of factors, including: future price trends, the operating performances of plants, wind conditions, irradiation, water availability, irradiation, the impact of energy industry and environmental regulations and other changes in business conditions and competitors' actions.

The format of the Financial Statements corresponds with that of the statements indicated in the Directors' Report. Specific explanatory notes illustrate the adjusted result measurements.

The manager responsible for preparing the Company's financial reports, Michele Pedemonte, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information this press release contains matches the documentary records, books and accounting entries.

The update of the 2022-2026 industrial and ESG plan and the results of the fourth quarter and financial year 2022 will be explained to analysts and investors today at 11:00 a.m. (CET) during a conference call with relevant webcasting that can be followed by connecting to the Company's website (www.erg.eu); their presentation will be made available on the same website in the "Investor Relations/Presentations" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) 15 minutes before the conference call.

This press release, issued on 15 March 2023, is available to the public on the Company's website (www.erg.eu) in the "Media/Press Releases" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

The Annual Financial Report with the reports of the Board of Statutory Auditors and the Independent Auditors, the Consolidated Non-financial Statement, the Explanatory Report of the Board of Directors, the Report on the remuneration policy and fees paid as well as the additional required documentation, will be made available to the public within the terms and in the manner prescribed by current legislation at the Company's headquarters in Genoa, Via De Marini 1 as well as on the Company's website (www.erg.eu) in the section "Corporate Governance/2023 Shareholders' Meeting", at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

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Alternative Performance Indicators (APIs) and adjusted results

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.

These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of

significant special income components of an extraordinary nature (special items): these results are indicated with the term “Adjusted results”. The results that include significant income statement components of an exceptional nature (special items) are also defined as “**Reported results**”.

A definition of the indicators and the reconciliation of the amounts involved are provided in the “Alternative Performance Indicators” section.

Finalisation of the sale of the Hydroelectric Business

On 3 January 2022, ERG concluded its transaction with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l., as announced on 2 August 2021, following the approval of the Italian Antitrust Authority and the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers. The consideration totalled approximately EUR 1.265 billion, including the mark-to-market valuation of some hedging derivatives included in the scope relating to part of the future energy production of the ERG Hydro S.r.l. plants.

Agreement for the sale of the Thermoelectric Business

In the first half of 2021, the ERG Group assessed the possibility of a potential asset rotation of the thermoelectric plants to aid in further accelerating the growth and development of its business model. Following the close of the first half of 2021, bids from interested operators were received in early July 2021.

Having read the market indications, the Group continued the process of assessing the potential sale of the thermoelectric plant which, at 31 December 2021 (Reporting Date of the 2021 Financial Statements), was still being finalised. However, the thermoelectric plant was not yet available for immediate sale in its current condition at the said Reporting Date.

During 2022, following the in-depth analysis carried out, Group management began negotiations for the sale of the thermoelectric plant, signing an agreement on 9 February with Enel Produzione S.p.A. for the sale of the entire capital of ERG Power S.r.l..

On 23 September 2022, the Italian Antitrust Authority (AGCM) refused authorisation for the aforementioned transaction.

Specifically, as a result of the preliminary investigation carried out in recent months the AGCM considered that the transaction would have given rise to the establishment and strengthening of a dominant position with regard to the buyer such as to substantially or indefinitely eliminate or reduce competition in the relevant markets. The AGCM's non-approval of the transaction thus rendered invalid the agreements signed by ERG Power Generation S.p.A. and Enel Produzione S.p.A. for the sale of the equity investment in ERG Power S.r.l. due to the non-fulfilment of one of the conditions necessary for closing.

Towards the end of 2022, ERG therefore took the necessary steps to initiate a new competitive process aimed at finding a new buyer, evaluating the most efficient alternative path for pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of generating electricity from renewable sources by divesting ERG Power S.r.l..

In consideration of the above, in this Document the result of the Assets held for sale was therefore recorded in the line “Net profit (loss) from assets held for sale” and the Invested Capital of the Assets held for sale was recorded in the financial statements as the conditions set forth in paragraph 12 of IFRS 5 were met.

Highlights

Adjusted ⁽¹⁾ 4th Quarter		(EUR million) Key economic data	Reported ⁽²⁾ Year		Adjusted ⁽¹⁾ Year	
2022	2021 ⁽³⁾		2022	2021 ⁽³⁾	2022	2021 ⁽³⁾
187	219	Revenue	714	601	749	601
126	145	Gross Operating Profit (EBITDA)	499	397	537	399
64	92	Operating Profit (EBIT)	221	168	308	198
43	60	Profit from continuing operations	89	86	216	127
42	72	Net Profit	383	174	236	203
42	72	of which profit attributable to owners of the parent	379	173	232	202

Main Financial data

3.357	3.608	Net invested capital of continuing operations ⁽⁴⁾	3.510	3.066	3.357	3.608
2.059	1.556	Equity	2.055	1.569	2.059	1.556
1.434	2.051	Net financial indebtedness of continuing operations ⁽⁴⁾	1.592	2.250	1.434	2.051
212	237	of which non recourse Project Financing ⁽⁵⁾	212	237	212	237
41%	57%	Financial Leverage	44%	59%	41%	57%
68%	66%	Ebitda Margin %	70%	66%	72%	66%

Operating data

2.944	2.418	Total installed capacity at the end of the period	MW	2.944	2.418
1.331	1.266	Total electricity output	GWh	4.956	4.157
1.440	1.234	Installed capacity at the end of the period - Italy	MW	1.440	1.234
567	655	Electricity output - Italy	GWh	2.312	2.295
600	581	Installed capacity at the end of the period - France	MW	600	581
343	292	Electricity output - France	GWh	1.076	889
327	327	Installed capacity at the end of the period - Germany	MW	327	327
153	149	Electricity output - Germany	GWh	556	428
219	70,00	Installed capacity at the end of the period - UK	MW	219	70,00
81	-	Electricity output - UK	GWh	226	-
92	-	Installed capacity at the end of the period - Spain	MW	92	-
26	-	Electricity output - Spain	GWh	171	-
266	206	Installed capacity at the end of the period - East Europe	MW	266	206
160	171	Electricity output - East Europe	GWh	615	546
123	267	Investments ⁽⁶⁾	Euro millions	946	617
573	553	Employees at the end of the period	Units	573	553

Net unit Revenue ⁽⁷⁾

120	198	Italy - Wind	Eur/MWh	134	149
346	339	Italy - Solar	Eur/MWh	346	335
109	86	France - Wind	Eur/MWh	98	88
85	95,19	France - Solar	Eur/MWh	96	90,14
228	130	Germany - Wind	Eur/MWh	172	112
134	-	UK - Wind	Eur/MWh	150	-
105	-	Spain - Solar	Eur/MWh	126	-
124	187	East Europe - Wind	Eur/MWh	169	119

⁽¹⁾ Adjusted economic indicators do not include special items and related applicable theoretical taxes.

⁽²⁾ Reported economic indicators are calculated on the basis of the Financial Statements and include special items and related theoretical taxes.

⁽³⁾ The 2021 adjusted values are restated in application of IFRS 5 by reclassifying the contributions of the thermoelectric and hydroelectric businesses under the item "Profit (loss) from assets held for sale".

⁽⁴⁾ Net financial indebtedness from continuing operations and Net Invested Capital from continuing operations do not include the 2022 contribution of the thermoelectric business held for sale; the 2021 reported values do not include the contribution of the hydroelectric business, sold in January 2022. The adjusted values are also shown net of the effects deriving from the application of IFRS 16.

⁽⁵⁾ Including cash and cash equivalents and excluding the fair value of the derivatives hedging interest rates.

⁽⁶⁾ In property, plant and equipment and intangible assets. They also include Merger & Acquisition investments of EUR 638 million in 2022 and EUR 390 million in 2021.

⁽⁷⁾ The number of employees in 2022 does not include the 144 people dedicated to ensuring the operation of the CCGT cogeneration plant. Similarly, the number of employees in 2021 does not include the 113 people included in the hydroelectric scope sold to ENEL Produzione S.p.A. and the 142 people dedicated to the thermoelectric business. Net unit revenue is expressed in EUR/MWh and is calculated by dividing the technology output by the revenue achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, the cost of fuel and imbalance costs.

Performance by country

4th Quarter			(Euro million)	Year		
2022	2021 ⁽¹⁾	Δ	Adjusted Revenue	2022	2021 ⁽¹⁾	Δ
78	138	(60)	Italy	372	390	(19)
109	79	29	Abroad	376	200	176
37	24	13	France	105	78	27
36	19	16	Germany	96	48	49
11	-	11	UK	34	-	34
3	-	3	Spain	22	-	22
22	36	(13)	East Europe	119	74	45
10	13	(2)	Corporate	34	49	(15)
(10)	(11)	1	Intra-segment revenues	(33)	(38)	5
187	219	(33)	Total adjusted revenues	749	601	148
Adjusted EBITDA						
55	106	(51)	Italy	295	308	(13)
78	47	31	Abroad	267	116	151
26	15	10	France	63	45	17
29	13	16	Germany	72	28	44
6	(1)	7	UK	24	(2)	26
2	-	2	Spain	18	-	18
16	20	(5)	East Europe	90	45	45
(8)	(8)	1	Corporate	(25)	(25)	0
126	145	(19)	Adjusted EBITDA	537	399	138
Amortization, depreciation and write-downs						
(36)	(30)	(6)	Italy	(127)	(124)	(4)
(26)	(22)	(5)	Abroad	(98)	(74)	(24)
(12)	(11)	(1)	France	(46)	(37)	(9)
(7)	(7)	(1)	Germany	(28)	(22)	(6)
(1)	-0,01	(1)	UK	(4)	-0,02	(4)
(1)	-	(1)	Spain	(4)	-	(4)
(4)	(4)	(1)	East Europe	(15)	(15)	(1)
(1)	(1)	1	Corporate	(3)	(4)	0
(63)	(53)	(10)	Amortization, depreciation and write-downs	(229)	(201)	(27)
Adjusted EBIT						
19	76	(57)	Italy	167	184	(17)
52	26	26	Abroad	170	43	127
14	4	10	France	16	8	8
21	6	15	Germany	45	6	38
5	(1)	6	UK	19	(2)	22
1	-	1	Spain	14	-	14
11	17	(5)	East Europe	75	31	44
(8)	(10)	2	Corporate	(28)	(29)	1
64	92	(29)	Adjusted EBIT	308	198	111
Investments⁽²⁾						
59	3	56	Italy	653	18	635
62	262	(200)	Abroad	290	596	(306)
1	65	(64)	France	11	220	(209)
0	150	(150)	Germany	1	151	(149)
52	23	29	UK	123	123	0
4	-	4	Spain	100	-	100
2	12	(10)	Sweden	36	57	(21)
2	12	(9)	East Europe	20	47	(27)
2	2	0	Corporate	3	3	(0)
123	267	(144)	Total investments	946	617	329

1. The 2021 values are adjusted in application of IFRS 5 by reclassifying the contributions of the thermoelectric and hydroelectric businesses under the item "Profit (loss) from assets held for sale".
2. Includes investments in property, plant and equipment and intangible assets and M&A investments.

Financial Statements

This section contains both the reported operating results, calculated on the basis of the figures presented in the Notes to the Consolidated Financial Statements, and the adjusted operating results, presented to exclude the impacts relating to the adoption of IFRS 9, in relation to liability management transactions, and of special items, and with the reclassification for IFRS 16.

The 2022 and 2021 figures were presented in accordance with the provisions of IFRS 5 with reference to the process for the sale of the thermoelectric business and the finalisation of the sale of the hydroelectric business, which took place on 3 January 2022, therefore reclassifying to the line “Net result of assets held for sale” the result of the Thermo business for 2022, and the result of the Hydro business for 2021.

Lastly, please note that this document reflects the economic impacts of the consolidation of:

- the Spanish companies acquired during the year starting from 1 January 2022;
- the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) starting from 1 July 2022;
- the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) starting from 1 August 2022.

For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, reference is made to that indicated in the Alternative Performance Indicators section below.

(EUR million)	Income Statement	Reported			Adjusted			
		2022	FY 2021	Δ	2022	FY 2021	Δ	
	Revenue	1	714	601	112	749	601	148
	Other income	2	13	8	5	12	8	5
	Total revenue		727	609	117	761	609	152
	Purchases and change in inventories	3	(15)	(6)	(9)	(15)	(6)	(9)
	Services and other operating costs	4	(157)	(159)	2	(160)	(157)	(3)
	Personnel expense		(55)	(48)	(7)	(49)	(48)	(2)
	Gross operating profit (EBITDA)		499	397	103	537	399	138
	Amortisation, depreciation and impairment of non-current assets	5	(279)	(228)	(50)	(229)	(201)	(27)
	Operating profit (EBIT)		221	168	52	308	198	111
	Net financial income (expense)	6	(37)	(51)	14	(25)	(29)	4
	Net gains (losses) on equity investments		2	1	2	0	0	0
	Profit (loss) before taxes		187	118	69	284	169	115
	Income taxes	7	(98)	(32)	(66)	(67)	(42)	(25)
	Profit (loss) from continuing operations		89	86	3	216	127	90
	Net profit (loss) from discontinued operations	8	294	88	206	20	77	(57)
	Net profit (loss) for the period		383	174	209	236	203	33
	Non-controlling interests		(4)	(2)	(3)	(4)	(2)	(3)
	Profit attributable to owners of the parent		379	173	206	232	202	30

Statement of Financial Position

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the annual financial report, highlighting the **uses** of resources in non-current assets and in working capital and the related funding **sources**. For the definition of the indicators for the main items used in the Reclassified Statement of Financial Position, reference is made to that indicated in the “Alternative Performance Indicators” section below.

Both the reported values and the adjusted values are shown below. The adjusted values at 31 December 2022 do not include the impact deriving from the application of IFRS 16 of increased net financial indebtedness of approximately EUR 157 million with a balancing entry in net invested capital amounting to approximately EUR 153 million.

It should be noted that, in application of IFRS 5, the equity contribution of the thermoelectric business is reclassified to the item “Net invested capital of assets held for sale”.

Reclassified Statement of Financial Position		Reported		Adjusted	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
<i>(EUR million)</i>					
Non-current assets	1	3,695	3,089	3,540	3,624
Net operating working capital	2	97	97	97	177
Employee benefits		(4)	(4)	(4)	(5)
Other assets	3	379	434	381	434
Other liabilities	4	(657)	(549)	(657)	(623)
Net invested capital of continuing operations		3,510	3,066	3,357	3,608
Net invested capital of assets held for sale		235	683	235	-
Net invested capital		3,745	3,749	3,592	3,608
Equity attributable to the owners of the parent		2,045	1,559	2,050	1,547
Non-controlling interests	5	9	10	9	10
Net financial indebtedness of continuing operations	6	1,592	2,250	1,434	2,051
Net financial indebtedness of discontinued operations	6	98	(69)	98	-
Equity and financial indebtedness		3,745	3,749	3,592	3,608

Cash flows

The statement of cash flows is presented based on adjusted values, in order to facilitate understanding of the cash flow dynamics of the period. The breakdown of changes in net financial indebtedness is as follows:

4th Quarter		<i>(EUR million)</i>	Cash Flow	FY	
2022	2021 ⁽¹⁾			2022	2021 ⁽¹⁾
126	180		537	580	
26	(30)	Adjusted Gross Operating profit (EBITDA)	11	(53)	
152	150	Cash Flow from operations	548	527	
(94)	(80)	Investments in property, plant and equipment and intangible assets	(307)	(258)	
(29)	(201)	Company acquisitions (business combinations)	(638)	(389)	
-	-	Collection from the sale of ERG Hydro	1.265	-	
(2)	(0)	Capital expenditure in financial non-current assets	(6)	(0)	
(4)	(6)	Divestments and other changes	(13)	(3)	
(129)	(287)	Cash Flow from investments/divestments	301	(651)	
(7)	(6)	Financial income (expense)	(25)	(29)	
-	(3)	Closure of loans	(3)	(16)	
0	0	Net gains (losses) on equity investment	0	0	
-	-	Collection distribution reserve ERG Power ⁽²⁾	75	-	
(7)	(9)	Cash Flow from financial management	47	(45)	
(43)	(17)	Cash Flow from tax management	(92)	(42)	
(3)	(1)	Distribution of dividends	(139)	(114)	
139	(59)	Other changes in equity	26	(288)	
136	(60)	Cash Flow from Shareholders'equity	(113)	(402)	
(0)	-	Change in the consolidation scope	(69)	-	
(93)	-	Cash Flow Thermo	(104)	-	
1.548	1.829	Opening net financial indebtedness	2.051	1.439	
(16)	223	<i>Net Change</i>	(519)	612	
1.533	2.051	Adjusted indebtedness of continuing operations	1.533	2.051	
(98)	-	<i>Net Indebtedness Thermo</i>	(98)	-	
1.434	2.051	Totale adjusted indebtedness	1.434	2.051	

(1) It should be noted that the 2021 cash flow is shown taking into account the cash flows of the assets held for sale.

(2) Asset held for sale.

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

On 3 December 2015, CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Indicators in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Indicators (CESR/05 – 178b), aim to promote the usefulness and transparency of alternative performance indicators so as to improve their comparability, reliability and comprehensibility.

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.

These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results".

Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

Definitions of the APIs used by the Group and a reconciliation with the items of the Financial Statements templates adopted are as follows:

- **Adjusted revenue** is revenue, as indicated in the Interim Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items);
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment of non-current assets" to the Operating Profit (EBIT). EBITDA is explicitly indicated as a subtotal in the Interim Financial Statements;
- **Adjusted EBITDA** is the gross operating profit (loss), as defined above, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **Adjusted EBIT** is the net operating profit, explicitly indicated as a subtotal in the Interim Financial Statements, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;
- **Adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before tax;
- **Profit (loss) from continuing operations** does not include the result from assets held for sale relating to the thermoelectric and hydroelectric businesses reclassified under the item "Profit (loss) from assets held for sale".
- **Adjusted Profit (loss) from continuing operations** is the profit (loss) from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the application of IFRS 16, net of the related tax effects.
- **Adjusted profit attributable to the owners of the parent** is the profit attributable to the owners of the parent, with the exclusion of significant special income statement components of an exceptional nature (special items), and with the reclassification of the impact tied to the IFRS 16 application, net of the related tax effects.
- **Capital expenditure** are the sum of capital expenditure in property, plant and equipment and intangible assets;
- **Net operating working capital** is the sum of Inventories, Trade Receivables and Trade Payables;
- **Net invested capital** is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;
- **Adjusted net invested capital** is Net invested capital, as defined above, with the exclusion of the impact relative to the application of IFRS 16 mainly linked to the increase in right-of-use assets;
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, including the portion of non-current assets relative to derivative financial instruments.
- **Adjusted net financial indebtedness of continuing operations** is the net financial indebtedness, as defined above, net of the liability linked to the discounting of future lease payments, following the application of IFRS 16.
- **Financial leverage** is calculated by comparing the adjusted net financial indebtedness (including Project Financing) to the adjusted net invested capital.
- Special items include significant special income components of an exceptional nature. These include:
 - income and expense connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
 - income and expense related to events that are not typical of normal business activities, such as restructuring and environmental costs;
 - capital gains and losses linked to the disposal of assets;
 - significant impairment losses recognised on assets following impairment tests;
 - income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

IFRS 16

The Group, as lessee, has recognised new liabilities for leases and higher right-of-use assets related mainly to the Wind business and to the relative use of land, warehouses, buildings, equipment, substations and machine inventory.

The application of the standard has changed the presentation in the income statement of costs for operating leases: these costs are now recognised as depreciation of the right-of-use assets and as financial expense correlated to the liability linked to the discounting of future lease payments.

Previously, the Group recognised costs for operating leases on a straight-line basis over the lease term, essentially when the relative lease payments were made.

The application of IFRS 16 in 2022 therefore led to:

- an improvement in gross operating profit (EBITDA) in respect of the lease payments that fall within the scope of IFRS 16, of approximately EUR 12 million;
- an increase (approximately EUR 157 million) in the net financial indebtedness and the net invested capital (approximately EUR 153 million) in relation to the application of the equity method indicated by the standard;
- greater depreciation and amortisation (EUR 7 million) and greater financial expense (EUR 5 million) linked to the application of the above-mentioned method.

Based on the above, and given the typical nature of the item, in order to best present the business profitability, it has been deemed opportune to recognise, in the adjusted Income Statement, the depreciation of the right-of-use assets during the period and the financial expense on the IFRS 16 liability within the adjusted EBITDA, by way of a reasonable estimate of the lease costs in accordance with the financial expression (periodic instalment) of the same. Similarly, the adjusted net financial indebtedness and the adjusted net invested capital are presented net of the liability linked to the discounting of future lease payments

Reconciliation with adjusted operating results

4th Quarter		GROSS OPERATING PROFIT (EBITDA) (Eur million)	Note	Year	
2022	2021			2022	2021
105	143	EBITDA for continuing operations		499	397
		Special items exclusions:			
(3)	(2)	- IFRS 16 reclassification	1	(12)	(9)
		Italy			
9	2	- Reversal of ancillary charges on non-recurring operations	2	14	7
-	0	- Reversal termination indemnity CEO	3	-	3
1	2	- Reversal for allocation for provision for disposed businesses	4	1	1,65
2	0	- Reversal of Clawback measures & Windfall Tax Romania		7	0
		Abroad			
13	-	- Reversal of Clawback measures & Windfall Tax Romania	5	28	-
126	145	Adjusted Gross Operating Profit (EBITDA)		537	399

4th Quarter		Amortization, Depreciation and impairment losses (Eur million)		Year	
2022	2021			2022	2021
(101)	(76)	Amortization, Depreciation and impairment losses		(279)	(228)
		Special items exclusions:			
2	1	- IFRS 16 reclassification	1	7	5
0	0	- Reversal for allocation for provision for disposed businesses		0	0
36	22	- Reversal write-down Repowering Wind Italy	6	43	22
(63)	(53)	Adjusted amortization, depreciation and impairment losses		(229)	(201)

4th Quarter		PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT (Eur million)		Year	
2022	2021			2022	2021
(19)	56	Profit (loss) from continuing operations attributable to the owners of the parent		89	86
		Special items exclusions:			
7	2	Exclusion of ancillary charges on non-recurring transactions	2	11	6
-	-	Exclusion termination indemnity CEO	3	-	2
(2)	1	Exclusion of expenses related to disposed Businesses	4	(2)	1
30	-	Exclusion of impact of WindFall Tax Romania and 25% Extra-profits contribution	5-7	83	-
26	-1	Exclusion of write-down Repowering Wind Italy	6	31	16
-	2	Exclusion of ancillary charges on loan prepayments	8	2	14
0	-	Solar Italy substitute tax exclusion	9	(1)	-
1	-0	Exclusion of impact of gains/losses (IFRS 9)	10	3	2
43	61	Adjusted profit (loss) from continuing operations attributable to owners of the parent		216	127

1. Reclassification for impact of IFRS 16. Reference is made to the comments made in the previous paragraph.
2. Ancillary costs relating to other non-recurring transactions also including the extraordinary bonuses paid in 2022.
3. Termination indemnity related to the end of office and succession of the Chief Executive Officer, which took place on 26 April 2021.
4. Provisions relating to exceptional items on businesses disposed of by the Group.
5. Impact of Clawback Measures & Windfall tax.
6. Impairment of the net residual value of the property, plant and equipment and intangible assets of wind farms in Italy following the authorisation of a Repowering project and a photovoltaic plant following the authorisation of a Revamping project.
7. Exclusion of the impacts of the urgent measures to contain the effects of price increases in the electricity sector for EUR 83 million, already including (in addition to the aforementioned clawback and windfall tax measures of EUR 28 million) the extraordinary contribution envisaged by Art. 37 of Italian Decree Law no. 21/2022 for EUR 37 million for the Continuing Operations scope and the Contribution Extraordinary 2023 for EUR 19 million.
8. Financial expense related to the early closure of Corporate loans as part of Liability Management transactions.
9. Reversal of the ERG Solar Holding substitute tax benefit
10. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in net financial expense of approximately EUR 3 million being accounted for in the first quarter of 2022. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Annex to the press release of 15 March 2023



**DIRECTORS' REPORT
AT AND FOR THE YEAR ENDED 31
DECEMBER 2022**

We are #SDGsContributors



BASIS FOR PREPARATION

The Document is an annex supporting the press release of 15 March 2023 in order to better detail and comment on the ERG Group's results for the year 2022. The comments provided are an extract from the Management Report which, together with the Notes to the Financial Statements, will be published within the time limits established by current regulations.

Disclosure pursuant to Articles 70 and 71 of the Issuers' Regulation

The Parent has selected the option, introduced by CONSOB with its resolution no. 18079 of 20 January 2012, of waiving the obligation to make available to the public an information document upon carrying out significant transactions, i.e. mergers, demergers, capital increases by contributions in kind, acquisitions and sales.

Operating segments

Starting from 2022, following the significant Asset Rotation process launched in 2021 with the sale of the hydroelectric business and which will be completed with the probable sale of the thermoelectric business, the operating results are presented and commented on with reference to the various geographical segments in which ERG operates, in line with the new internal methods for measuring the Group's results, and in line with the 2022-2026 Business Plan approved by the Board of Directors on 14 March 2022, aimed at reinvesting the resources deriving from divestments and focusing on the growth strategy in Wind & Solar by means of a policy of geographical and technological diversification.

It should be noted that the results, presented by geographical area as from this document, reflect the energy sales carried out on the markets by Group Energy Management, in addition to the application of effective hedges of the generation margin. The above mentioned hedges include, inter alia, the use of instruments by Energy Management to hedge the price risk. In order to give a clearer representation of business by geographic area and, secondarily, by technology, the wind and solar results include the hedging carried out in respect of renewables

Alternative Performance Indicators (APIs) and adjusted results

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.

These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "Adjusted results".

The results that include significant income statement components of an exceptional nature (special items) are also defined as "Reported results".

A definition of the indicators and the reconciliation of the amounts involved are provided in the "Alternative Performance Indicators" section.

Finalisation of the sale of the Hydroelectric Business

On 3 January 2022, ERG concluded its transaction with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l., as announced on 2 August 2021, following the approval of the Italian Antitrust Authority and the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers. The consideration totalled approximately EUR 1.265 billion, including the mark-to-market valuation of some hedging derivatives included in the scope

relating to part of the future energy production of the ERG Hydro S.r.l. plants.

Agreement for the sale of the Thermoelectric Business

In the first half of 2021, the ERG Group assessed the possibility of a potential asset rotation of the thermoelectric plants to aid in further accelerating the growth and development of its business model. Following the close of the first half of 2021, bids from interested operators were received in early July 2021.

Having read the market indications, the Group continued the process of assessing the potential sale of the thermoelectric plant which, at 31 December 2021 (Reporting Date of the 2021 Financial Statements), was still being finalised. However, the thermoelectric plant was not yet available for immediate sale in its current condition at the said Reporting Date.

During 2022, following the in-depth analysis carried out, Group management began negotiations for the sale of the thermoelectric plant, signing an agreement on 9 February with Enel Produzione S.p.A. for the sale of the entire capital of ERG Power S.r.l.

On 23 September 2022, the Italian Antitrust Authority (AGCM) refused authorisation for the aforementioned transaction.

Specifically, as a result of the preliminary investigation carried out in recent months the AGCM considered that the transaction would have given rise to the establishment and strengthening of a dominant position with regard to the buyer such as to substantially or indefinitely eliminate or reduce competition in the relevant markets. The AGCM's non-approval of the transaction thus rendered invalid the agreements signed by ERG Power Generation S.p.A. and Enel Produzione S.p.A. for the sale of the equity investment in ERG Power S.r.l. due to the non-fulfilment of one of the conditions necessary for closing.

Towards the end of 2022, ERG therefore took the necessary steps to initiate a new competitive process aimed at finding a new buyer, evaluating the most efficient alternative path for pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of generating electricity from renewable sources by divesting ERG Power S.r.l.

In consideration of the above, in this Document the result of the Assets held for sale was therefore recorded in the line "Net profit (loss) from assets held for sale" and the Invested Capital of the Assets held for sale was recorded in the financial statements as the conditions set forth in paragraph 12 of IFRS 5 were met.

2021 income statement amounts adjusted

As a result of the above, the comparison of the results of financial year 2022 with those of the corresponding period of 2021 is significantly affected by the considerable transformation of the Group's portfolio. Therefore, in order to facilitate the understanding of the performance of the two periods and in consideration of the new pure "Wind & Solar" model, the 2021 comparative figures have been restated indicating in the line "Profit (loss) from assets held for sale" the contribution of the hydroelectric and thermoelectric business, in application of IFRS 5.

For further details on the changes made, see the "Alternative Performance Measures" section.

Risks and uncertainties in relation to the business outlook

With reference to the estimates and forecasts contained in this document, and in particular in the section "Business outlook", it should be noted that the actual results may differ from those presented due to a number of factors, including: future price trends, the operating performances of plants, wind and irradiance conditions, the impact of energy industry and environmental regulations, and other changes in business conditions and competitors' actions.

HIGHLIGHTS

KEY INDICATORS

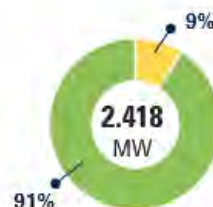


OPERATIVE DATA

Installed capacity



vs **2021 adjusted** = Δ



+22%

Energy production



+19%

Employees at year end

573

553

+4%









Wind

Solar

Corporate



KEY ESG INDICATORS AND RECOGNITIONS

ESG DATA		2022	2021 restated	= Δ
 PLANET	CO ₂ avoided	2,710 kt	2,260 kt	+20%
	 Circular economy wind	100%	100%	0%
 ENGAGEMENT	Contribution to local communities	EUR 9,351 k	EUR 8,705 k	+7%
	 Students involved in educational activities	16,377	5,832	+181%
 PEOPLE	Employees at year end	573	553	+4%
	 Training per employee	6.2 days	6.1 days	+2%
 GOVERNANCE	 Composition of the BoD	12	12	+0%

January 2022

- ERG included in the Bloomberg Gender Equality Index for the first time

February 2022

- ERG included in the CDP Supplier Engagement Leaderboard for the first time

June 2022

- Signing of the Women's Empowerment Principles and entry into the United Nations Global Compact.
- ERG enters the TOP 10 of the "Integrated Governance Index 2022".
- MSCI confirms ERG's "AA" rating.

September 2022

- ERG among the Top 2% of the Moody's ESG Solutions classification, with the "Advanced" rating for the third consecutive year

November 2022

- ERG wins the Oscar di Bilancio for the 2nd year running

December 2022

- ERG enters the CDP Climate A list 2022

January 2023

- Sustainalytics improves ERG's rating to "Low Risk" (14.6), placing it 5th among independent Power Producers
- ERG in 54th position in the "Global 100 most sustainable corporations in the world" (Corporate Knights), first among the Italian companies included
- ERG's score in the Bloomberg Gender Equality Index improves, putting it into the 1st quartile

THE GROUP

Corporate bodies

BOARD OF DIRECTORS¹

CHAIRMAN

Edoardo Garrone (executive)

DEPUTY CHAIRMAN

Alessandro Garrone (executive²)
Giovanni Mondini (non-executive)

CHIEF EXECUTIVE OFFICER

Paolo Luigi Merli

DIRECTORS

Luca Bettonte (non-executive)
Emanuela Bonadiman (independent³)
Mara Anna Rita Caverni (independent³)
Elena Grifoni Winters (independent³)
Federica Lolli (independent³)
Elisabetta Oliveri (independent³)
Mario Paterlini (independent³)
Renato Pizzolla (non-executive)⁴

BOARD OF STATUTORY AUDITORS⁵

CHAIRMAN

Paolo Prandi⁶

STANDING AUDITORS

Giulia De Martino
Fabrizio Cavalli

MANAGER IN CHARGE OF FINANCIAL REPORTING (ITALIAN LAW NO. 262/05)

Michele Pedemonte⁷

INDEPENDENT AUDITORS

KPMG S.p.A.⁸

¹ Board of Directors appointed on 26 April 2021

² Director in charge of the Internal Control and Risk Management System

³ With reference to the provisions of Article 148, paragraph 3, of the Italian Consolidated Finance Act and the matters contained in the current Corporate Governance Code recommended by Borsa Italiana S.p.A.

⁴ Following the resignation of Marco Costaguta from the office of Board Member of ERG S.p.A. and member of the Strategic Committee, on 15 September 2022, the Board of Directors, on the proposal of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Association, appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee. Director Renato Pizzolla will hold this position until the next ERG S.p.A. Shareholders' Meeting.

⁵ Board of Statutory Auditors appointed on 26 April 2022

⁶ Appointed on 3 October 2022 pursuant to the provisions of Art. 22 of the Articles of Association, in the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A., until the next Shareholders' Meeting of ERG S.p.A.

⁷ Appointed on 26 April 2021 at the same time as appointment to the office of Group CFO

⁸ Appointed on 23 April 2018 for the period 2018 – 2026.

Business description

The ERG Group is a leading independent operator of clean energy from renewable sources, operating in nine countries at European level.

The leading wind power operator in Italy, and among the top ten in Europe, the Group is also active in solar energy production where it ranks in the top five in Italy.

A major player in the oil market until 2008, ERG radically changed its business portfolio in anticipation of long-term energy scenarios, successfully transforming towards a sustainable development model. Today the company is a leading European player in the renewable energy sector.

In 2021, the Group embarked on a major asset rotation with the aim of completing its transformation to a pure “Wind&Solar” business model.

On 3 January 2022, ERG finalised the sale of the hydroelectric assets to Enel Produzione. Conversely, the Italian Antitrust Authority (AGCM) refused authorisation of the sale of the thermoelectric business, deeming that the transaction would have given rise to the establishment and strengthening of a dominant position with regard to the buyer such as to substantially and permanently eliminate or reduce competition in the relevant markets. In this regard, ERG is already taking the necessary steps to initiate a new competitive process aimed at finding a new buyer, evaluating the most efficient alternative path for pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of generating electricity from renewable sources by divesting ERG Power S.r.l.

Following the completion of these important operations, the Group, whose industrial strategy integrates the ESG (Environmental, Social and Governance) plan, in line with the United Nations Sustainable Development Goals (SDGs), will become a 100% Renewable operator.

ERG is therefore a leading player in the decarbonisation process underway at a global level, committed to achieving a fair and inclusive energy transition.

Management of the industrial and commercial processes of the ERG Group is entrusted to the subsidiary ERG Power Generation S.p.A., which carries out:

- centralised Energy Management & Sales activities for all generation technologies in which the ERG Group operates with the mission of securing production through long-term contracts and managing the hedging of merchant positions in line with the Group's risk policies;
- the Operation & Maintenance activities of its wind and solar farms, which involves insourcing the maintenance of the Italian wind farms and some of the plants in France and Germany.

ERG Power Generation S.p.A., with generation facilities of 2,944 MW⁹ of installed renewable capacity (2,599 MW wind, 345 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

Italy

In Italy, ERG has a total installed capacity of 1,440 MW in the sector of electricity generation from wind and solar sources.

Specifically, ERG is the leading operator in the wind power sector in Italy with 1,265 MW of installed capacity, and a leading operator in solar power generation with 175 MW of installed capacity.

Abroad

Outside Italy, ERG has a total installed capacity of 1,504 MW.

In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,334 MW operational), particularly in France (522 MW), Germany (327 MW), the UK (157 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW).

In addition, ERG operates in France and Spain in the generation of electricity from solar sources with 170 MW of installed capacity, of which 79 MW in France and 92 MW in Spain.

⁹ The total MW does not include the thermoelectric business, held for sale.

Geographical segments at 31 December 2022

TOTALE: 2.944 MW

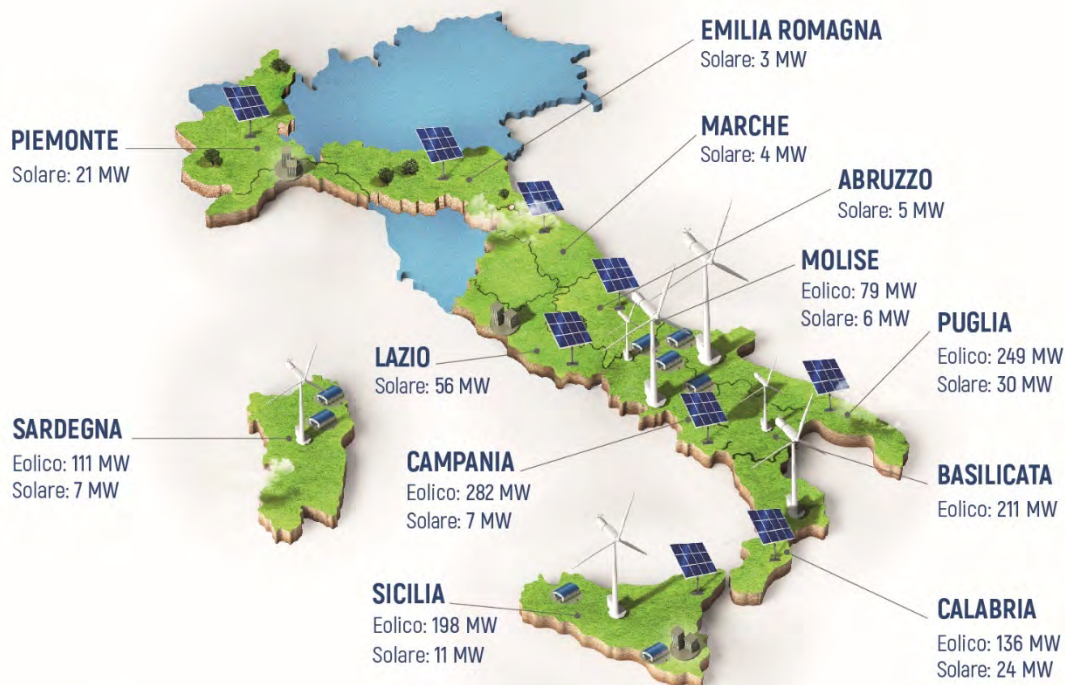
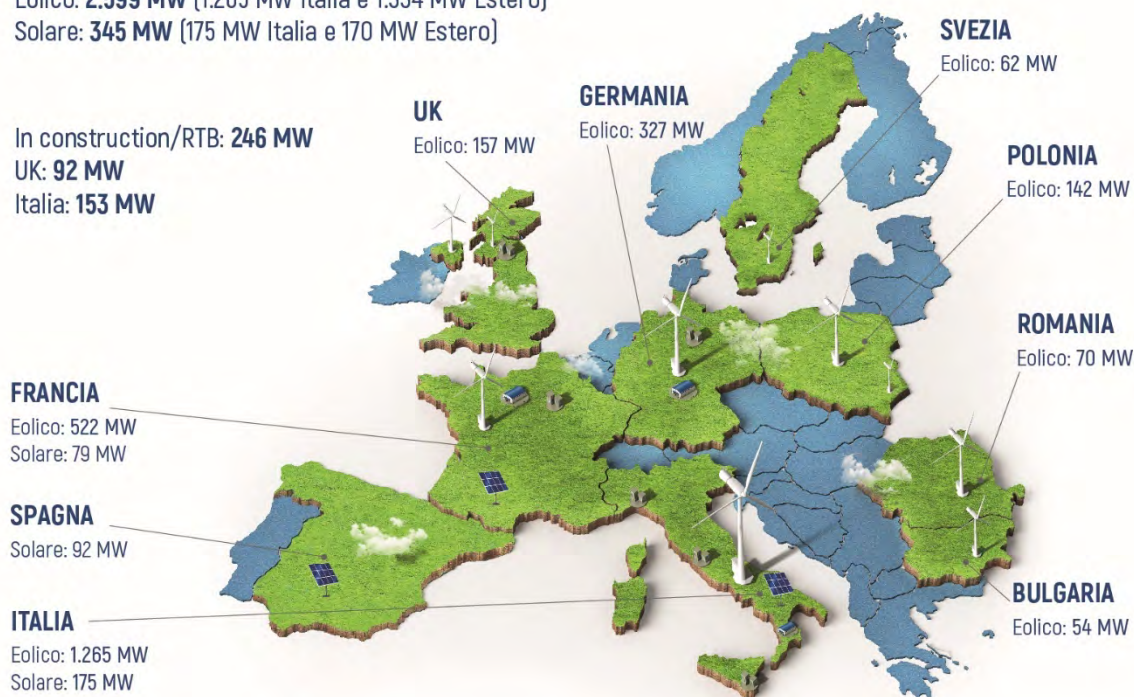
Eolico: 2.599 MW (1.265 MW Italia e 1.334 MW Estero)

Solare: 345 MW (175 MW Italia e 170 MW Estero)

In construction/RTB: 246 MW

UK: 92 MW

Italia: 153 MW



Parchi eolici



Impianti fotovoltaici

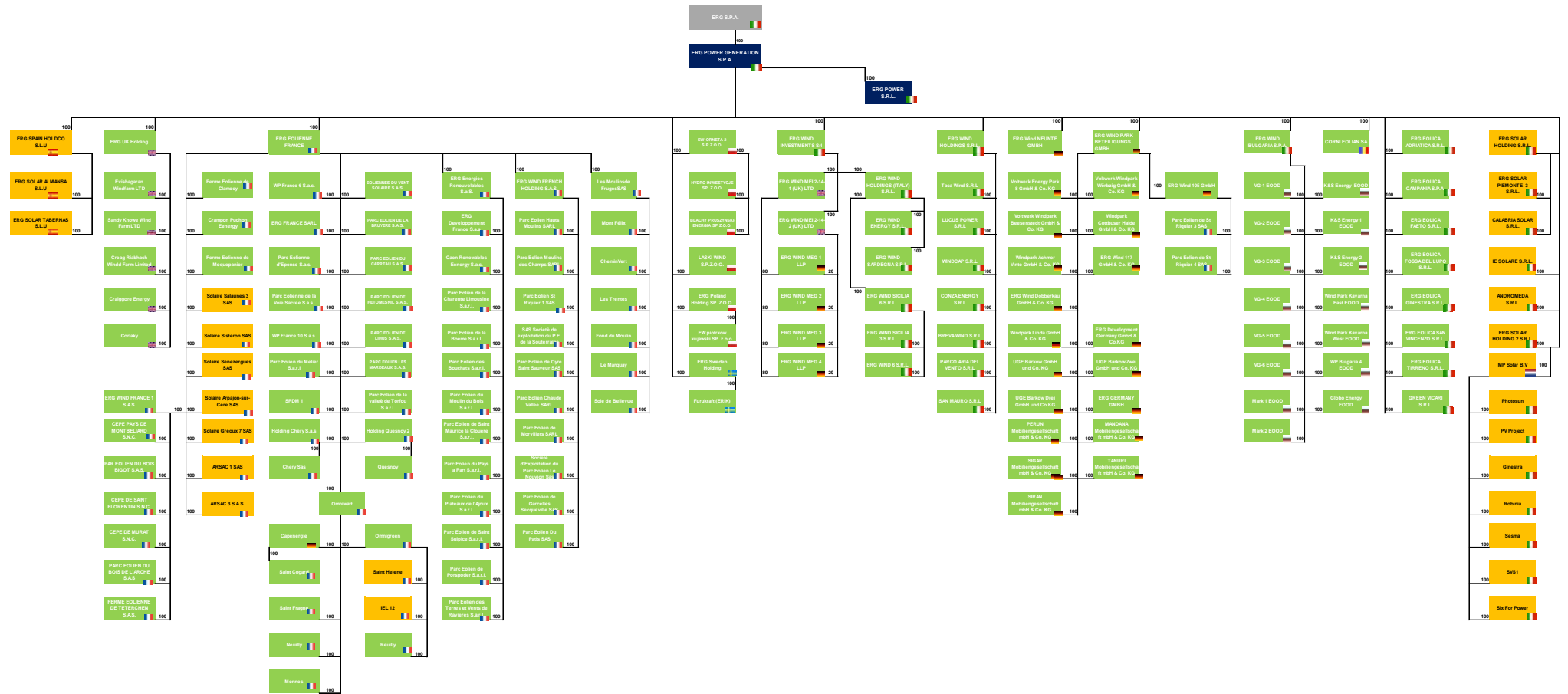


Uffici



Centri logistici O&M

Scope of Consolidation at 31 December 2022



Organisational model

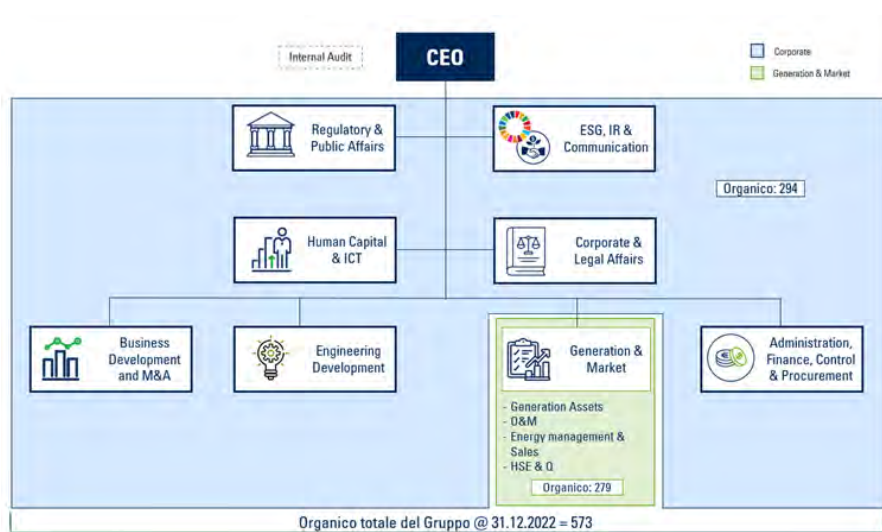
The Group's organisational structure features a strong focus on process logic and the implementation of strategic business leverages, and provides for the definition of two macro-roles:

- Corporate, which ensures the strategic direction, is directly responsible for business development and ensures management of all business support processes. The company is organised in the following areas:
 - Business Development and Mergers & Acquisitions;
 - Engineering Development
 - Administration, Finance, Control & Procurement
 - Human Capital & ICT
 - Regulatory & Public Affairs
 - Corporate & Legal Affairs
 - ESG, IR & Communication

- Generation & Market, which is assigned responsibility for the Group's industrial and commercial processes, organised into:
 - Wind, Solar and Thermo¹⁰ generation technologies, which in turn are organised into production units on a geographical basis;
 - Energy Management & Sales, as a single entry point to organised markets and the main clients/counterparties;
 - a centre of expertise that ensures the efficiency of the operating model and the related global standardisation of processes;
 - a structure dedicated to managing health, safety, quality and environmental protection issues for the entire Group.

In order to continue the path of growth started and to achieve the ambitious targets set in the Business Plan, the Group has, since February 2022, implemented a business model that although well-established within the various companies remains flexible. It takes into account both geographical and technological diversification, particularly in the solar business.

Therefore, within the Business Development and M&A Organisational unit, two macro areas have been set up at European level – Central West Europe & Nordics and Central East Europe – bringing together the Country Business Development and M&A organisational structures. These remain responsible for identifying, coordinating and finalising organic development and M&A initiatives at local level. Similarly, two new Administration, Finance, Control & Procurement areas were established in France and Germany from July 2022. These are responsible for the related processes at local level while maintaining a functional relationship with the central Organisational Units.



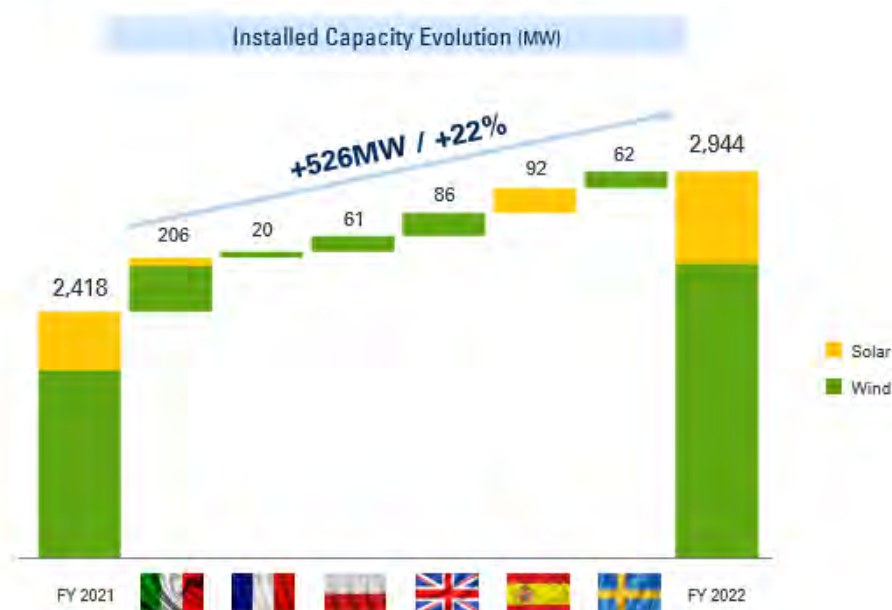
¹⁰ Thermolectric Business held for sale

Strategy

The results achieved in 2022

In 2022, ERG made great strides in its strategic path to decarbonise and grow the RES portfolio.

2022: A STRONG DELIVERY ON OUR BUSINESS STRATEGY



Growth and securing of the RES portfolio:

In the course of 2022, the Group's installed capacity in Wind and Solar power increased by 526 MW of which:

- **Organic Development:** wind farms built and gradually entered into operation during the year for a total of 228 MW and broken down as follows:
 - o 86 MW in the UK;
 - o 62 MW in Sweden;
 - o 60 MW in Poland;
 - o 20 MW in France;
- **M&A** for a total of 298 MW, broken down as follows:
 - o 126 MW of solar power in Italy (34 MW) and Spain (92 MW)
 - o 172 MW of new wind power in Italy;

In 2022, significant progress was also made in the repowering and green field projects in Italy with approximately 100 MW authorised and awarded at auction. The objective of "securing revenues" has also been implemented through the signing of long-term contracts for around 0.5 TWh in the United Kingdom

and in Italy through the agreement with Luxottica, lasting 12 years, for around 0.9 TWh of green energy that will be produced by the Partinico-Monreale wind farm, ERG's first to complete repowering operations.
2022-2026 BP – Results to date

	-	Objectives of the 2022-2026 BP	Results to date
	RES portfolio growth	<ul style="list-style-type: none"> • +2.2 GW through RPW, Greenfield and M&A 	<ul style="list-style-type: none"> • +526 MW in 2022 • +100 MW awarded at auction in Italy
	Securing of revenue	<ul style="list-style-type: none"> • 85-90% regulated 	<ul style="list-style-type: none"> • PPA with Engie in Scotland for 0.5 TWh • PPA with EssilorLuxottica for a total of 0.9 TWh
	Geographical diversification	<ul style="list-style-type: none"> • Increased geographical diversification 	<ul style="list-style-type: none"> • Increased presence in the UK (+86 MW), Sweden (+62 MW) and Poland (+60 MW).
	Solar as a strategic pillar	<ul style="list-style-type: none"> • +625 MW of solar power 	<ul style="list-style-type: none"> • +125 MW¹¹ in solar
	Investment in innovation	<ul style="list-style-type: none"> • +50 MW in storage 	<ul style="list-style-type: none"> • progress on some storage projects in Italy
	Asset Rotation for Conventional Sources	<ul style="list-style-type: none"> • Asset opportunities rotation 	<ul style="list-style-type: none"> • Completion of the closing for the sale of the Hydro portfolio to Enel
	Recognition of ESG commitment	<ul style="list-style-type: none"> • ESG Plan 	<ul style="list-style-type: none"> • Top Tier in the main ESG ratings

Consolidation of the pure “Wind & Solar” model

ERG continues on the path towards transforming its business model into a pure “Wind & Solar” operator, in line with what was presented in the 2022-2026 Business Plan. Thanks to its natural predisposition for change, and the expertise acquired over its 85-year history, the Group has managed to achieve a leading position in renewables by anticipating long-term energy scenarios, consolidating its presence in 9 countries internationally. The Group now wants to confirm itself as a leader in the energy transition, contributing to the achievement of global climate change targets.

Having finalised the sale of the hydroelectric assets to Enel Produzione, ERG is now working on the sale of the Priolo Gargallo CCGT plant. Following these major transactions, the Group aims to become a 100% renewable operator: as of today, ERG has 3,000 MW of installed renewable capacity, and a pipeline that has grown from 3,500 MW to 3,800 MW.

Based on the strategic guidelines set forth in the 2022-2026 Strategic Plan, the growth of the renewable portfolio through geographic and technological diversification continues. To date, ERG has more than 1,500 MW (+320 MW compared to 2021) of installed capacity abroad, with strong growth recorded in the United Kingdom (where from December 2021 to December 2022 ERG installed 156 MW of wind power),

¹¹ 34 MW Siena – Italy; 92 MW Valencia – Spain

consolidation in Poland, and entry into new countries, such as Spain and Sweden. In Italy, ERG has 1,440 MW of installed renewable capacity (+206 MW compared to 2021).

During 2022, the Group increased its installed wind power capacity by 400 MW, and photovoltaic capacity by 126 MW. The focus on solar technology has resulted, in Italy, in the finalisation of the acquisition of 18 photovoltaic plants totalling 34 MW. Also abroad, the Group has increased its presence in the solar energy market in Spain, finalising the acquisition of a 92 MW plant and concluding an agreement for the acquisition of a 25 MWp photovoltaic plant in the commissioning stage.

Update of the 2022–2026 Business Plan

A crisis unprecedented in size and severity hit the energy system in 2022. A number of factors, including the gradual easing of COVID-19 containment measures, the war in Ukraine, the rise in global inflation, and the squeeze on gas supplies from Russia, contributed to the extreme volatility of energy prices.

The energy transition towards renewable energies therefore becomes fundamental, first and foremost to combat climate change, the effects of which are becoming increasingly dramatic, but also to stabilise prices for consumers and increase the security of energy supply. A number of extraordinary and shortsighted government measures, such as the price cap and extra taxes on renewable profits, have, however, created a perception of regulatory risk and unprecedented management complexity in the energy sector, undermining operators' ability to invest in the energy transition.

In the face of this changed context, ERG's Board of Directors approved an update of the plan targets for 2026, confirming the strategic guidelines defined for the period 2022-2026, strengthening the strategy for growth in Wind & Solar through a policy of geographical and technological diversification and the gradual securing of revenues.

ERG reiterates its commitment to the growth of its renewable portfolio through three channels:

- 1) **Greenfield and co-Development:** ERG intends to continue its growth strategy through the organic development of proprietary pipelines and co-development agreements in Italy and in the main European reference countries.
- 2) **Repowering of its plants in Italy and abroad:** in view of technological developments in the wind and solar sector, ERG aims to repower assets currently equipped with obsolete technologies, with new latest generation technologies, aimed at increasing energy production, taking advantage of the quality of the most productive sites. The revenues of the new wind farms will be secured through participation in the auction system or through long-term contracts known as PPAs.
- 3) **M&A:** ERG intends to seize opportunities for growth in renewables in the countries of interest to the Group, leveraging the financial resources deriving from asset rotation, the experience acquired during its transformation process and the synergies resulting from the consolidation with its portfolio.

ERG confirms its 2026 target of reaching an installed capacity of 4.6 GW and the ambition of reaching 5 GW in 2027, with an increase of 2.2 GW in the period 2022-2026, of which 526 MW already reached in 2022 and 1,674 MW to be installed in the period 2023-26, through:

- projects entered into operation in the first quarter of the year or currently under construction in the UK and Repowering in Italy: +0.4 GW;
- repowering projects in wind in Italy and abroad: +0,1 GW (on a differential basis);
- greenfield projects in wind and solar: +0,4 GW;
- M&A transactions for approximately +0.8 GW.

EBITDA in 2026 is expected to be greater than EUR 650 million, 85-90% quasi regulated, thanks to long-term energy sale contracts at pre-established prices (PPAs, Power Purchase Agreements) and government CfD systems.

Capital expenditure allocated for the period 2022-2026 rose from approximately EUR 2.9 billion to EUR 3.5 billion, of which EUR 0.9 billion already made in 2022. The increase with the same total MW is attributable to the acquisitions made in 2022 of high quality assets with a higher cost per MW and with a better expected cash generation, as well as higher construction costs per MW in light of the changed market context (so-called *greeninflation*).

Indebtedness at the end of 2026 will be EUR 2.3 billion, compared to EUR 1.43 billion at the end of 2022. ERG has a solid financial structure capable of supporting its sustainable growth, always with the goal of maintaining the Investment Grade BBB- rating (Fitch).

In view of the Group’s financial strength, and also as a result of the resources deriving from disposals, as well as the positive growth prospects, the Business Plan envisages an increase in the dividend from EUR 0.90 to EUR 1 per share over the period of the plan.

Key to the new Plan’s success will be a new organisation, focused on international and technological diversification, and re-skilling activities.

2022-2026 Strategic Plan Objectives

		New targets for 2026
	RES portfolio growth	<ul style="list-style-type: none"> +2.2 GW in 22-26 (+526 MW in 2022) 4.6 GW of capacity installed in 2026 (5 GW in 2027)
	Securing revenue of	<ul style="list-style-type: none"> Confirmed objective: 85-90% secured out of total EBITDA
	Geographical diversification	<ul style="list-style-type: none"> 9 countries in 2022: Spain and Sweden started up
	Solar as a strategic pillar	<ul style="list-style-type: none"> ~ 860 MW of solar capacity (out of +2,200 MW) ~25% solar of total capacity @2026
	Investment in innovation	<ul style="list-style-type: none"> Battery Storage: evaluation of opportunity on floating offshore wind
	Asset Rotation for Conventional Sources	<ul style="list-style-type: none"> Relaunch of the CCGT sale
	Incorporation of ESG matters	<ul style="list-style-type: none"> Improved objectives
	Dividend policy	<ul style="list-style-type: none"> EUR 1 per share (+10% vs previous)

The ESG plan

ERG's ESG strategy is based on four “pillars”, which are closely integrated into our business model:

1. Planet: fight against climate change;
2. Engagement: commitment to local areas;
3. People: focus on the growth and well-being of people;
4. Governance: principles and management bodies inspired by best practices.

The 2022-2026 Business Plan incorporates the ESG Plan, aligned with the Sustainable Development Goals of the United Nations, which confirms the Group's mission to “keep growing in RES, acting as #SDGsContributor”.

The 2022-2026 ESG plan sets out 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to guaranteeing a tangible contribution to the creation of value over time for all our stakeholders and reaching 14 of the 17 SDGs established by the United Nations, incorporated in the management's short and long-term incentive system.



In the **Planet Pillar** we confirm the goal of becoming Net Zero by 2040, and reaffirm our strong commitment to the circular economy with the objective of recovering materials from the dismantling of all our wind and solar plants. For photovoltaic panels in good condition, this environmental goal is also coupled with social reuse projects.

In the **Engagement Pillar**, we will continue to be committed to supporting our local areas, with a contribution of at least 1% of turnover to the communities where we operate with our plants. During 2023, we will launch our ERG Academy with education programmes for the Next Generations on sustainability and renewable energy issues and the goal is to reach at least 20,000 students by 2026; the Academy will also include all development and training programmes for our people.

In the **People Pillar** we envisage employee growth programmes with objectives up to 2026 that focus on both defining individual development plans (for at least 80% of ERG People) and internal training activities (for 100% of our people).

One pillar of our ESG strategy is Diversity & Inclusion, where we already have solid foundations thanks to the D&I Policy and specific training programmes, but we want to go further for a more international and inclusive ERG. We confirm the objectives for 2026 and in 2027 we intend to increase the percentage of female key leaders to at least 25%, in addition to keeping the percentage of women in the Group between at least 25% and 30%. We also intend to obtain Gender Equality certification (PNRR) in 2023 and Diversity & Inclusion certification by 2025.

In the **Governance Pillar**, our commitment to having best-in-class governance continues with the inclusion of ESG targets in the MBO/LTI remuneration systems. For greater transparency in the Tax area, in 2023 we plan to extend the Tax Control Framework also in Germany. In sustainable procurement, we have objectives regarding measuring the carbon footprint on Diversity & Inclusion programmes in the supply chain. In the cyber security area, we plan to obtain Information Security Management System certification by 2024. In addition, growth is accompanied by a green financial strategy: the goal is to have at least 90% of our loans classified as “Green Funding” by 2026.

In 2022, we made significant progress along the path outlined by the ESG plan and the results achieved are in line with the objectives defined in the ESG Plan and also included in the short-term incentive system. The results achieved are summarised below:

UN SDGs	2026 TARGETS	RENDICONTAZIONE 2022
	PLANET	
	Net Zero	<ul style="list-style-type: none"> Target Net Zero in fase di validazione da parte di SBTi
	Circular economy	<ul style="list-style-type: none"> Wind: 100% componenti wind Repowering Partinico Monreale venduti Solar: 92% materiali riciclati Solar Revamping Social Purpose: 4 progetti autorizzati per il 2023 (2 in Africa, 2 in Italia)
	Energy efficiency	<ul style="list-style-type: none"> Wind: +11,9 GWh Solar: +3,8 GWh
	Biodiversity	<ul style="list-style-type: none"> 100% degli impianti RES sviluppati internamente con valutazione dell'impatto sulla biodiversità
	ENGAGEMENT	
	ERG Academy for Next Generation	<ul style="list-style-type: none"> 16.377 studenti coinvolti in iniziative di formazione
	1% for the Community	<ul style="list-style-type: none"> >1 % dei ricavi destinati allo sviluppo delle comunità locali nel 2022
	Trust & Reputation	<ul style="list-style-type: none"> Top performer nei principali rating ESG
	PEOPLE	
	ERG Academy for our People	<ul style="list-style-type: none"> 41% dei dipendenti con piano di sviluppo personale 97,6% dei dipendenti coinvolti in piani di formazione
	Diversity & Inclusion	<ul style="list-style-type: none"> 18,3% donne tra i key leader (manager and senior manager) 20% key leader all'estero 29,5% donne nel personale
	Employees' well-being	<ul style="list-style-type: none"> Assessment sui Flexible benefit a livello di Gruppo Programma Ferie Solidali esteso in Francia e Germania 8 giorni di Smart Working al mese
	Health & Safety, always	<ul style="list-style-type: none"> No fatalities, Indice di Frequenza = 4,12; Indice di Gravità: 0,19
	GOVERNANCE	
	Sustainability Incentives	<ul style="list-style-type: none"> 100% MBO/LTI con obiettivi ESG
	Enhancing governance model	<ul style="list-style-type: none"> Rispetto della gender diversity nei collegi sindacali
	Tax Control Framework	<ul style="list-style-type: none"> Tax Control Framework implementato in Francia
	Sustainable procurement	<ul style="list-style-type: none"> 61,1 di punteggio medio dei fornitori strategici (+5,6 vs 2021)
	ESG Finance	<ul style="list-style-type: none"> 88% di Finanziamenti Green

Our pure “Wind&Solar” model

ERG continues on the path towards transforming its business model into a pure “Wind & Solar” operator, in line with what was presented in the 2022-2026 Business Plan. Thanks to a natural predisposition for change, and the expertise acquired over its 85-year history, the Group has managed to achieve a leading position in renewables by anticipating long-term energy scenarios, consolidating its presence in 9 countries internationally. The Group now wants to confirm itself as a leader in the global energy transition, contributing to the achievement of global climate change targets.

Having finalised the sale of the hydroelectric assets to Enel Produzione, ERG is now finalising the sale of the Priolo Gargallo CCGT plant. Following these major transactions, the Group aims to become a 100% Renewable operator: as of today, ERG has 3,000 MW of installed renewable capacity and a pipeline that has grown from 3500 MW to 3800 MW.

Based on the strategic guidelines set forth in the 2022-2026 Business Plan, the growth of the renewable portfolio through geographic and technological diversification continues. To date, ERG has more than 1,500 MW (+320 MW compared to 2021) of installed capacity abroad, with strong growth recorded in the United Kingdom (where from December 2021 to December 2022 ERG installed 156 MW of wind power), consolidation in Poland, and entry into new countries, such as Spain and Sweden. In Italy, ERG has 1440 MW of installed renewable capacity (+206 MW compared to 2021). During 2022, the Group increased its installed wind power capacity by 401 MW, and photovoltaic capacity by 125 MW. The increased focus on

solar technology has resulted, in Italy, in the finalisation of the acquisition of 18 photovoltaic plants totalling 34 MW. Also abroad, in Spain, the Group has increased its presence in the solar energy market, finalising the acquisition of a 92 MW plant and concluding an agreement for a 25 MWp photovoltaic plant in the commissioning stage.

Change in business scope during the year

Hydroelectric

On 3 January 2022, ERG finalised an agreement with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l. The transaction was concluded in line with what was announced on 2 August 2021.

Solar – Valentia

On **31 January 2022**, ERG acquired from GEI Subasta 1 SA 100% of the capital of two Spanish project companies owning two operational solar plants located in southern Spain in the regions of Castilla de la Mancha and Andalusia, of 50.0 MW and 41.6 MW respectively.

The plants were commissioned in early 2020, having participated in the auctions regulated by Italian Royal Decree No. 359 of 2017 and have an estimated total annual production of 188 GWh, equal to over 2,050 equivalent hours/year, one of Europe's highest, corresponding to 110 kt of CO₂ emissions avoided every year.

The consideration for the transaction amounts to EUR 96 million (asset value).

It should be noted that the newly acquired Spanish companies have been consolidated on a line-by-line basis starting from 1 January 2022.

Solar – Siena Project

On **7 July 2022**, ERG finalised the acquisition from ABN AMRO Sustainable Impact Fund PE B.V. of 100% of the capital of MP Solar B.V., owner, through seven Italian companies, of eighteen operational photovoltaic plants. The plants, with a total installed capacity of 33.8 MW and a total annual output of 46 GWh, came into operation between the end of 2010 and 2011 and benefit from the tariff regime under the so-called Feed-in Tariff (II, III and IV).

The transaction fee in terms of enterprise value at 31 December 2021 was approximately EUR 128 million, and the 2021 EBITDA was EUR 17 million.

It should be noted that the newly acquired photovoltaic companies have been consolidated on a line-by-line basis starting from 1 July 2022.

Wind – Donatello Project

On **9 September 2022**, ERG acquired from EDP Renewables Italia Holding S.r.l. the entire share capital of seven companies, owners of seven wind farms located in Italy. The plants, with a total installed capacity of 172 MW and a total annual output of approximately 400 GWh, benefit from a “CfD” (contract for difference) tariff regime with the GSE for a duration of 20 years starting from their entry into operation, which took place between 2018 and the end of 2021.

The transaction fee in terms of enterprise value at 31 December 2021 was approximately EUR 420 million, and EBITDA for the first half of 2022 was approximately EUR 36 million.

It should be noted that the newly acquired wind companies have been consolidated on a line-by-line basis starting from 1 August 2022.

Furthermore, during 2022, two wind farms entered into operation in the United Kingdom for a total capacity of 86 MW, as did two wind farms in France for a total capacity of 27 MW, two wind farms in Poland for a total of 60 MW and one wind farm in Sweden for 62 MW. All were developed and built internally by the Group.

ERG's stock market performance

At 30 December 2022, the reference price of the ERG stock was EUR 28.95, up slightly (+1.8%) compared to the end of 2021.

The other stock market indices showed negative changes: FTSE All Share (-14.1%), FTSE Mid Cap (-21.0%) and the Euro Stoxx Utilities Index (-11.3%); the only exception was the S&P Global Energy Index (+0.6%).

During the reporting period, the listed price of ERG stock ranged between a minimum of EUR 22.98 (22 February 2022) and a maximum of EUR 36.04 (26 August 2022).

It is noted that on 29 November 2022, ERG entered the FTSE MIB index, the primary benchmark index of Euronext Milan – a regulated market organised and managed by Borsa Italiana S.p.A. – consisting of the 40 largest securities in terms of liquidity and trading volume, representing around 80% of domestic market capitalisation.

The figures relating to the prices and exchange volumes of ERG stock at 30 December 2022 are set out below:

Share price	EUR
Reference price at 30.12.22	28.95
Maximum price (26.08.22) ⁽¹⁾	36.04
Minimum price (22.02.2022) ⁽¹⁾	22.98
Average price	30.13

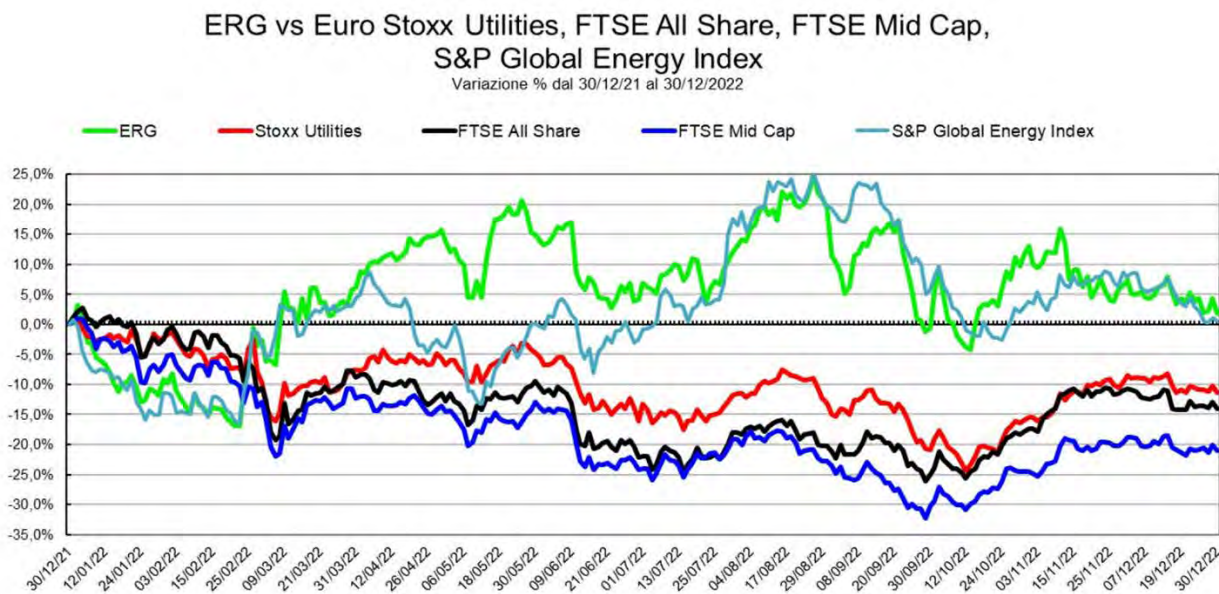
(1) lowest and highest price reached during the day's trading; hence they do not match the official reference prices on the same date.

Volumes traded	No. of shares
Maximum volume (28.11.22)	1,754,478
Minimum volume (03.08.22)	56,579
Average volume	224,071

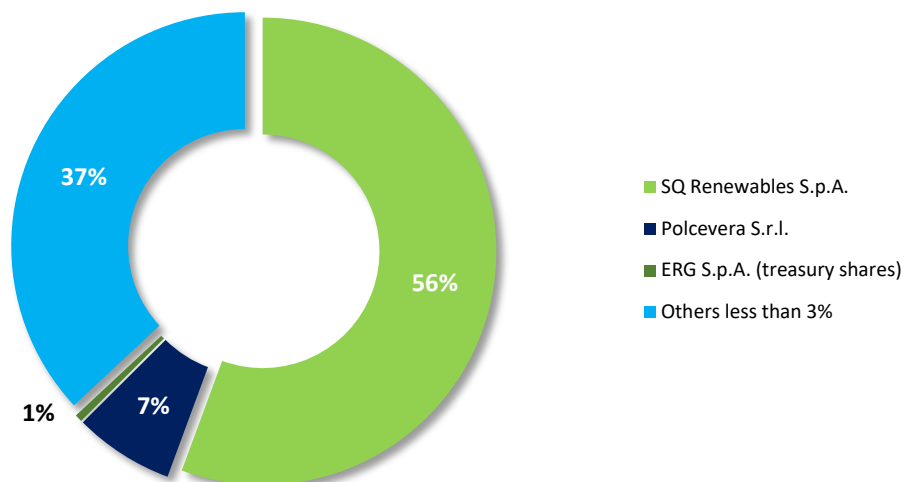
Market capitalisation at the end of 2022 was approximately EUR 4,353 million (EUR 4,275 million at the end of 2021).

The average number of shares outstanding in the period was 149,537,920.

Performance of ERG’s Shares and Shareholding Structure at 30 December 2022



The shareholding structure of ERG S.p.A. following the closing of the transaction aimed at creating the long-term partnership between San Quirico S.p.A. and the investment fund IFM Net Zero Infrastructure Fund SCSp, which took place on 15 September 2022, is shown below. As of that date, ERG S.p.A. is subject to limited management and coordination by SQ Renewables S.p.A., in accordance with the provisions of the relevant Regulations, available to the public on the Company’s website (www.erg.eu) in the “Corporate Governance/Governance Documents” section.



Significant events during the year

Italy

Date	Sector	Significant event
Press release of 3 January 2022	Hydroelectric	ERG has finalised the closing with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l.
Press release of 26 January 2022	Corporate/ESG	ERG has been included in Bloomberg's Gender Equality Index (GEI)
Press release of 31 January 2022	Wind	ERG has been awarded a tariff for 20 years on 97.2 MW of new wind capacity as part of the seventh auction called by GSE (Gestore dei Servizi Elettrici).
Press release of 9 February 2022	Thermoelectric	ERG has signed an agreement with Enel Produzione S.p.A. to sell the entire share capital of ERG Power S.r.l., which owns the Combined Cycle Gas Turbine (CCGT) cogeneration power plant.
Press release of 10 February 2022	Corporate/ESG	ERG enters the CDP (Carbon Disclosure Project) "Suppliers Engagement Leaderboard"
Press release of 23 February 2022	Storage	ERG enters the storage market with two projects for a total of 22 MW of installed capacity in the Centre-South and Sicily.
Press release of 15 March 2022	Corporate	ERG's Board of Directors approves the 2022-2026 Business and ESG Plan.
Press release of 26 April 2022	Corporate	The Shareholders of ERG S.p.A. have approved the 2021 Financial Statements, resolved on the payment of a dividend of EUR 0.90 per share and appointed the new Board of Statutory Auditors.
Press release of 13 May 2022	Corporate	Fitch ratings agency ("Fitch") has confirmed for ERG S.p.A. a Long Term Issuer Default Rating (IDR) of BBB- with stable outlook and a senior unsecured rating of BBB-.
Press release of 01 June 2022	Solar	ERG has entered into an agreement to acquire 100% of the capital of MP Solar B.V., owner of eighteen photovoltaic plants in operation with a total installed capacity of 33.8 MW.
Press release of 15 June 2022	Corporate/ESG	ERG strengthens its ESG commitment. Signing of the Women's Empowerment Principles and entry into the United Nations Global Compact. MSCI confirms the Group's "AA" rating The Group also enters the Top 10 of the "Integrated Governance Index 2022".
Press release of 16 June 2022	Corporate	San Quirico and IFM Investors announced the establishment of a long-term strategic partnership concerning ERG S.p.A. The family office of the Garrone-Mondini family and IFM NZIF have signed a landmark agreement under which IFM NZIF and its respective affiliated companies will acquire an initial 35% interest in a new holding company to be established, which in turn will hold approximately 62.5% of ERG.
Press release of 07 July 2022	Solar	Completion of the acquisition from ABN AMRO Sustainable Impact Fund PE B.V. of 100% of the capital of MP Solar B.V., owner, through seven Italian companies, of eighteen photovoltaic plants in operation with a total installed capacity of 33.8 MW.

Press releases of 29 July 2022 and 9 September 2022	Wind	ERG has acquired from EDP Renewables Italia Holding S.r.l. the entire share capital of seven companies, owners of seven wind farms located in Italy with an installed capacity of 172 MW.
Press release of 9 September 2022	Corporate	Marco Costaguta, non-executive Director and member of the Strategic Committee, has resigned from the office of Director of ERG S.p.A.
Press release of 15 September 2022	Corporate	On the recommendation of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Incorporation, the Board of Directors of ERG S.p.A. has appointed Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee.
Press release of 15 September 2022	Corporate	Closing of the transaction between San Quirico and IFM Investors for the establishment of a long-term strategic partnership regarding ERG S.p.A. (see PR of 16 June 2022).
Press release of 23 September 2022	Thermoelectric	Regarding the transaction for the sale to Enel Produzione S.p.A. of ERG Power Generation S.p.A.'s equity investment in ERG Power S.r.l., owner of the cogeneration power plant (CCGT) located in Priolo Gargallo, subject to the approval of the transaction by the competent Antitrust Authorities (see press release of 9 February 2022), we hereby announce that the Italian Antitrust Authority (AGCM), by order dated 23 September 2022, has not authorised the aforesaid transaction.
Press release of 30 September 2022	Corporate/ESG	Moody's ESG Solutions (previously Vigeo Eiris), one of the leading international ESG rating agencies, has confirmed ERG's Advanced Rating, the highest on its rating scale, with a score of 65/100, rewarding the Group's continued growth in ESG performance over the last 3 years. ERG thus enters the top 2% of Moody's ESG Solutions global ranking, which includes 4906 companies, obtaining 100th place and recording an increase of two points on the rating scale.
Press release of 3 October 2022	Corporate	The Board of Directors sadly acknowledged the untimely death of Elena Spagnol, Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A. The Board of Directors, the Board of Statutory Auditors and the people of the ERG Group, in remembering Elena Spagnol for her passion, competence and extraordinary professional and human commitment to the Company, expressed their condolences and share the family's grief for such a great loss. Pursuant to the provisions of Art. 22 of the Articles of Association, the Alternate Auditor Paolo Prandi takes over the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A., until the next Shareholders' Meeting of ERG S.p.A.
Press release of 27 October 2022	Corporate	Signing, with a pool of Italian and international banks, of a "Sustainability-Linked" revolving credit line for an amount of EUR 600 million with a three-year duration and an option to extend it for a further two years. The loan, in line with the Sustainability-Linked Loan Principles, provides for an adjustment of margins to achieve specific ESG objectives, included in the Group's 2022-2026 business plan. In particular, the ESG objectives refer to the growth of the renewable portfolio and to Diversity & Inclusion. The transaction, the first of its kind for ERG, strengthens the Group's financial structure, increasing its flexibility and liquidity profile and, at the same time, contributes to the Group's sustainable development.
Press release of 3 November 2022	Corporate	ERG confirms its sustainable commitment and strengthens the governance system aimed at developing its inclusive culture with the introduction of the "Policy to combat Violence, Harassment and Bullying in the workplace".

Press release of 26 November 2022	Corporate	ERG has won the 2022 Financial Statements Oscar in the "Medium and small listed companies" category. The award is given to companies whose financial statements not only report their operations, but also show their willingness to share results and goals with their stakeholders through timely and transparent communication.
Press release of 29 November 2022	Corporate	ERG enters the FTSE MIB index, the primary benchmark index of Euronext Milan – a regulated market organised and managed by Borsa Italiana S.p.A. – consisting of the 40 largest securities in terms of liquidity and trading volume, representing around 80% of domestic market capitalisation.
Press release of 13 December 2022	Corporate/ESG	ERG enters the 'A List' of CDP (Carbon Disclosure Project), the global non-profit organisation that, by monitoring performance in the fight against climate change, guides companies and governments towards reducing greenhouse gas emissions.

Abroad

Date	Geographic segment	Sector	Significant event
Press release of 31 January 2022	Spain	Solar	ERG acquired from GEI Subasta 1 SA 100% of the capital of two Spanish project companies owning two operational solar plants of 50.0 MW and 41.6 MW respectively.
Press release of 24 March 2022	UK	Wind	ERG, through its subsidiaries in the United Kingdom, reached an agreement with ENGIE UK Markets Ltd, for the signing of two Power Purchase Agreements (PPAs) with a ten-year duration.
Press release of 9 June 2022	France	Wind	ERG announced the commissioning of the Les Bouchats wind farm in France, situated in the Grand-Est region, with a total capacity of 19.8 MW.
Press Release of 7 July 2022	Poland	Wind	Commissioning of the Piotrków wind farm, located in the northern part of Poland, for a total of 24.5 MW.
Press release of 13 October 2022	UK	Wind	ERG announces the start-up of the first 50 MW of the Sandy Knowe wind farm at Dumfries & Galloway in the south of Scotland.
Press release of 14 October 2022	UK	Wind	ERG has completed the acquisition of 100% of the shares of the company Corlacky Energy Ltd., wholly owned by RES, which holds the permits for the construction and operation of the Corlacky wind farm in Northern Ireland. The project will consist of 11 turbines for an expected total installed capacity of up to 47 MW.
Press release of 24 October 2022	Poland	Wind	ERG has announced the start-up of the Laszki wind farm in Poland (36 MW). The wind farm was developed and built internally and consists of 18 Vestas V100 2.0 MW turbines with a total installed capacity of 36 MW and overall output of around 90 GWh per year when fully operational, preventing the annual emission of 76 kt of CO ₂ .
Press release of 25 November 2022	Sweden	Wind	ERG has completed the construction and started the energisation of the wind farm at Furuby (62 MW), in the south of Sweden. The wind farm consists of 10 latest generation Siemens Gamesa turbines of 6.2 MW with estimated annual output of approximately 210 GWh, equal to almost 3,400 equivalent hours and roughly 140 kt of CO ₂ emissions avoided each year.

Press release of 16 December 2022	UK	Wind	Sandy Knowe wind farm extension completed (36 MW)
Press release of 23 December 2022	Spain	Solar	ERG has signed an agreement with Renertia Investment Company for the acquisition of 100% of the share capital of a company that owns a photovoltaic solar plant located in Fregenal de la Sierra, in the autonomous community of Extremadura, with an installed capacity of 25 MWp. The plant, built in 2022, is in the testing and commissioning phase and is scheduled to enter into operation in early 2023.

Regulatory measures to curb energy price rises (clawback measure and windfall tax)

During 2022, urgent measures were introduced to contain the effects of price increases in the electricity sector. Specifically, in Italy reference is made to Art. 37 of Italian Decree Law No. 21 of 21 March 2022¹², the impact of which was estimated at EUR 41 million (of which approximately EUR 4 million relating to the thermoelectric business), and the extraordinary contribution for 2023, introduced by the 2023 Budget Law (Italian Law 197 of 29 December 2022), the impact of which was estimated at EUR 19 million, both recognised in the Taxes line and isolated as special items.

With reference to Art. 15-bis of Italian Decree Law No. 4/2022 (Sostegni-Ter)¹³, it should be noted that during 2022, the application of the legislation entailed charges of approximately EUR 7 million for the solar companies. These charges were accounted for in EBITDA and recognised as a special item.

As regards abroad, note the application of the "Windfall Tax" legislation in Romania and the regulations on the price cap¹⁴ in Europe, which led to higher charges in 2022 for EUR 28 million (EUR 15 million in Romania¹⁵, EUR 7 million in France, EUR 2 million in Germany, EUR 2 million in Bulgaria and EUR 1 million in Poland), accounted for in EBITDA and recognised as a special item.

Overall, the effects of the aforementioned measures had an impact for the Group of approximately EUR 91 million gross of tax (EUR 83 million net of tax).

The table below summarises the different impacts of the aforementioned measures, gross of the tax effect:

(EUR million)

Country	Surplus profits contribution (Italian Decree Law of 21 March 2022)	Temporary solidarity contribution (Italian Law no. 197 of 29 December 2022)	Sostegni-Ter (Art. 15 bis Italian Decree Law no. 4/2022)	Windfall taxes/Price Cap Europe	Total
Italy*	37	19	7	-	63
France	-	-	-	7	7
Germany	-	-	-	2	2
Romania	-	-	-	15	15
Poland	-	-	-	1	1
Bulgaria	-	-	-	2	2
Total	37	19	7	28	91

* the amount does not include approximately EUR 4 million of surplus profits relating to the thermoelectric business.

Conflict in Ukraine

In view of the war that broke in Ukraine at the end of February 2022, management is monitoring any critical issues and impacts that the conflict could have on the ERG Group, in particular with reference to credit risk, security and business continuity.

As regards **credit risk**, there are no open positions directly with Russian and Ukrainian counterparties; however, it should be noted that the main customer of the Group on the Priolo Gargallo site is an Italian company indirectly controlled by a Russian group. In this regard, recent news is that Litasco has finalised the details of the sale of the Priolo plants to the Cypriot private equity and asset management fund G.O.I. Energy. The transaction is subject to the occurrence of certain conditions precedent relating, among other things, to obtaining authorisations from all the competent authorities, including the Italian Government, which has, moreover, by means of Italian Prime Minister's Decree of 4 February 2023 and pursuant to Italian Decree Law no. 207/2012, declared the plants to be of national strategic interest so as to guarantee their business continuity (including the treatment plants). The transaction is expected to close by the end of March 2023 and will involve G.O.I. Energy concluding exclusive long-term supply and off-take agreements with Trafigura, one of the largest independent traders of oil and petroleum

¹² converted into law by Italian Law No. 51 of 20 May 2022

¹³ converted into law by Italian Law no. 25 of 28 May 2022

¹⁴ October 2022 saw the publication of Regulation (EU) 2022/1854 of 6 October 2022, which provided for the establishment of a cap on market revenues from electricity produced with technologies defined as "inframarginal" (including wind and solar power) and a solidarity contribution from the oil, natural gas and coal sectors. In addition, a cap of EUR 180 per MWh was set on market revenues from the generation of electricity from "inframarginal" sources. This cap applies throughout the European Union and entails the return of surplus revenues. The cap shall apply from 1 December 2022 to 30 June 2023, with the possibility of extension or amendment following an assessment by the European Commission.

¹⁵ In November 2022, the Romanian Government, with Emergency Act no. 53, introduced further measures to combat high energy prices, establishing the obligation for operators with capacity exceeding 10 MW to sell all available production at a fixed price of 450 lei/MWh, through the signing of PPAs. Consequently, there were no impacts of the Windfall Tax in the fourth quarter.

products in the world. These agreements should guarantee a safe supply of oil to the refinery and therefore avoid the sanctions that the European Union has established with reference to the blocking of oil imports by sea from Russia that could have resulted in a stoppage of the plants in the Priolo refinery had ISAB not had replaced the crude oil of Russian origin with imports from different geographical areas (the consequences of the stoppage would have been the potential impact on the sales agreements to the site by ERG Power Generation).

In relation to **plant safety**, note the position of some of the Group's wind farms in Eastern Europe (Poland and Romania) close to the Ukrainian border: since these are countries that are part of NATO, there are currently no risks directly linked to the conflict.

In relation to **business continuity** with regard to gas procurement, ERG currently procures on the spot market and the criticality is mainly linked to operations that have become more onerous both in terms of procurement prices available on the market and organisational effort.

The geopolitical tensions are significantly impacting the financial and commodities markets, with a sharp increase in rates and gas and electricity prices, in respect of which further regulatory measures in the energy sector cannot be ruled out. Finally, there is a general increase in the prices of raw materials and finished products, aggravated by geopolitical tensions, the effects of which may impact investments of projects under construction in the short/medium term. The uncertainty profiles resulting from the current macroeconomic scenario, with particular reference to interest rate dynamics and possible further regulatory interventions in the energy sector, may impact the assessment on the recoverability values of assets recognised in tangible and intangible fixed assets.

PROFIT FOR THE PERIOD AND SCENARIO

(EUR million)	Adjusted ⁽¹⁾		Reported ⁽²⁾	
	2022	2021 ⁽³⁾	2022	2021 ⁽³⁾
Adjusted Main Income Statement figures ⁽¹⁾				
Revenue	749	601	714	601
Gross operating profit (EBITDA)	537	399	499	397
Operating profit (EBIT)	308	198	221	168
Profit (loss) from continuing operations	216	127	89	86
Net profit (loss)	236	203	383	174
of which profit attributable to owners of the parent	232	202	379	173
Adjusted Main financial figures ⁽¹⁾				
Net invested capital of continuing operations ⁽⁴⁾	3,357	3,608	3,510	3,066
Equity	2,059	1,556	2,055	1,569
Net financial indebtedness of continuing operations ⁽⁴⁾	1,434	2,051	1,592	2,250
of which <i>non-recourse Project Financing</i> ⁽⁵⁾	212	237	212	237
Financial leverage	41%	57%	44%	59%
EBITDA Margin %	72%	66%	70%	66%
Operating data				
Total installed capacity at the end of the period	MW		2,944	2,418
Total electricity output	GWh		4,956	4,157
<i>Installed capacity at the end of the period – Italy</i>	<i>MW</i>		<i>1,440</i>	<i>1,234</i>
<i>Electricity output – Italy</i>	<i>GWh</i>		<i>2,312</i>	<i>2,295</i>
<i>Installed capacity at the end of the period – France</i>	<i>MW</i>		<i>600</i>	<i>581</i>
<i>Electricity output – France</i>	<i>GWh</i>		<i>1,076</i>	<i>889</i>
<i>Installed capacity at the end of the period – Germany</i>	<i>MW</i>		<i>327</i>	<i>327</i>
<i>Electricity output – Germany</i>	<i>GWh</i>		<i>556</i>	<i>428</i>
<i>Installed capacity at the end of the period – UK and Sweden</i>	<i>MW</i>		<i>219</i>	<i>70</i>
<i>Electricity output – UK</i>	<i>GWh</i>		<i>226</i>	<i>-</i>
<i>Installed capacity at the end of the period – Spain</i>	<i>MW</i>		<i>92</i>	<i>-</i>
<i>Electricity output – Spain</i>	<i>GWh</i>		<i>171</i>	<i>-</i>
<i>Installed capacity – East Europe</i>	<i>MW</i>		<i>266</i>	<i>206</i>
<i>Electricity output – East Europe</i>	<i>GWh</i>		<i>615</i>	<i>546</i>
Capital expenditure ⁽⁶⁾	EUR million		946	617
Employees at the end of the period ⁽⁷⁾	Units		573	553
Net unit revenue ⁽⁸⁾				
Italy – Wind	EUR/MWh		134	149
Italy – Solar	EUR/MWh		346	335
France – Wind	EUR/MWh		98	88
France – Solar	EUR/MWh		96	90
Germany – Wind	EUR/MWh		172	112
UK and Sweden – Wind	EUR/MWh		150	-
Spain – Solar	EUR/MWh		126	-
East Europe – Wind	EUR/MWh		169	119

⁽¹⁾ Adjusted economic indicators do not include special items and related applicable theoretical taxes.

⁽²⁾ Reported economic indicators are calculated on the basis of the Financial Statements and include special items and related theoretical taxes.

⁽³⁾ The 2021 values are restated in application of IFRS 5 by reclassifying the contributions of the thermoelectric and hydroelectric businesses under the item "Profit (loss) from assets held for sale".

⁽⁴⁾ Net financial indebtedness from continuing operations and Net Invested Capital from continuing operations do not include the 2022 contribution of the thermoelectric business held for sale; the 2021 reported values do not include the contribution of the hydroelectric business, sold in January 2022. The adjusted values are also shown net of the effects deriving from the application of IFRS 16.

⁽⁵⁾ Including cash and cash equivalents and excluding the fair value of the derivatives hedging interest rates.

⁽⁶⁾ In property, plant and equipment and intangible assets. They also include Merger & Acquisition investments of EUR 638 million in 2022 and EUR 390 million in 2021.

⁽⁷⁾ The number of employees in 2022 does not include the 144 people dedicated to ensuring the operation of the CCGT cogeneration plant. Similarly, the number of employees in 2021 does not include the 113 people included in the hydroelectric scope sold to ENEL Produzione S.p.A. and the 142 people dedicated to the thermoelectric business. Net unit revenue is expressed in EUR/MWh and is calculated by dividing the technology output by the revenue achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, the cost of fuel and imbalance costs.

Comments on the year's performance

As previously illustrated in the paragraph "Significant events during the year", it should be noted that the adjusted results do not include the effects of the transitional measures (clawback) introduced during the period in various countries that involve returns with a negative impact that can be estimated – awaiting application clarifications – at around EUR 35 million on the gross operating margin and around EUR 83 million on the net profit of continuing operations.

In 2022, **adjusted revenue** amounted to EUR 749 million, an increase of EUR 148 million compared to 2021 adjusted¹⁶ (EUR 601 million), mainly due to the¹⁷ recent acquisitions in Italy and the full contribution of the capacity installed during the previous year, as well as the acquisitions completed abroad and the entry into operation of the farms developed internally and entered into operation gradually throughout the year. Generation amounted to 5.0 TWh, up by 19% (0.8 TWh) compared to 2021, as a result of the volumes deriving from the greater capacity. The higher market prices only partially affected the results as the group adopts a hedging policy that provides for sales through fixed rates, PPAs under pre-established conditions and financial hedging agreements. Higher prices had an effect abroad, especially in Germany and East Europe, depending on their specific incentive mechanisms. In Italy, unit revenues are down slightly compared with 2021, since a large part of generation is sold at pre-set prices through contracts stipulated in previous years, while there is a significant decrease in the unit value of the GRIN incentive.

Adjusted EBITDA¹⁸, net of special items, came to EUR 537 million, up EUR 138 million from the EUR 399 million recorded in 2021 adjusted. In summary:

ITALY

- **Wind (EUR -25 million):** EBITDA of EUR 218 million, down compared to 2021 adjusted (EUR 243 million) as a result of the lower volumes recorded due to lower wind speeds (2,062 GWh in 2022 of which 145 GWh deriving from new assets compared to 2,078 GWh in 2021) and the lower prices captured, partly offset by the contribution of the newly acquired wind assets, consolidated on a line-by-line basis from 1 August (EUR 34 million). Net of the scope effect, captured sales prices were lower than the previous year since the price scenario effect was offset by the lower value of the incentive (43 EUR/MWh compared to 109 EUR/MWh in 2021) and hedging derivatives.
- **Solar (EUR +12 million):** EBITDA of EUR 77 million, up compared to 2021 adjusted (EUR 65 million) mainly due to the higher installed capacity (34 MW) following the acquisition of 18 photovoltaic plants, consolidated from 1 July and due to the higher volumes recorded (250 GWh in 2022, of which 23 GWh deriving from the consolidation of the new assets compared to 216 GWh in 2021). The price scenario effect, net of hedging derivatives, was essentially neutral.

ABROAD

- **Wind (EUR +129 million):** EBITDA of EUR 244 million, up on 2021 adjusted (EUR 115 million) due to the full contribution resulting from the scope increase in 2021 in the UK, France and Germany, as well as the better prices captured and the higher wind level experienced in East Europe and Germany. In addition, the results benefit from the gradual contribution of the 229 MW of new installed capacity in 2022.
- **Solar (EUR +22 million):** EBITDA of EUR 23 million thanks to the contribution across the entire year of the farms consolidated in France (79 MW) in the second half of 2021 and the new farms acquired in Spain (92 MW) in January 2022.

Overall, the scope effect linked to the new operating MW is EUR 118 million due to the full contribution of the new plants that entered into operation or were acquired in 2021, as well as the acquisitions and energisations carried out in 2022.

It should be noted that the total gross operating profit (EBITDA) is impacted by the electricity price hedging policies implemented in line with the Group's risk policies.

Adjusted EBIT amounts to EUR 308 million (EUR 198 million in 2021 adjusted) after depreciation and amortisation of EUR 229 million, up compared to 2021 (EUR 201 million) mainly as a result of the full contribution of the new internally developed wind farms that have come into operation in the United Kingdom,

¹⁶ It should be noted that following the significant Asset Rotation process undertaken by the Group, the comparative data for 2021 do not include the contribution of the hydroelectric business, sold in January 2022, and the thermoelectric business, held for sale.

¹⁷ It should be noted that the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) are consolidated on a line-by-line basis as of 1 July 2022, while the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) are consolidated on a line-by-line basis as of 1 August 2022.

¹⁸ Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to approximately EUR 12 million, as well as other negative effects of special items for approximately EUR 42 million. It should also be noted that the adjusted EBITDA does not include the contribution of the thermoelectric business (EUR 57 million), held for sale and reclassified to the item "Profit (loss) from assets held for sale".

France and Poland, as well as the significant contribution of wind and photovoltaic assets acquired during 2022 in Italy and abroad, only partly offset by lower depreciation due to the end of the useful life of some components of wind farms in Italy.

The **adjusted net profit (loss) from continuing operations** amounted to EUR 216 million, a significant increase compared to 2021 adjusted (EUR 127 million) in consideration of the aforementioned operating results and lower financial expense, which were reduced as a result of the full contribution of the liability management operations carried out in 2021, only partly offset by a scope effect following the acquisitions in 2022. It should be noted that the item does not include the impact (EUR -23 milioni, net of the related tax) of the price cap regulations in Europe (clawback), the effects of the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) (expense of EUR 5 million, net of the related tax), the impact deriving from Article 37 of Italian Decree Law no. 21/2022 in Italy equal to approximately EUR 37 million and the Extraordinary Contribution in Italy for EUR 19 million; these items, of an extraordinary and temporary nature, totalling EUR 83 million, have been isolated as special items.¹⁹

Adjusted profit attributable to the owners of the parent, also including the contribution of ERG Power S.r.l.²⁰, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 232 million, significantly higher than the 2021 result (EUR 202 million), in view of the already discussed improved operating results and lower financial expenses.

Profit attributable to the owners of the parent is EUR 375 million, an increase compared to EUR 173 million in 2021 adjusted. The result includes primarily the net capital gain recognised following the sale of the Terni hydroelectric complex on 3 January 2022 (equal to approximately EUR 324 million), as well as the impairment of the wind assets subject to repowering (equal to approximately EUR 14 million) and the photovoltaic assets subject to revamping (EUR 16 million), the impairment of the CCGT in the process of being sold (EUR 66 million), the costs related to the liability management operations carried out in 2022 (equal to approximately EUR 2 million), the aforementioned effects linked to the urgent tax measures regarding the containment of energy prices (clawback) (equal to EUR 65 million in Italy²¹ and EUR 23 million Abroad) and the contribution of ERG Power S.r.l., owner of the CCGT plant, reclassified under “assets held for sale”.

In 2022, **capital expenditure** totalled EUR 946 million (EUR 617 million in 2021 restated) and refers mainly to the acquisition of solar farms (EUR 115 million) and wind farms (EUR 396 million) in Italy and solar farms in Spain (EUR 100 million) in January 2022, to the acquisition of a company holding permits for the construction and operation of a wind farm in Northern Ireland (EUR 27 million) and to organic development activities (EUR 282 million compared to EUR 215 million in 2021 restated), in particular in relation to the completion of the wind farms in the UK for approximately 179 MW (of which 50 MW became operational at the end of October and 36 MW in mid-December), Poland for 61 MW (of which 24.5 MW became operational in June and 36 MW in October), France for 20 MW (which became operational in June) and Sweden for 62 MW (which became operational at the end of November), and to the start of the construction in Italy for 47 MW Greenfield and Repowering on Italian plants for approximately 193 MW of new wind capacity. In solar Italy, plant revamping activities continue (EUR 15 million), aimed at ensuring greater plant efficiency. In addition, investments continue in the ICT area and in minor maintenance projects.

Adjusted net financial indebtedness of “continuing operations” totalled **EUR 1,434 million**, down (EUR -617 million) compared to 31 December 2021 (EUR 2,051 million). The change mainly reflects the proceeds from the sale of the Terni hydroelectric complex (EUR 1,265 million) and the positive cash flow for the period (EUR 523 million²²), partly offset by the acquisitions in Italy, Spain and the UK (EUR 638 million), capital expenditure for the period (EUR 307 million), the dividends distributed to shareholders (EUR 139 million), the payment of taxes (EUR 92 million)²³ and the change of the consolidation scope with the exit of the hydroelectric and thermoelectric businesses, the latter reported under discontinued operations. It should be noted that ERG Power S.r.l., owner of the CCGT plant, has a cash position at 31 December 2022 equal to EUR 98 million. It should also be noted that the indebtedness at the end of the period reflects the negative fair value of commodity futures of roughly EUR 153 million (EUR 344 million at 31 December 2021). Adjusted financial indebtedness is presented net of the effects deriving from the application of IFRS 16, therefore excluding the discounting of future lease payments of EUR 157 million at 31 December 2022.

¹⁹ This impact is calculated on the basis of a rate equal to 25% for the period between 1 October 2021 and 30 April 2022. The amount shown considers the scope of the continuing operations, therefore not including an additional EUR 4 million related to the thermoelectric business, recognised in discontinued operations, which is in the process of being sold.

²⁰ Note that the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business. It should be noted that EBITDA of CCGT in 2022 amounted to 56 millions (29 millions in 2021)

²¹ The amount indicated includes EUR 4 million relating to the thermoelectric business.

²² Includes the adjusted EBITDA, the change in working capital and net financial income (expense).

²³ The amount includes the payment of the deposit pursuant to Article 37 of Italian Decree Law no. 21/2022 equal to approximately EUR 39 million, as well as payments of direct taxes.

Reference market

Price scenario

Base load price scenario (EUR/MWh)	FY	
	2022	2021
Italy		
Single National Price ⁽¹⁾	304	125
Feed-In Premium (FIP) (former Green Certificates) – Italy	43	109
TTF	121	46
CO2	80	53
Abroad		
France	276	109
Germany	235	97
Poland	207	129
<i>of which Electricity</i>	167	87
<i>of which Certificates of Origin</i>	40	42
Bulgaria	253	109
Romania	295	141
<i>of which Electricity</i>	265	111
<i>of which Green Certificate</i>	29	29
Northern Ireland	226	136
Great Britain	241	138
Spain	168	112
Sweden SE4	152	81

⁽¹⁾ Single National Price: Italian electricity reference price

Regulatory Framework – Incentives

Incentives Italy

Wind	<ul style="list-style-type: none"> Plants that entered into operation before 2013: feed-in premium (FIP) equal to $(180 \text{ EUR/MWh} - P_{-1}) \times 0.78$ where P_{-1} is the average annual value of the sale price of the electricity of the previous year. Duration of the incentive: 15 years Plants that entered into operation from 2013: FIP against a reference rate awarded through participation in Dutch auctions. With the Italian Ministerial Decree of 4 July 2019, wind power and photovoltaic compete for the same quota both for the registries and for the auctions and the FIP is a “two-way CfD”. Duration of the incentive: 20 years. Plants subject to complete reconstruction (Repowering) can participate in auctions, competing directly with the new plants (starting from the sixth auction even if they have not adhered to the so-called “Spalmaincentivi”) although with a 5% increase in the discount offered. In addition, a “D grade” coefficient of 0.9 is applied to the incentive component of the tariff due.
Solar	<ul style="list-style-type: none"> Incentives for photovoltaic systems are paid through a FIP tariff on the energy fed into the grid for a duration of 20 years. The feed-in tariff was introduced in Italy with the Interministerial Decrees of 28 July 2005 and of 6 February 2006 (1st Feed-in Premium) which provided for a financing system for electric power generation operating expenses. New measures were introduced with the Italian Ministerial Decree of 19 February 2007 (2nd Feed-in Premium) such as the application of the incentive tariff on all energy produced by the plant and differentiation of tariffs also based on the type of architectural integration and the size of the plant. In 2010, the 3rd Feed-in Premium came into effect with the Italian Ministerial Decree of 6 August 2010, applicable to plants in operation from 1 January 2011 to 31 May 2011, which introduced specific tariffs for integrated photovoltaic plants with innovative characteristics. Italian Law No. 129/2010 (so-called “save Alcoa law”) then confirmed the 2010 tariffs of the 2nd Feed-in Premium for all plants able to certify the conclusion of works by 31 December 2010 and become operational by 30 June 2011. The Italian Ministerial Decree of 5 May 2011 (4th Feed-in Premium) defined the incentive mechanism relating to plants coming into operation after 31 May 2011 and introduced an annual cumulative cost limit for incentives, set at EUR 6 billion. The Italian Ministerial Decree of 05 July 2012 (5th Feed-in Premium) partly confirmed the provisions of Italian Ministerial Decree of 5 May 2011 and fixed the cumulative cost of incentives at EUR 6.7 billion. The incentive provisions of the Feed-in Premium were no longer applied after 6 July 2013 when the ceiling of EUR 6.7 billion was reached. The Italian Ministerial Decree of 17 October 2014 (so-called “spalmaincentivi” decree) made it mandatory for producers to choose, by November 2014, a method for remodulating the incentive: <ol style="list-style-type: none"> extension of the incentive period by a further 4 years with simultaneous reduction of the unit incentive by a value of between 17% and 25%, depending on the residual life of the right to incentives; an initial period of incentive reduction followed by a subsequent period of increase thereof for an equivalent amount; flat reduction applied for the remaining incentive period, variable between 6% and 8% depending on the size of the plant. The Italian Ministerial Decree of 4 July 2019 allows photovoltaic plants to access the incentives, for 20 years, through auctions and registries together with the wind power quota provided that: <ol style="list-style-type: none"> they are authorised; they use new components; they comply with the prohibition on installing ground-mounted modules in an agricultural area; this prohibition does not apply to agrovoltaic plants which, in compliance with the provisions of Article 65, paragraph 1-quater, of Italian Decree Law no. 1 of 24 January 2012, use innovative supplementary solutions that do not compromise the continuity of agricultural and pastoral cultivation activities. Access to incentives for agrovoltaic plants is also subject, in compliance with the provisions of Article 65, paragraph 1-quinquies, of Italian Decree Law no. 1 of 24 January 2012, to the simultaneous implementation of monitoring systems that make it possible to verify the impact on crops, water savings and agricultural productivity.

Foreign incentives

Germany	Wind	<ul style="list-style-type: none"> Plants that entered into operation by July 2014: feed-in tariff (FIT) and, on an optional basis, FIP plus a management premium (EEG 2012). Plants that entered into operation from August 2014 to December 2016: FIP (EEG 2014). Plants authorised by the end of 2016 and in operation by 2018: a transition period is provided for, in which it is possible to continue to benefit from the tariffs set out in the EEG 2014 of declining value in relation to the actual new power installed during the period. Plants that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021 and EEG 2023). The duration of the incentive is approximately 20 years. The value of the incentive is determined on the basis of a 1-way Contract for Difference (CfD) and the tariff awarded in the auction is adjusted according to the ‘Referenzertrag’ formula.
Germany	Solar	<ul style="list-style-type: none"> Plants that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021, EEG 2023). Ground-mounted photovoltaic systems up to a capacity of 20 MW can access the auctions. The value of the incentive is determined on the basis of a one-way Contract for Difference (CfD) for around 20 years.

France	Wind	<ul style="list-style-type: none"> Plants that stipulated the application to purchase electricity generation by December 2015: a feed-in tariff (FIT) for 15 years, defined based on the year the application to purchase electricity generation was made and updated annually according to a formula tied to the index of hourly labour cost and to the index of the generation prices of industrial products. After 10 years of operation, it will be reduced for the subsequent 5 years of the incentive based on the wind farm's actual load factor if the annual number of hours of operation exceed 2,400. Plants that stipulated the application to purchase electricity generation in 2016: feed-in premium (FIP). The FIP is divided into several components: the incentive component (<i>complément de rémunération</i>), calculated as the difference between the current FIT and the average monthly price of energy weighted on the national wind power profile, plus a management premium to cover the costs for managing the sale of energy. New plants that do not fall into the above categories: recognition of incentives occurs through auction procedures (for the awarding of incentives with a duration of 20 years partially adjusted to inflation indices on an annual basis) or direct access in the case of plants with a capacity of less than 18 MW and wind turbines with a unit capacity of no more than 3 MW and meeting specific criteria.
France	Solar	<ul style="list-style-type: none"> A FIT system introduced in 2000 and from 2011 auctions for photovoltaic plants with a capacity of between 250 kW and 17 MW. From 2018, auctions for photovoltaic plants with a capacity exceeding 500 kW for the assignment of a two-way CfD, of 20-year term, partially adjusted for inflation indices on an annual basis.
Bulgaria	Wind	<ul style="list-style-type: none"> A feed-in tariff (FIT) in brackets based on hours of operation, which is constant in nominal terms. The duration of the incentive varies based on the date of entry into operation, and can be equal to 12 years or 15 years. From 1 January 2019, for existing plants with capacity of over 4 MW, the incentive scheme moved from a FIT structure to a FIP structure. The incentive is calculated as the difference between the value of the FIT, as previously recognised, and a Reference Price calculated on the estimate of the future price of electricity adjusted on the wind profile. From 1 October 2019, existing plants with capacity between 1 MW and 4 MW also moved to the FIP.
Poland	Wind	<ul style="list-style-type: none"> Plants in operation by July 2016: Certificates of Origin (CO). The Substitution Fee (the penalty applied in the event of non-compliance with the CO purchase obligation) is calculated on the basis of the weighted annual average of the prices of the COs recorded the previous year, plus 25%. From 2018 onwards, a multi-technology Dutch auction system was reintroduced, i.e. wind – photovoltaic. The quotas and the starting auction prices are defined by the Government. The incentive, which has a 15-year duration, is calculated as the difference between the awarded price, inflated on a yearly basis, and the average daily price of electricity (two-way CfD).
Romania	Wind	<ul style="list-style-type: none"> Green Certificates with a duration of 15 years with delayed assignment with respect to the underlying electricity output. Specifically: <ul style="list-style-type: none"> a) recovery period of the Green Certificates (GCs) held from 1 July 2013 to 31 March 2017 (it takes place at constant instalments through the years 2018-2025); b) the period of validity of the GCs, which is planned until 31 March 2032 (only GCs issued before 31 March 2017 maintain the validity of 12 months). The cap and the floor between which the price of the GCs may fluctuate were set respectively at 35 EUR/MWh and 29.4 EUR/MWh. From 2018 onwards, the mandatory quota for the electricity consumers shall be determined according to a pre-set fixed volume of GCs on the market and a maximum average expense on the end consumer.
Spain	Solar	<ul style="list-style-type: none"> <i>Regimen Especifico</i>, where the main element of revenue supplementation is the “<i>Retribución a la Inversión</i>” (Return on Investment), expressed in EUR/MW, calculated on an annual basis and paid for the entire duration of the incentive period of 30 years, based on the plant's capacity. An additional element of revenue supplementation is also envisaged, expressed in EUR/MWh, if necessary, to cover operating costs, the “<i>Retribucion a la Operacion</i>” (<i>Return on Operation</i>). From 2016: the introduction of the auction mechanism for the recognition of “<i>Retribución a la Inversión</i>”, calculated on an annual basis and paid for the entire duration of the incentive period of 25 years, based on the plant's capacity and the winning bid. Discount offered on the standard value of the initial investment (EUR/MW), which represents the main remuneration parameter for calculation of the Return on Investment. From 2020, abandonment of the previous incentive system, based on a Return Asset Base system, in favour of the adoption of a system based on remuneration of the electricity produced. The incentive is calculated as the difference between the awarded price and the average daily price of electricity (two-way CfD). The remuneration period is not fixed but lasts for a period no less than 12 years and up to the attainment of the maximum volume of energy subject to incentives.

Relevant legislative and institutional updates during the year

EUROPEAN UNION

- **European Commission - New Climate, Energy and Environmental Aid Guidelines.**

In December 2021, the European Commission approved the new Climate, Energy and Environmental Aid Guidelines (CEEAG).

The new guidelines will apply to all economic aid decisions taken by Member States starting from January 2022; however, the support instruments must be adapted to the new guidelines, where materially applicable, by 31 December 2023.

Measures related to the energy crisis and the increase in electricity and gas prices

- **REPowerEU package.**

Following the invasion of Ukraine by Russia and the resulting sharp contraction in imports of Russian natural gas into Europe, in May 2022 the European Commission published the “REPowerEU” communication to make Europe more resilient in terms of energy and independent of Russian fossil fuels well before 2030.

The main measures and actions proposed for renewable energy include the proposal to raise the European target from 40% to 45% by 2030, and a target to install 320 GW photovoltaic by 2025 and around 600 GW by 2030.

Above all, European guidelines are envisaged to shorten and simplify authorisation procedures for both renewable energy plants and grid infrastructures within “go-to areas” with low environmental risk and half the authorisation time. The Commission’s REPowerEU communication was followed by the adoption of several **temporary European Council regulations** relating to different areas of the energy sector. The main measures are summarised below, in chronological order.

- In August 2022, Regulation (EU) 2022/1369 was published to coordinate gas demand reduction in the Member States for the 2022-2023 winter season. There is a voluntary target to reduce gas demand by 15%, which becomes mandatory in each Member State in the event that an EU alert is declared should there be a gas shortage, or exceptionally high demand for gas.

- In October 2022, **Regulation (EU) 2022/1854 of 6 October 2022** was published. Specifically, this envisages:

- the establishment of a cap on market revenues from electricity produced with technologies defined as “infra-marginal”;
- a solidarity contribution from the oil, natural gas and coal sectors;

A cap of EUR 180 per MWh is set on unit “market revenues” from the generation of electricity from “infra-marginal” sources, including wind and solar. This limit applies throughout the European Union and entails the return of surplus revenues.

“Market revenues” refer to income deriving from the sale and supply of electricity, regardless of the contractual form, therefore including PPAs or other financial hedging products.

Member States may, under specific conditions, maintain or introduce additional restrictions on revenues aimed at addressing the energy crisis, or set higher caps (i) for technologies with a higher LCOE or (ii) in the event of a risk of an increase in CO₂ and/or decrease in renewable energies. They may also choose not to apply the cap for

revenues from services/redispaching and to subject 90% of the surplus revenues to distribution.

The timing of calculation of these surpluses is decided by each Member State on the basis of the timing of settlement of the energy exchange (for example, every hour) or subsequently.

The cap does not apply to 2-way Contracts for Difference, feed-in tariffs and other forms of revenue limitation not related to the ongoing energy crisis.

The Commission was tasked with providing guidance to the Member States for the implementation of this measure.

The cap shall apply from 1 December 2022 to 30 June 2023, with the possibility of extension and/or amendment following an appropriate assessment by the European Commission (see summary table for specific applications in the countries where ERG operates).

- In December 2022, **Regulation (EU) 2022/2577** was published, laying down a framework to accelerate the deployment of renewable energy.

The measure remains in force for 18 months from 30 December 2022; if deemed appropriate, the Commission proposes to extend its validity.

The Regulation measures are applicable to new projects, however Member States may choose to apply the Regulation also to ongoing permit-granting processes if not already concluded on the same date.

Subject to certain conditions, Member States may exempt renewable energy projects and the related storage/grid projects from environmental impact assessments (EIA) and from species protection assessments, provided that the project is located in a dedicated area appropriately defined by the Member States (“eligible area”) and that the area has undergone a Strategic Environmental Assessment (SEA).

Specifically for the repowering of existing plants with an increase in capacity, the entire permit-granting process including the works for connection to the grid shall not exceed 6 months including the EIA; this is reduced to 3 months in the event of an increase in capacity not exceeding 15%. The EIA, if requested, shall be limited to changes or extension with respect to the initial project.

Photovoltaic revamping projects that do not involve the use of additional space shall be exempted from EIA screening under certain conditions.

For roof-top photovoltaic or similar on existing structures created for purposes other than solar energy, the entire permit-granting process shall not exceed 3 months. These plants are exempt from EIA screening or from the EIA itself, under certain conditions.

In the same month, Regulation no. 2022/2578 was issued, establishing a dynamic limit on the price of natural gas. The mechanism is applicable from 15 February 2023 until 1 February 2024. In summary, there is a dynamic price cap applicable to the trading of TTF derivatives, automatically activated and deactivated when certain conditions are met. The provisions of the Regulation do not apply to trading and contracts on TTF derivatives concluded before 1 February 2023;

- **Ninth package of sanctions against Russia.**

December 2022 saw the publication of Council Regulations (EU) no. 2022/2474 and no. 2022/2475 and Council Implementing Regulation (EU) no. 2022/2476, constituting the “Ninth sanctions package”.

Specifically, they envisage measures to intensify controls

and restrictions on the export of goods, clarifying the methods of liquidation, divestment or withdrawal of assets from Russia. The ban on new investments in the Russian energy sector is also extended and a ban on the mining sector is passed, with the exception of activities involving

some essential raw materials. The exceptions already envisaged at the discretion of the competent national authorities, relating, inter alia, to the procurement and transport of natural gas, are amended.

Below is a summary of the specific measures adopted by the Member States in compliance with Regulation (EU) 2022/1854 of 6 October 2022, based on the current understanding of the texts approved to date.

COUNTRY	Ref. Law	Price cap applicable to onshore wind farms and PV plants	Revenues (over the price cap) to be repaid (%)	Calculation method	Period of applicability
ITALY	Law no. 197 of 29 December 2022 (2023 budget law),	180 EUR/MWh (monthly)	100%	monthly	01/12/22-30/06/23
FRANCE	Law no. 1726 of 30 December 2022 (finances for 2023)	100 EUR/MWh	90%	to be defined by decree	01/12/22-31/12/23
GERMANY	Law of 20 December 2022 on electricity price brake (Strompreisbremsegesetz – StromPBG)	<ul style="list-style-type: none"> Incentivised plants: tariff + 30 EUR/MWh + 6% of the price captured specific for the technology in Germany Merchant plants: 130 EUR/MWh + 6% of the price captured specifically for the technology in Germany Plants that have ended the incentive period: 100 EUR/MWh + 6% of the specific price captured for the technology in Germany 	90%	monthly	01/12/22-30/06/23
POLAND	<p>Law of 27 October 2022 on emergency measures to limit electricity prices, subsequently amended by the Law of 15 December 2022</p> <p>Ordinance of the Council of Ministers of 8 November 2022 on methods for calculating the price cap, subsequently amended by the Ordinance of the Council of Ministers of 15 December 2022</p>	<ul style="list-style-type: none"> Plants with CfD incentive assigned through auction: price awarded (specific for plant) Merchant plants: reference price in the auction system in force at the calculation date + 50 PLN/MWh 	100%	daily	01/12/22-31/12/23
BULGARIA	<p>Law of 30 December 2022 on the implementation of the provisions of the state budget law for 2022</p> <p>Order of the Council of Ministers of 11 January 2023</p>	<ul style="list-style-type: none"> Plants with FiP incentive: FiP tariff (plant-specific) Merchant plants: 350 BGN/MWh on an hourly basis (approx. 180 EUR/MWh) 	<ul style="list-style-type: none"> 90% for plants with FiP incentive 100% for merchant plants 	hourly	01/12/22-31/12/23

ITALY

- **Italian Legislative Decree no. 199/2021 transposing Directive no. 2018/2001 (RED II)**
 In November 2021, Italian Legislative Decree no. 199/2021, for the implementation of European Directive no. 2018/2001 on the promotion of the use of energy from renewable sources (RED II), was published.
 Included in the main provisions is the possibility of support for the production of electricity from renewable sources, which, for plants with a capacity of more than 1 MW, is achieved through downward auctions, aimed at the award of contracts for two-way difference and planned for at least five years. Lagging behind the legal provisions, this provision has not yet been implemented.
 For quotas not awarded through the tenders envisaged by the Italian Ministerial Decree of 4 July 2019 (RES 1 Ministerial Decree), other auction sessions will be held after 2021, until all available capacity has been used.
 The concept of “Suitable areas” for the installation of renewable energy plants is introduced, understood as areas with “high renewable potential”, identified by the Regions through regional law on the basis of implementation criteria defined by the Government. Also in this case, the related provisions have not yet been implemented by the central institutions, nor by the Regions. Areas for repowering projects qualified as “non-substantial” according to the “Semplificazioni 2021” Decree Law are considered suitable.
 Authorisation simplification for renewable energy projects is implemented in these areas, including the mandatory but non-binding expression of Superintendencies and the Ministry of Culture for the environmental impact assessment.
- **Capacity Market Auctions 2024 – implementing provisions**
 On 21 February 2022, the Capacity Market auction was held for the delivery year starting from 1 January 2024. ERG was awarded 14 MW of the auction capacity (‘Likely Available Capacity’ or ‘LAC’ [Capacità Disponibile in Probabilità or CDP in Italian]) relating to two electrochemical storage system projects totalling 22 MW in the Central-Southern Area and Sicily, respectively of 10 MW (6 MW in LAC) and 12 MW (8 MW in LAC), which are currently in the authorisation phase with an auction price of 33.467 k€/MWLAC/year, for a term of 15 years starting in 2024.
 In addition, in continuity with previous years, the Group was awarded an annual contract for the Priolo CCGT plant for a capacity of 290 MW of LAC at an award price of 33 k€/MWLAC/year.
- **Capacity Market 2019 – 2023 delivery period**
 On 1 January 2023, the delivery period for 2023 concerning the Capacity Market auction held on 6 November 2019 began.
 On that occasion, the ERG Group was assigned 340 MW of capacity referred to the Priolo CCGT plant with an auction price of 33 k€/MWLAC/year, similar to 2022.
- **Capacity Market 2019 – 2022 delivery period**
 On 1 January 2022, the delivery period concerning the Capacity Market auction held on 6 November 2019 began.
 On that occasion, the ERG Group was assigned 340 MW of capacity referred to the Priolo CCGT plant with an action price of 33 k€/MWCDP/year.
 In March 2022, ARERA approved the resolution modifying the method for calculating the strike price, which was necessary due to the exceptional volatility of natural gas and CO2 quotations.
- **Provision for the supply of the service for the transmission, distribution and dispatching of electricity withdrawn to allow subsequent injection into the grid.**
 ARERA has defined the conditions for the supply of the service for the transmission, distribution and dispatching of energy withdrawn and injected into the grid by stock-piling systems and auxiliary services, regardless of the plant configuration. The new regulation will be completed starting from 1 January 2024. It is applied on a voluntary basis; the operator may adhere to the new regulation from 1 October 2022.
- **Approval of the regulations on imbalances.**
 With resolution no. 523/2021, ARERA approved the regulations on imbalances in implementation of the European regulatory framework. The reform came into force on 1 April 2022.
 Among the most significant decisions are the imbalance price areas which continue to coincide with the market area, postponing the determination of “dynamic” areas to a later date.
 A macro-zonal non-arbitrage fee is established for enabled units (UAB), to neutralise any opportunistic behaviour, as well as a fee for non-compliance with dispatching orders.
- **Introduction of a new market session prior to the MGP**
 With resolution no. 517/2021, ARERA approved Terna’s proposal to add a new market session, prior to the Day-Ahead Market, regarding tertiary replacement reserve exchange.
 All Dispatching Users authorised to participate in the MSD must submit – every day of the year – offers for this market session.
 In the event of participation in the Capacity Market, the quantities offered contribute towards the obligation to offer on the market.
- **Data exchange between TSOs-DSOs-Significant Grid Users.**
 With resolution no. 540/2021/R/eel, ARERA established the reference regulation for data exchange between Terna-DSOs-Significant Grid Users, aimed at ensuring greater observability of generation on the MV grid, typically photovoltaic. The reference framework provides for a lump-sum contribution for the retrofitting of existing facilities with a decreasing value depending on the timing of retrofitting.
- **Maximisation of electricity production with fuels other than natural gas**
 In order to deal with the exceptional instability of the national natural gas system stemming from the war in Ukraine and to allow the filling of gas stores for the thermal year 2022-2023, with Italian Decree Law no. 14 of 25 February 2022 and the Guidance Act of the Ministry of Ecological Transition of 1 September 2022, a series of measures have been envisaged to contain the consumption of natural gas across the country.
 On the basis of these provisions, starting from 19 September 2022, a programme to maximise electricity production with fuels other than natural gas (coal, fuel oil, sustainable bioliquids) has been in force, as part of which ARERA and TERNA have respectively defined criteria and application methods.
- **“Sostegni-ter” Decree containing measures to limit the effects of price increases in the electricity sector – “aiuti-bis” Decree – “aiuti-ter” Decree – “aiuti-quater” Decree and the related conversion laws.**
 On 27 January, Italian Decree Law no. 4/2022 “sostegni-

ter”, converted into law in March with Law no. 25/2022, was published. Among other things, this introduced measures to contain the effects of price increases in the electricity sector.

A specific article, later replaced by a similar provision contained in the subsequent Decree no. 13/2022 "Anti-Fraud", provides that from 1 February 2022 and until 31 December 2022, a two-way compensation mechanism on the price of energy shall be applied on electricity produced by certain renewable energy plants.

This mechanism applies exclusively to photovoltaic production incentivised up to the fourth Feed-in Premium, as well as to all non-incentivised production of RES plants (solar, hydroelectric, geothermal and wind), provided that they entered into operation prior to 1 January 2010. These types of production are excluded from the scope of application of the rules if they are the subject of energy sales contracts concluded before 27 January 2022, at a fixed price, not dependent on market fluctuations and provided that the price is not 10% higher than the reference prices indicated in a table annexed to the decree.

With the subsequent Italian Decree Law no. 115/2022 ("aiuti-bis"), published in August 2022 and converted into law in September with Law no. 142/2022, the extension to 30 June 2023 of the aforementioned compensation mechanism was ordered. It is also specified that in the case of producers belonging to a corporate group that have sold the electricity injected into the grid "infra-group", only the contracts entered into between the companies of the group, including non-producing, and subjects outside the group are relevant. In the event of failure to pay the extraordinary contribution, the penalties originally envisaged are doubled.

The subsequent Italian Decree Law no. 144/2022 "aiuti-ter", published in September 2022 and converted into law in November, amended the payment method for the two-way compensation mechanism pursuant to Italian Decree Law no. 4/2022.

Italian Decree Law no. 176/2022 "aiuti-quater", published in December 2022 and converted into law in January 2023, allocated additional funds against high energy prices. In continuity with the previous measures, the measures concern in particular tax concessions for energy-intensive and gas-intensive companies and funds for the relaunch of national gas production. In order to accelerate the development of renewable energies, provisions are made for the PNRR-PNIEC Technical Committee, with an increase in the number of Committee members from the current 40 to 70.

- **ARERA Resolution no. 266/2022**

Last June ARERA published the resolution defining the operating procedures for the fulfilment of the compensation mechanism provided for by the "Sostegni-ter" Decree.

In short, producers interested in the measure were asked to provide the required information to GSE by 10 August 2022; the first settlement of the economic items by GSE for the February-August period had taken place by October 2022.

By the end of 2022, where there are supply contracts, producers shall transmit the average electricity transfer price.

The adjustment of the economic items is carried out by May 2023 on the basis of the final figures.

Following a series of legal actions undertaken by multiple operators in the sector against ARERA Resolution 266/2022 (over 1,000), some "pilot" cases were discussed in November 2022 and then decided by the Lombardy Regional Administrative Court at the beginning of December 2022. More specifically, the Lombardy Regional Administrative Court cancelled ARERA Resolution 266/2022, initially however disclosing only the ruling

relating to its decision (i.e. the decision, without the reasons). ARERA therefore challenged the ruling and requested the suspension of its enforceability; this request for suspension was accepted by order of the Council of State and, as a result, the Resolution became effective again.

On 9 February 2023, the reasons for the decision of the Regional Administrative Court were published and on 2 March ARERA consequently resolved to supplement its appeal against the aforementioned rulings of the Lombardy Regional Administrative Court.

- **"Energy" Decree providing for further measures to contain the electricity and natural gas costs and develop renewable energy, and related conversion law.**

On 1 March, Italian Decree Law no. 17/2022, dedicated to containing the costs of electricity and natural gas, was published. The Decree was then converted into law with Italian Law no. 34/2022.

Some of the measures envisaged are aimed at speeding up the development of renewable energies by simplifying, including from a procedural point of view, the installation of such plants.

The definition of "suitable areas" is broadened pending the enactment of the regional laws that will identify them, while the thresholds for considering the repowering of wind farms as a "non-substantial modification" are increased.

- **"Ukraine-bis" or "Price cut" decree and related conversion law - "Aid" decree-law as well as relevant conversion laws.**

On 20 May, the law converting Italian Decree Law no. 21/2022 (known as "Ucraina-bis" or "Taglia prezzi") on "Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis" was published in the Official Journal.

The law contains provision on the **"Extraordinary contribution against high utility bills"**, later amended by a further Italian Decree Law - no. 50/2022 - converted by Italian Law no. 91 of 15 July 2022 on national energy policies and the Ukrainian crisis" (known as "Aid").

The provision sets forth an additional taxation of profits for each company of an industrial group active in the energy sector, based on the increase in the balance between active and passive transactions in the period from 1 October 2021 to 30 April 2022, compared to the balance of the same period in the previous year.

The value of the applied rate, initially 10%, has been increased to 25% and applies if the aforementioned increase exceeds EUR 5,000,000. The contribution is not due if the increase is less than 10%.

Through the 2023 Budget Law, it was confirmed that the balances deriving from the sale and purchase of shares, bonds or other securities not representative of goods and shares that exist between the recipients of the measure are excluded from the additional taxation, just as active transactions not subject to VAT due to not meeting the territorial prerequisite do not contribute to the calculation, if and to the extent that the purchases to be related are not territorially relevant for VAT purposes.

The law also contains some **provisions in favour of the development of renewable energies.**

Among the interventions subject to a sworn declaration of commencement of work (DILA), the replacement of the rotor is included for wind power plants if the increase in blade size is limited to 20%.

In the case of ground-mounted photovoltaic systems, on the other hand, interventions are subject to DILA if they involve the replacement of modules and other components, even if the layout of the system is modified, but entail a change in the maximum height above ground of no more than 50%.

The threshold above which to carry out the Environmental Impact Assessment (EIA) and EIA screening procedure for certain types of photovoltaic projects is raised to 20 MW.

With regard to the "suitable" areas, the Prime Minister's Office has the power of substitution in the event of failure to adopt the regional law, or non-compliance with the national identification criteria.

Areas that (i) do not include assets under protection by the Ministry of Culture and (ii) do not fall within the "buffer zone" of such assets are considered temporarily eligible;

The General Directorate of the Ministry of Culture must establish uniform and objective criteria for the evaluation of renewable projects.

During the meetings of the NRRP PNIEC Technical Commission, the Ministry of Culture participates in the work but without voting rights.

ARERA has published on its website the Resolution of 21 June 2022, 266/2022/R/eel containing the detailed provisions in compliance with Art. 15-bis of the Italian Decree Law no. 4 of 27 January 2022.

- **Annual law for market and competition.**

In August 2022, the annual law for market and competition, with which the Government was delegated to simplify renewable energy sources, was published in the Official Journal. The Government is therefore empowered to adopt, within 12 months from the date of entry into force of the law, appropriate legislative decrees on the authorisation of renewable energy sources, in order to reorganise the legal framework.

- **Budget Law 2023 – implementation of Regulation (EU) 2022/1854 on the cap on revenues from electricity.**

At the end of December 2022, the Italian State published its Budget Law 2023. The law includes the provisions with which Italy intends to implement Regulation (EU) 2022/1854 on an emergency intervention to address high energy prices.

From 1 December 2022 until 30 June 2023, a "cap" is applied to market revenues obtained from the production of electricity fed into the grid by "infra-marginal" plants, therefore including wind and photovoltaic plants, not included in the scope of application of Art. 15 bis of the "Sostegni ter" Decree Law.

A one-way compensation mechanism obliges the producer to pay to GSE the difference (calculated by GSE itself), if negative, between 180 EUR/MWh and the monthly average, weighted on the production profile of each plant, of the hourly market zonal price. Exceptions to the limit of 180 EUR/MWh are envisaged for sources with higher generation costs. The revenue cap applies to any market revenue of producers and intermediaries participating in wholesale markets.

This mechanism does not apply, inter alia, to energy subject to supply contracts concluded before 1 December 2022 if not linked to the trend in the prices of the energy spot markets and stipulated at an average price below the cap, to electricity subject to withdrawal contracts concluded by GSE pursuant to the Electricity release law, to renewable source plants with active incentive contracts regulated with two-way mechanisms and to renewable source plants with contracts that provide for the withdrawal of energy at "all-inclusive tariff", as well as electricity shared within energy communities and self-consumption.

The methods by which the mechanism is implemented will be governed by ARERA in continuity with the operating methods defined in implementation of the provisions set forth in Article 15 bis of the "Sostegni ter" Decree Law.

The solidarity contribution to be paid by the fossil fuel and petroleum products sectors provided for by Regulation 2022/1854 is also envisaged. The Italian provision, however, also makes this contribution obligatory for those

carrying out electricity production or resale activities within the territory of the State, despite the fact that this sector is already subject to the "cap" of 180 EUR/MWh.

The contribution, which is not tax deductible, is applied on a temporary basis in 2023 to 50% of the portion of taxable income relating to the tax period prior to the one in progress at 1 January 2023, exceeding by at least 10% the average total income achieved in the four tax periods prior to the one in progress at 1 January 2022. The total amount cannot exceed 25% of the value of the shareholders' equity.

- **"Milleproroghe" Decree Law.**

At the end of December 2022, Italian Decree Law no. 198/2022 was published. Notably, it is expected that by 1 January 2024 decrees will be adopted to recognise contaminated sites classified as of national interest for clean-up purposes. As regards the suspension of unilateral changes to electricity and gas supply contracts, the prohibition on unilateral changes is extended to 30 June 2023, with some exceptions.

- **GME: PPA Notice Board**

The PPA Bulletin Board, prepared by GME in compliance with the provisions of Italian Legislative Decree no. 199/2021 (Article 28), was launched on 26 April 2022. The platform was set up with the aim of promoting the meeting of parties potentially interested in executing long-term contracts for the purchase and sale of electricity from renewable energy sources, as well as enabling the fulfilment of the obligation to register the aforementioned contracts entered into by operators.

GERMANY

- **EEG 2021**

The German Renewable Energy Sources Act (EEG), which came into force in 2021, outlines the growth process of the various renewable technologies up to 2028 and establishes climate neutrality by 2050.

As of 2021, the base price for photovoltaic auctions for non-integrated systems is 59 EUR/MWh. Starting from 2022, it is equal to the average of the highest bids from the last three auctions, plus an 8% markup.

For onshore wind, the auction base is increased from 2022 by 2% per year, while the capacity limit for onshore plants participating in PV auctions rises from 10 to 20 MW.

For the year 2022, the onshore wind quota was increased from 2.9 GW to 4 GW; the photovoltaic quota was up from 1.9 GW to almost 6 GW, of which 3,600 MW on ground-mounted plants and 2,300 MW on roof-top installations. There is also a quota adjustment mechanism to ensure competitiveness in the auctions.

- **EEG Reform 2023**

The EEG reform approved by the German federal government, known as "EEG2023", was published at the end of July 2022. It entered into force from the date of approval, with some amendments applicable from 1 January 2023.

The targets for renewable installations by 2030 are increased, establishing a capacity of 215 GW for solar plants, 115 GW for onshore wind and 30 GW for offshore wind. The onshore wind quota was therefore increased to 12.8 GW for 2023, and by 10 GW from 2024 to 2028, with reallocation of the unused quota to the following year.

On 15 December 2022, a new amendment expanded the powers of the Federal Network Agency (BNetzA), raising the possible increase in the auction-based tariff to 25%, instead of the 10% already approved, in the event of significant increases in the average costs of the energy production of plants that will go into operation.

On 27 December 2022, the reference price of the 2023 onshore wind auctions was set at 73.5 EUR/MWh (vs. the 58.8 EUR/MWh reference price of the 2022 auctions), adjusting it to the maximum permitted values and the reference price of the 2023 photovoltaic auctions was set at 73.7 EUR/MWh (vs 59.0 EUR/MWh).

- **Implementation of Regulation (EU) 2022/1854 on the cap on revenues from electricity.**

In implementation of Regulation (EU) 2022/1854, the German government also adopted a “cap” on unit revenues from the sale of electricity produced with infra-marginal technologies, therefore including renewables such as wind and photovoltaic.

The cap will be applied to renewable sources from 1 December 2022 to 30 June 2023, extendable until 30 April 2024, subject to approval by the Bundestag/Bundesrat. It will not be applied to plants with installed capacity of less than 1 MW, to electricity supplied from storage, and to electricity consumed off-grid.

For plants incentivised with market premium or awarded an auction, the cap is set at 30 EUR/MWh (so-called “safety margin”) in addition to the FIP set forth in the agreement.

For non-incentivised plants, whose electricity is sold on the free electricity market, the cap is set at 100 EUR/MWh plus the safety margin of 30 EUR/MWh.

For plants operating on the free market that have ended the incentive period, the cap is set at 100 EUR/MWh (without safety margin).

For wind and photovoltaic plants, the safety margin of 30 EUR/MWh is increased by 6% of the average German monthly price captured by the same technology.

Electricity producers will have to pay 90% of profits exceeding the cap, calculated on the monthly average of the price captured in Germany by the same technology, to the network operator.

UK

- **GB: Measures to mitigate the increase in the price of electricity and gas.**

On 6 October 2022, Ofgem, the British energy authority, approved the introduction of a cap of 40 £/MWh on Balancing Services Use of System (BSUoS) charges, applied until 31 March 2023. Any excess costs will be charged in the period May/December 2023. If the maximum of GBP 250 million is reached before the end of the period of application of the measure, the latter will cease to be applied in advance.

- **GB: decision on the payment of Balancing Services Use of System (BSUoS) charges**

On 25 April 2022, the British energy authority Ofgem, decided that from 1 April 2023 the tariff relating to grid balancing will be levied solely on demand and therefore this charge (BSUoS) will no longer apply to producers.

- **Island of Ireland: decision on network limitations**

With decision SEM 22-009, the Island of Ireland Regulator, SEM Committee, has established that grid limitations (curtailments) will only be remunerated as of 2024/2025 for plants that have a TSO-confirmed connection (firm connection). In case of temporary connection (non-firm connection), there is currently no remuneration.

- **Restriction on revenues from the sale of electricity (Electricity Generator Levy)**

At the end of December, some indications were published on the calculation of the Electricity Generator Levy (EGL), aimed at limiting revenues from the sale of electricity for producers from “infra-marginal” technologies such as wind and photovoltaic.

According to the Electricity Generation Levy supplementary

note published in December 2022, the measure applies from 1 January 2023 to April 2028 and is aimed at industrial groups or individual companies that generate more than 50 GWh/year of electricity. The technologies involved are nuclear, renewable sources (including biomass) and waste. However, electricity sold through contracts for differences (CfD) awarded at auction and incentive mechanisms such as ROC and REGO are excluded. Imbalances and income from the ancillary services market and from the Capacity Market are excluded from the calculation.

The limitation is applied in the form of an additional tax of 45% on profits exceeding a limit calculated according to a formula that takes into account revenues from electricity generation and production, a Reference price, a range of eligible costs and an exemption.

The Reference Price is equal to 75 £/MWh from 2023 until April 2024, while the exemption is GBP 10 million per year at corporate group level.

The Reference Price is indexed each year to the Consumer Price Index of the previous year.

FRANCE

- **Climate and Resilience Law**

On 24 August 2022, the “Climate and Resilience” Law was published.

The main provisions regarding the onshore wind and photovoltaic solar sectors include the regionalisation of renewable energy objectives, to be defined with a specific decree.

With another specific decree, a regional energy commission was established, responsible for the preparation of regionalisation proposals and monitoring.

For the photovoltaic sector, the obligation for some buildings to integrate renewable energy production or planting systems on at least 30% of their surface is extended.

- **Participation in auctions of renewable plants on agricultural land**

In May 2022, the French Energy Regulatory Authority (CRE) published new specifications for the RES auction, applicable from the 3rd auction period (Oct 2022). It is now possible, under certain conditions, to participate in auctions of renewable plants installed on agricultural lands that have been uncultivated for more than five years or used for livestock/grazing purposes.

For each auction period, the quota dedicated to this case is limited to 250 MW, not to be understood as a reserved volume.

During the operation of the plant, an agricultural monitoring report must be drawn up every five years by a scientific or technical organisation independent of the operator.

- **Storage development**

In May 2022, Decree no. 2022-788 on the development of electricity storage capacities through long-term auctions was published in the French Official Journal. This new system, which aims to speed up the development of storage facilities in order to cover flexibility requirements, must be implemented by the French TSO, RTE.

- **2023 Budget Law – application of a cap on revenues from electricity.**

At the end of December 2022, the 2023 Budget Law was published; as in the Italian case, the Law includes the measure on the “revenue cap” for infra-marginal technologies governed by Regulation (EU) 2022/1854.

Specifically, the revenue cap is set at 100 EUR/MWh for wind and photovoltaic technology; the return of revenues exceeding the revenue cap is applied to 90% of the total.

The measure applies retroactively from 1 July 2022 to 31 December 2023, with three different payment periods for economic items.

All revenues deriving from the sale on the market of energy produced by renewable plants awarded by auction before the start of the envisaged Contract for Difference (CfD) are excluded from the calculation. Conversely, revenues deriving from intragroup/intercompany contracts are included.

- **Guarantee fund for Power Purchase Agreements (PPA) with renewable energy.**

In November 2022, it was announced that a guarantee fund would be implemented to encourage producers of electricity from renewable sources to conclude long-term PPAs.

Starting from 2023, the guarantee fund will guarantee the revenues of electricity producers in the event of default by the counterparty.

In the event of default, the operator will sell the electricity on the free market and, if the market prices are higher than the agreement price, the energy producer will reimburse the difference to the fund. Otherwise, the fund will compensate the energy supplier.

POLAND

- **Law for the containment of electricity prices.**

In November 2023, the Polish government adopted Law no. 2697 for the containment of electricity prices. The law defines the maximum sale price of electricity to “eligible customers” (both domestic and small-medium enterprises or associations), regulates the procedures for compensating energy suppliers for the application of the maximum price to these customers and introduces a temporary “cap” on the revenues of electricity producers.

The revenue cap will be applied to all infra-marginal energy producers – including wind and photovoltaic technologies therefore – with an installed capacity of more than 1 MW, from 1 December 2022 to 31 December 2023.

All revenues from the sale of electricity through centralised platforms or bilateral agreement in the energy and balancing markets, will be returned if higher than the cap values established for each specific technology. Transactions will be settled on a daily basis and revenues will be distributed through payments to a specific fund established by the Government (Price Difference Payment Fund).

On the basis of subsequent regulations issued by the Council of Ministers, the cap for plants that access the auction mechanism is equal to the respective price awarded in the auction (indexed to inflation, as envisaged). For plants that do not access the auction mechanism, the cap is equal to the reference price in the auction system in force at the calculation date.

ROMANIA

- **Measures to mitigate the increase in the price of electricity and gas.**

During 2022, the government issued a series of emergency ordinances, later converted into law (ed. 357/2022) relating to measures to counter the escalation of gas and electricity prices. The final version envisages an extension until 31 March 2025 of the 100% tax applied on the net profit beyond 450 lei/MWh (already introduced from 1 November 2021 at a rate of 80% and increased to 100% from 1 September 2022) for all plants except for cogeneration plants.

In July, the law approving the Government's emergency ordinance was also published. This introduced an obligation for energy producers to sell at least 40% of electricity on forward markets other than the DAM (day-

ahead market), ID (intra-day) and balancing markets. The only exemptions concern plants that entered into operation after June 2020.

With Emergency Ordinance no. 153, issued in November 2022 and in the process of being converted into law, the Romanian Government has introduced additional measures to combat high energy prices.

The previous obligation to sell electricity directly until 31 December 2022 is repealed for electricity suppliers with a portfolio of end customers. A new mechanism for the centralised purchase of electricity is also introduced for the period 1.01.2023 – 31.03.2025.

Electricity producers with a capacity exceeding 10 MW will be obliged to sell all available production at a fixed price of 450 lei/MWh.

Exempted from the scope of application of the standard are renewable plants, cogeneration plants, plants with a capacity of less than 10 MW regardless of the technology, as well as plants that entered into production from 1 April 2022.

- **Transposition of European directive no. 2019/944 for the internal electricity market**

At the end of 2021, by means of Emergency Ordinance no. 143/2021 (GEO 143), the government approved a series of amendments to Electricity and Natural Gas Law no. 123/2012. These amendments will take effect from 1 January 2022. The ordinance introduces (i) the possibility of stipulating long-term supply agreements (PPAs) outside the OPCOM centralised market, (ii) the partial abolition of the obligation for private producers of electricity to sell energy on OPCOM and (iii) the possibility for other markets, market platforms and brokers to offer their services on the Romanian market.

BULGARIA

- **Introduction of changes pertaining to the balancing market**

With decision No. L4-44 of 30 December 2021, the Bulgarian Energy Authority (EWRC) set certain limits for the conclusion of transactions on the energy balancing market in force from 1 January 2022.

It also introduced an amendment to the Electricity Exchange Regulation, aimed at eliminating the possibility for balancing groups to calculate imbalances on the basis of the entire portfolio.

- **Amendment to the 2023 Budget Law – Implementation of Regulation (EU) 2022/1854 on the cap on revenues from electricity**

In December 2022, the amendment to the Budget Extension Law was published in implementation of Regulation (EU) 2022/1854 for the introduction of a cap on revenues from the sale of electricity through “infra-marginal” technologies, therefore including wind power and photovoltaic.

For producers from renewable sources with a “premium agreement” in force at October 2022, where the premium is equal to 0 BGN/MWh, the contribution to be paid is defined as the difference between the market price of the electricity captured and a “revenue cap” calculated by applying a reference price that will be determined by the Energy Authority.

For producers with zero premiums, such as ERG, the contribution is calculated as 90% of the difference between the market price of electricity captured by the plant and the “revenue cap” equal to the tariff of the premium agreement.

SPAIN

- **Decree on Mechanisms to contain the cost of**

electricity

In May, Royal Decree no. 10/2022 was published in the Spanish Official Journal, establishing a temporary adjustment mechanism for electricity production costs to reduce the price of electricity in the wholesale market.

The provision entered into force on 15 June, after approval by the European Commission and will apply until 31 May 2023.

The plants affected by the measure are combined-cycle gas, coal-fired thermoelectric and cogeneration plants and those that produce energy from waste.

The measure provides for a notional price to be set for natural gas used for electricity generation, capped at 40 EUR/MWh until November 2022 and then increasing from December 2022 until reaching a maximum of 70 EUR/MWh in May 2023.

Thermoelectric producers will therefore be reimbursed the difference with respect to the gas price actually paid and the financial coverage will take place through cost sharing with consumers and the increase in congestion income compared to the previous year.

- **Other measures to combat high energy prices and the**

development of renewable energies.

From the second half of 2021, the Spanish government introduced a series of measures to counter the high energy prices due to the Russian-Ukrainian crisis.

Among the main devices on the electricity and gas markets are the suspension of the 7% generation tax extended until 31 December 2023 and an update of the incentive system for renewable plants, with the possibility to exit the mechanism to sell energy through bilateral agreements. The measure on surplus profits adopted in 2021, applicable to non-CO2-emitting and non-incentivised plants larger than 10 MW, is extended to the end of December 2023; the measure applies also to new bilateral agreements and to renegotiated existing agreements if the threshold of 67 EUR/MWh is exceeded.

As regards the energy transition, various measures are approved, including a new rapid authorisation procedure extended until 31 December 2024 for wind power plants up to 75 MW and for photovoltaic systems up to 150 MW in areas with low environmental impact and with connection within 15 km.

Performance by country

(EUR million)	FY		
Adjusted revenue	2022	2021 ⁽¹⁾	Δ
Italy	372	390	(19)
Abroad	376	200	176
France	105	78	27
Germany	96	48	49
UK and Sweden	34	0	34
Spain	22	0	22
East Europe	119	74	45
Corporate	34	49	(15)
Intra-segment revenue	(33)	(38)	5
Total adjusted revenue	749	601	148
Adjusted EBITDA			
Italy	295	308	(13)
Wind	218	243	(25)
Solar	77	65	12
Abroad	267	116	151
France	63	45	17
Germany	72	28	44
UK and Sweden	24	(2)	26
Spain	18	0	18
East Europe	90	45	45
Corporate	(25)	(25)	0
Adjusted EBITDA	537	399	138
Adjusted amortisation, depreciation and impairment losses			
Italy	(127)	(124)	(4)
Abroad	(98)	(74)	(24)
France	(46)	(37)	(9)
Germany	(28)	(22)	(6)
UK and Sweden	(4)	(0)	(4)
Spain	(4)	0	(4)
East Europe	(15)	(15)	(1)
Corporate	(3)	(4)	0
Adjusted amortisation, depreciation and impairment losses	(229)	(201)	(27)
Adjusted EBIT			
Italy	167	184	(17)
Abroad	170	43	127
France	16	8	8
Germany	45	6	38
UK and Sweden	19	(2)	22
Spain	14	0	14
East Europe	75	31	44
Corporate	(28)	(29)	1
Adjusted EBIT	308	198	111
Capital expenditure ⁽²⁾			
Italy	653	18	635
Abroad	290	596	(279)
France	11	220	(209)
Germany	1	151	(149)
UK	123	123	0
Spain	100	0	100
Sweden	36	57	(21)
East Europe	20	47	(27)
Corporate	3	3	(0)
Total capital expenditure	946	617	329

1. The 2021 values are restated in application of IFRS 5 by reclassifying the contributions of the thermoelectric and hydroelectric businesses under the item "Profit (loss) from assets held for sale".
2. Includes investments in property, plant and equipment and intangible assets and M&A investments.

ITALY

The ERG Group operates in Italy through its companies that own wind and solar farms. Aside from the availability of plants, the performance expected from each wind and solar farm is influenced by the wind speed profile or irradiation of the site on which the farm is located, by the sale price of electricity, which can vary in relation to the geographical areas in which the plants are located, the incentive systems for renewable energy sources, the regulation of organised energy markets and internal portfolio hedging policies.

ERG operates in the electricity production sector in Italy, with an installed capacity of 1,265 MW in wind power and 175 MW in solar power, up compared to the previous year by 172 MW and 34 MW, respectively, as a result of the acquisitions made during the third quarter of 2022.

Operating Results	FY		
	2022	2021	Δ
Installed capacity (MW) ⁽¹⁾	1,440	1,234	206
<i>Wind</i>	1,265	1,093	172
<i>Solar</i>	175	141	34
Output (GWh)	2,312	2,295	17
<i>Wind</i>	2,062	2,078	(16)
<i>Solar</i>	250	216	33
Load Factor % ⁽²⁾			
<i>Wind</i>	20%	22%	-1%
<i>Solar</i>	18%	17%	1%
Net unit revenue (EUR/MWh)	157	381	(224)
<i>Wind</i>	134	149	(15)
<i>Solar</i>	346	335	11

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

In **2022**, **electricity output** in Italy amounted to 2,312 GWh, of which 2,062 GWh from wind power and 250 GWh from photovoltaic plants, an increase compared to 2021 (2,295 GWh, of which 2,078 GWh from wind power and 216 GWh from solar power), due to the scope effect deriving from the assets acquired in the third quarter and the better sunlight conditions (+5%), partly offset by the lower wind speeds experienced (-8%) on the other assets.

Economic results (EUR million)	FY		
	2022	2021	Δ
Adjusted revenue	372	390	(19)
<i>Wind</i>	284	317	(33)
<i>Solar</i>	87	73	14
Adjusted EBITDA	295	308	(13)
<i>Wind</i>	218	243	(25)
<i>Solar</i>	77	65	12
Amortisation, depreciation and impairment losses	(127)	(124)	(4)
<i>Wind</i>	(82)	(83)	1
<i>Solar</i>	(45)	(41)	(4)
Adjusted EBIT	167	184	(17)
<i>Wind</i>	136	160	(25)
<i>Solar</i>	32	24	8
Capital expenditure in property, plant and equipment and intangible assets	653	18	635
<i>Wind</i>	522	16	506
<i>Solar</i>	131	1	129
EBITDA Margin % ⁽¹⁾	79%	79%	0%
<i>Wind</i>	77%	77%	0%
<i>Solar</i>	88%	88%	0%

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2022** is up due to the contribution of the solar and wind companies acquired in the third quarter of 2022, as well as the higher photovoltaic output in Italy, while higher market prices are more than offset by hedges carried out in line with group risk policies and by a lower unit value of the GRIN incentive (from 109.4 to 42.9 EUR/MWh).

In light of the above, for ERG the net unit revenue from wind power in Italy, considering the sale value of

energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 134 EUR/MWh, down compared with 2021 (149 EUR/MWh in 2021), as a result of the aforementioned lower value of the GRIN incentive and hedging. It should be noted that a significant portion of the volumes in 2021 were recorded in the fourth quarter, and therefore characterised by very high market prices in addition to the aforementioned higher GRIN incentive price.

Net unit revenues relating to photovoltaic plants amounted to 346 EUR/MWh (335 EUR/MWh in 2021), up due to the newly acquired solar farms not subject to hedging.

Adjusted EBITDA in Italy in **2022** amounted to EUR 295 million, a decrease compared to 2021 (EUR 308 million), for the same reasons relating to revenue.

Depreciation and amortisation for the period was up compared to 2021 restated due to the contribution of the newly acquired wind farms and photovoltaic plants in 2022, only partly offset by the lower depreciation and amortisation due to the end of the useful life of some components of the wind farms.

Capital expenditure

Capital expenditure in **2022 (EUR 653 million)** refers mainly to the acquisitions of wind and solar farms in the third quarter of 2022, to the start of construction of the Roccapalumba plant (47 MW) and to the repowering activities (193 MW) on the Camporeale, Partinico-Monreale, Mineo-Militello and Vizzini plants in addition to the usual maintenance aimed at further increasing the efficiency of the plants. In Solar, the revamping of the plants has begun, aimed at ensuring greater efficiency of the same.

Relevant legislative and regulatory updates during the period

See also the “Significant regulatory and institutional updates during the year” chapter.

Wind

- **ARERA – Average annual value of electricity for incentive calculation**

In January 2022, ARERA published resolution no. 26/2022 for the determination of the average price for the sale of electricity for 2021, equal to 125.06 EUR/MWh, for the purpose of calculating the incentive in lieu of Green Certificates. The incentive for 2022 is therefore reduced to 42.85 EUR/MWh, compared to 109.36 EUR/MWh the previous year.

With the subsequent resolution no. 27/2023, the energy sale price for the calculation of the incentive for the following year was then updated to 298.05 EUR/MWh. This price brings the value of the FIP feed-in tariff (former green certificates) to zero for 2023.

- **Onshore wind power – photovoltaic auctions (Group A): publication of the rankings of the eighth auction session**

In May 2022, GSE published the ranking list of the eighth call of the RES auctions pursuant to the Ministerial Decree of 4 July 2019, launched to allocate the power not allocated in the previous auctions and until the quota is exhausted, as provided for by Italian Legislative Decree no. 199/2021.

The participating capacity was significantly lower than the available quota, with photovoltaic plants dominating (87% of the allocated capacity).

Out of a quota of 2,338 MW available for the auctions of Group A (wind plus photovoltaic), 307 MW of capacity was awarded – divided into 32 photovoltaic and 3 wind projects – with 87% unused.

Given the large remaining unallocated quota, the opening of the ninth tender took place on 31 May with a reserved quota for Group A auctions of about 1,905 MW unallocated in previous tenders, and a base auction price set at 66.5 EUR/MWh. The outcome was

published by GSE at the end of September 2022.

The ninth auction was also heavily under-participated, with the awarding of approximately 413 GW out of more than 1,904 GW available. Just under two-thirds of the total projects awarded were photovoltaic, while the remainder was awarded to onshore wind power.

Two repowering projects owned by ERG participated in the auction: Castelvetrano-Salemi (TP) and Greci-Montaguto (AV).

The Castelvetrano-Salemi project won the auction, while the Greci-Montaguto project, together with some photovoltaic projects of other operators, was withdrawn before the publication of the results due to the progressive misalignment between the prices awarded, the growing cost of plants and the commercial alternatives (first and foremost PPAs – Power Purchase Agreements).

- **Council of Ministers of March and July 2022 – EIA unlocked. RES plants and subsequent measures**

On 10 March, the Italian government's Council of Ministers exercised its statutory power of substitution by approving the Environmental Impact Assessment (EIA) of renewable plant projects totalling 418 MW.

The projects involved include the repowering of the 121.5 MW ERG “Nulvi - Ploaghe” (Sassari) wind farm.

The EIA Approval Decree for ERG's repowering was subsequently published in May 2022, only to be challenged at the end of June by the Region of Sardinia before the Regional Administrative Court of Sardinia, which in late November 2022 upheld the Region's claims, effectively annulling the EIA Decree. At present, the proceedings are pending before the Council of State following the appeal filed in December 2022.

The Council of Ministers held at the end of July 2022 also approved the environmental impact assessment of

several wind farms – for a total capacity of approximately 452 MW – which had not obtained the EIA Decree in agreement between the Ministry of Ecological Transition (MiTE) and the Ministry of Culture (MIC).

The projects approved include the repowering project owned by ERG in Motta Volturara in the province of Foggia.

With this document, the Ministry clarifies which characteristics and requirements a photovoltaic system should possess to be defined as agri-voltaic and under which circumstances it is possible to access the incentives provided by the National Recovery and Resilience Plan (NRRP).

For the latter case, the MiTE has launched a public consultation on the measure for the granting of benefits under the specific chapter for "Agrovoltaic Development" provided for in the NRRP, aimed at providing incentives of up to 40% in non-repayable contributions for the construction of agrovoltaic plants.

Solar

- **Guidelines for Agrivoltaic**

In June 2022, the Ministry of Ecological Transition (MiTE) published its "Guidelines on Agrivoltaic Plants".

ABROAD

ERG is active abroad in the generation of electricity from wind and solar sources.

ERG is one of the ten leading operators in the wind power sector in Europe with a significant and growing presence, with capacity at the end of the period of 1,504 MW operational, mainly in France (522 MW), Germany (327 MW), Poland (142 MW), the UK (157 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW). Furthermore, ERG operates in France and Spain in the generation of electricity from solar sources with 170 MW of installed capacity, of which 79 MW in France with 9 plants acquired between June and October 2021, and 92 MW in Spain with 2 plants acquired in January.

Compared to 2021, the installed capacity has increased by 320 MW.

France

Operating Results	FY		Δ
	2022	2021	
Installed capacity (MW) ⁽¹⁾	600	581	20
<i>Wind</i>	522	502	20
<i>Solar</i>	79	79	0
Output (GWh)	1,076	889	187
<i>Wind</i>	982	865	117
<i>Solar</i>	94	24	70
Load Factor % ⁽²⁾			
<i>Wind</i>	22%	22%	0
<i>Solar</i>	14%	11%	n.a.
Net unit revenue (EUR/MWh)	98	78	20
<i>Wind</i>	98	88	10
<i>Solar</i>	96	90	n.a.

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

In 2022, **electricity output** in France amounted to 1,076 GWh, of which 982 GWh from wind sources and 94 GWh from photovoltaic plants, an increase compared to 2021 (889 GWh) due to the scope effect (+221 GWh) deriving from the acquisition of wind and solar plants consolidated between June and October 2021 and from the entry into operation of two internally developed farms. This scope effect is partially offset by the lower wind speeds encountered in the period.

FY

Economic results	2022	2021	Δ
(EUR million)			
Adjusted revenue	105	78	27
Wind	96	76	20
Solar	9	2	7
Adjusted EBITDA	63	45	17
Wind	58	44	14
Solar	5	1	4
Amortisation, depreciation and impairment losses	(46)	(37)	(9)
Wind	(42)	(36)	(6)
Solar	(4)	(1)	(3)
Adjusted EBIT	16	8	8
Wind	16	8	8
Solar	1	(0)	1
Capital expenditure in property, plant and equipment and intangible assets	11	220	(209)
Wind	11	145	(135)
Solar	0	74	(74)
EBITDA Margin % ⁽¹⁾	59%	58%	2%
Wind	60%	58%	2%
Solar	55%	0%	55%

(1) ratio of adjusted EBITDA to revenue from sales and services.

The **revenue** recorded in **2022** was up due to the change in the scope of consolidation mentioned above, partly offset by the lower output recorded.

Net unit revenue from wind power in France for 98 EUR/MWh is up compared to 2021 (88 EUR/MWh) due to market installations following the exit from the incentive period, while net unit revenue from photovoltaic installations totalled 96 EUR/MWh, up compared to 2021 due to a different mix of generation with different tariffs.

Adjusted EBITDA in France in 2022 amounted to EUR 63 million, an increase compared to 2021 (EUR 45 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period increased compared to 2021 restated due to the contribution of the wind and solar farms acquired during the second half of 2021.

Capital expenditure

Capital expenditure in **2022 (EUR 11 million)** mainly refers to the development and construction of a new wind farm that came into operation in June (20 MW).

Relevant legislative and regulatory updates during the period

See also the “Significant regulatory and institutional updates during the year” chapter.

- Cahiers des charges on “CRE 4” and “PPE 2”**
 In August 2022, the Energy Authority (CRE) published amendments for the renewable auctions awarded, aimed at allowing operators that were successful in the auctions held up to 31 December 2021 and that entered into operation between 1 September 2022 and 31 December 2024 to absorb part of the increase in plant costs, extending the period of sale of electricity to the market before the start of the two-way contract awarded by auction. The extent of this extension varies in relation to the expected date of entry into commercial operation of the plants (COD).
 For the same category of plants, it is also possible to increase the capacity up to 140%, provided it is compatible with the plant's environmental authorisation.
- Change in 2016 FIP, 2017 FIP and CfD tariff scheme**
 Law no. 1157-2022 of 16 August 2022, amending the 2022 Finance Act, introduces a change to the 2016 FIP, 2017 FIP and CfD format “complement de remuneration” agreement, awarded up until the December 2019 auction. Notably, the financial threshold for the return of the tariff contribution is removed with retroactive effect from 1 January 2022, in cases where the market price is higher than the tariff. This threshold, envisaged for all plant technologies, was equal to the sum of the contributions received from the start of the contract (in the hours in which the market price was lower than the tariff).
- At the end of December 2022, a further decree established the price levels applicable as the threshold for reimbursement: in cases where the market price is higher than the tariff (negative premium), the tariff contribution will be reimbursed up to the threshold price. For the years 2022-2042, the threshold prices are increasing from 44.78 EUR/MWh in 2022 to 66.55 EUR/MWh in 2042.

Wind

- Amendments to the regulations for onshore wind auctions for the period 2021-2026**
 Following approval by the European Commission at the end of July, in August 2021 the Energy Regulatory Commission published the new regulations for onshore wind auctions for the period 2021-2026. Ten

auction sessions are scheduled starting from November 2021 until 2026 for a total of more than 9 GW, for the assignment of a two-way CfD contract with a twenty-year duration, with a base price (cap) unchanged at 70 EUR/MWh. The criterion for forming the rankings is no longer based solely on the discount offered but also on whether or not there is local participation in the project (*Financement collectif or Gouvernance partagé*). Projects for the renovation of wind farms are admitted to auctions if certain conditions on the start of works and on the components used are met. A clause on the carbon footprint along the life cycle of the turbine has also been introduced.

The first auction session according to the new procedures was in November 2021 with a quota of 700 MW, which could have been increased up to 925 MW in the event of subscriptions exceeding this quota. A quota modulation mechanism is envisaged to foster the competitiveness of the prices awarded in the event that applications do not meet the available total.

The rules for the auctions carried out starting from December 2022 were then amended by a subsequent Cahier des Charges, published in November 2022 (see related paragraph).

- **Publication of results of ninth onshore wind farm auction 2021**

In February 2022, the Ministry of Ecological Transition published the outcome of the ninth auction for onshore wind farm. Against a contingent of 700 MW, projects for a total capacity of 510 MW were awarded. These include the ERG "Moulin du Bois" project for an allotted price of 65 EUR/MWh.

- **Wind – new provisions for 2017 FIP**

At the end of April 2022, new regulations were published introducing specific and more stringent conditions for access to the 2017 FIP for new onshore wind projects.

From 1 July 2022, the 2017 FIP will be reserved for new wind farms with a maximum number of 6 turbines with a nominal capacity not exceeding 3 MW each, provided that (i) the maximum height is limited to 137 m due to civil or military aviation or radar constraints or (ii) they are executed through participatory investments targeting local communities.

These conditions must be fulfilled for the duration of the agreement.

At the end of December, a new amending decree introduced the possibility, for plants that submitted an application for FIP 2017 by 1 July 2022 and expected to be operational between 1 September 2022 and 31 December 2024, to extend the deadline for the completion of the plant and to sell electricity on the market before the start of the Agreement. In addition, starting from 1 January 2023, a new tariff adjustment coefficient will be applied to new projects that will request FIP-2017 to take into account the increases in costs and financial resources between the date of the FIP 2017 request and the 12 months before the completion of the plant.

- **Decree on land and marine areas for "greater protection"**

In April 2022, Decree NO. 2022/527 was published, establishing the conditions for the recognition of

"higher protection zones" (ZPFs) for land and sea areas where the development of wind and solar photovoltaic projects could be prevented.

ZPF recognition is automatic for a number of land and maritime areas, such as national parks and reserves, protection zones, biological reserves

In the other cases, the qualification of ZPF is defined case by case on the basis of objective criteria, through a coordinated procedure at regional level and according to decision made by the competent ministers.

The list of ZPF recognized areas will be updated periodically to monitor the achievement of the objectives of the national strategy for protected areas.

- **Cahiers des Charges for onshore wind power**

In November 2022, CRE published the new *Cahier des Charges* for onshore wind power applicable from the December 2022 auction. A new indexing will be applied to update the awarded tariff before the start-up of the plant: the awarded tariff will be adjusted to take into consideration changes in the parameters of raw material costs, inflation, interest rates between the month of the auction date and 12 months before commissioning.

In addition, the base price (cap) will no longer be made public. Slight changes were also made to the annual indexing formulas for the awarded tariffs.

Solar

- **Amendments to the regulations for PV auctions for the period 2021-2026**

Following approval by the European Commission at the end of July 2021, on 6 August of the same year the Energy Regulatory Commission published the new regulations for PV auctions for the period 2021-2026. Ten auction sessions are scheduled starting from November 2021 until 2026 for a total of more than 9 GW, for the assignment of a two-way CfD contract with a twenty-year duration, with a base price (cap) at 90 EUR/MWh for all types of ground-mounted PV systems. The first auction session according to the new procedures was set for December 2021 with a quota of 700 MW, which can be increased up to 925 MW should participating projects exceed these quotas. A quota modulation mechanism is envisaged to foster the competitiveness of the prices awarded in the event that applications do not meet the available total.

At the end of March 2022, CRE introduced further changes to the PV auction procedure, concerning the definition of the dates for the second and third 2022 auction sessions, the introduction of additional capacity reserved for projects smaller than 5 MW, and above all the reduction of the cap price from the third session (October 2022) from EUR 90/MWh to EUR 85/MWh.

- **Cahiers des charges for solar power**

In November 2022, CRE published the new *Cahier des Charges* for ground-mounted photovoltaic systems with a capacity between 500 kW and 30 MW, applicable starting from the December 2022 auction. The base price (cap) will no longer be made public. The awarded tariff will be adjusted before the start-up of the plant to take into consideration changes in the parameters of raw materials costs, inflation, interest

rates between the month of the auction date and 12 months before commissioning. Slight changes were

also made to the annual indexing formulas for the awarded tariffs.

Germany – Wind

	FY 2022	FY 2021	Δ
Operating Results			
Installed capacity (MW) ⁽¹⁾	327	327	-
Output (GWh)	556	428	129
Load Factor % ⁽²⁾	19%	17%	2%
Net unit revenue (EUR/MWh)	172	112	60

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

In **2022**, electricity output in Germany amounted to 556 GWh, an increase compared to 2021 (428 GWh) due to the better wind conditions encountered in the period and the scope of the first nine months arising from the acquisition of consolidated wind farms in October 2021 (+80 GWh), as well as higher prices captured as a result of market prices above the incentivised tariffs.

	FY 2022	FY 2021	Δ
Economic results (EUR million)			
Adjusted revenue	96	48	49
Adjusted EBITDA	72	28	44
Amortisation, depreciation and impairment losses	(28)	(22)	(6)
Adjusted EBIT	45	6	38
Capital expenditure in property, plant and equipment and intangible assets	1	151	(149)
EBITDA Margin % ⁽¹⁾	75%	59%	16%

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2022** was up compared to 2021, due to the aforementioned better wind conditions, the increase in energy sale prices and the scope of the farms acquired in 2021.

Net unit revenue from wind power in Germany, equal to 172 EUR/MWh, was significantly higher than in 2021 (112 EUR/MWh), as the incentive mechanism benefited from the increase in the market price scenario above the contractual minimum threshold.

Adjusted EBITDA in Germany in **2022** amounted to EUR 72 million, a significant increase compared to 2021 (EUR 28 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period increased compared to 2022 due to the contribution of the wind farms acquired during the second half of 2021.

Capital expenditure

Capital expenditure in **2022** relates to maintenance activities aimed at ensuring the continued high efficiency of the plants.

UK and Sweden – Wind²⁴

	FY 2022	FY 2021	Δ
Operating Results			
Installed capacity (MW) ⁽¹⁾	219	70	149
Output (GWh)	226	-	226
Load Factor % ⁽²⁾	33%	n.a.	n.a.
Net unit revenue (EUR/MWh)	150	n.a.	n.a.

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

²⁴ As already indicated in the Introduction, the Group's management measures the Group's results for the various geographical areas in which it operates. For the purposes of these Financial Statements, in view of the immaterial results of the wind farm launched in Sweden at the end of 2022, Sweden's results have been merged with those of the UK.

In **2022**, **electricity output** in the UK and Sweden amounted to 226 GWh and mainly refers to the wind farms developed internally and entered into operation at the end of 2021 in Northern Ireland (70 MW), in addition to the first contributions deriving from the plants that entered into operation between the end of October and December in Scotland (86 MW) and Sweden (62 MW).

Economic results (EUR million)	FY 2022	FY 2021	Δ
Adjusted revenue	34	-	34
Adjusted EBITDA	24	(2)	26
Amortisation, depreciation and impairment losses	(4)	(0)	(4)
Adjusted EBIT	19	(2)	22
Capital expenditure in property, plant and equipment and intangible assets	159	179	(21)
EBITDA Margin % ⁽¹⁾	70%	n.a.	n.a.

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenues recorded in **2022** amounted to EUR 34 million with net unit revenues amounting to 150 EUR/MWh in 2022, mainly attributable to sales in Northern Ireland made through a PPA. Furthermore, starting from the end of the year, revenues begin to include the first sales in Scotland and Sweden;

Adjusted EBITDA in the UK and Sweden in **2022** stood at EUR 24 million, for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** relates to the construction activities of wind farms in Scotland, for approximately 179 MW, which are expected to come into operation between late 2022 and early 2023, and in Sweden, for 62 MW, which came into operation at the end of 2022.

Relevant legislative and regulatory updates during the period

See also the “Significant regulatory and institutional updates during the year” chapter.

Spain – Solar

Operating Results	FY 2022	FY 2021	Δ
Installed capacity (MW) ⁽¹⁾	92	-	92
Output (GWh)	171	-	171
Load Factor % ⁽²⁾	21%	-	21%
Net unit revenue (EUR/MWh)	126	-	126

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

In **2022**, **electricity output** in Spain amounted to 171 GWh and related to the solar plants acquired in January 2022 (92 MW).

Economic results (EUR million)	FY 2022	FY 2021	Δ
Adjusted revenue	22	-	22
Adjusted EBITDA	18	-	18
Amortisation, depreciation and impairment losses	(4)	-	(4)
Adjusted EBIT	14	-	14
Capital expenditure in property, plant and equipment and intangible assets	100	-	100
EBITDA Margin % ⁽¹⁾	84%	-	84%

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2022** amounted to EUR 22 million, with unit net revenue amounting to 126 EUR/MWh as production is actually exposed to market prices.

Adjusted EBITDA in Spain in **2022** amounted to EUR 18 million, for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** refers to the acquisition of the two solar farms in January.

Relevant legislative and regulatory updates during the period

See also the “Significant regulatory and institutional updates during the year” chapter.

- **2023 auction base price increase**

In December, the energy authority updated the auction base price for 2023, providing for an increase of up to 25% for onshore wind and photovoltaic, to take into account the increase in the overall cost of capital expenditure.

On this basis, the base price for onshore wind for the 2023 auctions increased from 58.8 EUR/MWh to 73.5 EUR/MWh.

The prices assigned must then be adjusted according to the formula (Referenzertrag), which makes it possible to increase the tariffs up to 42% (up compared to the previous 35%) for sites with low wind speeds.

On 25 January 2023, the auction base price for 2023 for photovoltaic plants >1MW was also adjusted to 73.7 EUR/MWh, incorporating a 25% increase compared to the 2022 auction base price (59 EUR/MWh).

East Europe – Wind

	FY 2022	FY 2021	Δ
Operating Results			
Installed capacity (MW) ⁽¹⁾	266	206	61
Output (GWh)	615	546	69
Load Factor % ⁽²⁾	31%	30%	1%
Net unit revenue (EUR/MWh)	169	119	104

(1) capacity of plants in operation at the end of the period.

(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)

In **2022**, **electricity output** in East Europe amounted to 615 GWh, an increase compared to 2021 (546 GWh) due to the better wind conditions encountered in the first nine months of the year, as well as the commissioning of two internally developed wind farms in Poland (24.5 MW in June and 36 MW at the end of October).

	FY 2022	FY 2021	Δ
Economic results			
<i>(EUR million)</i>			
Adjusted revenue	119	74	45
Adjusted EBITDA	90	45	45
Amortisation, depreciation and impairment losses	(15)	(15)	(1)
Adjusted EBIT	75	31	44
Capital expenditure in property, plant and equipment and intangible assets	20	47	(27)
EBITDA Margin % ⁽¹⁾	76%	62%	15%

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2022** was up compared to 2021, due to the aforementioned better wind conditions and the increase in energy sale prices.

Average net unit revenues in East Europe, which include the certificate that is added to the price of energy, amounted to 169 EUR/MWh, up sharply compared to 2021 (119 EUR/MWh), following the increase in the scenario particularly in the first nine months of the year. Indeed, it should be noted that starting from 1 October, the measures introduced by the Romanian government to combat high energy prices (windfall tax) require our plants to sell at 450 lei/MWh (approximately 90 EUR/MWh).

Adjusted EBITDA in East Europe in **2022** amounted to EUR 90 million, a sharp increase compared to 2021 (EUR 45 million), for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in **2022** refers to the construction of two wind farms in Poland for approximately 61 MW, of which 24.5 MW came into operation in July and the remainder in October.

Relevant legislative and regulatory updates during the period

See also the “Significant regulatory and institutional updates during the year” chapter.

systems. Repowering projects or expansions of existing plants are not eligible.

The projects must enter into operation by 30 June 2024, while there is a maximum amount granted per source, with a maximum limit of EUR 15 million for each company and for each project.

Poland

- **Extension of RES auctions to 2027**

Last January 2022, the European Commission approved the extension until 31 December 2027 of Poland's RES auction program.

In July 2022, the Polish Council of Ministers presented a draft regulation, currently in consultation, on the amount of electricity from renewable sources to be allocated through auctions in the years 2022-2027.

For onshore plants with a capacity of more than 1MW, the government's estimate is a total of 3,000 MW for wind power and 4,500 MW for photovoltaics.

Romania

- **Definition of the mandatory quota for the purchase of GCs for 2022**

With Order no. 131/2021, the Regulatory Agency for the Energy Sector (ANRE) defined the 2022 mandatory quota, equal to 0.5014313 GC/MWh.

- **Approval of the new method for settling imbalances**

Through Resolution no. 63/2020, ANRE approved the programme to transition the relevant period for the calculation of imbalances from 1 hour to 15 minutes. The implementation of the measure is effective from 1 February 2021.

- **NRRP auction**

At the end of March 2022 the Ministry of Energy opened a single call, in the form of a competitive tender for the construction of new renewable energy plants.

A budget of EUR 458 million (of which EUR 75 million is earmarked for plants of less than 1MW capacity and EUR 383 million for larger plants) has been allocated from the NRRP funds to finance investment costs for new wind and solar capacity, with or without storage

Bulgaria

- **Definition of the value of incentives for the regulatory period 1 July 2022 – 30 June 2023**

In July 2022, the estimates of the energy prices to be referred to for the calculation of the incentive were updated.

The incentive component is calculated as the difference between the reference tariff for the individual plant and the estimate of the adjusted baseload market price (*Forecasted Market Price for Wind Producers - FMP*) on the national wind profile. For the regulatory period from 1 July 2022 to 30 June 2023, the Bulgarian National Authority estimated the value of FMP market prices to be BGN 440.21/MWh, thus bringing the incentive component to zero.

The Authority reserves the right to review the FMP every six months in the event of a significant change in market prices.

- **Definition of the value of incentives for the regulatory period 1 July 2021 - 30 June 2022**

On 30 June 2021, for the regulatory period 1 July 2021 - 30 June 2022, the Bulgarian National Authority made provision for an increase of more than 35% in the values of the FMP market prices, which resulted in a reduction of almost 30% in the value of the incentive for the onshore wind farms of the ERG Group. In light of the increase in energy prices (which deviated by more than 15% compared to the June estimate), the Bulgarian National Authority decided to redetermine the estimate of the FMP market price with decision №ЛЛ-2 of 1 January 2022, thus eliminating the value of the incentive for the remaining 6 months of the year (January - June 2022).

INTERIM FINANCIAL STATEMENTS AND OTHER INFORMATION

Financial Statements

Income Statement

This section contains both the reported operating results, calculated on the basis of the figures presented in the Notes to the Consolidated Financial Statements, and the adjusted operating results, presented to exclude the impacts relating to the adoption of IFRS 9, in relation to liability management transactions, and of special items, and with the reclassification for IFRS 16.

The 2022 and 2021 figures were presented in accordance with the provisions of IFRS 5 with reference to the process for the sale of the thermoelectric business and the finalisation of the sale of the hydroelectric business, which took place on 3 January 2022, therefore reclassifying to the line “Net result of assets held for sale” the result of the Thermo business for 2022, and the result of the Hydro business for 2021.

Lastly, please note that this document reflects the economic impacts of the consolidation of:

- the Spanish companies acquired during the year starting from 1 January 2022;
- the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) starting from 1 July 2022;
- the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) starting from 1 August 2022.

For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, reference is made to that indicated in the Alternative Performance Indicators section below.

(EUR million)	Reported			Adjusted			
		FY 2022	FY 2021	Δ	FY 2022	FY 2021	Δ
Income Statement							
Revenue	1	714	601	112	749	601	148
Other income	2	13	8	5	12	8	5
Total revenue		727	609	117	761	609	152
Purchases and change in inventories	3	(15)	(6)	(9)	(15)	(6)	(9)
Services and other operating costs	4	(157)	(159)	2	(160)	(157)	(3)
Personnel expense		(55)	(48)	(7)	(49)	(48)	(2)
Gross operating profit (EBITDA)		499	397	103	537	399	138
Amortisation, depreciation and impairment of non-current assets	5	(279)	(228)	(50)	(229)	(201)	(27)
Operating profit (EBIT)		221	168	52	308	198	111
Net financial income (expense)	6	(37)	(51)	14	(25)	(29)	4
Net gains (losses) on equity investments		2	1	2	0	0	0
Profit (loss) before taxes		187	118	69	284	169	115
Income taxes	7	(98)	(32)	(66)	(67)	(42)	(25)
Profit (loss) from continuing operations		89	86	3	216	127	90
Net profit (loss) from discontinued operations	8	294	88	206	20	77	(57)
Net profit (loss) for the period		383	174	209	236	203	33
Non-controlling interests		(4)	(2)	(3)	(4)	(2)	(3)
Profit attributable to owners of the parent		379	173	206	232	202	30

1 – Revenue

Revenue from sales consists mainly of:

- sales of electricity produced by wind farms, solar installations. The electricity is sold on wholesale channels, and to customers via bilateral agreements. Specifically, electricity sold wholesale includes sales on the IPEX electricity exchange, both on the “day-ahead market” (MGP) and on the “intraday market” (MI), as well as the “dispatching services market” (MSD), in addition to sales to the main operators of the sector on the “over the counter” (OTC) platform and Power Purchase Agreements (PPAs), long-term energy sale contracts at pre-established prices, currently active in the wind sector in Italy, France and the United Kingdom.
- incentives related to the output of wind farms in operation and solar installations.

Reported revenue in 2022 amounted to EUR 714 million, up significantly from EUR 601 million in 2021 restated, mainly due to the new wind farms acquired in Spain and the contribution of the wind and solar farms acquired during the second half of 2021 in France and Germany, as well as the contribution of the new wind farms that became operational in the UK and France at the end of 2021, higher production as a result of the

better anemological conditions recorded during the period, partly offset by the decrease in the unit value of the incentive in Italy (from 109.4 to 42.9 EUR/MWh).

It should be noted that adjusted revenues do not include the effects related to the **Regulatory measures to curb energy price rises (clawback measure and windfall tax)**, already described in the regulatory and institutional updates, amounting to approximately EUR 35 million.

2 – Other income

Other income includes mainly insurance reimbursements, compensation and expense repayments and grants related to income.

3 – Purchases and changes in inventories

Purchases include costs for the purchase of raw materials and spare parts.

4 – Services and other operating costs

Services include maintenance costs, costs for agreements with local authorities, for consulting services, insurance and for services rendered by third parties.

The other operating costs mainly relate to rent, provisions for risks and charges and to taxes other than income taxes.

The 2022 figures do not include the ancillary costs relating to non-recurring transactions equal to EUR 9 million;

Lease payment charges (lease costs for IFRS 16 purposes) for EUR 12 million are classified under this item of the reclassified income statement and taken into consideration in the adjusted values. For a more detailed explanation of this classification, please refer to the “IFRS 16” paragraph, available under “Definitions” in the “Alternative Performance Indicators” section.

5 – Amortisation, depreciation and impairment of non-current assets

Amortisation and depreciation refer to wind farms and solar installations. The increase for the period relates to the contribution of the wind and photovoltaic assets acquired in Italy and abroad in 2022, in addition to the full contribution of the new wind farms that entered into operation in the United Kingdom, France and Poland, only partly offset by end of the useful life of some components of the wind farms.

It should be noted that the adjusted values for 2022 do not include:

- the impairment of the net residual value of the property, plant and equipment and intangible assets of wind farms in the Italian portfolio, following the authorisation of a Repowering project obtained during the year, amounting to approximately EUR 20 million;
- the impairment of the net residual value of the property, plant and equipment and intangible assets of photovoltaic farms in the Italian portfolio, following the authorisation of a Revamping project obtained during the year, amounting to approximately EUR 23 million;
- the amortisation and depreciation related to the application of IFRS 16, as previously discussed under item 4.

6 – Net financial income (expense)

Adjusted net financial expense in 2022 amounted to EUR 25 million, down compared to 2021 restated (EUR 29 million), due to the full contribution of the liability management operations carried out in 2021.

The average cost of non-current debt in 2022 stood at 1.5% compared to 1.7% in 2021 restated, due to the same effects described above. The return on liquidity is lower than that of 2021 due to the worsening of interest rates in the reference period.

The item includes also the effects of the derivatives hedging against the risk of fluctuations in interest rates.

Lastly, it is specified that the adjusted values do not include the following extraordinary components (special items) linked to liability management operations:

- financial expense (EUR -3 million) relating to the repayment of three Corporate Loans that was carried out in January 2022;
- financial expense (EUR -3 million), tied to the reversal effect relating to refinancing operations carried out in previous years, in application of IFRS 9;
- financial expense related to the liability recognised upon application of the equity method introduced by IFRS 16 (EUR -5 million), as previously discussed under item 4.

7 – Income taxes

Reported income taxes amounted to EUR 98 million, a significant increase compared to the EUR 32 million of 2021 restated mainly due to a higher taxable income for the results of the period, the impact of Art. 37 of the Italian Decree Law of 21 March 2022 equal to approximately EUR 37 million (excluding the impact on the thermoelectric business of EUR 4 million recognised under “Net result from discontinued operations”) and the 2023 extraordinary contribution of EUR 19 million.

Adjusted income taxes amounted to EUR 67 million, up compared to EUR 42 million in 2021 restated, mainly due to higher taxable income due to the already discussed results in the period. It should be noted that the item does not include the aforementioned impact deriving from Article 37 of the Italian Decree Law of 21 March 2022 and the 2023 Extraordinary Contribution. These taxes were separated as a special item.

The adjusted tax rate for 2022, obtained from the ratio between income taxes and pre-tax profit, amounted to 24% (25% in 2021 restated).

8 – Profit (loss) from assets held for sale

The reported net result of assets held for sale includes, in 2022, the result of the thermoelectric business attributable to ERG Power S.r.l.²⁵ and the net gain recognised as a result of the sale of the Terni hydroelectric complex on 3 January 2022 (amounting to approximately EUR 324 million). This amount was separated as a special item. For financial year 2021, the item also includes the result of ERG Hydro S.r.l (now Enel Hydro Appennino Centrale S.r.l) in accordance with the application of IFRS 5.

The adjusted net result of assets held for sale includes, for 2022, the result of ERG Power S.r.l., amounting to EUR 20 million; this amount, compared to the reported figures, includes the amortisation and depreciation for the period and does not include the impact of Article 37 of the Italian Decree Law of 21 March 2022 equal to approximately EUR 4 million.

Statement of Financial Position

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the annual financial report, highlighting the **uses** of resources in non-current assets and in working capital and the related funding **sources**. For the definition of the indicators for the main items used in the Reclassified Statement of Financial Position, reference is made to that indicated in the “Alternative Performance Indicators” section below.

Both the reported values and the adjusted values are shown below. The adjusted values at 31 December 2022 do not include the impact deriving from the application of IFRS 16 of increased net financial indebtedness of approximately EUR 157 million with a balancing entry in net invested capital amounting to approximately EUR 153 million.

It should be noted that, in application of IFRS 5, the equity contribution of the thermoelectric business is reclassified to the item “Net invested capital of assets held for sale”.

Reclassified Statement of Financial Position (EUR million)	Reported		Adjusted		
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	
Non-current assets	1	3,695	3,089	3,540	3,624
Net operating working capital	2	97	97	97	177
Employee benefits		(4)	(4)	(4)	(5)
Other assets	3	379	434	381	434
Other liabilities	4	(657)	(549)	(657)	(623)
Net invested capital of continuing operations		3,510	3,066	3,357	3,608
Net invested capital of assets held for sale		235	683	235	-
Net invested capital		3,745	3,749	3,592	3,608
Equity attributable to the owners of the parent		2,045	1,559	2,050	1,547
Non-controlling interests	5	9	10	9	10
Net financial indebtedness of continuing operations	6	1,592	2,250	1,434	2,051
Net financial indebtedness of discontinued operations	6	98	(69)	98	-
Equity and financial indebtedness		3,745	3,749	3,592	3,608

²⁵The reported result of the thermoelectric business included under “Assets held for sale” amounted to EUR 30 million in 2022, including the impairment of the CCGT plant. As required by IFRS 5, the depreciation and amortisation of ERG Power S.r.l. from the date of its classification as an asset held for sale (1 February 2022) in the amount of EUR 20 million (net of tax) was not recognised, being included instead in the adjusted result of the thermoelectric business.

1. Non-current assets

<i>(EUR million)</i>	Intangible assets	Property, plant and equipment	Financial assets	Total
Non-current assets at 31/12/2021	995	2,048	45	3,089
Capital expenditure	4	303	6	314
Change in the consolidation scope	443	275	1	719
Divestments and other changes	5	(13)	1	(7)
Amortisation, depreciation and impairment losses	(67)	(173)	0	(241)
IFRS 5 Reclassification	(0)	(194)	(12)	(206)
IFRS 16 Change	0	28	0	28
Non-current assets at 31/12/2022	1,380	2,274	40	3,695
Adjustment for impact of IFRS 16	0	(155)	0	(155)
Adjusted non-current assets at 31/12/2022	1,380	2,120	40	3,540

The item “Capital expenditure” mainly refers to the organic development activities related to the completion of the wind farms in the United Kingdom, Poland and Sweden for 62 MW, the start of construction activities in Italy for 47 MW of Greenfield and the Repowering of Italian wind farms for approximately 193 MW of new wind capacity.

The item “Change in the consolidation scope” includes the impacts of the acquisition of the wind farms and photovoltaic plants in Italy, consolidated on a line-by-line basis in the third quarter of 2022, the acquisition of photovoltaic plants in Spain, consolidated on a line-by-line basis starting from the first quarter of 2022 and the deconsolidation of ERG Hydro (now “Enel Appennino Centrale”), sold on 3 January 2022.

The item “IFRS 5 reclassification” indicates the impacts of the reclassification of fixed assets of the thermoelectric business to the line Net Invested Capital held for sale.

The line “Divestments and other changes” comprises disposals of non-current assets, the use of main component spare parts and reclassifications.

2 – Net operating working capital

This item includes spare parts inventories, amounts due for incentives, amounts due for the sale of electricity, and trade payables mainly concerning the purchase of electricity, the maintenance of wind farms and other trade payables on investments for the development of wind and solar farms.

3 – Other assets

These mainly comprise deferred tax assets, receivables from Tax Authorities for tax advances and advance payments made against current provision of services.

4 – Other liabilities

These concern mainly the negative effect of the fair value of derivatives hedging electricity due to the trend in commodity prices, to the deferred tax liabilities calculated on the differences between carrying amounts and the related tax basis (mainly authorisations, concessions and non-current assets), the estimate of income taxes due for the period, and the provisions for risks and charges.

5 – Non-controlling interests

Non-controlling interests relate to the non-controlling interest (78.5%) in Andromeda PV S.r.l., acquired in 2019.

6 – Net financial indebtedness

Adjusted indebtedness does not include the financial payable related to the application of IFRS 16 of approximately EUR 157 million (EUR 129 million at 31 December 2021).

Summary of the Group's indebtedness (EUR million)	Reported		Adjusted	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-current financial indebtedness	1,902	2,196	1,751	2,073
Current financial indebtedness (cash and cash equivalents)	(311)	53	(317)	(22)
Total indebtedness of continuing operations	1,592	2,250	1,434	2,051
Total indebtedness of discontinued operations	98	(69)	98	0
Total	1,690	2,181	1,533	2,051

Sustainable Finance

The ERG Group's financing strategy is increasingly oriented towards green and sustainable instruments, in line with its development model.

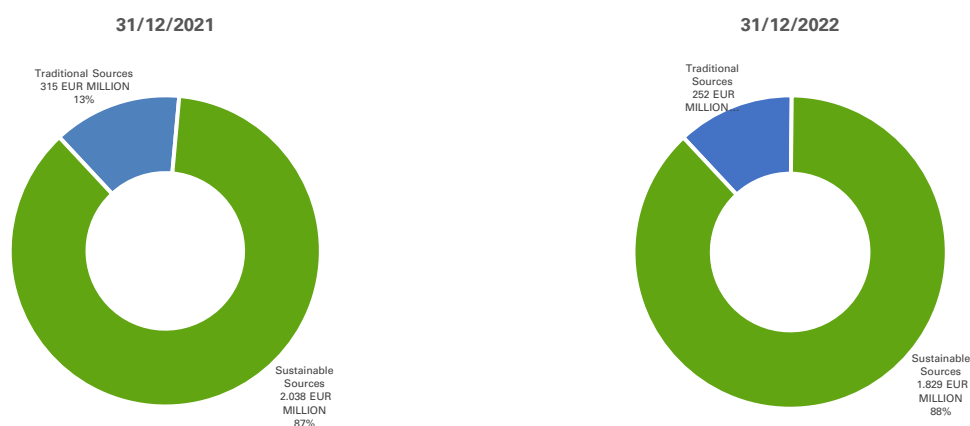
In recent years, ERG has implemented a strategy to gradually evolve the financial structure from Project to Corporate Financing, through significant liability management transactions and the simultaneous issue of three bond loans in April 2019, September 2020 and September 2021 respectively; this made it possible to re-balance the group financial structure in favour of corporate financing and to transform the debt structure from traditional sources of financing towards sustainable sources of financing.

Confirming ERG's strong commitment to sustainable development, the three green issues for a total of EUR 1,600 million were structured as Green Bonds on the basis of the ERG Green Bond Framework, assessed by the independent advisor Vigeo Eiris (part of Moody's ESG Solutions) as compliant with Green Bond Principles 2021 and in line with best market practices.

At 31 December 2022, the sources of Sustainable Finance, equal to EUR 1,829 million out of a total of financial sources equal to a nominal amount of EUR 2,081 million (EUR 2,038 million at 31 December 2021 out of a total of financial sources equal to a nominal amount of EUR 2,352 million), include:

- Green Bonds, totalling EUR 1,600 million (amount unchanged from 31 December 2021), intended for the financing and refinancing of the construction and/or acquisition of wind and solar projects that have recently become part of the ERG Group portfolio;
- Medium/long-term senior unsecured Environmental, Social and Governance-linked loans ("ESG Loans"), for a total of EUR 150 million (EUR 350 million at 31 December 2021), which provide for a reward mechanism linked to the achievement of a CO2 emissions savings target;
- ESG Linked Project Green Financing, for a total of EUR 79 million, equal to EUR 88 at 31 December 2021, subscribed for three wind farms in Italy with a total capacity of 154 MW and structured in compliance with the "Sustainability Linked Loan Principles" issued by the Loan Market Association. This loan provides for the periodic evaluation of sustainability parameters, and reward mechanisms linked to the achievement of objectives in terms of plant availability and green energy output.

The composition of the funding sources shows a progressive convergence towards the objective of "sustainable funding" equal to at least 90% of the Group's sources of funding as outlined in the new ESG 2022-2026 plan.



In addition to the aforementioned funded financial sources, in October 2022 ERG S.p.A. entered into an ESG-linked Revolving Credit Facility, with a three-year duration and with the possibility of extension up to a further 2 years, the margin of which is subject to an adjustment mechanism on the basis of the achievement of certain ESG targets (one of which is environmental and one relating to diversity in the composition of the workforce). This facility, amounting to EUR 600 million, was fully available at 31 December 2022.

The following table illustrates the **non-current financial indebtedness** of the ERG Group:

Non-current financial indebtedness	31/12/2022	31/12/2021
<i>(EUR million)</i>		
Non-current loans and borrowings	-	249
Non-current financial liabilities	1,595	1,614
Total	1,595	1,863
Project Financing and Financial Leases	212	237
Current portion of Project Financing	(55)	(27)
Non-current Project Financing	156	210
IFRS 16 financial liabilities (non-current)	151	123
Total non-current financial indebtedness of continuing operations	1,902	2,196
Adjustment for impact of IFRS 16	(151)	(123)
Total adjusted financial indebtedness	1,751	2,073

“**Non-current financial liabilities**”, amounting to EUR 1,595 million, refer mainly to:

- liability deriving from placement of three bond loans amounting to EUR 500 million (with a 6-year duration at a fixed rate), EUR 600 million (with a 7-year duration at a fixed rate) and EUR 500 million (with a 10-year duration at a fixed rate) respectively, issued as part of the Euro Medium Term Notes (EMTN) Programme. Liabilities are recognised net of medium/long-term accessory costs recognised for accounting purposes using the amortised cost method (EUR 7 million);
- liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 2 million).

The payables for “**Project Financing**” of EUR 212 million at 31 December 2022 relate to:

- loans for EUR 94 million relating to the company Andromeda PV S.r.l.;
- EUR 117 million in loans disbursed for the construction of wind farms, recognised for a total net of ancillary costs, recorded for accounting purposes with the amortised cost method (EUR 3 million) and the effect of the renegotiation of loans (EUR 3 million) following the application of IFRS 9. It should be noted that in the first quarter of 2023, the project financing in Poland was repaid in the amount of EUR 24 million.

The breakdown of current net financial indebtedness is shown below:

Current financial indebtedness (cash and cash equivalents)	31/12/2022	31/12/2021
<i>(milioni di Euro)</i>		
Current bank loans and borrowings	296	1,305
Other current financial liabilities	38	67
Current financial liabilities	334	1,372
Cash and cash equivalents	(424)	(811)
Securities and other current financial assets	(216)	(491)
Current financial assets	(639)	(1,302)
Current Project Financing and Financial Leases	55	27
Cash and cash equivalents	(68)	(50)
Project Financing	(12)	(23)
IFRS 16 financial liabilities (current)	6	6
Total current financial indebtedness of continuing operations	(311)	53
Total current financial indebtedness of discontinued operations	98	(69)
Adjustment for impact of IFRS 16	(6)	(6)
Total current adjusted financial indebtedness	(219)	(22)

(1) It includes the impact of the application of IFRS 5 in relation to the cash and cash equivalents of the thermoelectric business

Current bank loans and borrowings include:

- short-term positions referring to short-term credit facilities;
- a bilateral corporate loan with UBI Banca S.p.A. (now the Intesasanpaolo Group) (EUR 100 million) taken out in the first half of 2016, repayment of which is expected in the first half of 2023;
- a senior Environmental, Social and Governance loan ("ESG Loan") with Mediobanca S.p.A. (EUR 150 million) taken out in the first half of 2016 and refinanced in the fourth quarter of 2021 (first bilateral corporate loan).

The loans indicated above are recognised net of medium/long-term ancillary costs, recognised with the amortised cost method (EUR 1 million) and the effect of the renegotiation of loans (EUR 2 million) following the application of IFRS 9.

Other short-term financial payables include payables for financial leases for EUR 16 million of the newly acquired photovoltaic companies in Italy, accrued interest expense on Bonds and Corporate Loans (EUR 10 million) and liabilities related to deferred components of the consideration for the purchase of assets and authorisations (EUR 12 million).

Short-term financial assets include short-term cash investments of around EUR 100 million, deposits as collateral for futures derivatives transactions of around EUR 11 million, assets arising from the fair value measurement of interest rate hedging derivatives of EUR 69 million and financial receivables on non-hedging physical derivatives in the amount of EUR 34 million.

Cash flows

The statement of cash flows is presented based on adjusted values, in order to facilitate understanding of the cash flow dynamics of the period. The breakdown of changes in net financial indebtedness is as follows:

(amounts in millions)	FY	
	2022	2021 ⁽¹⁾
Adjusted EBITDA	537	580
Change in net working capital	11	(53)
Cash flows from operations	548	527
Capital expenditure in property, plant and equipment and intangible assets	(307)	(258)
Asset acquisitions and business combinations	(638)	(389)
Collection from the sale of ERG Hydro	1,265	-
Capital expenditure on non-current financial assets	(6)	(0)
Divestments and other changes	(13)	(3)
Cash flows from investments/divestments	301	(651)
Financial income (expense)	(25)	(29)
Financial expense for closing loans	(3)	(16)
Net gains (losses) on equity investments	0	0
Collection distribution reserves ERG Power ⁽²⁾	75	-
Cash flows from financing activities	47	(45)
Cash flows from tax management	(92)	(42)
Distribution of dividends	(139)	(114)
Other changes in equity	26	(288)
Cash flows from Equity	(113)	(402)
Change in the consolidation scope	(69)	-
Cash flows Thermo	(104)	-
Opening net financial indebtedness	2,051	1,439
<i>Net change</i>	<i>(519)</i>	<i>612</i>
Total adjusted indebtedness	1,533	2,051
<i>(+ NFP Thermo)</i>	<i>(98)</i>	<i>-</i>
Adjusted indebtedness of "Continuing operations"	1,434	2,051

(1) It should be noted that the 2021 cash flow is shown taking into account the cash flows of the assets held for sale.

(2) Assets held for sale

Cash Flows from operations in 2022 are positive for EUR 548 million, up by EUR 21 million compared to 2021, mainly due to the operating performance for the year and the changes in working capital.

Cash flows from investments in 2022 include the proceeds from the sale of the Terni hydroelectric complex (EUR 1,265 million), the effects of the acquisitions of operational photovoltaic plants in Spain (EUR 100 million) and in Italy (EUR 115 million), the acquisition of operational wind plants in Italy (EUR 396 million) and in the United Kingdom (EUR 27 million) and the capital expenditure in the period (EUR 307 million) aimed at developing wind farms in the United Kingdom, Poland, France and Sweden, as well as developments on the Repowering and Revamping projects in Italy.

Cash flows from financing activities refer to the interest accrued in the period and to the financial expense incurred within the scope of the Liability Management activities.

Cash flows from Tax Management refer to the payment of direct taxes during the period. The item also includes the advance payments of the extraordinary contribution arising from Article 37 of the Italian Decree Law of 21 March 2022 equal to approximately EUR 39 million.

Cash flows from Equity refer to the changes in the hedging reserve tied to derivative financial instruments, to the translation reserve and to the dividends distributed to shareholders.

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

On 3 December 2015, CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Indicators in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Indicators (CESR/05 – 178b), aim to promote the usefulness and transparency of alternative performance indicators so as to improve their comparability, reliability and comprehensibility.

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.

These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results".

Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

Definitions of the APIs used by the Group and a reconciliation with the items of the Financial Statements templates adopted are as follows:

- **Adjusted revenue** is revenue, as indicated in the Interim Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items);
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment of non-current assets" to the Operating Profit (EBIT). EBITDA is explicitly indicated as a subtotal in the Interim Financial Statements;
- **Adjusted EBITDA** is the gross operating profit (loss), as defined above, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **Adjusted EBIT** is the net operating profit, explicitly indicated as a subtotal in the Interim Financial Statements, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;
- **Adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before tax;
- **Profit (loss) from continuing operations** does not include the result from assets held for sale relating to the thermoelectric and hydroelectric businesses reclassified under the item "Profit (loss) from assets held for sale".
- **Adjusted Profit (loss) from continuing operations** is the profit (loss) from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the application of IFRS 16, net of the related tax effects.
- **Adjusted profit attributable to the owners of the parent** is the profit attributable to the owners of the parent, with the exclusion of significant special income statement components of an exceptional nature (special items), and with the reclassification of the impact tied to the IFRS 16 application, net of the related tax effects.
- **Capital expenditure** are the sum of capital expenditure in property, plant and equipment and intangible assets;
- **Net operating working capital** is the sum of Inventories, Trade

Receivables and Trade Payables;

- **Net invested capital** is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;
- **Adjusted net invested capital** is Net invested capital, as defined above, with the exclusion of the impact relative to the application of IFRS 16 mainly linked to the increase in right-of-use assets;
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, including the portion of non-current assets relative to derivative financial instruments.
- **Adjusted net financial indebtedness of continuing operations** is the net financial indebtedness, as defined above, net of the liability linked to the discounting of future lease payments, following the application of IFRS 16.
- **Financial leverage** is calculated by comparing the adjusted net financial indebtedness (including Project Financing) to the adjusted net invested capital.
- Special items include significant special income components of an exceptional nature. These include:
 - income and expense connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
 - income and expense related to events that are not typical of normal business activities, such as restructuring and environmental costs;
 - capital gains and losses linked to the disposal of assets;
 - significant impairment losses recognised on assets following impairment tests;
 - income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

IFRS 16

The Group, as lessee, has recognised new liabilities for leases and higher right-of-use assets related mainly to the Wind business and to the relative use of land, warehouses, buildings, equipment, substations and machine inventory.

The application of the standard has changed the presentation in the income statement of costs for operating leases: these costs are now recognised as depreciation of the right-of-use assets and as financial expense correlated to the liability linked to the discounting of future lease payments.

Previously, the Group recognised costs for operating leases on a straight-line basis over the lease term, essentially when the relative lease payments were made.

The application of IFRS 16 in 2022 therefore led to:

- an improvement in gross operating profit (EBITDA) in respect of the lease payments that fall within the scope of IFRS 16, of approximately EUR 12 million;
- an increase (approximately EUR 157 million) in the net financial indebtedness and the net invested capital (approximately EUR 153 million) in relation to the application of the equity method indicated by the standard;
- greater depreciation and amortisation (EUR 7 million) and greater financial expense (EUR 5 million) linked to the application of the above-mentioned method.

Based on the above, and given the typical nature of the item, in order to best present the business profitability, it has been deemed opportune to recognise, in the adjusted Income Statement, the depreciation of the right-of-use assets during the period and the financial expense on the IFRS 16 liability within the adjusted EBITDA, by way of a reasonable estimate of the lease costs in accordance with the financial expression (periodic instalment) of the same. Similarly, the adjusted net financial indebtedness and the adjusted net invested capital are presented net of the liability linked to the discounting of future lease payments.

Reconciliation with adjusted operating results

GROSS OPERATING PROFIT (EBITDA)				
<i>(amounts in millions)</i>		Notes	2022	2021
EBITDA from continuing operations			499	397
Special items exclusion:				
- IFRS 16 reclassification		1	(12)	(9)
Italy				
- Reversal of ancillary charges on non-recurring operations (Special Projects)		2	14	7
- Reversal termination indemnity CEO		3	-	3
- Reversal for allocation for Provision for Disposed Businesses		4	1	2
- Reversal Clawback Measures		5	7	-
Abroad				
- Reversal Clawback Measures & Windfall tax		5	28	-
Adjusted EBITDA			537	399
AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES				
<i>(amounts in millions)</i>			2022	2021
Amortisation, depreciation and impairment losses			(279)	(228)
Special items exclusion:				
- IFRS 16 reclassification		1	7	5
- Reversal of expenses related to Disposed Businesses		4	0	-
- Reversal of write-down Repowering Wind Italy		6	43	22
Adjusted depreciation and amortisation			(229)	(201)
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT				
<i>(amounts in millions)</i>			2022	2021
Profit (loss) from continuing operations attributable to the owners of the parent			89	86
Special items exclusion:				
<i>Exclusion of IFRS 5 adjustment on ERG Hydro amortisation</i>			-	-
<i>IFRS 16 reclassification</i>		1	0	0.03
<i>Exclusion of ancillary charges on non-recurring transactions</i>		2	11	6
<i>Exclusion of termination indemnity CEO</i>		3	-	2
<i>Exclusion of expenses related to Disposed Businesses</i>		4	(2)	1
<i>Exclusion of the impact of Clawback measures, solidarity contribution and 25% Surplus profits</i>		5-7	83	-
<i>Exclusion of write-down Repowering Wind Italy</i>		6	31	16
<i>Exclusion of ancillary charges on loan prepayments</i>		8	2	14
<i>Exclusion of substitute tax Solar Italy</i>		9	(1)	-
<i>Exclusion of impact of gains/losses (IFRS 9)</i>		10	3	2
Adjusted net profit (loss) from continuing operations attributable to owners of the parent			216	127

1. Reclassification for impact of IFRS 16. Reference is made to the comments made in the previous paragraph.
2. Ancillary costs relating to other non-recurring transactions also including the extraordinary bonuses paid in 2022.
3. Termination indemnity related to the end of office and succession of the Chief Executive Officer, which took place on 26 April 2021.
4. Provisions relating to exceptional items on businesses disposed of by the Group.
5. Impact of Clawback Measures & Windfall tax.
6. Impairment of the net residual value of the property, plant and equipment and intangible assets of wind farms in Italy following the authorisation of a Repowering project and a photovoltaic plant following the authorisation of a Revamping project.
7. Exclusion of the impacts of the urgent measures to contain the effects of price increases in the electricity sector for EUR 83 million, already including (in addition to the aforementioned clawback and windfall tax measures of EUR 28 million) the extraordinary contribution envisaged by Art. 37 of Italian Decree Law no. 21/2022 for EUR 37 million for the Continuing Operations scope and the Contribution Extraordinary 2023 for EUR 19 million.

8. Financial expense related to the early closure of Corporate loans as part of Liability Management transactions.
9. Reversal of the ERG Solar Holding substitute tax benefit
10. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in net financial expense of approximately EUR 3 million being accounted for in the first quarter of 2022. For the purposes of clearer disclosure of the cost of net financial

indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Reconciliation of adjusted restated values 2021

<i>(EUR million)</i>				
Adjusted Income Statement	FY 2021	ERG Hydro	Erg Power	FY 2021 proforma
Revenue	1,232	(186)	(445)	601
Other income	11	(3)	(1)	8
Total revenue	1,243	(188)	(445)	609
Purchases	(395)	2	387	(6)
Change in inventories	0	(0)	(0)	(0)
Services and other operating costs	(197)	25	15	(157)
Personnel expense	(71)	10	14	(48)
Gross operating profit (EBITDA)	580	(151)	(30)	399
Amortisation, depreciation and impairment of non-current assets	(276)	44	31	(201)
Operating profit (EBIT)	304	(108)	2	198
Net financial income (expense)	(29)	(0)	0	(29)
Net gains (losses) on equity investments	0	0	(0)	0
Profit (loss) before taxes	275	(108)	2	169
Income taxes	(72)	31	(1)	(42)
Profit (loss) from continuing operations	203	(77)	0	127
Profit (loss) from assets held for sale	0	77	(0)	77
Profit (loss) before non-controlling interests	203	0	0	203
Non-controlling interests	(2)	0	0	(2)
Profit (loss) attributable to the owners of the parent	202	0	0	202

Below is the reconciliation between the Interim Financial Statements and the adjusted interim financial statements shown and commented upon in this document:

Income Statement 2022

<i>(EUR million)</i>	Financial Statements	Reclassification of IFRS 16 impact	Adjustment for impact of IFRS 9	Reversal of special items	Adjusted Income Statement
Revenue	714	-	-	35	749
Other income	13	-	-	(0)	12
Total revenue	727	-	-	35	761
Purchases and change in inventories	(15)	-	-	-	(15)
Services and other operating costs	(157)	(12)	-	9	(160)
Personnel expense	(55)	-	-	5	(49)
Gross operating profit (EBITDA)	499	(12)	-	50	537
Amortisation, depreciation and impairment of non-current assets	(279)	7	-	43	(229)
Operating profit (EBIT)	221	(5)	-	93	308
Net financial income (expense)	(37)	5	3	3	(25)
Net gains (losses) on equity investments	2	-	-	(2)	0
Profit (loss) before taxes	187	0	3	94	284
Income taxes	(98)	-	(1)	31	(67)
Profit (loss) from continuing operations	89	0	3	125	216
Net profit (loss) from assets held for sale	294	-	-	(274)	20
Net profit (loss) for the period	383	0	3	(150)	236
Non-controlling interests	(4)	-	-	-	(4)
Profit (loss) attributable to the owners of the parent	379	0	3	(150)	232

Reclassified statement of financial position at 31 December 2022

(EUR million)	Reported Statement of Financial Position	Adjustment for impact of IFRS 16	Adjusted Statement of Financial Position
Intangible assets	1,380	-	1,380
Property, plant and equipment	2,274	(155)	2,120
Equity investments and other non-current financial assets	40	-	40
Non-current assets	3,695	(155)	3,540
Inventories	18	-	18
Trade receivables	202	-	202
Trade payables	(123)	-	(123)
Excise duties payables to tax authorities	(0)	-	(0)
Net operating working capital	97	-	97
Employee benefits	(4)	-	(4)
Other assets	379	2	381
Other liabilities	(657)	-	(657)
Net invested capital of continuing operations	3,510	(153)	3,357
Net invested capital of assets held for sale	235	-	235
Net invested capital	3,745	(153)	3,592
Equity attributable to the owners of the parent	2,045	5	2,050
Non-controlling interests	9	-	9
Non-current financial indebtedness	1,592	(157)	1,434
Net financial indebtedness Assets held for sale	98	-	98
Equity and financial indebtedness	3,745	(153)	3,592

Significant events after the reporting date

Date	Geographical segment	Sector	Significant event
Press release of 12 January 2023	Scotland	Wind	ERG announces the commissioning of the Creag Riabhach wind farm in the county of Sutherland, in the north of Scotland. The wind farm has a total installed capacity of 92.4 MW and an overall annual production of 271 GWh at full capacity, avoiding the emission of 125 kt of CO ₂ each year. A large part of the electricity produced by the plant will be sold through a 10-year Power Purchase Agreement (PPA) signed with ENGIE UK Markets Ltd during the first quarter of 2022.
Press release of 18 January 2023	Italy	Corporate	Sustainalytics assigned ERG a 'Low Risk' rating with a score of 14.6 compared to the Medium Risk (20.7) recorded the previous year, improving the ESG risk profile of the Group, which ranks 5th (out of 75) among Independent Power Producers globally. In addition, ERG was included among the "Global 100 most sustainable corporations in the world", ranking 54th in the 2023 index, first among the Italian companies included in the list.
Press release of 31 January 2023	Italy	Corporate	ERG confirms its place in the Bloomberg Gender Equality Index. The Group enters the first quartile of the ranking.
Press release of 1 February 2023	Italy	Corporate	ERG has communicated the figures relating to the shares outstanding and the number of voting rights making up the share capital at 1 February 2023.
Press release of 9 February 2023	Italy	Wind	EssilorLuxottica and ERG sign a long-term agreement for the supply of electricity from renewable sources in Italy.

BUSINESS OUTLOOK

The context in which the Group operates is characterised by extreme volatility and uncertainty. Prices for commodities and electricity are extremely volatile and have fallen sharply in the first months of 2023 compared to the high prices of 2022. The regulatory context is constantly evolving and uncertain, particularly as a result of the many and uncoordinated emergency measures that have been taken in recent months, both at the level of individual countries and at European level. In addition, there are demands for a medium-term review of the European electricity market, with more room for long-term energy contracts.

It should be noted that ERG, in line with the best practices in the sector and its consolidated risk policy, has in recent years made forward sales, mainly through long-term supply contracts at fixed prices (so-called PPAs) and forward contracts also through derivative financial instruments.

These hedges, carried out with a portfolio approach by the Group's Energy Management through ERG Power Generation S.p.A., are allocated from a management standpoint to the various project companies, which own the Production Units (PUs). The hedge allocation criterion follows a cascade mechanism which, with the idea of mitigating the associated risks, has the following order of priority:

- 1) electricity produced by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;
- 2) electricity produced by PUs that are subject to "Feed in Premium" tariffs, or mechanisms that provide for an incentive that is added to the market price;
- 3) any residual hedges are finally attributed to the quantities of electricity subject to for-difference incentive mechanisms, such as the former "green certificate" incentive tariffs (GRIN). However, no hedges are envisaged for production subject to two-way for-difference incentive mechanisms.

The expected evolution of the main performance indicators in 2023 compared to 2022 is shown below, net of the best estimate of the impacts deriving from the emergency measures (so-called clawback measures) envisaged in the various countries and/or at European level. It should be noted that the comparison with the previous year is also net of the aforementioned measures.

Italy

EBITDA for Wind is expected to increase slightly compared to 2022 due to the full contribution resulting from the assets consolidated from 1 August 2022 (172 MW), the entry into operation during the year of two plants subject to repowering for a total of 56 MW of new additional capacity (92 MW gross of the decommissioning of old plants) and a newly built wind farm (47 MW). These improved results will be partly offset by the cancellation of the GRIN incentive in 2023 following the high PUN (National Single Price) values recorded in 2022.

EBITDA for Solar is expected to increase mainly due to the full contribution resulting from the acquisition of 34 MW in July 2022.

EBITDA for Wind & Solar Italy for 2023 is expected to increase compared to 2022.

Abroad

Wind EBITDA is expected to be substantially in line with 2022 thanks to the full contribution of the wind farms that came into operation gradually during 2022 in the UK (86 MW), Sweden (62 MW), Poland (61 MW) and France (20 MW), in addition to the start-up of the wind farm in Scotland (92 MW) at the beginning of 2023. This higher result is largely offset by the lower sale price compared to that recorded in 2022 in some geographies, also due to the clawback measures in force from 1 December 2022.

Solar EBITDA is expected to increase compared to 2022 mainly due to the contribution deriving from the wind farm being acquired in Spain (25 MW).

EBITDA for Wind & Solar abroad is therefore expected to increase slightly compared to 2022.

2023 Guidance

For 2023, Group EBITDA is forecast in the range between EUR 500 and EUR 550 million, a slight increase compared to the 2022 result net of the impact of clawback measures (EUR 502 million, net of EUR 35 million for clawback measures).

Capital expenditure is in the range of EUR 400 and 500 million (EUR 946 million in 2022) and includes the completion of the wind farms that entered into operation between the end of 2022 and the beginning of 2023, ongoing construction activities and the acquisition of a photovoltaic park in Spain pending closing.

Net financial indebtedness at the end of 2023 is expected to be in the range between EUR 1,300 million and EUR 1,400 million (EUR 1,434 million at the end of 2022), including the distribution of the ordinary dividend of EUR 1 per share.

As regards the thermoelectric business, an asset sale process is underway. For this reason, the relative results are not included in the continuing operations commented on above and will be classified in the financial statements under discontinued operations.