



Interim financial report at 30 June 2023

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

We ARE #SDGs
CONTRIBUTORS

ERG
EVOLVING ENERGIES

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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 the production of energy from solar sources, being among the top five in Italy and with a gradually increasing presence in France and Spain. 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, while, as regards the sale of the thermoelectric business, on 29 June 2023 ERG signed an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire capital of ERG Power S.r.l. Subject, among other things, to the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers, the closing of the transaction is expected by the end of this year. Included in the scope of the sale are 144 people dedicated to ensuring the operation of the thermal power plant.

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 3,087 MW of installed renewable capacity (2,691 MW wind, 370 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

Italy

In Italy, ERG has a total installed capacity of 1,466 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 1,291 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 1,621 MW.

In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,426 MW operational), particularly in France (522 MW), Germany (327 MW), the UK (249 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 195 MW of installed capacity, of which 79 MW in France and 117 MW in Spain. At the end of the first half of 2023, two companies owning photovoltaic plants in Spain were acquired, of which 25 MW in operation and 149 MW under construction.

CORPORATE BODIES

BOARD OF DIRECTORS¹

Chairman

EDOARDO GARRONE *(executive)*

Deputy Chairman

ALESSANDRO GARRONE *(executive)*²

GIOVANNI MONDINI *(non-executive)*

Chief Executive Officer

PAOLO LUIGI MERLI

Directors

LUCA BETTONTE *(non-executive)*

EMANUELA BONADIMAN *(independent)*³

MARA ANNA RITA CAVERNI *(independent)*³

ELENA GRIFONI WINTERS *(independent)*³

FEDERICA LOLLI *(independent)*³

ELISABETTA OLIVERI *(independent)*³

MARIO PATERLINI *(independent)*³

RENATO PIZZOLLA *(non-executive)*⁴

BOARD OF STATUTORY AUDITORS⁵

Chairman

MONICA MANNINO⁶

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 Confirmed on 26 April 2023 and expiring together with 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.

5 Board of Statutory Auditors appointed on 26 April 2022.

6 Appointed on 26 April 2023, in the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A. and expiring, together with the other members of the Board of Statutory Auditors, on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024.

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.

GEOGRAPHICAL SEGMENTS AT 30 JUNE 2023

TOTAL: 3,087 MW

Wind: 2,717 MW (1,291 MW Italy and 1,426 MW Abroad)

Solar: 370 MW (175 MW Italy and 195 MW Abroad)

Under construction/RtB: 323 MW

UK: 47 MW

Italy: 127 MW

Spain: 149 MW

FRANCE

Wind: 522 MW
Solar: 79 MW

SPAIN

Solar: 117 MW

ITALY

Wind: 1,291 MW
Solar: 175 MW

UK

Wind: 249 MW

GERMANY

Wind: 327 MW

SWEDEN

Wind: 62 MW

POLAND

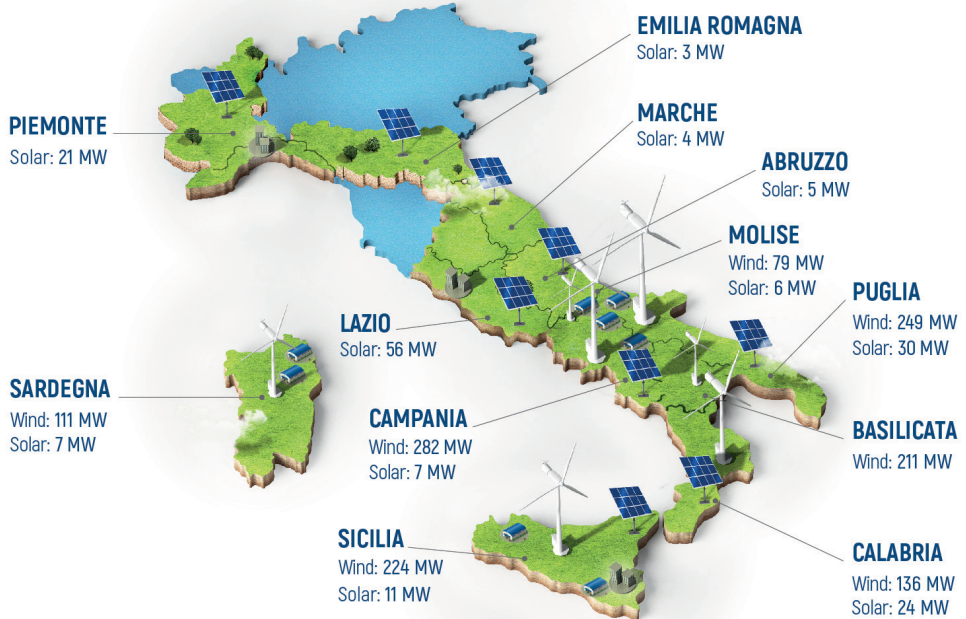
Wind: 142 MW

ROMANIA

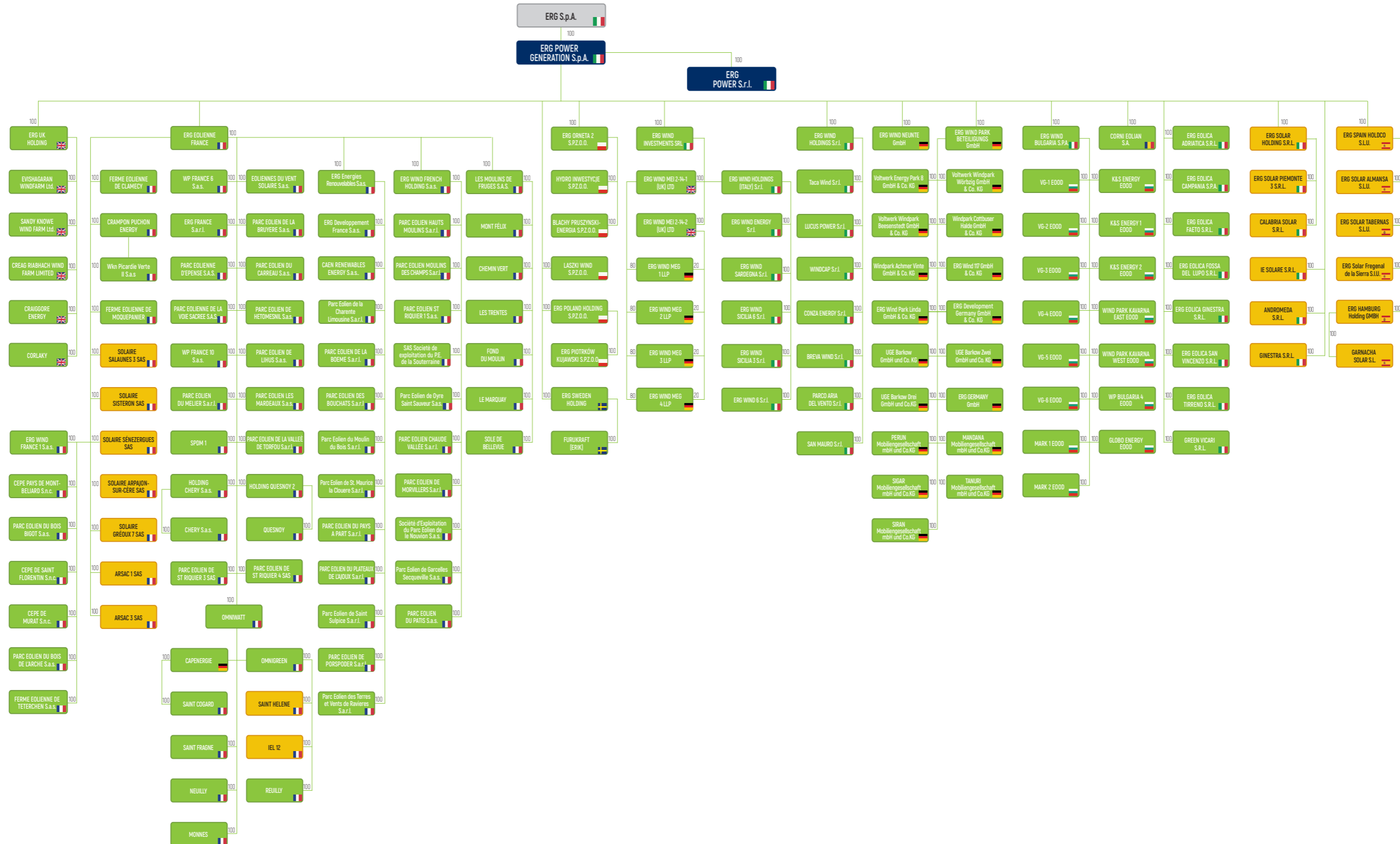
Wind: 70 MW

BULGARIA

Wind: 54 MW



CONSOLIDATION SCOPE AT 30 JUNE 2023



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:

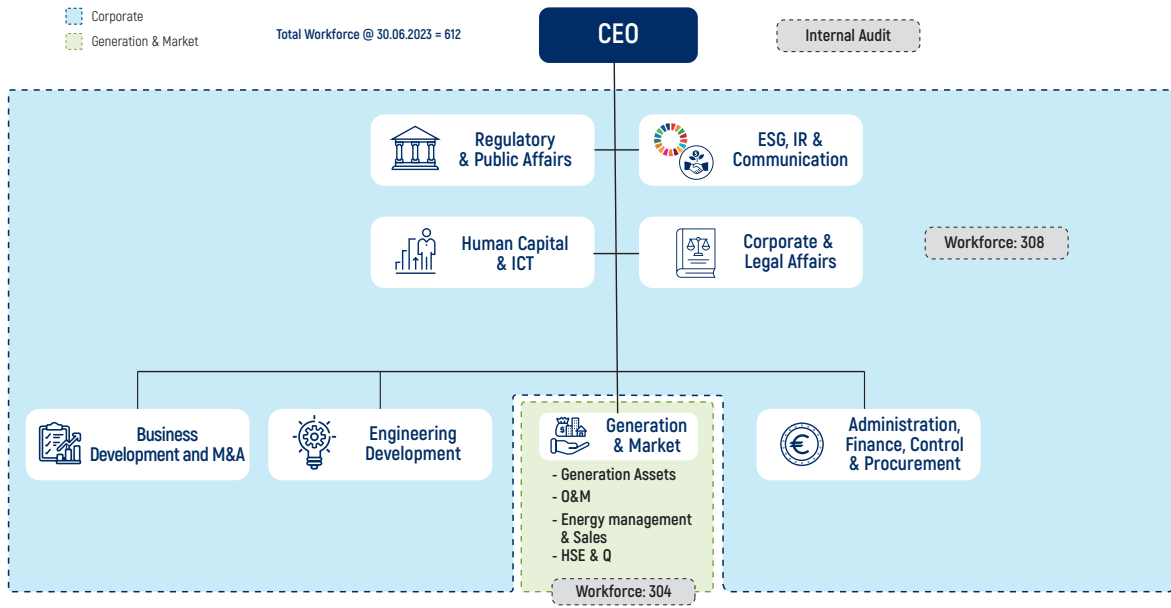
- Corporate, which ensures the strategic direction, is directly responsible for business development and ensures management of all business support processes. The company is organised in the following areas:
 - Business Development and Mergers & Acquisitions;
 - Engineering Development
 - Administration, 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 Thermo⁹ 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 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.

As a result, 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 also established in France and Germany. These are responsible for the related processes at local level while maintaining a functional relationship with the central Organisational Units.

⁹ Thermoelectric Business held for sale.



CHANGE IN BUSINESS SCOPE IN THE FIRST HALF OF 2023

- **Solar Spain**

As already mentioned in the Report on Operations at 31 December 2022, on 23 December 2022 ERG, through its subsidiary ERG Spain HoldCo SLU, 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 MW.

The enterprise value of the transaction was EUR 30 million. The transaction was completed on 30 June.

It should be noted that the newly acquired Spanish company has been consolidated on an equity basis since 30 June 2023.

- **Solar Spain**

On 5 May 2023, ERG, through its subsidiary ERG Spain HoldCo SLU, signed an agreement with IBV Solar Parks, B.V., a company belonging to the German group ib vogt GmbH, a global platform for the development of industrial solar plants. The agreement concerns the acquisition of a 100% stake in Garnacha Solar SL, a company that owns a solar power plant located in the region of Castilla and León, in northwestern Spain. The plant, which is currently in an advanced phase of construction for an installed capacity of 149 MW, is expected to enter commercial operation by the end of 2023.

The value of the transaction in terms of enterprise value at the Commercial Operating Date was estimated to be EUR 170 million, of which approximately EUR 90 million related to bank loans, with an equity value of EUR 80.5 million. The transaction was completed on 23 June.

The newly acquired Spanish company has been consolidated on an equity basis since 30 June 2023. In light of the above, the impact on net financial debt for “continuing operations” at 30 June 2023 (EUR 152 million) does not reflect the investments still to be made until the plant enters into operation.

It should also be noted that, during the first half of the year, a wind farm in the United Kingdom with a total capacity of 92 MW, developed and constructed in-house, became fully operational.

Moreover, ERG completed construction and started energising the Partinico-Monreale wind farm in Palermo, the first in the group's portfolio to complete repowering operations.

ERG'S STOCK MARKET PERFORMANCE

At 30 June 2023, the reference price of the ERG share was EUR 26.98, down (-6.8%) compared to the end of 2022 and in line with the performance of the S&P Global Energy Index (- 8.9%).

In the same period, there was growth in the FTSE Mid Cap stock market indices (+8.5%), the Euro Stoxx Utilities Index (+9.1%) and the FTSE All Share (+17.8%), the evolution of which is similar to that of the FTSE MIB (+19.1%), which ERG joined on 29 November.

During the period under review, the listed price of the ERG share ranged between a minimum of EUR 25.26 (29 May) and a maximum of EUR 29.74 (3 January).

Figures relating to the prices and exchange volumes of ERG's shares at 30 June 2023 are set out below:

Share price	EUR
Reference price at 30.06.2023	26.98
Maximum price (03.01.2023) ⁽¹⁾	29.74
Minimum price (29.05.2023) ⁽¹⁾	25.26
Average price	27.29

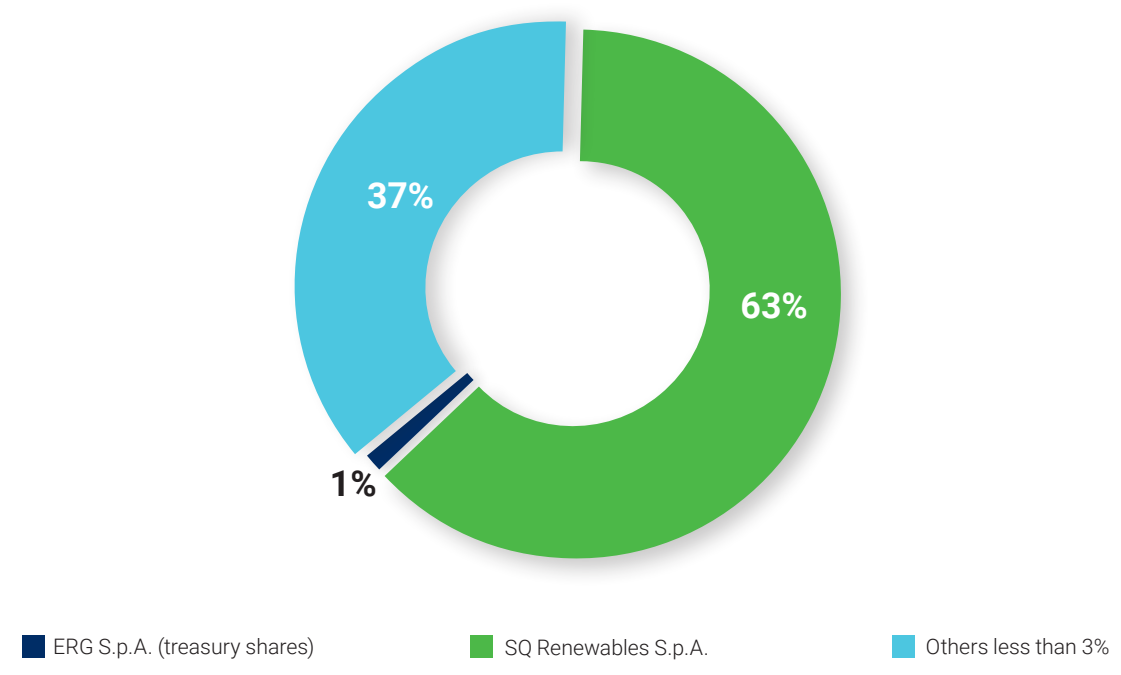
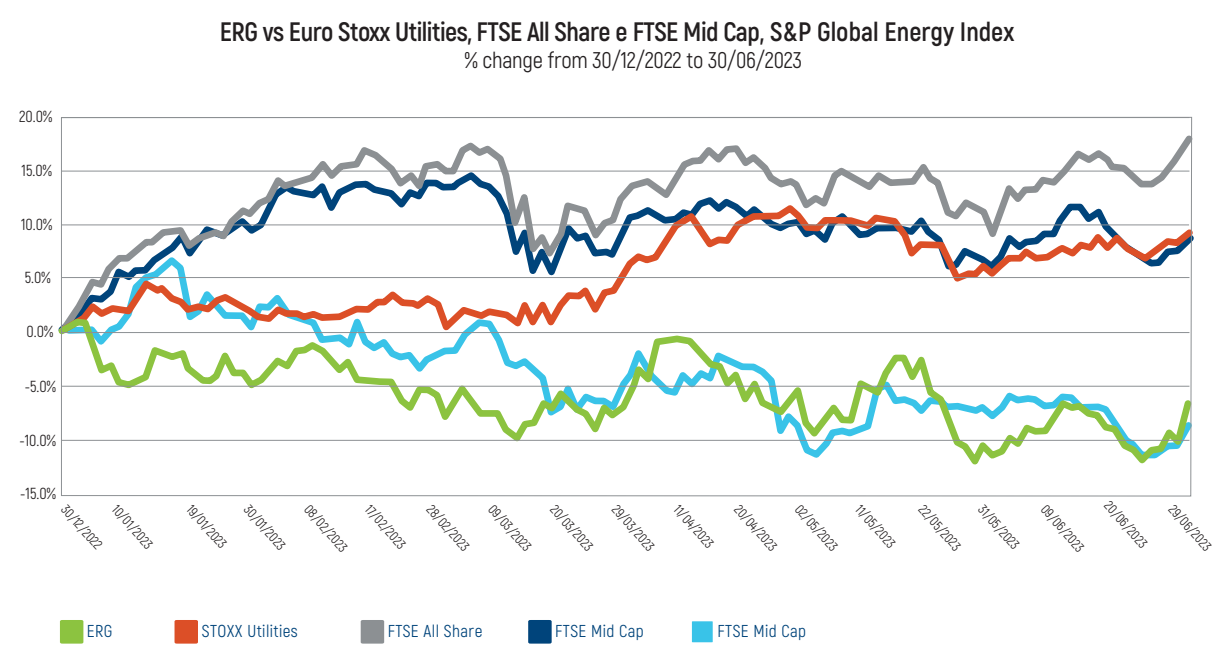
(1) lowest and highest price reached during the day's trading; hence they do not match the official reference prices on the same date.

Volumes traded	No. of shares
Maximum volume (16.06.2023)	1,114,282
Minimum volume (20.06.2023)	147,914
Average volume	346,955

Market capitalisation was approximately EUR 4,056 million (EUR 4,353 million at the end of 2022).

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

Performance of ERG's Shares and Shareholding Structure at 30 June 2023



SIGNIFICANT EVENTS DURING THE HALF-YEAR

Date	Geographical segment	Sector	Significant event
Press release of 12/01/2023	UK & Nordics	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 18/01/2023	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 31/01/2023	Italy	Corporate	ERG confirmed its position in the Bloomberg Gender Equality Index with a significant improvement in score. The Group enters the first quartile of the ranking.
Press release of 9/03/2023	Italy	Wind	EssilorLuxottica and ERG announce the signing of a long-term agreement for the supply of electricity from renewable sources in Italy.
Press release of 15/03/2023	Italy	Corporate	The Board of Directors of ERG S.p.A. has approved the 2022 Draft Financial Statements, the update of the Business Plan and the 2022/26 ESG Plan.
Press release of 26/04/2023	Italy	Corporate	The Shareholders' Meeting of ERG S.p.A. has approved the Financial Statements 2022, resolved on the payment of a dividend of EUR 1.00 per share, confirmed Renato Pizzolla as Board Member and appointed Monica Mannino as Chairwoman of the Board of Statutory Auditors.
Press release of 04/05/2023	Italy	Corporate	Fitch ratings agency ("Fitch") 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 05/05/2023	Spain	Solar	<p>ERG, through its subsidiary ERG Spain HoldCo SLU, has signed an agreement with IBV Solar Parks, B.V., a company belonging to the German group ib vogt GmbH, a global platform for the development of industrial solar plants. The agreement concerns the acquisition of a 100% stake in Garnacha Solar SL, a company that owns a solar power plant located in the region of Castilla and León, in northwestern Spain. The plant, currently in an advanced phase of construction for an installed capacity of 149 MW, is expected to enter into commercial operation by the end of 2023. The value of the transaction in terms of enterprise value is EUR 170 million, with an equity value of EUR 80.5 million. The transaction was completed on 23 June.</p>
Press release of 09/05/2023	Italy	Wind Solar	<p>New long-term agreement between ERG and TIM for the supply of electricity from renewable sources. The contract provides for the integration of the Power Purchase Agreement previously signed on 14 May 2021 for the supply of 340 GWh/year for 10 years, with an additional volume of 200 GWh per year "baseload" of 100% green energy produced by renewable plants in the ERG portfolio.</p>
Press release of 13/06/2023	Italy	Corporate	<p>ERG joins the Nasdaq Sustainable Bond Network, a platform dedicated to Sustainable Finance of the New York electronic stock exchange that brings together investors, issuers and investment banks. On the issuer's side, joining will allow the Group to further expand the network of potential international investors attentive to sustainability issues.</p>
Press release of 14/06/2023	Italy	Wind	<p>ERG has completed construction and started energising the Partinico-Monreale wind farm in Palermo, the first in the group's portfolio to complete repowering operations. Following the replacement of all obsolete aerogenerators with latest generation models, the farm now has 10 4.2 MW VESTAS V132 turbines with a total installed capacity of 42 MW (compared to the previous 19 turbines for a total of 16 MW) and an estimated annual production of 94 GWh (compared to the previous 27 GWh).</p>
Press release of 16/06/2023	Italy	Wind	<p>MSCI Inc., a leading corporate ESG performance research company, has upgraded ERG to an 'AAA' rating, up from an 'AA' rating in 2022, putting it into the 'Leader' category. ERG ranked among the top 18 Utilities internationally, among the 138 companies in the sector analysed by MSCI for ESG performance, and among the approximately 2900 companies examined globally.</p> <p>ERG is also among the ESG Identity Top Performers, within the "Integrated Governance Index 2023", the index that verifies the degree of ESG factor integration in corporate strategies, placing it among the Italian best practices in corporate governance. The Group reached fourth position, a clear improvement compared to last year's tenth position.</p>

Press release of 29/06/2023	Italy	Thermoelectric	ERG has signed an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire share capital of ERG Power S.r.l., owner of the Combined Cycle Gas Turbine (CCGT) cogeneration plant. Subject, among other things, to the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers, the closing of the transaction is expected by the end of this year.
Press release of 30/06/2023	Spain	Solar	ERG, through its subsidiary ERG Spain Holdco, completed the acquisition of 100% of the share capital of Instalación Fotovoltaica Arericsol VIII, a company that owns a photovoltaic plant located in Fregenal de la Sierra with an installed capacity of 25 MW.

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

During 2022, measures were introduced in Italy and abroad to contain the effects of price increases in the electricity sector, as already described in the Group 2022 Annual Report.

The implementation of these measures led to refunds that negatively affected the half-year's EBITDA by approximately EUR 7 million (EUR 6 million on the net result of continuing operations).

The table below shows the Group's adjusted results both gross and net of the effects of the transitional measures (clawback measures/windfall taxes) in order to give the most transparent representation possible of the impacts in 2023 and 2022, of an extraordinary and temporary nature, resulting from the regulations introduced in various countries in order to counteract the increase in electricity prices.

FY 2022	(EUR million)	1st Half 2023	1st Half 2022	Delta
749	Revenue (gross clawback)	377	374	3
35	(-) clawback measures	7	5	2
7	Italy	0	-	0
7	France	2	-	2
2	Germany	-	-	-
19	East Europe	5	5	(0)
714	EBITDA (net clawback)	370	369	1
537	EBITDA (gross clawback)	270	277	(7)
35	(-) clawback measures	7	5	2
7	Italy	0	-	0
7	France	2	-	2
2	Germany	-	-	-
19	East Europe	5	5	(0)
502	EBITDA (net clawback)	263	272	(9)
216	Net result continued operations (gross clawback)	121	122	(1)
83	(-) clawback measures ⁽¹⁾	6	40	(34)
61	Italy	-	36	(36)
5	France	2	-	2
2	Germany	-	-	-
16	East Europe	4	4	(0)
133	Net result continued operations (net clawback)	116	82	34

(1) The first half of 2022 included windfall tax measures recognised in the tax line of EUR 36 million, deriving from the Italian Decree Law of 21 March 2022.

For the sake of clarity, in this document the adjusted results will be shown net of these charges and will therefore be understood as "net clawbacks and windfall taxes".

HIGHLIGHTS

Adjusted ⁽²⁾		Reported ⁽¹⁾		Adjusted ⁽²⁾	
Year		1st half-year		1st half-year	
2022	(EUR million)	2023	2022	2023	2022
ADJUSTED MAIN INCOME STATEMENT FIGURES					
714	Revenue	370	369	370	369
502	Gross operating profit (EBITDA)	269	275	263	272
273	Operating profit (EBIT)	156	158	155	165
133	Profit (loss) from continuing operations	116	72	116	82
149	Net profit	80	407	108	83
145	of which profit attributable to owners of the parent	79	405	107	81
ADJUSTED MAIN FINANCIAL FIGURES					
3,357	Net invested capital of continuing operations⁽³⁾	3,674	2,793	3,506	2,655
2,059	Equity	2,076	1,935	2,082	1,939
1,434	Net financial indebtedness of continuing operations ⁽³⁾	1,690	1,160	1,516	1,019
212	of which non recourse Project Financing ⁽⁴⁾	188	225	188	225
41%	Financial leverage	45%	37%	42%	34%
72%	Ebitda Margin %	73%	73%	71%	74%
OPERATING DATA					
2,944	Total installed capacity at the end of the period			3,087	2,554
					<i>MW</i>
4,956	Total electricity output			2,989	2,655
					<i>GWh</i>
1,440	Installed capacity at the end of the period – Italy			1,466	1,234
					<i>MW</i>
2,312	Electricity output – Italy			1,349	1,252
					<i>GWh</i>
600	Installed capacity at the end of the period – France			600	600
					<i>MW</i>
1,076	Electricity output – France			650	547
					<i>GWh</i>
327	Installed capacity at the end of the period – Germany			327	327
					<i>MW</i>
556	Electricity output – Germany			306	321
					<i>GWh</i>
219	Installed capacity at the end of the period – UK & Nordics			311	70
					<i>MW</i>
226	Electricity output – UK & Nordics			218	115
					<i>GWh</i>
92	Installed capacity at the end of the period – Spain			117	92
					<i>MW</i>
171	Electricity output – Spain			91	87
					<i>GWh</i>
266	Installed capacity – East Europe			266	231
					<i>MW</i>
615	Electricity output – East Europe			376	334
					<i>GWh</i>
946	Capital expenditure⁽⁵⁾			311	218
					<i>EUR million</i>
573	Employees at the end of the period⁽⁶⁾			612	566
					<i>Units</i>
NET UNIT REVENUE⁽⁷⁾					
134	Italy – Wind			117	124
					<i>EUR/MWh</i>
317	Italy – Solar			345	327
					<i>EUR/MWh</i>
91	France – Wind			93	92
					<i>EUR/MWh</i>
96	France – Solar			96	98
					<i>EUR/MWh</i>
168	Germany – Wind			152	143
					<i>EUR/MWh</i>
151	UK & Nordics – Wind			83	183
					<i>EUR/MWh</i>
126	Spain – Solar			130	142
					<i>EUR/MWh</i>
139	East Europe – Wind			100	147
					<i>EUR/MWh</i>

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

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

(3) Adjusted net financial indebtedness of continuing operations and Adjusted net invested capital of continuing operations are presented net of the effects deriving from the application of IFRS 16 and IFRS 5

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

(5) In property, plant and equipment and intangible assets. The figure for the first half of 2023 includes investments relating to Merger & Acquisition transactions for the recent acquisitions in Spain amounting to EUR 182 million, consolidated as from 30 June 2023, while the figure for the first half of 2022 included investments relating to Merger & Acquisition transactions amounting to EUR 96 million following the acquisition of two photovoltaic plants in Spain (92 MW).

(6) The number of employees does not include personnel dedicated to ensuring the operation of the CCGT cogeneration plant that is to be divested.

(7) Net unit revenue (expressed net of clawbacks) 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 HALF YEAR'S PERFORMANCE

In the first half of 2023, **adjusted revenues** amounted to EUR 370 million, substantially in line with the first half of 2022 (EUR 369 million), as a result of the full contribution deriving from the acquisitions made in the second half of 2022, and the entry into operation of the wind farms developed internally and gradually becoming operational during the second half of 2022 and at the beginning of 2023, substantially offset by lower market prices in all countries and lower wind and solar production in the half-year.

Production amounted to 3.0 TWh, up 0.3 TWh compared to 2022 (+13%), thanks to the contribution of the new wind farms which more than offset the lower production due to the poor wind conditions recorded compared to the same period of 2022. The first half was characterised by significantly lower market prices compared to the particularly high prices of 2022, which only marginally affected the results as the group adopts a hedging policy involving sales through fixed rates, PPAs under pre-established conditions and financial agreements.

It should be noted that the **adjusted EBITDA** amounted to EUR 263 million in the first half of 2023 (EUR 272 million in the first half of 2022).

ITALY

- **Wind (EUR 110 million):** EBITDA down slightly compared with the first half of 2022 (EUR 113 million) due to the lower wind speeds experienced and the lower market prices captured, in particular due to the elimination of the incentive value (equivalent to EUR 43 per MWh in 2022), partly offset by the scope deriving from the acquisition of wind farms carried out in the second half of 2022 and by the first contributions from the farm that came into operation in June. Output amounted to 1,224 GWh in the first half of 2023 compared to 1,129 GWh in the first half of 2022, mainly due to the scope effect (+170 GWh).
- **Solar (EUR 38 million):** EBITDA up compared with the first half of 2022 (EUR 36 million) due to the acquisition of photovoltaic farms in the second half of 2022 (+21 GWh) partially offset by lower irradiation recorded in the half-year. Output amounted to 125 GWh in the first half of 2023 compared to 122 GWh in the first half of 2022.

ABROAD

- **Wind (EUR 114 million):** EBITDA down slightly compared to the first half of 2022 (EUR 121 million) mainly due to lower market prices captured in some geographic areas, partly offset by the contribution deriving from the farms built internally in 2022 and in the early months of 2023. The change also reflects higher refunds of EUR 2 million.

Output amounted to 1,499 GWh in the first half of 2023 compared to 1,266 GWh in the first half of 2022, mainly due to the scope effect (+222 GWh).

- **Solar (EUR 12 million):** EBITDA of EUR 12 million in the first half of 2023 (EUR 14 million in the first half of 2022), due to lower market prices partly compensated by better irradiation in Spain. Output amounted to 141 GWh in the first half of 2023 compared to 138 GWh in the first half of 2022.

Overall, the scope effect linked to the greater capacity is EUR 37 million due to the full contribution of the plants built internally that entered into operation, as well as the acquisitions 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 amounted to EUR 155 million (EUR 165 million in the first half of 2022). Depreciation and amortisation totalled EUR 109 million, up slightly compared to the first half of 2022 (EUR 107 million) mainly as a result of the full contribution deriving from acquisitions carried. These effects were offset by both the extension of the useful life of wind power assets in Italy and abroad (EUR 11 million) as a result of the Life-Time-Extension programmes and the end of the useful life of some wind farm and photovoltaic components (EUR 6 million) also as a result of the start of Repowering investments.

It should be noted that the **adjusted net result from continuing operations** amounted to EUR 116 million in the first half of 2023 (EUR 82 million in the first half of 2022) and reflects, in addition to the above, also financial expenses of EUR 5 million (EUR 12 million in the first half of 2022), a significant decrease as a result of the optimisation of the capital structure and the improved remuneration of liquidity.

As already indicated in the introduction, the item reflects the clawback measures and windfall taxes, which, due to the sharp and sudden drop in electricity prices in all reference markets below the various "revenues caps", resulted in refunds with a negative impact estimated at EUR 6 million on the net result (EUR 40 million in the first half of 2023, which included windfall taxes of EUR 36 million, in application of Article 37 of the Decree Law of 21 March 2022¹⁰).

Adjusted profit attributable to the owners of the parent, also including the contribution of ERG Power S.r.l.¹¹, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 107 million, up compared to the result for the first half of 2022 (EUR 81 million).

¹⁰ This impact was calculated on the basis of a rate equal to 25% for the period between 1 October 2021 and 30 April 2022. The amount shown took into consideration the scope of the continuing operations, not including an additional EUR 4 million related to the thermoelectric business, which is in the process of being sold, recognised in discontinued operations.

¹¹ Note that the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business and the effects of the write-down of the CCGT plant being sold (EUR 38 million). It should be noted that the EBITDA of the CCGT in the first half of 2023 was approximately EUR 5 million.

The Group's net result amounted to EUR 79 million, down compared to EUR 405 million in the first half of 2022, which included the net capital gain recognised following the sale of the Terni hydroelectric complex (equal to approximately EUR 324 million).

The result for the first half of 2023 includes special items, as well as the write-down of the CCGT plant for an amount of EUR 38 million.

In the first half of 2023, **capital expenditure** totalled EUR 311 million (EUR 218 million in the first half of 2022) and mainly refers to the acquisition of two solar farms in Spain (EUR 182 million) in June 2023 and to organic development activities (EUR 130 million compared to EUR 122 million in the first half of 2022), related to construction activities in Italy for 47 MW Greenfield and Repowering activities on Italian wind farms for around 269 MW of new wind power capacity, as well as the completion of construction activities on wind farms that will come into operation between the end of 2022 and the beginning of 2023 in the UK for around 179 MW and Sweden for 62 MW. The construction of two Greenfield farms in France for 50 MW has also been started.

Adjusted net financial indebtedness of "continuing operations" totalled **EUR 1,516 million**, up (EUR -81 million) compared to 31 December 2022 (EUR 1,434 million). The change mainly reflects the effect of the acquisitions of two photovoltaic parks in Spain (EUR 182 million), capital expenditure for the period (EUR 130 million) mainly related to the development of Repowering projects in Italy, and dividends distributed to shareholders (EUR 152 million) partially offset by the positive cash flow for the period (EUR 316 million¹²), which includes the collection following the financial settlement of certain hedging derivatives.

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 23 million (EUR 153 million at 31 December 2022).

Adjusted net financial indebtedness is presented net of the effects deriving from the application of IFRS 16, therefore excluding the discounting of future lease payments of approximately EUR 174 million at 30 June 2023.

¹² Includes the adjusted EBITDA, the change in working capital and net financial income (expense).

BASIS FOR PREPARATION

The Interim financial report at and for the six months ended 30 June 2023, prepared on the basis of the indications contained in Article 154-ter of the Italian Consolidated Finance Act, includes the Interim Consolidated Financial Statements, prepared in condensed form in compliance with IAS 34 "Interim Financial Reporting".

Unless otherwise indicated, the amounts included in the Interim Financial Directors' Report are expressed in Euro. The Condensed Interim Consolidated Financial Statements were reviewed by the independent auditors KPMG S.p.A. in compliance with CONSOB (the Italian Commission for listed companies and the stock exchange) regulations; the results of their work will be published as soon as they are available.

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 in 2023, the operating results are presented and commented on with reference to the various geographical segments in which ERG operates.

It should be noted that the results, shown by geographical area, reflect the energy sales on 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 also shown with the exclusion of significant special income components of an extraordinary nature (special items): these results are indicated with the term "Adjusted results". "Reported results" are also defined as results that include significant income components of an exceptional nature (special items).

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

Agreement for the sale of the Thermolectric Business

In 2021, the Group embarked on an important asset rotation process aimed at completing its transformation towards a pure "Wind&Solar" business model.

On 3 January 2022, ERG finalised the sale of the hydroelectric assets to Enel Produzione, while, with regard to the sale of the thermolectric business, on 29 June 2023 ERG signed an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire share capital of ERG Power S.r.l.. The consideration in terms of Enterprise Value is Euro 191.5 million, including items related to working capital and tax credits for a total of Euro 88.5 million, which is expected to be collected between the signing and the closing. The agreements also envisage some earn-outs related to the performance of the business in 2024 and 2025, as well as some tax items totalling about EUR 14 million, which would bring the valuation of the plant to a total of EUR 205.5 million. The price, which is based on a Locked Box Date of 1 January 2023, will be subject to adjustment at the closing based on the mechanisms set forth in the contract. The closing of the transaction, subject - *inter alia* - to the successful completion of the golden power procedure at the Prime Minister's Office, is expected by the end of this year. In consideration of the foregoing, this document has therefore classified ERG Power's result under the line "Profit (loss) from discontinued operations" and the classification of Assets held for sale in the Invested Capital Schedules, since the conditions set forth in paragraph 12 of IFRS 5 are still met. Profit (loss) from discontinued operations.

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.

REFERENCE MARKET

Price scenario

Year 2022		1st half-year	
		2023	2022
	Base load price scenario (EUR/MWh)		
	Italy		
304	Single National Price ⁽¹⁾	136	249
43	Feed-In Premium (FIP) (former Green Certificates) - Italy	0	43
121	TTF	45	96
80	CO ₂	86	83
	Abroad		
276	France	111	229
235	Germany	104	186
207	Poland	167	189
167	<i>of which Electricity</i>	122	142
40	<i>of which Certificates of Origin</i>	44	47
253	Bulgaria	109	205
295	Romania	139	240
265	<i>of which Electricity</i>	109	211
29	<i>of which Green Certificate</i>	29	29
226	Northern Ireland	136	203
241	Great Britain	123	212
168	Spain	88	206
152	Sweden SE4	81	125

(1) Single National Price: Italian electricity reference price

REGULATORY FRAMEWORK – INCENTIVES

INCENTIVES ITALY

Wind

- Plants that entered into operation before 2013: feed-in premium (FIP) equal to $180 \text{ EUR/MWh} \cdot (P-1) \times 0.78$ 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

- 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:
 - a. 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;
 - b. an initial period of incentive reduction followed by a subsequent period of increase thereof for an equivalent amount;
 - c. 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:
 - a. they are authorised;
 - b. they use new components;
 - c. 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

- 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

- Plants that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021, EEG 2023). Ground-mounted photovoltaic plants can access auctions provided they have a capacity not exceeding 20 MW. For the year 2023, this limit is waived by the transitional provision (§ 100 EEG 2023), and even larger plants may participate in the 2023 auctions provided that they have a capacity not exceeding 100 MW.
 - The value of the incentive is determined on the basis of a one-way Contract for Difference (CfD) for around 20 years.
-

France Wind

- 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 (complément de rémunération), 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

- 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

- 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

- 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

- Green Certificates with a duration of 15 years with delayed assignment with respect to the underlying electricity output. Specifically:
 - 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.
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Spain Solar

- *Regimen Especifico*, where the main element of revenue supplementation is the “*Re-tribución a la Inversión*” (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 “*Re-tribucion a la Operacion*” (Return on Operation).
- From 2016: the introduction of the auction mechanism for the recognition of “*Re-tribución a la Inversión*” (Return on Investment), 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 HALF-YEAR

EUROPEAN UNION

• European Commission - Green Deal Industrial Plan

In March 2023, the European Commission presented the “Green Deal Industrial Plan”, consisting of (i) the “Net Zero Industry Act (NZIA)” aimed at strengthening the EU industrial base for clean technologies, (ii) temporary regulations that are more flexible in terms of state aid and (iii) the “Critical Raw Material Act (CRMA)” to increase Europe's capacity to procure and refine critical raw materials.

The NZIA aims to support investments in manufacturing capacity in green technologies in Europe. For wind, it sets an annual domestic production capacity target of 36 GW. It is further proposed that national governments also adopt criteria other than price for the award of renewable auctions, such as environmental sustainability, energy system integration, and the resilience of supply chains.

The CRMA includes a list of critical materials for the renewables industry such as rare earths used in permanent magnets, copper for cables and lithium for batteries. The objective is to extract in Europe at least 10% of the critical raw materials used in the Union, while at least

40% of them should be transformed on site.

It is also expected that by 2050, 15% of the annual consumption of some raw materials in the Union will be recycled.

• European Commission – regulatory acts of the “Fit for 55” package

In May 2023, several regulatory acts were published, envisaged by the “Fit for 55” package, to achieve the interim goal of reducing greenhouse gas emissions by 55% compared to 1990, established by the Climate Law of 2021.

In particular, these are Regulation no. 2023/956, which establishes a carbon border adjustment mechanism (CBAM), Directive no. 2023/959 on the revision of the ETS system, Regulation no. 2023/957 for the inclusion of maritime transport activities in the ETS system, Directive no. 2023/958 on the contribution of air transport to the emission reduction target, Regulation no. 2023/955 which establishes a Social Climate Fund, amending a previous provision.

EU measures related to the energy crisis and the increase in electricity and gas prices

• REPowerEU package and subsequent regulations

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, in response to the energy sector crisis exacerbated by Russia's invasion of Ukraine.

This 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, according to their impact.

- In August 2022, Regulation (EU) no. 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. Member States are also required to encourage the use of alternative fuels to gas.

- In October 2022, **Regulation (EU) no. 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.

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 re-

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 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).

The Commission's assessment, published in June 2023, shows that it is not necessary to extend beyond the aforementioned deadline of 30 June for any of the measures contained in the regulation.

Through this assessment, the Commission also highlighted how the infra-marginal cap varies considerably among the Member States, entailing considerable implementation complexities for operators. It also states that the divergent implementation strategies between Member States have caused uncertainty for investors in the renewable energy sector and that the extension of the current caps would increase this uncertainty together with the risks of distorting the functioning of the market and slowing down the ecological transition;

- In December 2022, **Regulation (EU) no. 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.

In the same month, Regulation no. 2022/2578 was issued, establishing a dynamic limit on the price of natural gas, applicable from 15 February 2023 until 1 February 2024.

The provisions of the Regulation do not apply to trading and contracts on TTF derivatives concluded before 1 February 2023.

ITALY

• INECP - revision proposal sent to the European Commission

At the end of June 2023, MASE (Italian Ministry for the Environment and Energy Security) sent the European Commission the proposal to update the Integrated National Energy and Climate Plan. The process of updating the Plan will lead to the final approval of the new text by June 2024.

Based on the initial evidence, to be confirmed once the official document has been circulated,

the installed capacity targets by 2030 in the wind and photovoltaic sector were increased, by approximately 28 GW (of which 2 GW offshore) and approximately 80 GW, respectively. The process of simplifying authorisation procedures should also continue, and the instrument of CfD auctions should be confirmed as the main support mechanism for the development of renewables. For long-term contracts between private parties (PPA), guarantee mechanisms should also be introduced through the GSE or CONSIP (Central purchasing office of the Italian public administration).

• 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.

The main provisions, which are not yet current, include the confirmation of CfD auctions for industrial-size renewable plants and the assignment to the regions to identify 'Suitable Areas' for renewable plants, understood as areas with 'high potential' for installing these technologies.

The areas of plants subject to "non-substantial" repowering according to the 2021 Simplification Decree are already considered suitable – and therefore subject to authorisation simplification.

- **Capacity Market 2019 – 2023 delivery period**

On 1 January 2023, the delivery period for the Capacity Market auction held on 6 November 2019 began. The ERG Group was assigned 340 MW of capacity referred to the Priolo CCGT plant with an auction price of 33 k€/MW LAC/year, similar to 2022.

- **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.

- **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 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. The programme was extended until 30 September 2023.

- **“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.**

In January 2022, Italian Decree Law no. 4/2022 “sostegni-ter”, subsequently converted into law, was published. 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-frodi”, provides that from 1 February 2022 and until 30 June 2023, 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 Italian 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. To accelerate the development of renewable energy, provisions are made regarding the PNRR-PNIEC Technical Commission, with the Commission's membership expected to increase from the current 40 to 70.

- **ARERA Resolutions no. 266/2022 and no. 143/2023**

In June 2022, 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 and by May 2023 the adjustment of the economic balancing items should have taken place, based on the final figures.

Following a series of legal actions taken by various sector operators against ARERA Resolution 266/2022 (over 1,000), the Lombardy Regional Administrative Court cancelled Resolution no. 266/2022.

In April 2023, ARERA therefore issued Resolution no. 143/2023/eel containing both the provisions relating to the “Sostegni TER Decree” (only for the period from 1

January 2022 to 30 June 2023) and the application of the cap to revenues from the sale of electricity injected by the "infra-marginal" production plants envisaged by the 2023 Budget Law, according to European Council Regulation no. 2022/1854. The previous Resolution no. 266/2022 remains valid for the provisions relating to the "Sostegni TER Decree in the period from 1 February 2022 to 31 December 2022, but the aspects relating to the economic items are amended, providing that the GSE implements the measures directly to the balancing at the end of the of the period of application.

• **"Ucraina-bis" or "Taglia prezzi" decree and related conversion law - "Aiuti" decree-law as well as relevant conversion laws.**

In May 2022, the law converting Italian Decree Law no. 21 2022 (known as "Ucraina-bis" or "Taglia Prezzi") was published. The law contains the 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 "Aiuti").

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 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 extra-taxation.

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 Ministry of Culture participates in the work of the INECP-NRRP Commission but without voting rights.

• **Budget Law 2023 – implementation of Regulation (EU) no. 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) no. 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 no. 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 equity.

- **“Milleproroghe” Decree Law and conversion law.**

At the end of December 2022, Italian Decree Law no. 198/2022 “milleproroghe” was published, converted into law at the end of February 2023. In particular, it provides for the extension of the legislative delegation for the rationalisation and simplification of the rules on renewable sources, the time extension of the programme for the use of conventional fuels to reduce the energy system's dependence on natural gas, the postponement to 30 June 2023 of the decision to participate in a collective disposal system for end-of-life solar modules.

- **Further simplification measures for renewable plants.**

In February 2023, Italian Decree Law no. 13/2023 known as “Semplificazioni 2023” was issued.

For renewable energies, the need to submit the superintendent's prior verification of archaeological interest with the EIA application is removed. This verification does not prejudice the adoption of the EIA measure.

Provisions are introduced for the operation of the Special Superintendency for the interventions envisaged by the NRRP, while the buffer zone for assets subject to protection for wind farms is reduced to 3 kilometres and that for photovoltaic plants to 500 meters.

It is also specified that the opinion of the Ministry of Culture is binding only for the authorisation of renewable projects located in areas subject to naturalistic-cultural protection.

In industrial, artisanal and commercial areas as well as in landfills, ground-mounted photovoltaic systems can be freely installed unless the intervention falls in an area subject to landscape restrictions.

It is also stipulated that the single authorisation shall be issued following a single procedure and shall include the EIA measure; where provided for, it constitutes a permit to construct and operate the plant. The maximum term for the conclusion of the single proceeding is 150 days.

Photovoltaic plants located in agricultural areas outside protected areas or belonging to the Natura 2000 Network are considered instrumental to agricultural activities and, if they meet certain technical-economic-corporate restrictions, they can be freely installed. Through the law converting the “Bollette 2023” Decree Law issued in May 2023, it is established that for the installation of photovoltaic systems in tourist or spa facilities, the declaration of commencement of works is temporarily sufficient for construction on flat or pitched roofs, if of power up to 1 MW and intended for self-consumption; some additional requirements are envisaged in the case of installations in historic centres or in landscape protection areas.

- **Law converting the “NRRP” Decree Law**

In April 2023, the law converting the “NRRP” Decree Law no. 13/2023 was published.

The law provides that for the authorisation of some photovoltaic projects and for agro-voltaic plants no more than 3 km from industrial areas, the PAS (simplified authorisation procedure) is used with different environmental limits based on the size of the plant.

For photovoltaic projects in industrial areas with a capacity of up to 20 MW, a mere free building notification is required; for projects in specifically listed “eligible plus areas”, the same environmental assessment thresholds apply.

- **ARERA – Resolution no. 247/2023 approving the forward procurement system for electricity storage capacity.**

In June 2023, ARERA published the resolution approving the criteria and conditions for the operation of the forward procurement system for electricity storage capacity envisaged by Italian Legislative Decree no. 210 of 8 November 2021, implementing electricity market Directive (EU) no. 2019/944.

There are periodic auctions called by Terna for the procurement of storage capacity, which is then made available to operators for the exchange of time-shifting products through a platform defined by the Energy Market Manager (GME). The mechanism is aimed only at new authorised plants without incentives for the entire delivery period.

Terna will define one or more standard contracts for the exchange of products, based on requirements and the technologies activated. The allocation of the awarded storage capacity is defined by Terna.

The GME organises a centralised platform for the negotiation, through competitive auctions, of these contracts, including the sale of those already acquired. The possibility of a suitably simplified experimental start-up phase of the system is also envisaged.

The measure is subject to verification of compatibility with the guidelines on State aid by the European Commission.

In March 2023, ARERA approved several amendments to the Grid Code implemented and put up for consultation by Terna. Of particular relevance is the extension, effective as of 1 July 2023, of the eligibility for the supply of primary reserve power to wind and photovoltaic plants and electrochemical storage systems that meet the technical requirements of the Grid Code itself, with the obligation to supply all qualified units;

GERMANY

• EEG Reform 2023

The EEG reform approved by the German federal government, known as "EEG2023", was published in 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 off-shore 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) no. 2022/1854 on the cap on revenues from electricity.

In implementation of Regulation (EU) no. 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 applies 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.

On 9 June 2023, the Federal Government expressed its opinion, ending the mechanism on 30 June 2023.

- **Implementation of the Temporary Regulation on permitting procedures of the European Council no. 2022/2577**

In March 2023, the Federal Government approved the provisions defined by the EU emergency regulation on the permitting of renewables (EU Regulation no. 2022/2577).

The measures will be directly implemented in the areas already subject to a strategic environmental assessment; in these areas,

the environmental impact assessment is no longer required and further simplifications will be introduced on the protected species assessment process.

The other provisions of the regulation remain directly applicable, including the environmental impact assessment only for the incremental capacity for repowering interventions.

UK

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

In October 2022, the British energy authority, approved the introduction of a cap of 40 GBP/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.

In any case, 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.

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

At the end of December 2022, 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.

The measure is applied from 1 January 2023 to 31 March 2028, 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 GBP/MWh from 2023 until April 2024, then annually indexed to inflation on an annual basis until 31 March 2028, 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.

The measure, approved with the 2023 Spring Budget, is contained in the Finance Amendment Bill 2023 being approved by the Chambers and will be subject to Royal Assent.

FRANCE

- **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 October 2022. It is 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.

- **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) no. 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 (intra-marginal contribution).

The measure applies retroactively from 1 July 2022 to 31 December 2023, with three different payment periods for economic items (1 July 2022 - 30 November 2022; 1 December 2022 - 30 June 2023; 1 July 2023 - 31 December 2023).

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.

Decree no. 522/2023 of 28 June 2023 establishes the methods of payment of the inframarginal contribution, through the VAT settlement form for each of the three payment periods envisaged.

- **Acceleration law for renewable plants.**

In March 2023, Law no. 2023-175 was published, establishing a plan to adjust administrative procedures to simplify and accelerate project implementation, with the goal of increasing solar power generation capacity tenfold to over 100 GW by 2050, while developing fifty offshore wind farms with a final capacity of 40 GW.

By 2028, municipalities will have to define ‘renewable areas’ and ‘exclusion areas’ for renewable energy plants. Measures are also foreseen to reduce administrative litigation by recognising the ‘overriding public interest’ for projects that meet certain criteria, while the installation of photovoltaic panels along motorways, main roads and for shading car parks is directly facilitated. The defining framework for agrovoltaic technology is also indicated.

POLAND

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

In November 2022, 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, including revenues from financial hedging in the calculation due to an amendment passed in February 2023. Transactions will be settled on a daily basis and revenues will be distributed through payments to a specific fund established by the Government.

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.

An obligation was also introduced 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.

In a further provision issued in November 2022, the Government 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.

- **"Distance act"**

In March 2023, the law on the "distance act" was published to regulate investments in the wind sector.

With the exception of areas adjacent to nature parks and reserves, the minimum distance between an on-shore wind farm and residential areas stipulated by law is 700 m, while in relation to the nearest residential or mixed building it is reduced to 500 m, subject to local public consultation.

If the authorised distance is less than 700 meters, residents have the right to purchase the energy produced without paying general system charges, the latter being borne by the wind farm operator.

BULGARIA

- **Amendment to the 2023 Budget Law – Implementation of Regulation (EU) no. 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) no. 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

- **2023-2030 NECP – draft revision**

At the end of June 2023, the Ministry of Ecological Transition published and put up for consultation the draft National Energy and Climate Plan (Plan Nacional de Energía y Clima 2023-2030).

Significant increases in renewable energy and decarbonisation targets are expected until 2030.

In particular, the total renewable capacity target rose to 160 GW: 62 GW for wind power (from 50 GW of the previous NECP) and 76 GW for solar photovoltaics. The storage capacity is increased to 22 GW (from 2.5 GW), while the useful life of the nuclear plants is reduced. Gas generation capacity remains stable at 26 GW and the closure of coal generation plants is scheduled for 2025.

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

In May 2022, 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 December 2023 as a result of a Decree extending the deadline, issued in 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 national 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 (RDL no. 18/2022?).

At the end of 2022, the scope of application of the Social Bonus established by Law no. 24/2013 was expanded. The measure provides for an obligation for specific parties to finance the so-called Bono Social paid to vulnerable customers.

Previously aimed at retail companies, it is now applied to all players in the electricity sector, including generation. The amount to be financed for 2023 is 1.465428 EUR/MWh.

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.

SWEDEN

- **2023 Budget Law: electricity cost containment mechanisms resulting from EC Regulation no. 2022/1854.**

In February 2023, the Swedish government adopted a limit of 1957 SEK/MWh (equivalent to approx. 180 EUR/MWh) for electricity revenues for all inframarginal generation technologies.

The period of application for energy producers runs from 1 March to 30 June 2023.

The refund is applied to 90% of revenues exceeding the cap, considering an hourly calculation period; payments are made monthly.

PERFORMANCE BY COUNTRY

Year	(EUR million)	1st half-year		
		2023	2022	Δ
	Adjusted revenues			
365	Italy	191	183	8
348	Abroad	179	186	(7)
98	France	61	50	11
94	Germany	47	46	1
34	UK & Nordics	19	21	(2)
22	Spain	12	12	(0)
100	East Europe	40	56	(16)
34	Corporate	16	17	(0)
(33)	Intra-segment revenue	(16)	(16)	(1)
714	Total adjusted revenues	370	369	1
	EBITDA			
288	Italy	148	149	(1)
239	Abroad	126	135	(8)
55	France	41	30	11
70	Germany	36	34	2
24	UK & Nordics	11	17	(7)
18	Spain	9	11	(1)
72	East Europe	30	43	(13)
(25)	Corporate	(11)	(12)	0
502	EBITDA (gross clawback)	263	272	(9)
	Adjusted amortisation, depreciation and impairment losses			
127	Italy	(60)	(58)	(2)
(98)	Abroad	(48)	(48)	(0)
(46)	France	(21)	(23)	2
(28)	Germany	(11)	(14)	3
(4)	UK & Nordics	(5)	(2)	(3)
(4)	Spain	(2)	(2)	(0)
(15)	East Europe	(9)	(7)	(2)
(3)	Corporate	(1)	(2)	1
(229)	Adjusted amortisation, depreciation and impairment losses	(109)	(107)	(2)

Year	(EUR million)	1st half-year		
		2023	2022	Δ
2022				
	Adjusted EBIT			
160	Italy	89	92	(3)
141	Abroad	78	87	(9)
9	France	20	7	13
42	Germany	25	21	4
19	UK & Nordics	5	16	(10)
14	Spain	7	9	(1)
57	East Europe	21	36	(14)
(28)	Corporate	(13)	(14)	1
273	Adjusted EBIT	155	165	(10)
	Capital expenditure ⁽¹⁾			
653	Italy	94	51	43
290	Abroad	216	165	50
11	France	11	9	2
1	Germany	0	0	(0)
159	UK & Nordics	22	48	(26)
100	Spain	182	96	86
20	East Europe	0	13	(12)
3	Corporate	1	1	0
946	Total capital expenditure	311	218	93

(1). Includes capital expenditure 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 of each wind farm is influenced by the wind speed profile of the site on which the farm is located, by the sale price of electricity, which can vary in relation to the geographical areas where the plants are located, by the incentive systems for renewable energy sources and by the regulations of organised energy markets.

ERG is active in the generation of electricity in Italy, with an installed capacity of 1,291 MW in wind and 175 MW in solar. Compared to the first half of 2022, the installed capacity in Italy has increased by 232 MW.

Year		1st half-year		
		2023	2022	Δ
2022				
	Operating results			
1,440	Installed capacity (MW) ⁽¹⁾	1,466	1,234	232
1,265	Wind	1,291	1,093	198
175	Solar	175	141	34
2,312	Output (GWh)	1,349	1,252	97
2,062	Wind	1,224	1,129	95
250	Solar	125	122	3
	Load Factor % ⁽²⁾			
20%	Wind	22%	24%	-2%
18%	Solar	16%	20%	-3%
132	Net unit revenue (EUR/MWh)	138	143	(5)
134	Wind	117	124	(7)
317	Solar	345	327	18

(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 the **first half of 2023**, **electricity output** in Italy amounted to 1,349 GWh, of which 1,224 GWh from wind power and 125 GWh from photovoltaic plants, up compared to the same period in 2022 (1,252 GWh, of which 1,129 GWh from wind power and 122 GWh from solar power), thanks to the consolidation of the wind and photovoltaic farms acquired during 2022 (+168 GWh from wind power and +17 GWh from solar power) in a context of both lower wind speeds (-7%) and lower radiation (-12%) on the farms.

Year 2022	(EUR million)	1st half-year		Δ
		2023	2022	
	Economic results			
365	Adjusted revenue	191	183	8
284	Wind	147	142	5
80	Solar	43	40	3
288	Adjusted EBITDA	148	149	(1)
218	Wind	110	113	(3)
70	Solar	38	36	2
(127)	Amortisation, depreciation and impairment losses	(60)	(58)	(2)
(82)	Wind	(36)	(37)	1
(45)	Solar	(23)	(20)	(3)
160	Adjusted EBIT	89	92	(3)
136	Wind	74	76	(2)
25	Solar	15	16	(1)
653	Capital expenditure in property, plant and equipment and intangible assets	94	51	43
522	Wind	92	46	46
131	Solar	2	5	(3)
79%	EBITDA Margin % (1)	78%	82%	-4%
77%	Wind	75%	79%	-4%
87%	Solar	88%	90%	-2%

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

Revenues recorded in the **first half of 2023** were up slightly due to the full contribution deriving from the acquisitions made in 2022 (+232 MW, of which 198 MW in wind and 34 MW in solar), offset by lower wind and photovoltaic production in Italy and the unit value of the GRIN incentive, which in 2023 was zero compared to 43 EUR/MWh in 2022. The lower market prices are mitigated by hedges carried out in line with the group's risk policies.

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 117 EUR/MWh (124 EUR/MWh in the first half of 2022).

Net unit revenue relating to photovoltaic plants amounted to 345 EUR/MWh (327 EUR/MWh in the first half of 2022).

Adjusted EBITDA in Italy for the **first half of 2023** amounted to EUR 148 million, substantially in line with the first half of 2022 (EUR 149 million), for the same reasons relating to revenue.

Amortisation and depreciation for the period are substantially in line with the first quarter of 2022, mainly as a result of the full contribution deriving from the acquisitions made in Italy during the second half of 2022 (EUR 13 million). These effects were offset by both the extension of the useful life of Italian wind power assets (EUR 6 million) as a result of the Life-Time-Extension programmes and the end of the useful life of some wind farm and photovoltaic components (EUR 6 million) also as a result of the start of Repowering investments.

Capital expenditure

Capital expenditure in the **first half of 2023 (EUR 94 million)** mainly refers to the start of construction of the Roccapalumba greenfield plant (47 MW) and to the repowering activities (269 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 "Relevant regulatory and institutional updates" chapter.

Wind

ARERA – Average annual value of electricity for incentive calculation

In January 2023, ARERA published resolution no. 27/2023 updating the average price for the sale of electricity, equal to 298.05 EUR/MWh, for the purpose of calculating the incentive in lieu of green certificates. This price brings the value of the FIP feed-in tariff to zero for 2023.

• Onshore wind power auctions – photovoltaic (Group A): ninth auction session pursuant to the 2019 RES Ministerial Decree

In May 2022, the GSE opened the ninth call for RES auctions pursuant to Ministerial Decree of 4 July 2019, with a quota reserved for Group A auctions of approximately 1,905 MW not assigned in previous calls, and a base auction price of 66.5 EUR/MWh.

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

In March 2022, 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. The case is currently pending before the Council of State and the hearing has been set for 13 July 2023.

• Council of Ministers February 2023 - EIA approval. RES plants

During the Council of Ministers at the end of February 2023, a positive judgement of environmental compatibility was passed in relation to the ERG repowering project of the wind farm in the municipalities of Forenza and Maschito (PZ). A few days later, the resulting EIA Decree was published.

The positive judgement, which therefore supersedes the previous negative opinion of the Ministry of Culture, is conditional on certain requirements being met.

ABROAD

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

The Group is one of the ten leading operators in the wind power sector in Europe with a significant and growing presence (1,426 MW operational), mainly in France (522 MW), Germany (327 MW), UK & Nordics (311 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW).

In addition, ERG operates in France and Spain in the generation of electricity from solar sources with 195 MW of installed capacity, of which 79 MW in France and 117 MW in Spain.

Compared to the first half of 2022, the installed capacity abroad increased by 302 MW.

France

Year 2022		1st half-year		Δ
		2023	2022	
	Operating Results			
600	Installed capacity (MW)⁽¹⁾	600	600	0
522	Wind	522	522	0
79	Solar	79	79	0
1,076	Output (GWh)	650	547	104
982	Wind	600	496	104
94	Solar	50	51	(0)
	Load Factor %⁽²⁾			
22%	Wind	26%	23%	3%
14%	Solar	15%	15%	0%
91	Net unit revenue (EUR/MWh)	93	92	1
91	Wind	93	92	2
96	Solar	96	98	(2)

(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 the **first half of 2023, electricity output** in France amounted to 650 GWh, of which 600 GWh from wind power and 50 GWh from photovoltaic plants, up compared to the same period in 2022 (547 GWh) mainly due to the higher wind levels recorded, in addition to the scope effect (+23 GWh) resulting from the full contribution from the commissioning in 2022 of a 20 MW internally developed farm.

Year 2022	(EUR million)	1st half-year		Δ
		2023	2022	
	Economic results			
98	Adjusted revenue	61	50	11
89	Wind	56	45	11
9	Solar	5	5	(0)
55	Adjusted EBITDA	41	30	11
50	Wind	38	27	11
5	Solar	3	3	0
(46)	Amortisation, depreciation and impairment losses	(21)	(23)	2
(42)	Wind	(19)	(21)	2
(4)	Solar	(2)	(2)	0
9	Adjusted EBIT	20	7	13
8	Wind	19	6	13
1	Solar	1	1	0
11	Capital expenditure in property, plant and equipment and intangible assets	11	9	2
11	Wind	11	9	2
0	Solar	0	0	0
59%	Ebitda Margin % ⁽¹⁾	68%	59%	7%
56%	Wind	67%	59%	8%
55%	Solar	59%	57%	2%

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

Revenues recorded in the **first half of 2023** amounted to EUR 61 million, up compared to the same period of 2022 (EUR 50 million) due to the higher volumes recorded, in addition to the change in the scope of consolidation mentioned above.

The net unit revenue from wind power in France of 97 EUR/MWh was slightly higher than in the same period of 2022 (92 EUR/MWh) due to the inflation adjustment of fixed sales tariffs, while the net unit revenue of photovoltaic plants totalled 96 EUR/MWh, substantially in line with the previous year.

The **adjusted EBITDA** in France in the **first half of 2023** amounted to EUR 41 million, an increase compared to the first half of 2022 (EUR 30 million), for the same reasons mentioned above.

Capital expenditure

Capital expenditure in the **first half of 2023 (EUR 11 million)** mainly refers to the start of development and construction activities for new wind farms (50 MW) to be commissioned between the end of 2024 and early 2025.

Relevant legislative and regulatory updates during the period

See also the "Relevant regulatory and institutional updates" chapter.

Wind

- **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.

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

In November 2022, CRE published the new Cahier des Charges for onshore wind power auctions 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.

- **“Deplafonnement” FIP 2016, FIP 2017 and CfD**

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 – 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 still be reserved for new wind farms with a maximum number of 6 turbines with a nominal capacity not exceeding 3 MW each, provided, however, 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.

As a result of a further amendment issued in April 2023, the plants benefiting from the 2017 FIP consisting of a maximum of 6 wind turbines connected before 1 October 2022 are temporarily allowed to increase the power of the plant, until 31 December 2023. The unit power of the turbines can exceed 3 MW, up to a total increase of 1 MW for the entire plant; the 2017 FIP tariff is therefore applied to the total resulting power. However, turbines already installed may not be replaced.

- **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.

- **Publication of results of onshore wind farm auction May 2023**

At the beginning of July 2023, the Ministry of Ecological Transition published the results of the auction held in May 2023 for onshore wind.

The auction was over-subscribed, with 1,800 MW participating (120 projects) out of 925 MW available; 73 projects were awarded, for a total of 1,156 MW, applying the flexibility allowed by current regulations.

The weighted average price awarded was 85.29 EUR/MWh, while the auction price was not disclosed.

ERG participated and won with the two projects Parc Eolien De Saint Maurice La Clouere/Limousin (8.8 MW) and Parc Eolien De Porspoder/Bretagne (9 MW), with a tariff of 88 EUR/MWh (indexed for 20 years).

Solar

• 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 considering 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

Year		1st half-year		
		2023	2022	Δ
2022				
	Operating Results			
327	Installed capacity (MW) ⁽¹⁾	327	327	-
556	Output (GWh)	306	321	(15)
19%	Load factor % ⁽²⁾	22%	23%	-1%
168	Net unit revenue (EUR/MWh)	152	143	10

(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 the **first half of 2023, electricity output** in Germany amounted to 306 GWh, down compared to the same period in 2022 (321 GWh) which benefitted from above-average wind conditions.

Year	(EUR million)	1st half-year		
		2023	2022	Δ
2022				
	Economic results			
94	Adjusted revenue	47	46	1
70	Adjusted EBITDA	36	34	2
(28)	Amortisation, depreciation and impairment losses	(11)	(14)	3
42	Adjusted EBIT	25	21	4
1	Capital expenditure in property, plant and equipment and intangible assets	0	0	(0)
74%	EBITDA Margin % ⁽¹⁾	76%	75%	2%

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

Revenues recorded in the **first half of 2023** amounted to EUR 47 million, substantially in line with the same period of 2022 (EUR 46 million), due to the hedging policies adopted, which make it possible to capture high prices despite the reduction in energy sale prices on the market.

Net unit revenue from wind power Germany, equal to EUR 152/MWh, was up compared to the first quarter of 2022 (EUR 143/MWh) due to the hedging policies adopted by the group, which makes it possible to counteract the reduction in market prices.

The **adjusted EBITDA** in Germany in the first half of 2023 amounted to EUR 36 million, a slight increase compared to the first half of 2022 (EUR 34 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period decreased compared to the first half of 2022 following the extension of the useful life of Italian and foreign wind assets (EUR 3 million) due to the Life-Time-Extension programmes.

UK & Nordics – Wind

Year 2022		1st half-year		
		2023	2022	Δ
	Risultati operativi			
219	Installed capacity (MW) ⁽¹⁾	311	70	241
226	Output (GWh)	218	115	103
33%	Load factor % ⁽²⁾	20%	38%	-18%
151	Net unit revenue (EUR/MWh)	83	183	(100)

(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 the **first half of 2023, electricity output** in the UK and the first output in Sweden amounted to 218 GWh, an increase compared to the same period of 2022 (115 GWh), and refer to the contribution deriving from the wind farms developed internally and entered into operation between the end of 2022 and the beginning of 2023 (241 MW). For a better understanding of the Load Factor trend, it should be noted that during the early months of the year all of the aforementioned new wind farms were in a commissioning or production ramp-up phase, in a period characterised by winds significantly lower than historical averages.

Year 2022	(EUR million)	1st half-year		
		2023	2022	Δ
	Economic results			
34	Adjusted revenue	19	21	(2)
24	Adjusted EBITDA	11	17	(7)
(4)	Amortisation, depreciation and impairment losses	(5)	(2)	(3)
19	Adjusted EBIT	5	16	(10)
159	Capital expenditure in property, plant and equipment and intangible assets	22	22	0
70%	EBITDA Margin % ⁽¹⁾	57%	83%	-25%

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

Revenues recorded in the **first half of 2023** amounted to EUR 19 million, down compared to the same period of 2022 (EUR 21 million), with net unit revenues coming in at EUR 83/MWh, down sharply compared to the first half of 2022 (EUR 183/MWh), due to sales in 2023 through PPA contracts at fixed prices, whereas it is recalled that the first half of 2022 had benefited from market prices that were significantly higher than today's prices.

Adjusted EBITDA in the UK & Nordics area in the **first half of 2023** amounted to EUR 11 million, compared with EUR 17 million in the same period of 2022, for the same reasons linked to revenue.

Capital expenditure

Investments in the UK & Nordics area in the **first half of 2023 (EUR 22 million)** refer to the completion of the construction activities of the wind farms in Scotland for approximately 179 MW and in Sweden for 62 MW.

Spain – Solar

Year 2022		1st half-year		Δ
		2023	2022	
	Operating Results			
92	Installed capacity (MW) ⁽¹⁾	117	92	25
171	Output (GWh)	91	87	4
21%	Load factor % ⁽²⁾	23%	22%	1%
126	Net unit revenue (EUR/MWh)	130	142	(12)

(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 the **first half of 2023, electricity output** in Spain amounted to 91 GWh, up compared to the output recorded in the same period of 2022 (87 GWh) due to better irradiation in the period.

Year 2022	(EUR million)	1st half-year		Δ
		2023	2022	
	Economic results			
22	Adjusted revenue	12	12	(0)
18	Adjusted EBITDA	9	11	(1)
(4)	Amortisation, depreciation and impairment losses	(2)	(2)	0
14	Adjusted EBIT	7	9	(1)
100	Capital expenditure in property, plant and equipment and intangible assets	182	96	86
84%	EBITDA Margin % ⁽¹⁾	78%	86%	-9%

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

Revenues recorded in the **first half of 2023** amounted to EUR 12 million and were in line with the same period of the previous year, with net unit revenues amounting to EUR 130/MWh, down compared to the previous year (EUR 142/MWh) due to lower market prices.

Adjusted EBITDA in Spain in the **first half of 2023** amounted to EUR 9 million, down compared to the result for the first half of 2022 (EUR 11 million) for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in the **first half of 2023 (EUR 182 million)** refers to the recent acquisitions of photovoltaic plants in June 2023, of which 149 MW under construction with COD expected at the end of the year and 25 MW in the start-up phase.

East Europe – Wind

Year		1st half-year		
		2023	2022	Δ
2022				
	Operating Results			
266	Installed capacity (MW) ⁽¹⁾	266	231	36
615	Output (GWh)	376	334	42
31%	Load factor % ⁽²⁾	33%	37%	-5%
139	Net unit revenue (EUR/MWh)	100	163	(63)

(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 the **first half of 2023, electricity output** in East Europe amounted to 376 GWh, up compared to the same period of 2022 (334 GWh) due to the full contribution deriving from the wind farms started up in 2022 in Poland (+71 GWh), partly offset by the poorer wind conditions experienced (-9%).

Year	(EUR million)	1st half-year		
		2023	2022	Δ
2022				
	Economic results			
100	Adjusted revenue	40	56	(16)
72	Adjusted EBITDA	30	43	(13)
(15)	Amortisation, depreciation and impairment losses	(9)	(7)	(2)
57	Adjusted EBIT	21	36	(15)
20	Capital expenditure in property, plant and equipment and intangible assets	0	13	(12)
72%	EBITDA Margin % ⁽¹⁾	74%	78%	-4%

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

Revenues recorded in the **first half of 2023** were down sharply compared to the same period of 2022, mainly due to the reduction in energy sale prices, only partly offset by the scope effect deriving from the full contribution of the wind farms that entered into operation in Poland (+61 MW).

Average net unit revenues in East Europe amounted to 114 EUR/MWh, down compared to the first half of 2022 (163 EUR/MWh), due to lower market prices.

It should be noted that the measures introduced by the Romanian government to combat high energy prices (windfall tax) require the Group's plants to sell through PPAs at 450 lei/MWh (approximately 90 EUR/MWh).

Adjusted EBITDA in East Europe for the first half of 2023 amounted to EUR 30 million, down compared to the first half of 2022 (EUR 43 million), for the same reasons linked to revenue.

Relevant legislative and regulatory updates during the period

See also the "Relevant regulatory and institutional updates" chapter.

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 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 1 MW, the government's estimate is a total of 3,000 MW for wind power and 4,500 MW for photovoltaics.

Romania

• 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 1 MW 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 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.

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.

FINANCIAL STATEMENTS AND OTHER INFORMATION

INCOME STATEMENT

This section contains both the reported operating results, calculated on the basis of the figures presented in the Notes to the Condensed Interim Consolidated Financial Statements, and the adjusted operating results, presented to exclude the impacts relating to the adoption of IFRS 9¹³ and of special items, and with the reclassification for IFRS 16. It should be noted that, as indicated in the paragraph "Basis for preparation", the 2023 and 2022 figures were presented in accordance with IFRS 5 with reference to the process aimed at the sale of the thermoelectric business, therefore reclassifying to the line "Profit (loss) from discontinued operations" for 2023 the result of the first half of the subsidiary ERG Power S.r.l. It should be noted that the 2022 reported figure included the net capital gain recognised following the sale of the Terni hydroelectric complex (equal to EUR 324 million).

It should also be noted that the newly acquired Spanish companies, owners of photovoltaic plants, have been consolidated as from 30 June 2023.

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 1st half-year			Adjusted 1st half-year			
	2023	2022	Δ	2023	2022	Δ	
INCOME STATEMENT							
Revenue	1	370	369	1	370	369	1
Other income	2	12	6	6	12	6	7
Total revenue		382	375	7	382	375	7
Purchases and change in inventories	3	(6)	(5)	(1)	(6)	(5)	(1)
Services and other operating costs	4	(82)	(71)	(11)	(88)	(74)	(14)
Personnel expense		(25)	(24)	(1)	(25)	(24)	(1)
EBITDA		269	275	(6)	263	272	(9)
Amortisation, depreciation and impairment of non-current assets	5	(113)	(117)	5	(109)	(107)	(1)
EBIT		156	158	(1)	155	165	(10)
Net financial income (expense)	6	(13)	(19)	6	(5)	(12)	7
Net gains (losses) on equity investments		5	(0)	5	(0)	0	(0)
Profit (loss) before taxes		148	138	10	150	152	(3)
Income taxes	7	(33)	(66)	34	(34)	(70)	36
Profit (loss) from continuing operations		116	72	44	116	82	34
Profit (loss) from discontinued operations	8	(36)	334	(371)	(8)	1	(8)
Profit (loss) for the period		80	407	(327)	108	83	25
Non-controlling interests		(1)	(2)	1	(1)	(2)	1
Profit attributable to owners of the parent		79	405	(326)	107	81	26

13 With regard to liability management transactions

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 revenues for the first half of 2023 amounted to EUR 370 million, largely in line with the first half of 2022 (EUR 369 million), mainly as a result of lower wind and solar production in the period, lower market prices captured in all countries as well as the zeroing of the value of the wind incentive (equal to EUR 43 per MWh in 2022), slightly more than offset by the full contribution from the acquisitions made in the second half of 2022, and the commissioning of the wind farms developed internally and progressively put into operation during the second half of 2022 and at the beginning of 2023.

It should be noted that revenues include the effects related to the **Regulatory measures to curb energy price rises (clawback measure and windfall tax)**, which resulted in repayments in the first half of the year of approximately EUR 7 million (EUR 5 million in 2022).

2 – Other income

Other income includes mainly insurance reimbursements, compensation and expense repayments and grants related to income. The item includes contractual indemnities and guarantees received from suppliers for EUR 3 million as well as the partial release of provisions for risks (EUR 2 million), as the prerequisites for recognition no longer exist.

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 adjusted values do not include the ancillary costs relating to non-recurring transactions equal to EUR 1 million.

Lease payment charges (lease costs for IFRS 16 purposes) for EUR 7 million are classified under this item of the reclassified Income Statement. 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/depreciation refer to wind and photovoltaic plants. The slight increase in the period is attributable to the full contribution deriving from the acquisitions made in Italy in the second half of 2022 (EUR 13 million) and the entry into operation of the farms developed internally and entered into operation gradually during the second half of 2022 and in the first quarter of 2023 (EUR 5 million). These effects were offset by both the extension of the useful life of wind power assets in Italy and abroad (EUR 11 million) as a result of the Life-Time-Extension programmes and reaching of the end of the useful life of some wind farm and photovoltaic components (EUR 6 million) also as a result of the start of Repowering investments.

It should be noted that the adjusted figures for the first half of 2023 do not include depreciation and amortisation related to the application of IFRS 16 (EUR 4 million), as already commented in item 4.

6 – Net financial income (expense)

Adjusted net financial expense in the first half of 2023 amounted to EUR 5 million, down significantly compared to the first half of 2022 (EUR 12 million), mainly as a result of the improved remuneration of Group liquidity resulting from the trend in interest rates.

The average cost of non-current liabilities in the first half of 2023 stood at 1.3% compared to 1.4% in the first half of 2022, due to the same effects described above. The return on liquidity is greater than that of the first half of 2022 due to the significant improvement in 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 values do not include the following components of an exceptional nature (special items) linked to liability management operations:

- financial charges (EUR 4 million) relating to the reimbursement of Project Financing by the company ERG Eolica Fossa del Lupo S.r.l. and Project Financing by the company EW Ornetta 2 sp. z o.o.;
- financial expense (EUR 1 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 4 million), as previously discussed under item 4.

7 – Income taxes

Reported income taxes amounted to EUR 33 million, a significant decrease compared to the EUR 66 million of the first half of 2022 mainly due to the impact of Art. 37 of Italian Decree Law of 21 March 2022 equal to EUR 36 million (excluding the impact on the thermoelectric business of EUR 4 million).

Adjusted income taxes amounted to EUR 34 million, down significantly compared with EUR 70 million in the first half of 2022. Taxes for 2022 included the impact deriving from Article 37 of the Decree Law of 21 March 2022 equal to EUR 36 million. The adjusted tax rate for the first half of 2023, obtained from the ratio between taxes and pre-tax profit, was 23% (46% in the first half of 2022 due to the impact deriving from Article 37 of the Decree Law of 21 March 2022).

8 – Profit (loss) from discontinued operations

The adjusted net result of assets held for sale refers to the result of ERG Power S.r.l., amounting to EUR -8 million; this amount, compared to the reported figures, includes the amortisation and depreciation for the period equal to approximately EUR 9 million (net of tax) and does not include the impact of the write-down of the asset (EUR -38 million) in application of IFRS 5. The results of the CCGT reflect a slightly positive EBITDA (EUR 5 million) despite an extraordinarily negative energy scenario for gas generation margins.

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. Shown below are the values at 30 June 2023, which do not include the impact deriving from the application of IFRS 16 of increased net financial indebtedness of approximately EUR 174 million with a balancing entry in net invested capital amounting to approximately EUR 168 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				Reported		Adjusted	
30/06/2022	30/06/2022	(EUR million)		30/06/2023	31/12/2022	30/06/2023	31/12/2022		
3,011	2,873	Non-current assets	1	3,970	3,695	3,800	3,540		
48	48	Net operating working capital	2	78	97	78	97		
(3)	(3)	Employee benefits		(4)	(4)	(4)	(4)		
355	356	Other assets	3	300	379	302	381		
(619)	(619)	Other liabilities	4	(670)	(657)	(670)	(657)		
2,793	2,655	Net invested capital of continuing operations		3,674	3,510	3,506	3,357		
293	293	Net invested capital of assets held for sale		133	235	133	235		
3,086	2,948	Net invested capital		3,806	3,745	3,638	3,592		
1,925	1,929	Equity attributable to the owners of the parent		2,068	2,045	2,074	2,050		
10	10	Non-controlling interests	5	8	9	8	9		
1,160	1,019	Net financial indebtedness of continuing operations	6	1,690	1,592	1,516	1,434		
(9)	(9)	Net financial indebtedness of discontinued operations	6	41	98	41	98		
3,086	2,948	Equity and financial indebtedness		3,806	3,745	3,638	3,592		

1 - Non-current assets

(EUR million)	Intangible assets	Property, plant and equipment	Financial assets	Total
Non-current assets at 31/12/2022	1,380	2,274	40	3,695
Capital expenditure	2	128	-	130
Change in the consolidation scope	82	123	16	221
Divestments and other changes	1	18	(0)	18
Amortisation	(33)	(75)	-	(108)
IFRS 16 change	-	15	-	15
Reported non-current assets at 30/06/2023	1,431	2,483	56	3,970
Adjustment for impact of IFRS 16	-	(170)	-	(170)
Adjusted non-current assets at 30/06/2023	1,431	2,313	56	3,800

The item "Capital expenditure" refers to the construction activities in Italy for 47 MW of Greenfield and the Repowering of Italian wind farms for approximately 193 MW of new wind capacity, as well as the completion of the construction of the wind farms that entered into operation between the end of 2022 and the beginning of 2023 in the UK for approximately 178 MW, Poland for 61 MW and Sweden for 62 MW. Construction has also started on two Greenfield farms in France for 50 MW and one in Northern Ireland for 47 MW.

The line Changes in the Consolidation Scope refers to the impact of the recent acquisitions in Spain of two photovoltaic plants.

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 includes inventories of spare parts, receivables for the sale of electricity, and trade payables mainly related to the purchase of electricity, maintenance of wind power and photovoltaic plants, and other trade payables.

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 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

Indebtedness does not include the financial liability related to the application of IFRS 16 of approximately EUR 174 million (EUR 157 million at 31 December 2022).

SUMMARY OF THE GROUP'S INDEBTEDNESS

Reported 30/06/2022	Adjusted 30/06/2022	(EUR million)	Reported		Adjusted	
			30/06/2023	31/12/2022	30/06/2023	31/12/2022
1,936	1,800	Non-current financial indebtedness	2,258	1,902	2,090	1,751
(775)	(781)	Current financial indebtedness (cash and cash equivalents)	(568)	(311)	(575)	(317)
1,160	1,019	Total indebtedness of continuing operations	1,690	1,592	1,516	1,434
(9)	(9)	Total indebtedness of discontinued operations	41	98	41	98
1,151	1,009	Total indebtedness	1,730	1,690	1,556	1,533

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

NON-CURRENT FINANCIAL INDEBTEDNESS

30/06/2022	(EUR million)	30/06/2023	31/12/2022
0	Non-current loans and borrowings	329	-
1,606	Non-current financial liabilities	1,593	1,595
1,606	Total	1,922	1,595
225	Project Financing and Financial Leases	188	212
(31)	Current portion of Project Financing	(20)	(55)
194	Non-current Project Financing	168	156
136	IFRS 16 financial liabilities (non-current)	168	151
1,936	Total non-current financial indebtedness of continuing operations	2,258	1,902
(136)	Adjustment for impact of IFRS 16	(168)	(151)
1,800	Total adjusted financial indebtedness	2,090	1,751

The “**Non-current loans and borrowings**” item at 30 June 2023 totalled EUR 329 million and refers to three Sustainable bilateral linked loans respectively with Crédit Agricole Corporate and Investment Bank (EUR 130 million), Caixa Bank (EUR 100 million) and Cassa Depositi e Prestiti (EUR 100 million) signed in the first half of 2023.

The payables shown above are recognised net of medium/long-term ancillary costs recognised using the amortised cost method (EUR 1.3 million).

“**Non-current financial liabilities**”, amounting to EUR 1,593 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 8 million);
- liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 2 million).

The liabilities for “**Project Financing**” equal to EUR 188 million at 30 June 2023 relate to:

- EUR 88 in loans million relating to the company Andromeda S.r.l.;
- EUR 19 million in loans issued for the construction of wind farms;
- EUR 81 million in loans relating to the acquisitions of photovoltaic farms in Spain in the first half of 2023.

The breakdown of current net financial indebtedness is shown below:

CURRENT FINANCIAL INDEBTEDNESS (CASH AND CASH EQUIVALENTS)

30/06/2022	(EUR million)	30/06/2023	31/12/2022
321	Current bank loans and borrowings	47	296
96	Other current financial liabilities	45	38
417	Current financial liabilities	93	334
(750)	Cash and cash equivalents	(459)	(424)
(424)	Securities and other current financial assets	(202)	(216)
(1.174)	Current financial assets	(661)	(639)
31	Current Project Financing and Financial Leases	20	55
(56)	Cash and cash equivalents	(25)	(68)
(24)	Project Financing	(6)	(12)
6	IFRS 16 Current financial liabilities	6	6
(775)	Total current financial indebtedness of continuing operations	(568)	(311)
(9)	Total current financial indebtedness of discontinued operations	41	98
(6)	Adjustment for impact of IFRS 16	(6)	(6)
(791)	Total current adjusted financial indebtedness	(534)	(219)

Current bank loans and borrowings include:

- short-term positions referring to short-term credit facilities;

Other short-term loans and borrowings mainly include:

- liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 33 million).
- accrued interest expense on Bonds and Corporate Loans (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 3 million, assets arising from the fair value measurement of interest rate hedging derivatives of EUR 65 million and financial receivables on non-hedging physical derivatives in the amount of EUR 27 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:

Year		1st half-year	
		2023	2022
2022			
	(EUR million)		
502	Adjusted EBITDA	263	272
46	Change in net working capital	62	50
548	Cash flows from operations	325	322
(307)	Investments in property, plant and equipment and intangible assets	(130)	(122)
(638)	Asset acquisitions and business combinations	(182)	(96)
1,265	Collection from the sale of ERG Hydro	-	1,265
(6)	Capital expenditure on non-current financial assets	1	0
(13)	Divestments and other changes	(1)	(7)
301	Cash flows from investments/divestments	(311)	1,041
(25)	Financial income (expense)	(5)	(12)
(3)	Financial expense for closing loans	(4)	(3)
0	Net gains (losses) on equity investments	(0)	-
75	Collection distribution reserves ERG Power ⁽¹⁾	-	-
47	Cash flows from financing activities	-	-
(92)	Cash flows from tax management	(8)	(46)
(139)	Distribution of dividends	(152)	(136)
26	Other changes in equity	74	(47)
(113)	Cash flows from Equity	(79)	(183)
(69)	Change in the consolidation scope	-	(69)
(104)	Cash flows Thermo	58	(16)
2,051	Opening net financial indebtedness of "Continuing operations"	1,533	2,051
(519)	Net change	24	(1,033)
1,533	Total adjusted indebtedness	1,556	1,019
(98)	(+ NFP Thermo)	(41)	(9)
1,434	Adjusted indebtedness of "Continuing operations"	1,516	1,009

(1) Assets held for sale

Cash flows from operations in the first half of 2023 were positive at EUR 325 million, in line with the corresponding period of 2022 (EUR 322 million), mainly due to the operating results for the year and the change in working capital, as well as the financial settlement of certain hedging derivatives.

Cash flows from investments in the first half of 2023 were mainly linked to the impact of the recent acquisitions of two photovoltaic companies in Spain (EUR 182 million), as well as investments in the period (EUR 130 million) aimed at developments on Repowering and Reblading projects in Italy, and the finalisation of wind farms in the UK, France and Sweden.

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, related to the early repayment of project financing in the first quarter of 2023.

Cash flows from Tax Management refer to the payment of direct taxes during the half-year.

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.

Garnacha and Fregenal consolidation (Solar Spain)

At the date of this Interim Financial Report, the purchase price allocation procedure was performed on the basis of the available information: consistently with the indications of IFRS 3 and in consideration of the short period of time between the acquisitions and the preparation of this report, this procedure shall be deemed provisional and subject to changes and adjustments.

Additional details regarding the allocation of surplus amounts and the related accounting effects will be provided in the Annual Financial Report at 31 December 2023. In this regard, note that based on the provisions of IFRS 3, the measurement of assets and liabilities may be subject, if necessary, to changes in the twelve months after the acquisition date. This Report reflects the impacts of the equity consolidation of the companies acquired as from 30 June 2023.

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). Gross operating profit (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;
- The **adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before taxes;
- **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 discontinued operations".
- **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 the first half of 2023 has therefore led to:

- an improvement in gross operating margin (EBITDA) in respect of the lease payments that fall within the scope of IFRS 16, of approximately EUR 7 million;

- an increase (approximately EUR 174 million) in the net financial indebtedness and the net invested capital (approximately EUR 168 million) in relation to the application of the equity method indicated by the standard;
- greater depreciation and amortisation (EUR 4 million) and greater financial expense (EUR 4 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)

Year 2022	(amounts in millions)	Notes	1st half-year	
			2023	2022
499	EBITDA from continuing operations		269	275
	Special items exclusion:			
(12)	- IFRS 16 reclassification	1	(7)	(6)
	Italy			
14	- Reversal of ancillary charges on non-recurring transactions (Special Projects)	2	1	3
1	- Reversal for allocation for Provision for Disposed Businesses	3	1	0
502	EBITDA (gross clawback)		263	272

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Year 2022	(amounts in millions)	Notes	1st half-year	
			2023	2022
(279)	Amortisation, depreciation and impairment losses		(113)	(117)
	Special items exclusion:			
7	- IFRS 16 reclassification	1	4	3
43	- Reversal of impairment losses recognised on Repowering Wind Italy	4	-	7
(229)	Ammortamenti adjusted		(109)	(107)

PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT

Year 2022	(amounts in millions)	Notes	1st half-year	
			2023	2022
89	Profit (loss) from continuing operations attributable to the owners of the parent		116	72
	Special items exclusion:			
0	IFRS 16 reclassification	1	0	0
11	Exclusion of ancillary charges on non-recurring transactions	2	1	3
(2)	Exclusion of expenses related to disposed Businesses	3	(5)	0
31	Exclusion of impairment losses recognised on Repowering Wind Italy	4	-	5
2	Exclusion of ancillary charges on loan prepayments	5	3	2
(1)	Exclusion of substitute tax Solar Italy	6	-	(1)
3	Exclusion of impact of gains/losses (IFRS 9)	7	1	1
133	Adjusted net profit (loss) from continuing operations attributable to the owners of the parent		116	82

1. Reclassification for impact of IFRS 16. Reference is made to the comments made in the previous paragraph.
2. Ancillary charges relating to other non-recurring transactions and other acquisitions in the first half of 2023 related to the newly acquired photovoltaic companies in Spain, as well as unsuccessful acquisitions.
3. Provisions relating to exceptional items on businesses disposed of by the Group. In the first half of 2023, the amount refers to the price adjustments relating to the sale of the Terni hydroelectric complex (EUR 2 million) and the integrated downstream business (EUR 3 million).
4. Impairment losses recognised on 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.
5. Financial expense related to the early closure of project financing and Corporate loans as part of Liability Management transactions.
6. Reversal of the ERG Solar Holding S.r.l. substitute tax benefit
7. 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 1 million being accounted for in the first half of 2023. 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.

Below is the reconciliation between the Condensed Interim Consolidated Financial Statements and the Adjusted Condensed Interim Consolidated Financial Statements shown and commented upon in this document:

INCOME STATEMENT 1ST HALF 2023:

(EUR million)	Financial Statements	Reclassification of IFRS 16 impact	Adjustment for impact of IFRS 9	Reversal of special items	Adjusted Income Statement
Revenue	370	-	-	-	370
Other income	12	-	-	-	12
Total revenue	382	-	-	-	282
Purchases and change in inventories	(6)	-	-	-	(6)
Services and other operating costs	(82)	(7)	-	2	(88)
Personnel expense	(25)	-	-	-	(25)
Gross operating profit (EBITDA)	269	(7)	-	2	263
Amortisation, depreciation and impairment of non-current assets	(113)	4	-	-	(109)
Operating profit (EBIT)	156	(3)	-	2	155
Net financial income (expense)	(13)	4	1	4	(5)
Net gains (losses) on equity investments	5	-	-	(5)	(0)
Profit before taxes	148	0	1	0	150
Income taxes	(33)	-	(0)	(1)	(34)
Net profit (loss) from continuing operations	116	0	1	(1)	116
Net Profit (loss) from discontinued operations	(36)	-	-	29	(8)
Profit for the period	80	0	1	28	108
Non-controlling interests	(1)	-	-	-	(1)
Profit attributable to the owners of the parent	79	0	1	28	107

INCOME STATEMENT 1ST HALF 2022:

(EUR million)	Financial Statements	Reclassification of IFRS 16 impact	Adjustment for impact of IFRS 9	Reversal of special items	Adjusted Income Statement
Revenue	369	-	-	-	369
Other income	6	-	-	(0)	6
Total revenue	375	-	-	(0)	375
Purchases and change in inventories	(5)	-	-	-	(5)
Services and other operating costs	(71)	(6)	-	3	(74)
Personnel expense	(24)	-	-	-	(24)
Gross operating profit (EBITDA)	275	(6)	-	3	272
Amortisation, depreciation and impairment of non-current assets	(117)	3	-	7	(107)
Operating profit (EBIT)	158	(2)	-	10	165
Net financial income (expense)	(19)	2	2	3	(12)
Net gains (losses) on equity investments	(0)	-	-	0	(0)
Profit before taxes	138	0	2	12	152
Income taxes	(66)	-	(0)	(4)	(70)
Net profit (loss) from continuing operations	72	0	1	8	82
Net Profit (loss) from discontinued operations	334	-	-	(334)	(1)
Profit for the period	407	0	1	(325)	83
Non-controlling interests	(2)	-	-	-	(2)
Profit attributable to the owners of the parent	405	0	1	(325)	81

RECLASSIFIED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

(EUR million)	Reported Statement of Financial Position	Adjustment for impact of IFRS 16	Adjusted Statement of Financial Position
Intangible assets	1,431	-	1,431
Property, plant and equipment	2,483	(170)	2,313
Equity investments and other non-current financial assets	56	-	56
Non-current assets	3,970	(170)	3,800
Inventories	19	-	19
Trade receivables	163	-	163
Trade payables	(104)	-	(104)
Excise duties payable to tax authorities	(0)	-	(0)
Net operating working capital	78	-	78
Employee benefits	(4)	-	(4)
Other assets	303	2	305
Other liabilities	(673)	-	(673)
Net invested capital from continuing operations	3,674	(168)	3,506
Net invested capital from assets held for sale	133	-	133
Net invested capital	3,806	(168)	3,638
Equity attributable to the owners of the parent	2,068	6	2,074
Non-controlling interests	8	-	8
Non-current financial indebtedness	1,690	(174)	1,516
Net financial indebtedness from assets held for sale	41	-	41
Equity and financial indebtedness	3,806	(168)	3,638

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date		Sector	Significant event
7 July 2023	Italy	Corporate	Science Based Target initiative has certified ERG's "Net Zero" objectives. ERG is committed to achieving Net Zero by 2040 through a number of actions both in the short term to 2027 (near-term target) and in the long term to 2040 (long-term target).
18 July 2023	Italy	Corporate	ERG has completed the renewal of the programme for the issue of non-convertible medium/long-term bonds (EMTN Programme).

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 also on the basis of European regulations. It should be noted that the comparison with the previous year is also net of the aforementioned measures.

Italy

The **EBITDA of Wind is expected to decrease** compared to 2022 due to lower volumes recorded in the period and lower sales prices which, in addition to the lower price scenario, will also be affected in the second half of the year by the zeroing of the GRIN incentive in 2023, following the high PUN values recorded in 2022 (EUR 43 per MWh in 2022).

These results will be partly offset by 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).

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

Wind & Solar Italy gross operating profit (EBITDA) for 2023 is expected to decrease compared to 2022.

Abroad

Wind EBITDA is expected to increase compared to 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 improved result is partly offset by lower volumes in the first half of the year and 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.

The **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), while no contribution in terms of EBITDA is conservatively assumed from the additional acquisition expected to come in at year-end (149 MW).

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

2023 Guidance

For 2023, Group EBITDA is forecast in the range between EUR 480 and EUR 520 million, down from the previous range of EUR 500-550 million as a result of the lower volumes recorded in the second quarter of the year and the continuation of a downward price scenario; substantially in line with 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 500-600 million (EUR 946 million in 2022), in line with the previous range, 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 expected disbursements for the recent acquisitions of solar farms in Spain.

Net financial indebtedness at the end of 2023 is expected to be in the range of EUR 1,400 to EUR 1,500 million (EUR 1,434 million at the end of 2022) in line with the previous range. As regards the thermoelectric business, the sale of the assets is expected by the end of 2023. 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.

Genoa, 28 July 2023

on behalf of the Board of Directors

The Chairman

Edoardo Garrone





Condensed interim consolidated financial statements 2023

at 30 June

We ARE #SDGs
CONTRIBUTORS

ERG
EVOLVING ENERGIES

INCOME STATEMENT ⁽¹⁾ ⁽²⁾

(EUR thousand)	Notes	1st half 2023	1st half 2022
Revenue	1	369,807	369,149
Other income	2	12,242	5,985
Purchases	3	(5,718)	(4,833)
Services and other operating costs	4	(82,025)	(70,988)
Personnel expense	5	(25,455)	(24,445)
GROSS OPERATING PROFIT		268,850	274,869
Amortisation of Intangible assets	20	(33,085)	(25,232)
Depreciation of property, plant and equipment and right-of-use assets	20	(79,693)	(85,565)
Reversals of impairment losses (impairment losses)	20	-	(6,525)
OPERATING PROFIT		156,072	157,547
Financial income	36	118,589	92,640
Financial expense	36	(131,424)	(111,842)
Net financial income (expense)		(12,835)	(19,202)
Other net gains (losses) on equity investments	23	5,141	(73)
Net gains (losses) on equity investments		5,141	(73)
PROFIT BEFORE TAXES		148,379	138,272
Income taxes	40	(32,501)	(66,034)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		115,878	72,238
Profit (loss) from discontinued operations	44	(36,260)	334,431
PROFIT FOR THE PERIOD		79,619	406,669
Non-controlling interests	29	1,071	1,834
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT		78,547	404,835

(EUR)	1st half 2023	1st half 2022
Basic and diluted earnings per share ⁽³⁾	0.775	0.483
Basic and diluted earnings per share att. to the owners of the parent ⁽³⁾	0.525	2.707
Earnings per share from discontinued operations ⁽³⁾	-0.242	2.236

(1) The notes commenting on individual items are an integral part of these Condensed Interim Consolidated Financial Statements.

(2) The 2023 and 2022 figures have been reported in accordance with IFRS 5 with reference to the sale of the Thermoelectric Business. It should be noted that in the comparative figures for the first half of 2022, the line "Profit (loss) from discontinued operations" also includes the gain deriving from the sale of the hydroelectric business in application of IFRS 5. See [Section VII Assets held for sale](#).

(3) Calculated on the basis of the average number of shares outstanding for the period of 149,537,920, unchanged compared to the comparison period.

STATEMENT OF COMPREHENSIVE INCOME ⁽¹⁾

(EUR thousand)	Notes	1st half 2023	1st half 2022
Profit for the period		79,619	406,669
Changes that will not be reclassified to profit or loss			
Actuarial gain (losses)		-	-
Related tax		-	-
	13	-	-
Changes that will be reclassified to profit or loss			
Cash flow hedges - effective portion of the fair value change		110,941	142,897
Related tax		(32,034)	(42,869)
	28	78,907	100,028
Foreign operations – Exchange differences		16,244	(7,306)
Related tax		(3,083)	1,387
	28	13,161	(5,919)
Other comprehensive income net of the tax effect		92,067	94,109
Comprehensive income for the period		171,686	500,778
Non-controlling interests		1,071	1,834
Comprehensive income attributable to the owners of the parent		170,615	498,944

(1) The notes commenting on individual items are an integral part of these Condensed Interim Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION⁽¹⁾

(EUR thousand)	Notes	30/06/2023	31/12/2022
ASSETS			
Authorisations and Concessions	14	1,004,935	956,240
Other intangible assets	15	16,280	15,425
Goodwill	16	409,938	408,045
Property, plant and equipment	17	2,312,724	2,120,073
Right-of-use assets	18	170,104	154,311
Equity investments recognised according to the cost method	22	2,071	1,688
Financial assets measured at fair value	31	64,951	33,225
Other non-current financial assets	24	53,907	38,792
Deferred tax assets	42	118,840	138,242
Other non-current assets	10	45,092	53,530
Non-current assets		4,198,840	3,919,570
Inventories	7	18,756	17,603
Trade receivables	6	162,577	202,465
Other current assets	9	98,766	82,147
Current tax assets	41	36,966	32,998
Financial assets measured at fair value	31	31,217	141,568
Other current financial assets	32	150,796	211,136
Cash and cash equivalents	30	444,271	392,811
Current assets		943,350	1,080,729
Assets held for sale	43	100,828	226,086
TOTAL ASSETS		5,243,018	5,226,385
EQUITY			
Share capital	28	15,032	15,032
Other reserves	28	1,674,760	1,213,351
Retained earnings	28	300,108	438,028
Profit for the period	28	78,547	378,939
Equity attributable to the owners of the parent		2,068,447	2,045,350
Non-controlling interests	29	7,514	9,332
TOTAL EQUITY		2,075,961	2,054,682
LIABILITIES			
Employee benefits	13	3,578	3,723
Deferred tax liabilities	42	220,889	197,262
Provision for disposed businesses	25	84,467	84,691
Provisions for dismantling expenses	19	97,279	92,613
Other non-current provisions	26	32,935	24,401
Financial liabilities measured at fair value	35	-	(0)
Non-current financial liabilities	33	2,093,189	1,751,255
Non-current lease liabilities	34	167,681	150,955
Other non-current liabilities	12	30,866	30,989
Non-current liabilities		2,730,884	2,335,888
Other current provisions	26	36,291	38,730
Trade payables	8	101,843	123,002
Financial liabilities measured at fair value	35	19,710	76,644
Current financial liabilities	33	112,357	389,716
Current lease liabilities	34	6,346	6,362
Other current liabilities	11	54,209	59,628
Current tax liabilities	41	96,610	52,311
Current liabilities		427,367	746,394
Liabilities associated with assets held for sale	43	8,806	89,421
TOTAL LIABILITIES		3,167,056	3,171,703
TOTAL EQUITY AND LIABILITIES		5,243,018	5,226,385

(1) The notes commenting on individual items are an integral part of these Condensed Interim Consolidated Financial Statements.

STATEMENT OF CASH FLOWS ^{(1) (2)}

(EUR thousand)	Notes	1st half 2023	1st half 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		79,619	406,669
- Amortisation, depreciation and impairment of non-current assets	20	112,778	117,322
- Increase in other provisions	19-25-26	5,720	12,374
- Decrease in other provisions	19-25-26	(10,572)	(7,623)
- Gains (losses) on equity investments	23	(5,141)	73
- Changes to post-employment benefits	13	(145)	(183)
Financial expense	36	12,835	19,206
Income taxes	40-41	32,501	66,034
Other changes in non-monetary items	28	167,626	(686)
		395,220	613,185
- Change in other current assets and liabilities:			
- Change in inventories	7	(1,053)	3,887
- Change in trade receivables	6	39,889	89,581
- Change in trade payables	8	(24,822)	(65,531)
- Net change in other other assets/liabilities	9-10-11-12	848	(30,060)
- Change in fair value of hedging derivatives on commodities with monetary recognition	37-38	(1,503)	(97,365)
Tax payment	40-41	(8,279)	(46,000)
		5,080	(145,488)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES OF CONTINUING OPERATIONS (A)		400,301	467,697
<i>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES OF ASSETS HELD FOR SALE</i>	43	59,714	18,241
CASH FLOWS FROM OPERATING ACTIVITIES		460,014	485,938
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of intangible assets	14-15	(1,306)	(551)
Acquisition of property, plant and equipment	17	(129,169)	(120,632)
Acquisitions of equity investments and other non-current financial assets	24	-	(661)
Net change in other increases/decreases in non-current assets	14-15-16-18	(3,800)	(14,233)
Net change in equity investment consolidation method	22	(383)	(146)
Collection from disposal of equity investments for price adjustment clauses	23	5,141	-
Collection from the sale of ERG Hydro	44	-	1,093,438
Disposals of equity investments and other non-current financial assets	24-31	822	(6,918)
Change in other current financial assets	31-32	60,360	43,903
Change in the Consolidation Scope due to business combination	45	(84,727)	(24,321)
CASH FLOWS FROM INVESTING ACTIVITIES OF CONTINUING OPERATIONS (B)		(153,062)	969,880
<i>CASH FLOWS FROM INVESTING ACTIVITIES OF ASSETS HELD FOR SALE</i>	43	(1,954)	(34,741)
CASH FLOWS FROM INVESTING ACTIVITIES		(155,016)	935,139
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in non-current loans	33-45	330,000	-
Decrease in non-current loans	33	(118,117)	(260,000)
Net change in current bank loans and borrowings	33	385	(974,581)
Changes in other current financial liabilities	33	(249,438)	(82,827)
Interest paid	36	(2,358)	(14,416)
Early closure of loans	36	-	(2,900)
Dividends paid to shareholders	28-29	(152,427)	(136,168)
Decrease in lease liabilities	34	(3,823)	(2,280)
CASH FLOWS USED IN FINANCING ACTIVITIES OF CONTINUING OPERATIONS (C):		(195,778)	(1,473,171)
<i>CASH FLOWS USED IN FINANCING ACTIVITIES OF ASSETS HELD FOR SALE</i>	43	(57,758)	6,550
CASH FLOWS FROM FINANCING ACTIVITIES		(253,536)	(1,466,620)
NET CASH FLOWS FOR THE PERIOD (A+B+C)		51,462	(45,543)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		392,811	860,352
NET CASH FLOWS FOR THE PERIOD		51,462	(45,543)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		444,271	814,808

(1) The notes commenting on individual items are an integral part of these Condensed Interim Consolidated Financial Statements.

(2) The figures are presented net of the cash flows generated by the "Assets and liabilities held for sale". The cash flows generated by the "Assets and liabilities held for sale" are indicated separately for the cash flows deriving from Operating, Investing and Financing activities, respectively. The cash flows of "Continuing operations" are obtained by adding together the above items.

STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Notes	Share capital	Hedging reserve	Translation reserve	Other reserves	Profit (loss) for the period	Equity attributable to the owners of the parent	Non-controlling interests	Equity
(EUR thousand)									
BALANCE AT 31/12/2021		15,032	(197,831)	4,608	1,564,275	172,897	1,558,983	9,639	1,568,622
Allocation of prior year profit		-	-	-	172,897	(172,897)	-	-	-
Share-based payments with equity-linked instruments		-	-	-	1,339	-	1,339	-	1,339
Distribution of dividends and reserves		-	-	-	(134,584)	-	(134,584)	(1,584)	(136,168)
Acquisitions of companies from third parties		-	-	-	-	-	-	-	-
Other changes		-	-	-	265	-	265	-	265
Profit (loss) for the period		-	-	-	-	404,835	404,835	1,834	406,669
Other comprehensive income		-	100,028	(5,919)	-	-	94,109	-	94,109
Comprehensive income		-	100,028	(5,919)	-	404,835	498,944	1,834	500,778
BALANCE AT 30/06/2022		15,032	(97,802)	(1,312)	1,604,192	404,835	1,924,947	9,889	1,934,836
BALANCE AT 31/12/2022	28	15,032	54,749	(12,618)	1,609,244	378,939	2,045,350	9,332	2,054,682
Allocation of prior year profit		-	-	-	378,939	(378,939)	-	-	-
Share-based payments with equity-linked instruments	28	-	-	-	1,339	-	1,339	-	1,339
Distribution of dividends	28-29	-	-	-	(149,538)	-	(149,538)	(2,889)	(152,427)
Acquisitions of companies from third parties		-	-	-	-	-	-	-	-
Other changes		-	-	-	681	-	681	-	681
Profit (loss) for the period	28-29	-	-	-	-	78,547	78,547	1,071	79,619
Other comprehensive income	28	-	78,907	13,161	-	-	92,067	-	92,067
Comprehensive income		-	78,907	13,161	-	78,547	170,615	1,071	171,686
BALANCE AT 30/06/2023	28	15,032	133,656	543	1,840,697	78,547	2,068,447	7,514	2,075,961

(1) The notes commenting on individual items are an integral part of these Condensed Interim Consolidated Financial Statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

I. INTRODUCTION

ERG S.p.A. is the entity that prepares the financial statements and has its registered office in via De Marini 1 (WTC Tower), Genoa, Italy.

The Condensed Interim Consolidated Financial Statements at 30 June 2023 comprise the financial statements of ERG S.p.A. and of its subsidiaries (together, "ERG" or "the ERG Group").

The ERG Group's core business is the production of electricity from renewable sources including wind, solar and high-efficiency cogenerative thermoelectric power¹⁴ mainly in Italy, France, Germany, the United Kingdom, Poland, Romania, Bulgaria, Spain and Sweden. Publication of these Condensed Interim Consolidated Financial Statements was authorised by the Board of Directors on 28 July 2023.

BASIS OF PREPARATION

Unless indicated otherwise, these Condensed Interim Consolidated Financial Statements are expressed in thousands of Euro (functional currency of the parent ERG S.p.A. and its reporting currency), and were prepared:

- in compliance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 28 February 2005, in particular in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the 2022 Annual Report;
- on a going concern basis and therefore assuming that the Group will be able to meet the mandatory repayment conditions of the credit facilities granted by the banks and the bond issues as indicated in **Note 33 – Current and non-current financial liabilities**.

In accordance with IAS 34, the Condensed Interim Consolidated Financial Statements do not include all the disclosures required for the annual Financial Statements for which, therefore, reference is made to the Group's annual Consolidated Financial Statements at and for the year ended 31 December 2022.

For clearer disclosure, it was deemed preferable to show all amounts rounded off to the nearest EUR thousand; consequently, in some tables, totals may differ slightly from the sum of the amounts that comprise it.

These Condensed Interim Consolidated Financial Statements have been reviewed by KPMG S.p.A. in accordance with the methods indicated by CONSOB in Resolution no. 10867 dated 31 July 1997; the results of this review, carried out by KPMG S.p.A., will be published as soon as they are available.

The accounting standards and measurement criteria are presented in each note to which they refer.

Changes in the application of the accounting standards, where relevant, are described in the following paragraphs.

¹⁴ Business in the process of being sold as described in more detail in the [Assets held for sale](#) section

BASIS OF PRESENTATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These Condensed Interim Consolidated Financial Statements consist of:

- the primary financial statements, with the following characteristics:
 - the **Statement of Financial Position** shows the assets and liabilities according to their maturity, separating current and non-current items. Current assets are those held to be realised, sold or consumed in the normal operating cycle of the Group or in the 12 months after period end; current liabilities are those expected to be extinguished within the normal operating cycle of the Group or in the 12 months after period end;
 - the **Income Statement** includes an analysis of the items by nature, which is deemed more representative than presenting them by function. The form chosen is in fact consistent with internal reporting and management procedures;
 - the **Statement of Comprehensive Income** shows mainly the profit or loss items recognised through other comprehensive income;
 - the structure of the **Statement of Cash Flows** is based on the indirect method, with the indication of the cash flows from operating, investing and financing activities.
 - the **Statement of Changes in Equity** is prepared in accordance with the provisions of IAS 1 and shows separately the flows relating to the components of the reserve for other components of comprehensive income.
- the **Notes to the Condensed Interim Consolidated Financial Statements**.

Furthermore, as required by CONSOB resolution no. 15519 dated 27 July 2006 in **Note 46 – Non-recurring items**, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented separately in the income statement. Also pursuant to the aforementioned CONSOB resolution, the amounts related to the positions and transactions with related parties, which are, however, not considered significant for these Condensed Interim Consolidated Financial Statements, are indicated separately in **Note 47 – Related parties**.

USE OF ESTIMATES – RISKS AND UNCERTAINTIES

Definition and recognition and measurement criteria

Preparation of the financial statements and notes to the financial statements pursuant to IFRS requires ERG to make estimates and assumptions that affect the carrying values of the assets, liabilities, costs and revenue recognised in the Condensed Interim Consolidated Financial Statements and disclosures relating to contingent assets and liabilities. In the financial statements, accounting estimates refer to monetary amounts that are recognised but come with certain uncertainties in their measurement. Available information and subjective evaluations were used to

obtain these estimates. By their very nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that, in subsequent years, the current carrying amounts may differ as a result of the change in the subjective assessments used.

With regard to the sale of the Thermoelectric business and the regulatory measures to limit energy price increases, please refer to the following paragraph.

Financial Statement Area	Description of the accounting estimates and assumptions
Impairment testing of goodwill, authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets	<p>The main assumptions for determining the recoverable amounts concern, in particular:</p> <ul style="list-style-type: none"> • the identification of expected energy and gas prices; • the assessment of the availability of renewable resources, changes to the regulatory framework; • the identification of macroeconomic variables such as inflation and discount rates. <p>For further details, please refer to Note 21 - Impairment testing.</p>
Definition of the useful life of Authorisations and Concessions, other intangible assets, property, plant and equipment and the related amortisation and depreciation	<p>Authorisations and concessions are amortised on the basis of their residual duration. Other intangible assets are amortised over a maximum period of 5 years.</p> <p>The useful life of property, plant and equipment is reviewed annually and adjusted where the most recent estimate differs from previous ones. Any changes in estimates relating to useful life are recognised prospectively. If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components).</p> <p>See section III. Investing Activities for more details.</p> <p>During the period, the Group changed the estimate of the useful lives of some wind farms in Europe in order to align with more recent and accurate estimates, validated by external professionals and experts, to provide a more consistent representation of these plants. The amendment has an effect on the current period and in future years, in compliance with the provisions of IAS 8 Accounting standards, changes in accounting estimates and errors. See Note 20 – Amortisation, depreciation and impairment losses.</p>
Recoverability of deferred tax assets	<p>These are recognised on the basis of the Group's future taxable profits as forecast by business plans as well as of the expected settlement and renewal of tax consolidation agreements (Note 42 – Deferred taxes).</p>

Measurement of provisions and contingent liabilities related to civil, administrative and tax proceedings	<p>The measurement processes are based on complex elements that by their nature imply reliance on the Directors' judgement, also taking into account the elements acquired by external consultants, and involve both determining the degree of likelihood of the occurrence of conditions that may entail a cash outlay and hence classification among liabilities or among contingent liabilities, and quantifying the related amount. See section IV. Provisions and Contingent Liabilities.</p> <p>In particular, with reference to the Provision for Disposed Businesses the most complex elements and uncertainties are connected with the process and with the measurement procedures related to the risks tied mainly to events dating back in time and pertaining to environmental, legal and tax matters tied to the divested "Oil" businesses of Coastal Refining and integrated Downstream (Note 25 – Provision for Disposed Businesses).</p>
Determination of loss allowances and impairment of other assets	<p>Trade receivables and other assets and assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses. Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty. See Note 6 – Trade receivables.</p>
Fair value measurements	<p>Some standards and disclosure obligations require the Group to measure the fair value of financial and non-financial assets and liabilities. The Group has its own structure of appraisers, responsible in general for all significant fair value measurements, including Level 3 measurements (if present). Non-observable input data and valuation adjustments are subjected to regular reappraisal. When information provided by third parties, such as broker quotes or pricing services, is used to determine fair value, the team of appraisers assesses and documents the evidence obtained from third parties to support the fact that such measurements comply with the provisions of EU-IFRS, including the level of fair value hierarchy in which the related measurement has to be classified. The significant aspects relating to the measurement are communicated to the Control and Risk Committee of the Group. See also Section V. Financing activities.</p>
Business Combinations	<p>Fair value measurement of the consideration transferred (including the contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis if the initial accounting for the business combination is still provisional at the Reporting Date.</p>
Determination of the discount rate of financial liabilities and valuation of the renewal options for right-of-use assets	<p>The borrowing rate used is the incremental borrowing rate, determined as the sum of the Group's credit spread and the forward curve based on Euro area swap rates. In relation to the renewal options, the Group estimated the term of the related lease agreements taking into account the reasonable certainty that the option will be exercised. See also Note 18 – Right-of-use assets.</p>

Sale of the Thermolectric Business

During 2021, the Group had initiated a competitive process aimed at divesting the **thermolectric business**, as part of the asset rotation process to achieve a business model entirely focused on wind and solar power generation. On 29 June 2023, ERG signed an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire quota capital of ERG Power S.r.l. Subject, among other things, to the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers, the closing of the transaction is expected by the end of this year. Included in the scope of the sale are 144 people dedicated to ensuring the operation of the thermal power plant. For further details, please refer to the Interim Director's Report.

In consideration of the above, in this document, therefore, the relative results have continued to be classified in the line **"Profit (loss) from discontinued operations"** and the assets and liabilities associated with assets held for sale have been classified in Assets and Liabilities in the Statement of Financial Position. This decision is based on the fulfilment of the conditions outlined in paragraph 12 of IFRS 5, which were already met during the preparation of the Consolidated Financial Statements at 31 December 2022, and the Condensed Interim Consolidated Financial Statements at 30 June 2022.

Regulatory measures to curb energy price increases (Clawback Measures and Windfall Tax)

During 2022, measures were introduced in Italy and abroad to contain the effects of price increases in the electricity sector, as described in more detail in the **Interim Director's Report**.

The implementation of these measures led to refunds that negatively affected the half-year's EBITDA by approximately EUR 7 million (EUR 5 million on the profit from continuing operations).

The breakdown by country of the impacts of the aforementioned measures for the Group is provided below.

(EUR million)	1st half 2023	1st half 2022	Change
Revenues (gross clawback)	377	374	3
(-) clawback measures	7	5	2
France	2	-	2
East Europe	5	5	-
Revenues (net clawback)	370	369	1
EBITDA (gross clawback)	270	277	(7)
(-) clawback measures	7	5	2
France	2	-	2
East Europe	5	5	-
EBITDA (net clawback)	263	272	(9)
Net profit (loss) from continuing operations (gross clawback)	121	122	(1)
(-) clawback measures ⁽¹⁾	6	40	(34)
Italy	-	36	(36)
France	2	-	2
East Europe	4	4	-
Net profit (loss) from continuing operations (net clawback)	116	82	34

(1) The first half of 2022 included windfall tax measures recognised in the tax line of EUR 36 million, deriving from the Italian Decree Law of 21 March 2022.

In particular, in Italy reference is made to:

- the *Surplus profits* contribution introduced by Italian Decree Law of 21 March 2022;
- the 2023 Temporary Solidarity Contribution introduced by the Budget Law for 2023 (Italian Law no. 197 of 29 December 2022);
- Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter).

Abroad, reference is made to:

- the application of the "Windfall Tax" legislation in Romania;
- the Price Cap regulations.

The war in Ukraine

With regard to the conflict in Ukraine, management is continuing to monitor possible critical issues and impacts, including potential ones, on the ERG Group, particularly with regard to credit risk, security and business continuity.

As regards credit risk, there are no positions opened directly with Russian and Ukrainian counterparties.

In relation to plant safety, there are no changes compared to what is illustrated in the 2022 Annual Report with reference to the position of some of the Group's wind farms in Eastern Europe (Poland and Romania) close to the Ukrainian border.

In relation to business continuity, with regard to the procurement of gas for the thermoelectric business, ERG currently procures mainly on the spot market. During the previous period, the critical issues primarily stemmed from operations, which had become more onerous due to higher procurement prices in the market and increased organisational effort. However, the situation relating to the commodities market has partially recovered, with gas and electricity prices falling sharply in the first half of 2023 compared to the high prices recorded in 2022.

On the other hand, the manoeuvres implemented by the world's major central banks to contain the inflationary scenario aggravated by geopolitical tensions are continuing to have a strong impact on financial markets, with the level of interest rates remaining particularly high. Lastly, the general increase in the prices of raw materials and finished products may impact investments in projects under construction in the short/medium term. The current macroeconomic scenario, with particular reference to interest rate trends and any additional regulatory measures in the energy sector, introduces uncertainty that could affect the determination of recoverable values for property, plant and equipment and intangible assets.

Climate Change Risk

Climate change risk is the possibility that climate changes in the short, medium and long term may have impacts on ERG's business with operational and economic/financial consequences in terms of, among other things: decreased availability of renewable resources (wind and sun); limitations or impediments to operations, increased Operation & Maintenance costs, increased insurance costs, higher compliance costs, etc. Based on the latest report from the Intergovernmental Panel on Climate Change (IPCC) on climate change, it is confirmed that global temperatures are rising and there is a noticeable trend in variations of windiness, with an increase in extreme events. However, the

assessment of climate change damages is characterised by high uncertainty due to: (i) the difficulty in accurately predicting the future effects of climate change, both in terms of magnitude and geographical distribution, and (ii) the difficulty in assessing the possible vulnerabilities and/or resilience of the sectors analysed.

The European Commission has proposed the “Repower EU” plan to accelerate the clean energy transition and diversify energy sources. The main measures include increasing renewable energy targets and simplifying authorisation procedures. ERG's risk management strategy focuses, in particular, on the geographical diversification of renewable energy sources, including by leveraging local synergies. The Group also uses weather forecasting tools and statistical models to mitigate the impacts of Climate Change. The Group is therefore committed to contributing to the fight against climate change by investing in zero-emission technologies, such as wind and solar, to align with the European and United Nations objectives on renewable energy.

For more details on the Group's approach to the types of risks generated by Climate Change and the strategy for managing these risks, please refer to the 2022 Annual Report.

BASIS OF CONSOLIDATION AND CHANGES IN THE SCOPE OF CONSOLIDATION

Definition and recognition and measurement criteria

Consolidation criteria and methods¹⁵

Subsidiaries are consolidated on a line-by-line basis if, and only if, the Group has control, i.e.:

- power over the investee;
- exposure, or rights, to variable returns deriving from the relationship with the investee;
- ability to exercise its power over the investee to affect the amount of its returns.

When assessing control, IFRS 10 requires judgment and continuous assessment. For details on when the equity interest does not imply de facto control, please refer to **Note 47 - List of Group companies and transactions during the period**.

The financial statements of subsidiaries are included in the Condensed Interim Consolidated Financial Statements from the time the parent starts exercising control until the date on which control ceases.

Associates over which the Group exercises a significant influence and joint ventures (generally corresponding to an equity investment of between 20% and 50%) are accounted for using the equity method.

For the purposes of the disclosure of the nature, extent and financial effects of the Group's interests in subsidiaries, please refer to **Note 47 - List of Group companies and transactions during the period** and **Note 28 - Non-controlling interests**.

Translation of financial statements in currencies other than the Euro (i.e. foreign operations) and functional currency

The Group's functional currency is the Euro. The financial statements of subsidiaries expressed in currencies other than the Euro are converted according to the following methods:

- the assets and liabilities, including goodwill and adjustments to fair value deriving from the acquisition, are translated into Euro using the closing rates.
- the revenue and costs of foreign operations in the income statement and in the statement of comprehensive income are converted into Euro using the average rate for the period.

Exchange differences are recognised in the Statement of comprehensive income and included in the translation reserve, with the exception of the exchange differences that are attributed to non-controlling interests. The exchange rates used for the translation and the consolidation of financial statements in currencies other than the Euro are as follows:

exchange rate: foreign currency/EUR

Currency	Statement of Financial Position ⁽¹⁾	Income Statement ⁽²⁾
Poland PLN - Zloty	4.439	4.624
Romania RON - Romanian Leu	4.964	4.934
UK GBP - British Pound	0.858	0.876
Bulgaria BGN - Bulgarian LEV	1.956	1.956
Sweden SEK - Swedish Krona	11.800	11.330

(1) Exchange rate at 30th June 2023.

(2) Average exchange rate as at 30th June 2023.

As regards the definition and criteria for recognising and measuring assets and liabilities held for sale in accordance with IFRS 5, please refer to **Note 42 - Assets and Liabilities held for sale** and **Note 43 - Profit (loss) from discontinued operations/continued operations**.

The changes in the scope of consolidation in the half-year are summarised below, broken down by business:

- on 23 June 2023 ERG, through its subsidiary ERG Hamburg Holding GmbH, completed the acquisition from IBV Solar Parks, B.V. – a company in the German group ib vogt GmbH – of 100% of Garnacha Solar S.L., a company that owns a photovoltaic plant located in the region of Castilla and León, in the north-west of Spain. The plant, which is currently in the final phase of construction, will have an installed capacity of 149 MWp with an expected entry into operation by the end of 2023.
- on 30 June 2023 ERG, through its subsidiary ERG Spain Holdco S.L.U., completed the acquisition from Renertia Gestion Solar II, S.C.R.-PYME S.A., a company linked to Renertia Investment Company, of 100% of the share capital of Instalación Fotovoltaica Arericsol VIII, S.L.U., a company that owns a photovoltaic plant located in Fregenal de la Sierra, in the autonomous community of Extremadura, with an installed capacity of 25 MWp. The Fregenal plant, built in 2022, is in the start-up phase and will have an estimated total annual production of around 50 GWh.

¹⁵ The consolidation criteria and methods specifically referring to the thermoelectric asset are not reported here as these assets have been classified under **Assets and Liabilities held for sale**.

The following table summarises the impacts related to the consolidation on a line-by-line basis of the companies acquired in the half-year:

(EUR thousand)	Garnacha	Fregenal	TOTAL
Authorisations and Concessions	65,375	14,964	80,340
Other intangible assets	-	-	-
Goodwill	1,752	95	1,848
Property, plant and equipment	104,019	18,490	122,508
Right-of-use assets	14,995	2,468	17,463
Equity investments	-	-	-
Financial assets measured at fair value	-	-	-
Other non-current financial assets	15,937	-	15,937
Deferred tax assets	-	-	-
Other non-current assets	-	-	-
Non-current assets	202,078	36,017	238,096
Inventories	-	100	100
Trade receivables	-	-	-
Other current assets	299	404	704
Current tax assets	-	-	-
Financial assets measured at fair value*	2,818	-	2,818
Other current financial assets*	20	-	20
Cash and cash equivalents*	(50,188)	(10,773)	(60,960)
Current assets	(47,050)	(10,268)	(57,319)
TOTAL ASSETS	155,028	25,749	180,777
Equity attributable to the owners of the parent	-	-	-
Non-controlling interests	-	-	-
Employee benefits	-	-	-
Deferred tax liabilities	17,048	3,741	20,789
Provision for disposed businesses	-	-	-
Provisions for dismantling expenses	2,473	415	2,888
Other non-current provisions	12,500	-	12,500
Financial liabilities measured at fair value*	-	-	-
Non-current financial liabilities*	77,855	-	77,855
Non-current lease liabilities*	14,995	2,468	17,463
Other non-current liabilities	-	54	54
Non-current liabilities	124,872	6,678	131,550
Other current provisions	-	-	-
Trade payables	3,663	-	3,663
Financial liabilities measured at fair value*	-	-	-
Current financial liabilities*	26,493	19,071	45,564
Current lease liabilities*	-	-	-
Other current liabilities	-	-	-
Current tax liabilities	-	-	-
Current liabilities	30,156	19,071	49,227
TOTAL EQUITY AND LIABILITIES	155,028	25,749	180,777
*Impact on Net Financial Indebtedness (a)	(166,693)	(32,312)	(199,005)
<i>IFRS 16 impact on Net financial indebtedness (b)</i>	<i>(14,995)</i>	<i>(2,468)</i>	<i>(17,463)</i>
Impact on Net Financial Indebtedness Interim Director's Report c = (a-b)	(151,698)	(29,844)	(181,542)

The table above provides a breakdown of the assets acquired and the liabilities assumed inclusive of the impacts of the adoption of IFRS 16.

*The impact on the Net Financial Indebtedness relates to the following items: cash and cash equivalents (which includes the consideration paid for the acquisition), financial assets measured at fair value, non-current financial liabilities, non-current lease liabilities and current financial liabilities.

For further details on business combinations, please refer to [Note 45 – Business combinations and asset acquisition](#) in [section VIII. Other Notes](#).

II. OPERATIONAL MANAGEMENT

This section discusses the items in the Condensed Interim Consolidated Financial Statements strictly related to the operating and current management of the Group's assets as well as the reporting by operating segment. In particular, it discusses the income statement items that make up the gross operating profit or loss and the statement of financial position items relating to the operating working capital as well as other assets and liabilities.

It should be noted that the statement of financial position and income statement figures have been presented in accordance with IFRS 5 with reference to the thermoelectric business being divested. For further details, please refer to [Section VII Assets held for sale](#).

REPORTING BY OPERATING SEGMENT

Definition and recognition and measurement criteria

Following the previously mentioned Asset Rotation process, starting from 2022, the operating results are presented and commented on with reference to the various geographical segments in which the Group 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 the growth strategy in Wind and Solar through a policy of geographical and technological diversification.

It should be noted that the results, shown by geographical segment, reflect the energy sales on 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 segment.

The operating segments identified pursuant to IFRS 8 therefore coincide with the various geographical segments in which the Group operates: Italy, France, Germany, Eastern European countries, UK & Nordics (United Kingdom and Sweden) and Spain.

This information structure corresponds to the reporting structure periodically analysed by the Management and the Board of Directors of the Parent for the purposes of monitoring and managing business performance. The tables below show information by geographical segment on the results indicated in the Condensed Interim Consolidated Financial Statements.

With reference to Italy, and to the current thermoelectric sector disposal process, the related performance has been reclassified as "Discontinued operations" and therefore the economic and financial summary figures for this operating sector under disposal have not been illustrated in the segment reporting below this

paragraph. For more information, refer to [Note 44 - Profit \(loss\) from discontinued operations](#).

It is noted that in the Interim Director's Report, in order to facilitate an understanding of the operating segments' performance, the operating results are also shown with the exclusion of significant special income components of an exceptional nature (non-recurring items, reclassifications and other): these results are indicated with the term "adjusted".

For more information on the operating segment performance and the measurement and reconciliation of adjusted results and other alternative performance indicators, please refer to the Interim Director's Report and to [Note 46 - Non-recurring items](#).

Gross operating profit (loss) and Operating profit (loss)

Gross operating profit (loss) and operating profit (loss) are determined by the operating activities of the Group that generate continuing revenue and by the other income and costs related to the operating activities. Gross operating profit (loss) does not include net financial income and expense, gains and losses on equity investments, income taxes, amortisation, depreciation, reversals of impairment losses and impairment losses on:

- Authorisations and concessions;
- Other intangible assets;
- Property, plant and equipment;
- Right-of-use assets.

Operating profit (loss) is equal to the gross operating profit (loss) less amortisation, depreciation, reversals and impairment losses recognised on authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets.

Reporting by geographical segment

1st half 2023		of which					
(EUR million)	TOTAL	Italy	France	Germany	East Europe	UK & Nordics	Spain
Total revenue	386	207	61	47	40	19	12
Intra-segment revenue	(16)	(16)	-	-	-	-	-
Revenue	370	191	61	47	40	19	12
Gross operating profit (loss)	269	139	42	37	30	11	10
Amortisation, depreciation and impairment losses	(113)	(63)	(21)	(11)	(9)	(6)	(2)
Operating profit	156	76	20	26	21	6	7
Capital expenditure in non-current assets	130	97	11	-	-	22	-

1st half 2022		of which					
(EUR million)	TOTAL	Italy	France	Germany	East Europe	UK & Nordics	Spain
Total revenue	385	199	50	46	56	21	12
Intra-segment revenue	(16)	(16)	-	-	-	-	-
Revenue	369	183	50	46	56	21	12
Gross operating profit (loss)	275	137	31	36	43	18	11
Amortisation, depreciation and impairment losses	(117)	(68)	(23)	(15)	(7)	(2)	(2)
Operating profit	158	69	8	21	36	16	9
Capital expenditure in non-current assets	122	53	9	0	13	48	-

REVENUE AND OPERATING MARGINS

NOTE 1 - REVENUE

Definition and recognition and measurement criteria

Revenue from contracts with customers is recognised in accordance with IFRS 15.

The main types of revenue of the Group that generate separate performance obligations, pursuant to IFRS 15, are:

1. Revenue from the sale of commodities;
 - Sales of electricity on the electricity exchange;
 - Sale of electricity through Power Purchase Agreements (PPAs).
2. Revenue for incentivising tariffs (feed-in tariff, auctions, feed-in premiums, etc.) on electricity;
3. Revenue for green certificates (foreign companies) and guarantees of origin.

The Power Purchase Agreements (PPAs) are long-term and characterised by a defined price and aim to guarantee a revenue structure with a medium/low level of risk and to ensure a stable return on the investments made to realise the aforementioned growth plan.

The Group stipulates commodity derivatives to manage the risk of volatility in the price of electricity. Revenue includes also income and expenses deriving from the reclassification of the hedging reserve relating to derivative instruments with the objective of hedging Power sales. For further details, please refer to **Note 38 – Disclosure on financial risks**.

As regards revenue for the **feed-in premium**, with a duration between 10 and 20 years, this may be invoiced to the customer together with the electricity transferred, or applied separately by the Regulators to the company (in Italy typically by the GSE). These agreements are considered to be distinct performance obligations from the supply of energy and, in the event that they are billed together with the price for energy sold to the customer, the revenue from the customer excludes the feed-in premium portion. The feed-in premium performance obligation is fulfilled at a point in time (when the specific conditions agreed with the Regulator are met/reached: production of electricity from renewable sources), since none of the criteria for fulfilment over time has been met. However, in view of the fact that the electricity is produced and sold at essentially the same

time, the accounting of revenue for the feed-in premium corresponds to that of the revenue for the sale of electricity.

With particular reference to revenues generated through feed-in tariffs regulated by auctions and using a two-way incentive mechanism, under certain predefined conditions, these incentives could be structured as derivative financial instruments. It should be noted that, at the date of this Document, there are no types of two-way incentive mechanisms falling within the definition of derivative financial instrument (IFRS 9).

As regards revenue for certificates, with a duration between 10 and 20 years, this derives from the fact that the Group has mainly renewable generation assets (wind and solar) for whose production the Regulators assign certificates to the Group.

Certificates are therefore instruments to encourage the demand (Certificates of Origin) and supply (Green Certificates) of renewable energy.

Green Certificates are essentially awarded for every MWh of electricity produced. A Guarantee of Origin (GO) is an electronic certificate attesting to the renewable origin of the sources used by IGO qualified plants, and for each MWh of renewable electricity fed into the network by IGO qualified plants, the GSE issues a "GO" certificate.

The Group considers the certificate to have been essentially assigned at the moment the renewable energy is produced, and revenue is recognised when the energy is produced.

The following information is also noted in relation to the disclosure requirements of IFRS 15:

- there are no contracts with significant financing components;
- there are no contracts with variable fees;
- as a practical measure, the entity recognised the incremental costs to obtain the contract as expenditure in the moment in which they were incurred, since the period of depreciation of the assets that the entity would otherwise recognise does not exceed one year.

As already indicated above, it should be noted that following the current process of disposal of the Thermoelectric Business, in this document the relative contribution of the thermoelectric business has been shown in the line "Profit (loss) from discontinued operations", in application of IFRS 5, as had previously been done in the 2022 Interim Director's Report.

1st half 2023

(EUR thousand)	Italy Wind	Italy Solar	Wind Abroad	Solar Abroad	Corporate	Total
Revenue from sales						
Energy to the market	137,559	7,628	73,103	12,111	-	230,401
Incentive rate - Feed-in Tariff	5,374	35,766	82,791	4,840	-	128,771
Green Certificates abroad	-	-	7,320	-	-	7,320
Total Revenue from sales	142,933	43,394	163,214	16,951	-	366,492
Revenue from the provision of services						
Other - Services	-	-	-	-	3,315	3,315
Total Revenue for services	-	-	-	-	3,315	3,315
Total Revenue	142,933	43,394	163,214	16,951	3,315	369,807

1st half 2022

(EUR thousand)	Italy Wind	Italy Solar	Wind Abroad	Solar Abroad	Corporate	Total
Revenue from sales						
Energy to the market	110.668	11.116	26.272	-	-	148.056
Incentive rate - Feed-in Tariff	33.218	34.332	90.302	4.943	-	162.794
Green Certificates abroad	-	-	51.757	-	-	51.757
Total Revenue from sales	143.886	45.447	168.331	4.943	-	362.606
Revenue from the provision of services						
Other - Services	-	-	-	-	6.543	6.543
Total Revenue for services	-	-	-	-	6.543	6.543
Total Revenue	143.886	45.447	168.331	4.943	6.543	369.149

Revenues were substantially in line with the first half of 2022 as a result of the full contribution deriving from the acquisitions made in the second half of 2022, and the entry into operation of the wind farms developed internally and gradually becoming operational during the second half of 2022 and at the beginning of 2023, offset by lower market prices and lower wind and solar production.

For further details regarding the prices and quantities sold please see the comment in the [Interim Director's Report](#).

It should be noted that for greater comparability of the data, the item Revenues from sales relating to the first half of 2022, net of the Windfall tax in Romania for EUR 5 million, previously reported as Taxes and duties under Costs for services and other operating costs, was restated.

The timeframe for the collection of receivables related to revenue depends on the type of revenue. Receivables for energy sold to the market have average realisation times of less than three months, for contracts with end customers and for transport revenue the time-frame varies according to the counterparty.

As regards the timeframe for the distribution of incentives in Italy for the generic "m" month the payment, following publication of the report highlighting the incentives due for the month "m+1", takes place by the end of the "m+2" month. Finally, for solar companies, it is specified that the GSE pays the incentive tariffs in constant monthly instalments equal to 90% of the estimated average annual producibility of each plant, in the calendar year of production, and makes the adjustment, in relation to actual production, by 30 June of the following year. Advance payments are made at the end of the second month following that of the accrual period.

It is noted that the Group, as leader in the generation of electricity from renewable sources and based on a strategic plan geared towards growth in installed capacity in Italy and abroad, regularly enters into medium/long-term supply contracts based on which the counterparty acquires, for a contractually predetermined period, the output of one or more identified farms. The Power Purchase Agreements (PPAs) are long-term and characterised by a defined price and aim to guarantee a revenue structure with a medium/low level of risk and to ensure a stable return on the investments made to realise the aforementioned growth plan.

Below is a summary of the PPA agreements by country finalised by 30 June 2023:

Country	Start date/duration	Counterparty	Volume	Stype	Price	Plants/capacity	Accounting
 Italy	January 2022 / 10 years	TIM	~340 GWh Baseload / Pay as Produced	Physical	Collar	Wind Italy Portfolio / 77 MW 	IFRS 15
 Italy	January 2023 / January 2024 / 12 years	Luxottica	~70 GWh Baseload	Physical from January 2024	Fixed	Partinico / Monreale / 42 MW 	IFRS 15
 France	May - September 2021 / 5 years	Engie	~45 GWh Pay as Produced	Physical	Fixed	Bois Bigot / Bois de l'Arche / 21 MW 	IFRS 15
 France	October - December 2021 / 5 years	Engie	~100 GWh Pay as Produced	Physical	Fixed	Theta Portfolio / 55 MW 	IFRS 15
 UK	January 2022 / 6 years	ElectroRoute	~240 GWh Pay as Produced	Physical	Fixed	Evishagaran / Craiggore / 70 MW 	IFRS 15
 UK	January 2023 / January 2024 / 10 years	Engie UK	~530 GWh Baseload	Physical	Fixed	Sandy Knowe / Creagh Riabhach / 179 MW 	IFRS 15

NOTE 2 - OTHER INCOME

Other income mainly includes insurance reimbursements, compensation and expense repayments, immaterial chargebacks to third parties and grants related to income.

(EUR thousand)	1st half 2023	1st half 2022	Change
Indemnities	3,354	1,075	2,279
Other income	2,211	1,914	297
Release of excess cost allocations	6,355	2,873	3,482
Reimbursement of expenses	321	123	199
TOTAL	12,242	5,985	6,257

The change compared to the first half of 2022 mainly refers to contractual indemnities and guarantees received from suppliers for EUR 2.8 million in addition to, for EUR 2.3 million for the release of provisions for risks recorded at the time of the acquisition of certain CGUs, as the conditions that had originally led to their recognition no longer existed.

NOTE 3 - PURCHASES

The item, amounting to EUR 5,718 thousand (EUR 4,833 thousand in the first half of 2022), mainly includes the costs for the purchase of plant components (spare parts) with a useful life not exceeding one year and consumables mainly in relation to wind farms, as well as energy purchase costs.

NOTE 4 - SERVICES AND OTHER OPERATING COSTS – LOSSES ALLOWANCE

(EUR thousand)	1st half 2023	1st half 2022	Change
Services	61,096	53,692	7,404
Rental, lease and hire expenses	8,784	7,282	1,501
Taxes and duties	7,434	6,885	549
Other operating costs	3,383	1,444	1,939
Accruals for risks and charges	1,329	1,684	(355)
Total	82,025	70,988	11,038

Rental, lease and hire expenses refer mainly to fees for the use of company software, not falling within the scope of application of IFRS 16.

Taxes and duties refer mainly to the municipal taxes on the Italian and foreign wind farms, undeductible VAT for ERG S.p.A. financial assets and other taxes and duties in Italy and abroad.

Services are broken down as follows:

(EUR thousand)	1st half 2023	1st half 2022	Change
Maintenance and repairs	22,013	18,260	3,753
Information Technology (IT) services and overheads	13,944	14,872	(928)
Consultancy services	7,251	7,034	218
Utilities and consumption	5,624	5,950	(326)
Commercial, distribution and transport costs	4,449	516	3,933
Insurance	3,398	2,802	597
Directors' remuneration	3,344	3,318	26
Services from network operator	680	546	134
Statutory Auditors' remuneration	202	191	11
Advertising and promotions	191	204	(14)
Total	61,096	53,692	7,404

- **Maintenance and repairs** mainly include ordinary maintenance costs for electricity production plants; the increase refers to business combinations (acquisitions) carried out during the period as well as to the contribution of the wind farms that came into operation in the United Kingdom.
- **Information Technology (IT) services and overheads** relate to IT services, bank expenses, overheads, security and cleaning services and ancillary personnel and HSE costs.
- **Consultancy services** includes mainly expenses for legal, technical and professional consultancy as well as expenses incurred for non-recurring transactions.
- **Directors' remuneration** includes fees, expenses and the portion of the cost pertaining to the 2021-2023 Long Term Incentive Plan. In accordance with IFRS 2 – Share-Based Payment transactions, following the implementation of the aforementioned Incentive Plan with reference to the Directors, the portion of the cost accrued was recognised under costs for services. For further details, please refer to **Note 5 – Personnel expense**.

- **Commercial, distribution and transportation costs** increased due to the fact that prior to the first half of 2022 the Italian companies relied on ERG Power Generation S.p.A. for energy supply for utilities and the associated distribution and transportation costs. However, starting from the second half of 2022, these companies primarily sourced their energy and related costs from third-party suppliers.

NOTE 5 - PERSONNEL EXPENSE

(EUR thousand)	1st half 2023	1st half 2022	Change
Wages and salaries	19,109	17,592	1,517
Social security expenses	4,645	4,846	(201)
Post-employment benefits	955	1,107	(151)
Other personnel costs	746	900	(155)
Total	25,455	24,445	1,010

At 30 June 2023, the total number of employees¹⁶ was 612 (566 at 30 June 2022).

The cost for post-employment benefits pertains mainly to the portion of benefits relating to defined contribution plans. The cost also includes the contributions paid to defined contribution plans in favour of key management, for the details of which please see **Note 47 – Related Parties**.

“Other personnel costs” include additional post-employment benefits.

With regard to Share-based payment transactions, there are no changes to report with respect to what is indicated in the 2022 Annual Report.

¹⁶ The number of employees does not include the staff dedicated to ensuring the operation of the CCGT cogeneration plant held for sale.

WORKING CAPITAL AND OTHER ASSETS AND LIABILITIES

(EUR thousand)	Notes	30/06/2023	31/12/2022	Change
Trade receivables	6	162,577	202,465	(39,889)
Inventories	7	18,756	17,603	1,153
Trade payables	8	(101,843)	(123,002)	21,159
Operating working capital		79,489	97,066	(17,577)
Other current assets	9	98,766	82,147	16,619
Other non-current assets	10	45,092	53,530	(8,437)
Other non-current liabilities	12	(30,866)	(30,989)	123
Other current liabilities	11	(54,209)	(59,628)	5,419
Assets for fair value derivatives hedging commodities	31	1,328	72,033	(70,705)
Liabilities for fair value derivatives hedging commodities	35	(19,710)	(76,644)	56,934
Employee benefits	13	(3,578)	(3,723)	145
Other assets (liabilities)		36,824	36,727	97

NOTE 6 - TRADE RECEIVABLES

(EUR thousand)	30/06/2023	31/12/2022	Change
Receivables from customers	129,584	157,880	(28,295)
Receivables for incentives	38,487	58,722	(20,236)
Loss allowance	(5,495)	(14,137)	8,642
Total	162,577	202,465	(39,889)

The item includes mainly receivables for the supply of electricity to third parties and environmental certificates (feed-in tariff and green certificates).

The change in the period is mainly due to the decrease in the price of incentives in Italy, the energy scenario and the lower volumes recorded.

The loss allowance changed as follows:

(EUR thousand)	30/06/2023	Increases	Decreases	31/12/2022
Loss allowance	(5,495)	-	(8,642)	(14,137)
Total	(5,495)	-	(8,642)	(14,137)

The decrease in the period relates mainly to the utilisation for the impairment losses recognised on the incentives in Eastern Europe, following a ruling by the Supreme Administrative Court in April 2023 that they are irrecoverable. The related loss allowance was recognised for the purposes of the Consolidated Financial Statements at 31 December 2021. The Group assesses the existence of objective evidence of impairment on an individual basis. The impairment tests are checked at individual company level by the Credit Committee, which meets periodically to analyse the situation of past due trade receivables and any critical issues related to their collection.

NOTE 7 - INVENTORIES

Inventories, amounting to EUR 19 million (EUR 18 million at 31 December 2022), mainly include spare parts for wind farms and photovoltaic plants.

NOTE 8 - TRADE PAYABLES

Trade payables, amounting to EUR 102 million (EUR 123 million at 31 December 2022), mainly include payables for maintenance costs and other services from third parties for plants in operation (EUR 51 million), for investments related to wind farms under construction (EUR 19 million) and for purchases of electricity (EUR 32 million). The change mainly concerns electricity purchases, impacted by lower prices and lower volumes in the first half of 2023..

NOTE 9 - OTHER CURRENT ASSETS

(EUR thousand)	30/06/2023	31/12/2022	Change
Tax assets	54,932	43,544	11,389
Portions of deferred charges	24,920	17,157	7,763
Other assets	18,913	21,446	(2,533)
Total	98,766	82,147	16,619

Tax assets relate to tax-related assets such as VAT and other taxes. The item does not include receivables relating to direct taxes, for which reference is made to **Note 41– Current tax assets and liabilities**.

The **Portions of deferred charges** refer mainly to lease payments to municipalities, surface rights and insurance premiums for approximately EUR 13 million and to deferred charges relating to development projects for approximately EUR 12 million.

NOTE 10 - OTHER NON-CURRENT ASSETS

Other non-current assets, equal to EUR 45 million (EUR 54 million at 31 December 2022) relate mainly to:

- the portion still to be collected (EUR 19 million) of the grants as per Italian Law no. 488/92 relating to wind farms acquired with the ERG Wind transaction. With respect to the aforesaid receivables, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 12 – Other non-current liabilities**);
- amounts of EUR 8 million due as compensation for the liability tied to interest and revaluations on the grants under Italian Law no. 488/1992 relating to wind farms acquired with the ERG Wind transaction and revoked by the Italian Ministry of Economic Development as discussed more thoroughly in **Note 24 – Other non-current financial assets**;
- deferred tax charges relating to subsequent years (EUR 8 million), relating mainly to the substitute tax on the Andromeda PV S.r.l. goodwill exemption.

NOTE 11 - OTHER CURRENT LIABILITIES

(EUR thousand)	30/06/2023	31/12/2022	Change
Other current liabilities	31,140	26,407	4,733
Tax liabilities	14,748	10,572	4,176
Employees	4,652	10,846	(6,194)
Pension and social security institutions	3,233	4,531	(1,298)
Accrued expenses and deferred income	435	7,272	(6,837)
Total	54,209	59,628	(5,419)

The change in the item **Other current liabilities** mainly refers to short-term guarantee deposits received from Group customers, as well as to changes in minor items.

The change in the item **Employees** refers mainly to the payment of bonuses related to the Management Compensation Plan.

NOTE 12 - OTHER NON-CURRENT LIABILITIES

(EUR thousand)	30/06/2023	31/12/2022	Change
Liabilities for prior year taxes from merger of foreign companies	18,594	18,594	-
Price of Wind Group acquisition	9,821	9,821	-
Other minor items	1,731	1,782	(51)
Accrued expenses and deferred income	719	791	(72)
Total	30,866	30,989	(123)

NOTE 13 - EMPLOYEE BENEFITS

Liabilities for employee benefits, which amounted to EUR 3,578 thousand (EUR 3,723 thousand at 31 December 2022), include the estimated liability related to the severance indemnity payable to employees upon termination of employment.

There are no changes to report with respect to what is indicated in the 2022 Annual Report. In particular, due to the absence of significant changes during the first half of 2023 in the parameters used for the actuarial calculation, no actuarial adjustments were made.

III. INVESTING ACTIVITIES

NOTE 14 - AUTHORISATIONS AND CONCESSIONS

(EUR thousand)	Authorisations and Concessions
Historical cost	1,377,656
Amortisation and impairment losses	(421,415)
BALANCE AT 31/12/2022	956,240
Changes for the period:	
Change in scope of consolidation	80,340
Amortisation	(31,672)
Other changes	26
Historical cost	1,457,995
Amortisation and impairment losses	(453,061)
BALANCE AT 30/06/2023	1,004,935

For greater comprehension, changes during the period relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated amortisation and impairment losses.

The change in the scope of consolidation mainly refers to the increase resulting from the Garnacha and Fregenal business combinations, which took place during the first half of 2023. For further details, please refer to [Note 45 – Business Combinations and Asset Acquisition](#).

NOTE 15 - OTHER INTANGIBLE ASSETS

(EUR thousand)	Other intangible assets	Assets under development	Total
Historical cost	64,475	7,739	72,213
Amortisation and impairment losses	(56,788)	-	(56,788)
BALANCE AT 31/12/2022	7,686	7,739	15,425
Changes for the period:			
Capital expenditure	946	360	1,306
Reclassifications	1,636	(1,636)	-
Amortisation	(1,413)		(1,413)
Other changes	330	632	962
Historical cost	66,663	7,095	73,758
Amortisation and impairment losses	(57,478)		(57,478)
BALANCE AT 30/06/2023	9,185	7,095	16,280

For greater comprehension, changes during the period relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated amortisation and impairment losses. Assets under development at the end of the period, like the main changes in the period, refer to software mainly in ERG S.p.A. and ERG Power Generation S.p.A.

NOTE 16 - GOODWILL

This item at 30 June 2023 amounted to EUR 410 million (EUR 408 million at 31 December 2022). The change refers to the Garnacha and Fregenal business combinations, which took place in the first half of 2023. For further details, please refer to **Note 45 – Business Combinations and Asset Acquisition**.

For the purposes of these Condensed Interim Consolidated Financial Statements, the test required by paragraph 12 of IAS 36 was performed and no elements emerged that required an adjustment to the carrying amount of goodwill. For more information, see the comments in **Note 21 - Impairment Testing**.

NOTE 17 - PROPERTY, PLANT AND EQUIPMENT

(EUR thousand)	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Historical cost	99,830	4,251,483	35,975	214,461	4,601,749
Depreciation and impairment losses	(46,974)	(2,409,824)	(24,879)	-	(2,481,677)
BALANCE AT 31/12/2022	52,856	1,841,660	11,096	214,461	2,120,073
Changes for the period:					
Change in scope of consolidation	-	122,508	-	-	122,508
Capital expenditure	508	422	1,090	127,149	129,169
Reclassifications	-	20,059	105	(20,164)	-
Disposals and divestments	-	(1,922)	-	-	(1,922)
Depreciation	(1,530)	(71,476)	(1,948)	-	(74,954)
Other changes	982	16,783	85	-	17,850
Historical cost	101,542	4,339,369	36,253	321,445	4,798,387
Depreciation and impairment losses	(48,726)	(2,411,335)	(25,825)	-	(2,485,664)
BALANCE AT 30/06/2023	52,817	1,928,034	10,428	321,445	2,312,724

For greater comprehension, changes during the period relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated depreciation and impairment losses.

The **change in the consolidation scope** refers mainly to the aforementioned Garnacha and Fregenal business combinations during the period and investments made during the period. For a more detailed analysis, reference should be made to **Note 45 – Business Combinations and Asset Acquisition**.

Capital expenditure mainly refers to investments for Repowering activities on some Italian wind farms for approximately EUR 79 million, as well as the development of wind farms under construction in Italy, the United Kingdom and France for approximately EUR 50 million.

The item **Reclassifications** includes reclassifications between different asset classes, relating to the completion and development of wind farms under construction.

The item **Other changes** mainly refers for approximately EUR 16 million to the negative change in the exchange rate effect during the period.

With regard to the existence of restrictions on the assets held by the Group, please refer to **Note 33 – Current and non-current financial liabilities**.

NOTE 18 - RIGHT-OF-USE ASSETS

The change in this item over the period is shown in the following table:

(EUR thousand)	Land and buildings	Specific plant	Equipment	Other assets	Total
BALANCE AT 31/12/2022	152,942	479	30	858	154,311
Increase in right-of-use assets	1,405	792	167	706	3,070
Increase in right-of-use assets due to business combinations	17,463	-	-	-	17,463
Amortisation/depreciation for the period	(4,160)	(15)	(25)	(539)	(4,739)
BALANCE AT 30/06/2023	167,651	1,256	172	1,025	170,104

The increase for the period in the item **Land and buildings** is mainly due to the recognition of the right of use on the land of the wind farms and photovoltaic plants referring to the aforementioned Garnacha and Fregenal business combinations. For further details on business combinations, please refer to **Note 45 – Business combinations and asset acquisition** in [section VIII. Other Notes](#).

NOTE 19 - PROVISIONS FOR DISMANTLING EXPENSES

(EUR thousand)	30/06/2023	Increases	Decreases	Change in the consolidation scope	31/12/2022
Provisions for dismantling expenses	97,279	4,269	(2,491)	2,888	92,613
Total	97,279	4,269	(2,491)	2,888	92,613

The change in the period is mainly related to the increases concerning the recognition of the provision for the dismantling of wind farms that came into operation at the beginning of 2023 in the UK (approximately EUR 1 million) and the financial revaluation of the costs for the restoration of some wind farms in Italy acquired in the previous period, and in particular represented by the reversal of the discounting effect, in the amount of approximately EUR 2 million. The **Change in the consolidation** scope refers to the acquisitions made during the year (approximately EUR 3 million). The decreases refer to the use of provisions as part of repowering activities on some wind farms in Italy.

NOTE 20 - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(EUR thousand)	1st half 2023	1st half 2022	Change
Amortisation of Authorisations and Concessions	31,672	24,276	7,396
Amortisation of Other intangible assets	1,413	956	457
Total	33,085	25,232	7,853
Depreciation of Property, Plant and Equipment	74,954	81,392	(6,438)
Depreciation of right-of-use assets	4,739	4,174	565
Total	79,693	85,565	(5,873)
Impairment losses (reversals of impairment losses) on Authorisations and Concessions	-	3,296	(3,296)
Impairment losses (reversals of impairment losses) on Property, plant and equipment and Right-of-use assets	-	3,229	(3,229)
Total	-	6,525	(6,525)

Amortisation and depreciation refer mainly to wind and solar plants.

It should be noted that during the period, in line with IAS 8 as a change in accounting estimates, as better described in the section [“Use of Estimates – Risks and Uncertainties”](#), the residual useful life of certain wind power assets not subject to Repowering in Italy was revised, based on technical appraisals, and in Europe, for wind farms with similar technology subject to LTE certification (“Lifetime Extension” programme), resulting in lower depreciation and amortisation in the period of approximately EUR 11 million.

This change is partially offset by the contribution made by wind and solar assets acquired in the second half of 2022 and the entry into operation of the plants developed internally and gradually becoming operational in the second half of 2022 and in the first half of 2023.

NOTE 21 - IMPAIRMENT TESTING

IAS 36 specifies that at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired. If there is such an indication, then the asset's recoverable amount must be estimated.

In assessing whether the aforementioned indication exists, the entity must consider the presence of any “indicators of impairment”, as required by paragraph 12 of IAS 36. To this end, the Group took into consideration that IAS 36 defines the internal and external sources of information, such as:

- External sources:
 - Significant reduction in the value of assets;
 - Negative changes in technology, markets, economy and laws;
 - Increase in discount rates;
 - Carrying amount of net assets higher than market capitalisation.

- External sources:
 - Evidence of physical obsolescence;
 - Significant internal changes with negative effects in the period or expected in the near future;
 - Evidence from internal reports that the performance is or will be lower than the Budget expectations.

For this analysis, reference was made to the results of the first half of the year with respect to the approved plans and the forecasts on business performance for the remainder of the year, as well as the update of the scenarios also in the medium to long term and the evolution of the discount rate.

Following the exercise of analysing the internal and external indicators listed above, no indicators of impairment emerged such as to require a restatement of the value of the assets allocated to the identified Cash Generating Units. In this regard, it should be recalled that the tests carried out for the purpose of the Consolidated Financial Statements at 31 December 2022 showed a positive difference (headroom), in some cases even significant, between recoverable value and book value for all groups of CGUs under review. In the second half of the year, the directors will continue to monitor the possible impacts resulting from the volatility and uncertainty characterising the geopolitical, macroeconomic and energy framework of reference, and in particular will assess whether the possible continuation of these conditions could represent an indicator of impairment in the impairment test at year-end.

Finally, it should be specified that the Group's capitalisation at the end of the period was EUR 4.1 billion, well above the equity amount at 30 June 2023.

In light of the above, therefore, the values already verified for the Consolidated Financial Statements at 31 December 2022 are confirmed.

NOTE 22 - EQUITY INVESTMENTS

(EUR thousand)	Measured at cost	Total
Equity investments:		
- in subsidiaries not consolidated on a line-by-line basis	1,575	1,575
- in other companies	496	496
TOTAL	2,071	2,071

(EUR thousand)	Equity investments			
	Subsidiaries not consolidated on a line-by-line basis*	Joint ventures	Other companies	Total
31/12/2022	1,092	99	496	1,687
Changes for the period:				
Disposals and divestments	-	(99)	-	(99)
Measurement using the equity method	483	-	-	483
30/06/2023	1,575	-	496	2,071

* This item includes non-operating companies.

For more details on the changes during the period, please refer to **Note 48 - List of Group companies and transactions during the period**.

NOTE 23 - NET GAINS (LOSSES) ON EQUITY INVESTMENTS

(EUR thousand)	1st half 2023	1st half 2022	Change
Price adjustment of equity investment	5,174	46	5,128
Allocation to provision for risks on equity investments	(33)	(118)	86
Total	5,141	(73)	5,214

The item **Price adjustment on equity investments** includes the positive effect deriving from the collection of two price adjustments related to the sale of equity investments occurred in previous years (TotalErg S.p.A. and ERG Hydro S.r.l.) for an amount of EUR 3 million and EUR 2 million, respectively.

NOTE 24 - OTHER NON-CURRENT FINANCIAL ASSETS

(EUR thousand)	30/06/2023	31/12/2022	Change
Assets tied up in the Escrow Account - Italian Law no. 488/92 grants	24,240	24,240	-
Security deposits and other	29,667	14,552	15,115
Total	53,907	38,792	15,115

The **Assets tied up in the Escrow Account** relate to the sums deposited by the Group awaiting the decision of the Naples Court of Appeals and other competent courts, with reference to grants pursuant to Italian Law no. 488/92 relating to wind farms acquired as part of the ERG Wind transaction. With respect to the aforesaid receivables, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (as illustrated in **Note 12 – Other non-current liabilities**).

Italian Law no. 488/92 contributions by ERG Wind

In the period from 2001-2005, prior therefore to the acquisition by ERG Renew S.p.A. (now ERG Power Generation S.p.A.) of the companies belonging to the International Power Group, funds were assigned to these companies pursuant to Italian Law no. 488/1992 totalling EUR 53.6 million in relation to some projects for the construction of wind farms.

In the first half of 2007, an investigation was initiated by the Public Prosecutor at the Court of Avellino in relation to the allocation of these grants with specific reference to the alleged falseness of certain of the documents provided with the grant application.

In 2007, the attachment of the Italian Law no. 488/1992 incentives still to be provided was ordered (EUR 21.9 million) and on 30 September 2008 the Public Prosecutor ordered the precautionary attachment of seven wind farms. Following the deposit of an amount equal to EUR 31.6 million by the involved companies, in January 2010 the wind farms which have been under precautionary attachment were released, upon attachment of the afo-

rementioned amounts.

These amounts were then transferred to the Escrow Account.

The first instance proceedings were opened in 2012 before the Criminal Section of the Court of Avellino against the aforementioned companies and other defendants.

These proceedings were concluded in December 2020 with a ruling that ordered (i) the acquittal of/nonsuit against all natural persons; (ii) the acquittal of some companies with reference to 2 projects with immediate repayment of the amounts subject to preventive attachment, equal to approximately EUR 7.4 million and (iii) the conviction of some companies with reference to 7 projects, with confiscation of the amounts relating to the grants pursuant to Italian Law no. 488/92 disbursed to the same and already deposited with the Escrow Account (Fondo Unico di Giustizia - FUG) for a total amount of approximately EUR 24.2 million, with the provision of administrative pecuniary sanctions, for a total amount of approximately EUR 0.5 million, and 1-year

interdiction orders. The confiscation and the sanctions indicated above are not immediately enforceable until the judgement becomes final.

The convicted companies appealed the ruling of the Court of Avellino according to the legal terms and the proceedings are now pending before the Naples Court of Appeal.

By contrast, the Public Prosecutor did not appeal the ruling, which therefore became final in the part which acquits ERG Wind Sicilia 3 S.r.l. and ERG Wind Sicilia 2 S.r.l. (the latter in relation solely to the Camporeale project).

In March and April 2014 the companies that were the recipients of the incentives pursuant to Italian Law no. 488/1992 received from the Ministry of Economic Development the orders communicating the initiation of the procedures to revoke the aforementioned incentives.

On 6 February 2015, extraordinary appeals were served against the ministerial cancellation decrees, with simultaneous petition for the precautionary suspension of the enforceability of the contested measures.

On 27 July 2015, the beneficiary companies were issued with payment notices relating to the return of the incentives. Said notices were challenged with the submission of opposition proceedings before the Court of Genoa.

As part of said proceedings, the Civil Judge ruled the tax assessments suspended against the submission of bank guarantees

for the entire value of the latter (EUR 49 million). At the hearing of 23 October 2018, the Civil Judge, noting the prejudicial nature of the proceeding initiated with the extraordinary appeal before the President of the Republic of Italy, ordered the suspension of the civil proceedings while the administrative case is pending.

The proceedings subsequent to the filing of the extraordinary appeals to the Head of State are also still pending and, despite the reminders filed by the applicants, the decision on the appeal and on the merits did not take place during 2022. Ideally, the appeals will be decided upon in 2023.

In view of: (i) the guarantees issued by the seller of the companies of the International Power Group to ERG in the contract of transfer of the investments in these companies, (ii) the settlement agreement concluded between said seller and ERG dated 19 December 2016, in which these guarantees were confirmed and further detailed, and (iii) the fact that in the 2013 Consolidated Financial Statements a liability for an amount corresponding to the nominal amount of the incentives for which the Italian Ministry of Economic Development is requesting the return (see definition of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 12 – Other non-current liabilities**)) had already been allocated, further provisions are not required.

There are no changes to report with respect to what is indicated in the 2022 Annual Report.

IV. PROVISIONS AND CONTINGENT LIABILITIES

NOTE 25 - PROVISION FOR DISPOSED BUSINESSES

(EUR thousand)	30/06/2023	Increases	Decreases	31/12/2022
Provision for disposed businesses	84,467	545	(769)	84,691
Total	84,467	545	(769)	84,691

The “**Provision for disposed businesses**” includes tax, environmental or legal provisions deriving from the Group’s transactions before 2018, the year in which the Group completed its industrial transformation process, initiated in previous years, which led to its definitive exit from OIL businesses.

This process comprised two fundamental steps:

- the sale of the last stake held in ISAB S.r.l., on 30 December 2013, which marked the exit from the **Coastal refining** business;
- the sale of the Group’s interest in TotalErg S.p.A., on 10 January 2018, which determined the exit from the **Integrated downstream** business

In addition to this strategic restructuring of the Group, there was the sale of the hydroelectric business, with the company ERG Hydro S.r.l., which took place on 3 January 2022, from which some allocations were derived.

Although the ERG Group is no longer an active operator in the above-mentioned sectors, there are still remaining liabilities tied to the previous industrial activity and not yet fully defined.

The main issues underlying the main allocations are summarised below:

- regarding the ongoing **dispute** between ERG Raffinerie Mediterranee (now ERG S.p.A.) and the Italian Tax Authorities over the application of harbour duties for embarkation and disembarkation rights at the Santa Panagia jetty, on 6 April 2011 the Syracuse Provincial Tax Commission partially upheld the Company's appeal and ruled that harbour duties through 2006 are not due, finding them to be due from 2007 onwards. The first level ruling was challenged within the deadline by the Customs Agency and by ERG with appeal relative to the period subsequent to 2006. The appeal decision, issued by the Regional Tax Commission and filed on 27 May 2013, amended the first level decision unfavourably for ERG. Following a thorough evaluation of the reasons for the appeal decision, the Company decided to appeal before the Court of Cassation, deeming its own arguments to be well grounded (in particular with regard to the notion of "harbour" in accordance with Italian Law no. 84/94 and to the alleged novating or retroactive validity of Article 1, paragraph 986 of the 2007 Italian Budget Law). On 4 November 2013, the Syracuse Regional Tax Commission allowed the request to suspend the effectiveness of the appeal decision, requiring the issue of a first demand insurance guarantee in favour of the Customs Agency. In the court order issued on 30 September 2019, the Court of Cassation ruled favourably on the appeal filed by the company and, consequently, rejected – overturning – the contested decision by the Regional Tax Commission. The proceedings were therefore continued within the terms prescribed by law before the Regional Tax Commission so that the latter – which has changed in composition since the previous hearing – may once again examine the merits of the case. A date for the hearing is still pending. From 2007, the relevant taxes were recognised in the income statement on an accrual basis.
- with reference to **environmental risk**, with regard to the South Site the likelihood of exposure to contingent liabilities is deemed remote, as the risk has already been limited by the settlement reached with the Italian Ministry of the Environment in August 2011 and registered by the Court of Auditors on 20 December 2011, and by the Settlement Agreement stipulated on 30 December 2013 between ERG S.p.A. and Lukoil. With regard to the North Site, depending on the double guarantee scheme deriving both from the agreement executed with ENI (previous owner of the site), and the agreement executed with Lukoil (new owner), the risk is as follows:
 - (i) for potential environmental damage prior to 1 October 2002, ENI is liable indefinitely;
 - (ii) with reference to potential damages relating to the period after 1 October 2002, ERG will be liable – without time limitations – only for potential damages linked to events known at the time of signing the contract with Lukoil and expressly identified therein ("Known Environmental Matters"), it being understood that, up to an amount of EUR 33.4 million, the expenses related to the compensation of such damages will be shared between ERG and Lukoil (51% and 49%), while beyond this amount ERG will be charged in full for any additional charges.

On 9 September 2017, the Italian Ministry for the Environment warned some of the companies of the Priolo site, including ERG Power S.r.l. and ERG Power Generation S.p.A., to clean up the Augusta Roadstead. The request is

unlawful and has therefore been contested before the Administrative Courts (the hearing for the presentation of the arguments has yet to be set). On 30 October 2020 and, subsequently, on 11 June 2022 and 30 May 2022, ERG Power S.r.l. and ERG Power Generation S.p.A. served notice of three further appeals for additional reasons, for the cancellation, respectively of (i) protocol no. 0064419 of 14 August 2020 in which the Italian Ministry of Environment and Protection of Land and the Sea called a preliminary conference of services to evaluate the report prepared in January 2020 by Ispra and IAS-CNR, regarding the "Site of national interest of Priolo Rada di Augusta" and (ii) the decree of the Italian Ministry of Ecological Transition, General Management and Environmental Remediation protocol no. 50 of 15 April 2022, in which the Ministry approved the Ispra and IAS-CNR report, deeming the document a suitable basis on which to draft a remediation plan in Augusta Roadstead; and (iii) protocol no. 42114 of 1 April 2022 with which the Italian Ministry of Ecological Transition – Directorate General for the Sustainable Use of Soil and Water Resources, submitted the intervention plan for the definition of sediment intervention values in the Augusta Roadstead (Priolo SIN), drafted by ISPRA. These acts were challenged because the Italian Ministry's initiative was undertaken on the basis of the same (incorrect) assumptions, which formed the basis of the caution of 2017, already challenged by ERG Power S.r.l. and ERG Power Generation S.p.A. ERG S.p.A. is not party to the proceedings, but the environmental issues relating to the Augusta Roadstead arise in the context of the environmental guarantees present in the various contracts with ENI and Lukoil;

- with reference to the sale of **TotalErg** and in particular to the guarantees connected to the buyer on prior contingent liabilities (retained matters and other prior contingent liabilities), the best estimate of the expense was computed on the basis of the information available to management and taking into account the large number of underlying elements and all possible outcomes of the related issues.

NOTE 26 - OTHER PROVISIONS

(EUR thousand)	Non-current portion	Current portion	30/06/2023	Increases	Decreases	Change in the consolidation scope	31/12/2022
Provisions for tax risks	29,984	6,158	36,141	-	(3,426)	12,500	27,067
Provisions for institutional counterparty risks	-	24,345	24,345	718		-	23,626
Provision for legal risks	-	1,524	1,524		(2,221)	-	3,745
Other provisions for risks and charges	2,951	4,264	7,216	189	(1,665)	-	8,693
Total other provisions	32,935	36,291	69,226	907	(7,312)	12,500	63,131

The **Provision for tax risks** includes, among other things, the allowance relating to the existing dispute and to the potential dispute in relation to local taxes brought as a result of the different interpretation provided by the Italian Revenue Agency regarding application of the regulatory provisions introduced by Italian Law no. 208/2015 (in particular, wind towers are considered by the Italian Revenue Agency to be relevant for the purposes of calculating cadastral rent).

The increase in the change in the scope of consolidation refers to the recognition of a provision against tax and legal risks identified in relation to the acquisitions during the period. The decrease in the period mainly refers to the release and use of some provisions recognised as part of the acquisitions made in previous periods.

The **Provision for institutional counterparty risks** mainly refers to the following risks:

- charges tied to interest and revaluations on the grants under Italian Law no. 488/1992 (EUR 13 million), relating to wind farms acquired as part of the ERG Wind transaction and revoked by the Italian Ministry of Economic Development, as described in more detail in **Note 24 - Other non-current financial assets**. It should be noted that the risks associated with the revocation of the aforementioned grants are covered in the ERG Wind acquisition agreements by specific indemnity obligations issued by the seller and therefore the related receivable was allocated to **Other non-current assets**;
- contingent charges of foreign companies (EUR 9 million) refers to contingent liabilities concerning Romania, recognised in 2015 on the winding up of the joint venture LUKERG Renew.

The **Provision for legal risks** mainly relates to provisions for risks relating to the wind and solar business.

The item **Other provisions for risks and charges** in the period mainly refers to risks on potential higher contractual charges (approximately EUR 3 million) as well as risks relating to disputes involving some foreign companies.

The decrease mainly refers to the use or release of provisions for sundry risks and charges by ERG S.p.A. and ERG Power Generation S.p.A., for which the requirements that had originally led to their recognition are no longer met.

NOTE 27 - CONTINGENT LIABILITIES AND DISPUTES

ERG is a party in civil, administrative and tax proceedings and legal actions connected with the normal course of its operations.

Where no explicit mention is made of a provision, the Group has assessed the corresponding risk as possible and provides the relevant information.

The Notes to the Condensed Interim Consolidated Financial Statements illustrate the significant contingent liabilities represented by:

- possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events not wholly within the Group's control;
- present obligations arising from past events the amount of which cannot be reliably estimated, or for which it is probable that settlement will not be onerous.

For the purposes of these Condensed Interim Consolidated Financial Statements, there are no obligations falling within the definition described above.

V. FINANCING ACTIVITIES

OWN FUNDS

NOTE 28 - EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The change in equity during the year is shown below:

(EUR million)

Equity attributable to the owners of the parent	31/12/2022	Share-based payments	Dividends	Translation differences and actuarial changes	Hedging reserve	Profit	30/06/2023
	2,046	1	(150)	13	79	79	2,068

(EUR thousand)

	30/06/2023	31/12/2022
Share capital	15.032	15.032
Share premium reserve	69.166	69.166
Revaluation reserves	66.946	66.946
Legal reserve	3.236	3.236
Merger reserve	251.706	251.706
Hedging reserve	133.656	54.749
Translation reserve	543	(12.618)
Other reserves	1.149.508	780.166
Total Reserves	1.674.760	1.213.351
Retained earnings	300.108	438.028
Profit for the year	78.547	378.939
Equity attributable to the owners of the parent	2.068.447	2.045.350
Non-controlling interests	7.514	9.332
Equity	2.075.961	2.054.682

Share capital

The parent's fully paid-in share capital at 30 June 2023 consisted of 150,320,000 shares with a par value of EUR 0.10 each for a total of EUR 15,032,000 (unchanged since 31 December 2022).

At 30 June 2023, the Company's Shareholders' Register, in relation to shareholders holding significant equity investments, shows the company SQ Renewables S.p.A. as the owner of approximately 63% of the share capital, unchanged compared to 31 December 2022.

The shareholding structure of ERG S.p.A. is shown below:

	No. of shares	%
Capitale	150,320,000	100%
SQ Renewables S.p.A.	94,000,000	63%
ERG S.p.A. (treasury shares)	782,080	1%
Others lower than 3%	55,537,920	37%
Total	150,320,000	100%

Treasury shares

At the date of preparation of this document there were 782,080 treasury shares, unchanged compared to 31 December 2022.

On 26 April 2023, pursuant to Article 2357 of the Italian Civil Code, the Ordinary Shareholders' Meeting authorised the Board of Directors, subject to revocation, for the period still remaining, of the previous authorisation resolved by the Shareholders in the meeting on 26 April 2022, for a period of 18 months effective from 26 April 2023, to purchase treasury shares up to a revolving maximum (i.e. the maximum amount of treasury shares held from time to time in the portfolio) of 15,032,000 ordinary ERG shares with a par value of EUR 0.10 each, at a unit price, including ancillary purchase charges, not lower than 30% below and not higher than 10% above the closing price of the share on the day immediately preceding each individual transaction. This is in order to optimise the capital structure with a view to maximising the creation of value for shareholders, also in relation to the available liquidity and, nonetheless, for any other purposes allowed by the applicable legislative and regulatory provisions in force. The purchase must be carried out through the use of distributable profits and available reserves resulting from the last approved Financial Statements, in compliance with Article 132 of the Consolidated Law on Finance and in the manner set forth in Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation, i.e. "on regulated markets or multilateral trading facilities in accordance with the operating procedures established in the organisational and management regulations of the markets themselves, which do not allow the direct matching of trading proposals for purchase with predetermined trading proposals for sale".

The Shareholders authorised the Board of Directors, pursuant to Article 2357-ter of the Italian Civil Code, upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2023, for 18 months as from 26 April 2023, to also sell, all at once or in several steps, and with any procedures deemed appropriate in relation to the purposes, which the disposal is attempting to achieve, treasury shares at a unit price no lower than 10% below the closing price of the share on the day immediately preceding each individual disposal.

Dividends

In the first half of 2023, ERG S.p.A. paid dividends totalling EUR 149.5 million, equal to EUR 1.00 for each of the shares entitled to receive dividends at the coupon date. In the corresponding period of the previous year, dividends amounting to EUR 134.6 million were distributed, equal to EUR 0.90 for each of the shares entitled to receive dividends on the ex-dividend date.

Supplementary information on capital

The objectives identified by the Group for capital management are to safeguard corporate viability, to create stakeholder value and to support Group development. In particular, the Group pursues the maintenance of an adequate level of capitalisation that allows it to produce a satisfactory economic return for the shareholders and to assure access to external financing sources, also through the achievement of an adequate rating. In this context, the Group manages its own capital structure and makes adjustments to it, if changes in the economic conditions require it. There were no substantial changes to the objectives, to the policies or to the processes at the date of preparation of this document.

Hedging reserve

With reference to the impact on the statement of comprehensive income of hedging derivatives in the amount of EUR 78,875 thousand, please refer to the [Statement of comprehensive income](#).

NOTE 29 - NON-CONTROLLING INTERESTS

Non-controlling interests relate to the consolidation on a line-by-line basis of the following companies that have other shareholders:

Company	% non-controlling interest	non-controlling interests	Profit/(Loss)
Andromeda PV S.r.l.	21.50%	7,514	1,071

Note also that dividends of EUR 2,889 thousand were paid to non-controlling interests.

NET FINANCIAL INDEBTEDNESS

Definition and recognition and measurement criteria

For the purposes of defining the net financial indebtedness, reference is made to the details on the matter in CONSOB Warning Notice no. 5/21 of 29 April 2022.

In detail, the net financial indebtedness is broken down as follows:

A. Cash

B. Cash equivalents

C. Other current financial assets

D. Liquidity (A) + (B) + (C)

E. Current financial liabilities – instruments measured at fair value

F. Current portion of non-current financial liabilities

G. Current financial indebtedness (E) + (F)

H. Net current financial indebtedness (G) - (D)

I. Non-current financial liabilities. Financial liabilities

J. Debt instruments

K. Trade payables and other current liabilities

L. Non-current financial indebtedness (I) + (J) + (K)

M. Net financial indebtedness (H) + (L)

(EUR thousand)	Notes	30/06/2023	31/12/2022
A. Cash	30	444,271	392,811
B. Cash equivalents		-	-
C. Other current financial assets	31 - 32	177,867	244,916
D. Liquidity (A+B+C)		622,138	637,727
E. Current financial liabilities		(55,895)	(56,680)
E. Current financial liabilities - instruments measured at Fair Value	33	-	-
F. Current portion of non-current financial liabilities - loans, borrowings, project financing and leases	35	(23,165)	(320,518)
F. Current portion of non-current financial liabilities - other liabilities	33	(33,298)	(12,518)
F. Current portion of non-current financial liabilities - current lease liabilities	33	(6,346)	(6,362)
G. Current financial indebtedness (E+F)		(118,703)	(396,079)
H. Net current financial indebtedness (G-D)		503,435	241,648
I. Non-current financial liabilities	33	(497,236)	(156,282)
I. Non-current financial liabilities - Non-current lease liabilities	34	(167,681)	(150,955)
J. Bonds issued	33	(1,593,984)	(1,593,007)
K. Trade payables and other liabilities	33	(1,967)	(1,967)
K. Trade payables and other liabilities (instruments measured at fair value)	35	-	-
L. Non-current financial indebtedness (I+J+K)		(2,260,868)	(1,902,210)
M. Net financial indebtedness (H+L)		(1,757,433)	(1,660,562)
Net financial indebtedness Assets held for sale		40,576	98,334

The table below shows the reconciliation between net financial indebtedness and the net financial indebtedness reported in the [Interim Director's Report](#).

(EUR thousand)	30/06/2023	31/12/2022
Net financial indebtedness	(1.757.433)	(1.660.562)
Exclusion of IFRS 16 impact (lease liabilities)	174.027	157.317
Exclusion of positive fair value IRS financial derivatives	3.029	5.497
Exclusion of positive fair value ERG S.p.A. derivative financial instruments	64.740	63.544
Net financial indebtedness from continuing operations	(1.515.637)	(1.434.204)
Inclusion of liabilities associated with assets held for sale	(40.576)	(98.334)
Net Financial Indebtedness Interim Director's Report	(1.556.213)	(1.532.538)

Indirect and contingent indebtedness

In accordance with ESMA Guidelines, the description and nature of the Group's indirect and contingent indebtedness at 30 June 2023 is provided below.

The Group's indirect and contingent indebtedness at 30 June 2023 amounted to approximately EUR 244 million, mainly attributable to the development of wind farms in the United Kingdom, France and Sweden (approximately EUR 31 million) and the development of Repowering and Revamping projects on wind farms and photovoltaic plants in Italy for around EUR 213 million.

NOTE 30 - CASH AND CASH EQUIVALENTS

This item, equal to EUR 444 million at 30 June 2023 (EUR 393 million at 31 December 2022), is made up of cash generated by the Group's assets, deposited short-term with the banks of which the Group is a client, for an amount equal to EUR 419 million, in addition to the balance in the accounts of wind and solar companies owned by ERG Power Generation S.p.A. according to the restrictions on use set forth in the relative project financing agreements for an amount of approximately EUR 25 million. For further details on these Project Financings, please refer to **Note 33 - Current and non-current financial liabilities**.

The change in cash and cash equivalents is summarised in the **Statement of Cash Flows**

NOTE 31 - FINANCIAL ASSETS MEASURED AT FAIR VALUE

(EUR thousand)	30/06/2023	31/12/2022	Impact on Net Financial Indebtedness
Fair value derivatives hedging interest rates	64,951	33,225	
Total non-current portion	64,951	33,225	
Fair value derivatives hedging interest rates	2,818	35,755	
Assets for commodity hedging derivatives	1,328	72,033	
Assets for non-commodity hedging derivatives	27,071	33,780	✓
Total current portion	31,217	141,568	

The non-current portion of approximately EUR 65 million (EUR 33 million at 31 December 2022) refers to the non-current portion of the positive fair value of ERG S.p.A.'s Prehedge.

The current portion, equal to EUR 35 million at 30 June 2023 (EUR 142 million at 31 December 2022), consists of the fair value of receivables for non-commodity hedging derivatives with physical delivery for an amount of EUR 27 million at 30 June 2023 (EUR 34 million at 31 December 2022), as well as EUR 6 million relating to the fair value of the instruments hedging interest rate risk on some Group companies. Finally, receivables referring to the positive fair value of commodity price risk hedging instruments amounted to EUR 1 million (EUR 72 million at 31 December 2022). The decrease in this item compared to 31 December 2022 is attributable to the early termination of certain derivative financial instruments during the first half of 2022.

NOTE 32 - OTHER CURRENT FINANCIAL ASSETS

This item, amounting to EUR 151 million at 30 June 2023, fully included in the net financial indebtedness (EUR 211 million at 31 December 2022), consists mainly of short-term investments of EUR 100 million (EUR 100 million at 31 December 2022) and collateral deposits on transactions on futures derivatives for approximately EUR 3 million (EUR 10 million at 31 December 2022), as well as EUR 41 million in receivables relating to the centralised treasury between ERG Power Generation S.p.A. and ERG Power S.r.l. (EUR 98 million at 31 December 2022).

NOTE 33 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

(EUR thousand)	30/06/2023				31/12/2022			
	Carrying amount			Nominal amount	Carrying amount			Nominal amount
	Current portion(*)	Non-current portion	Total	Total	Current portion(*)	Non-current portion	Total	Total
Bonds issued	5,920	1,593,984	1,599,904	1,600,000	7,006	1,593,007	1,600,013	1,600,000
Loans and borrowings	3,387	328,945	332,332	330,000	249,438	-	249,438	250,000
Project Financing	19,778	168,291	188,069	188,365	55,070	156,282	211,352	215,314
Lease liabilities**	-	-	-	-	16,009	-	16,009	15,285
Total non-current debt	29,085	2,091,220	2,120,304	2,118,365	327,524	1,749,288	2,076,812	2,080,599
Bank loans and borrowings	49,975	0	49,975	49,975	49,674	-	49,674	49,674
Other liabilities	33,298	1,967	35,265	35,265	12,518	1,967	14,485	14,485
Total Other liabilities	83,272	1,967	85,239	85,239	62,192	1,967	64,159	64,159
Total Financial liabilities	112,357	2,093,187	2,205,544	2,203,604	389,716	1,751,255	2,140,971	2,144,758

* The current portion of loans and borrowings includes the reversal of the IFRS 9 gain, if applicable.

** The change refers to the early redemption of lease liabilities in Italian solar companies.

The following table shows the composition in percentage terms of the outstanding nominal amount of non-current debt:

Non-current Debt	30/06/2023	%	31/12/2022	%
Project Financing	188,365	9%	215,314	10%
Leases	-	0%	15,285	1%
Loans and borrowings	330,000	16%	250,000	12%
Bonds issued	1,600,000	76%	1,600,000	77%
	2,118,365	100%	2,080,599	100%

Financial Strategy and Sustainable Finance

The 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 of gradual evolution of its financial structure from Project Financing to Corporate Financing, through major liability management operations and the concurrent issue of three bonds in April 2019, September 2020 and September 2021. This strategy has made it possible to rebalance the Group's financial structure in favour of corporate-based financing and to transform the debt structure from traditional to sustainable sources of financing.

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

At 30 June 2023, 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 1,829 million at 31 December 2022 out of a total of financial sources equal to a nominal amount of EUR 2,081 million) include:

- *Green Bonds*, for a total of EUR 1,600 million (amount unchanged from 31 December 2022), 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;
- *Sustainability bilateral linked loans* for a total nominal amount of EUR 330 million, which provide a reward mechanism linked to the achievement of a target in terms of installed renewable capacity and in terms of participation women to managerial positions in the Group. Loans are detailed under the item **Loans and borrowings**;
- *ESG Linked Project Green Financing*, for a total of EUR 188 million (EUR 79 million at 31 December 2022), subscribed mainly for wind farms in Italy and photovoltaic farms in Spain relating to green power generation projects.

For more details on the Group's Sustainable Finance strategy, please refer to the 2022 Annual Report.

The composition of funding sources shows the achievement of the "sustainable funding" objective of at least 90% of the Group's funding sources as outlined in the new 2022-2026 ESG plan.

Non-current Debt	30/06/2023	%	31/12/2022	%
Traditional sources of financing	188,365	9%	251,599	12%
Sustainable sources of financing	1,930,000	91%	1,829,000	88%
Total Non-current Debt	2,118,365	100%	2,080,599	100%

In addition to the aforementioned funded financial sources, in October 2022 the company 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 (of which one is environmental and one relates to diversity in the composition of the workforce).

This facility, amounting to Euro 600 million, was fully available at 30 June 2023.

At 30 June 2023, the weighted average interest rate on borrowings, loans and project financing was 1.91% (1.64% at 31 December 2022). The rate indicated does not take into account interest rate hedges.

Note that the average debt ratio including hedging transactions was 1.38% (1.37% in 2022).

The **Bonds issued**, amounting to EUR 1,600 million at 30 June 2023 (EUR 1,600 million at 31 December 2022), include:

Type of loan	ISIN	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating	Carrying amount	Nominal amount
Green Bond	XS1981060624	1.88%	11/04/2019	11/04/2025	99.67%	1.93%	Fitch: BBB-	500,663	500,000
Green Bond	XS2229434852	0.50%	11/09/2020	11/09/2027	99.21%	0.62%	Fitch: BBB-	498,040	500,000
Green Bond	XS2229434852	0.50%	23/12/2020	11/09/2027	101.10%	0.33%	Fitch: BBB-	100,785	100,000
Green Bond	XS2386650274	0.88%	15/09/2021	15/09/2031	99.75%	0.90%	Fitch: BBB-	500,416	500,000
Total								1,599,904	1,600,000

The liability for bonds is presented net of commissions and other borrowing costs for an amount of EUR 8.0 million. These costs were recognised in the income statement under financial expenses in the first half of 2023 according to the amortised cost method in the amount of EUR 0.9 million, corresponding to the portion accrued for the period.

The carrying amount of the financial liability includes approximately EUR 7.9 million of interest accrued in the period.

Loans and borrowings, amounting to EUR 332 million at 30 June 2023 (EUR 249 million at 31 December 2022) refer to:

- un *Sustainable bilateral linked loan* with Credit Agricole Corporate and Investment Bank (EUR 130 million) signed in the first half of 2023, repayment of which is expected in 2028.
- un *Sustainable bilateral linked loan* with Caixa Bank (EUR 100 million) signed in the first half of 2023, repayment of which is expected in 2028.
- un *Sustainable bilateral linked loan* with Cassa Depositi e Prestiti (EUR 100 million) subscribed in the first half of 2023, repayment of which is expected in 2028.

It should be noted that during the period the two bilateral Corporate loans with Mediobanca S.p.A. (EUR 150 million) and Intesa San Paolo S.p.A. (EUR 100 million) were repaid on their natural maturity.

Disbursement	Type of loan	Lending bank	Maturity	Rate	Carrying amount	Nominal amount
2023	Sustainability bilateral linked loans	Credit Agricole Corporate and Investment Bank	28/02/2028	IRS: Euribor 6M + Spread	131,265	130,000
2023	Sustainability bilateral linked loans	Caixa bank	31/03/2028	IRS: Euribor 6M + Spread	100,705	100,000
2023	Sustainability bilateral linked loans	Cassa Depositi e prestiti	02/05/2028	IRS: Euribor 6M + Spread	100,362	100,000
Total					332,332	330,000

The loans shown above are recognised net of ancillary charges recognised in the accounts using the amortised cost method (EUR 1.3 million) and interest accrued for the period (EUR 3.6 million) calculated without taking into account interest rate hedging transactions.

Project Financing, amounting to EUR 188 million at 30 June 2023 (EUR 211 million at 31 December 2022), refers to:

- loans for EUR 88 million relating to the company Andromeda PV S.r.l.;
- loans for EUR 19 million disbursed for the construction of a wind farm through a German company;
- two loans for a total of EUR 81 million acquired as part of the business combinations during the period.

These loans are recognised net of ancillary expenses recognised using the amortised cost method (EUR 0.4 million).

Project financing is guaranteed by the underlying asset. Please refer to the following section for a comment on any pertaining covenants and negative pledges.

Bank loans and borrowings equal to EUR 50 million include mainly short-term positions referred to current accounts of credit facilities.

Lease liabilities are written off following the early redemption of the existing contracts in the photovoltaic companies acquired in Italy in 2022 (balance of EUR 16 million at 31 December 2022).

Other liabilities for the non-current portion refer to deferred components of the consideration for the acquisition of companies operating in the wind business abroad for approximately EUR 2 million, and for the current portion refer mainly to deferred components of the consideration for the acquisition of companies operating in the wind business abroad for approximately EUR 9.5 million.

Covenants and negative pledge

At the reporting date, all the covenants on the Group's loans had been satisfied.

The above-mentioned financial liabilities contain covenants typical of the financial market, which place limits on the financed company in line with the prevailing market practice for similar agreements.

These agreements contain also negative pledges, clauses that generally prohibit assets being used as collateral for any other third-party lenders and protect the creditor's right over the assets pledged by the debtor as a guarantee for repayment of the loan.

As regards commitments and guarantees issued in favour of lenders, these mainly refer to:

- i) the special lien on movable assets
- ii) the mortgage of real estate
- iii) the pledge on restricted current accounts
- iv) the pledge on 100% of the share capital (including the pledge of 100% of the share capital of any subsidiaries).

The table below provides details on the financial parameters relating to the Group's loans/Project Financing.

Interim Financial Report 2023	2022 Consolidated Financial Statements	Project Financing/Loans	Compliance with covenant(s)	Event of Default	Remedies in case of Event of Default*
✗	✓	ERG Eolica Fossa del Lupo S.r.l. Project Financing	n/a	HDSCR less than 1.05x and FDSCR less than 1.05x	n/a
✗	✓	EW Orneta 2 SP. Z.O.O. Project Financing	n/a	HDSCR less than 1.10x and LLCR less than 1.10x	n/a
✓	✓	Windpark Linda GmbH Project Financing	✓	HDSCR less than 1.05x	✓
✓	✓	Andromeda PV S.r.l. Project Financing	✓	Historical Annual DSCR and Projected Annual DSCR greater than 1.10x	✓
✓	✗	Garnacha Solar S.l. Project Financing	n/a	FDSCR and HDSCR less than 1.05x and LLCR less than 1.05x	✓
✓	✗	ERG Solar Fregenal de la Sierra Project Financing	n/a		n/a
✗	✓	Mediobanca Corporate Loan	✓	Net Debt/Equity < 3.75x	✓
✓	✗	CA-CIB Corporate Loan	n/a		n/a
✓	✗	CaixaBank Corporate Loan	n/a		n/a
✓	✗	CDP Corporate Loan	n/a		n/a
✗	✓	Intesa Sanpaolo Corporate Loan	n/a		n/a

LLCR: Loan Life Cover Ratio

HDSCR: Historical Debt Service Coverage Ratio

FDSCR: Forecast Debt Service Coverage Ratio

* Contractually established remedies that the Company can take to avoid default.

Key:

✓ Present

✗ Not present

n/a Not applicable

NOTE 34 - LEASE LIABILITIES

Financial liabilities accounted for in accordance with IFRS 16 equal to EUR 174 million (EUR 157 million at 31 December 2022) of which EUR 168 million (EUR 151 million at 31 December 2022) non-current and EUR 6 million current (EUR 6 million at 31 December 2022).

The liability refers to the present value of payments due and not paid at the start date of the lease plus implicit interest accrued on said liability and less payments made during the period.

The increase in the period mainly refers to the liability recognised for the acquisitions that took place during the year.

For further details, please refer to **Note 45 – Business combinations and asset acquisition**.

NOTE 35 - FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

The current portion of EUR 20 million (EUR 77 million at 31 December 2022) is made up entirely of liabilities for derivatives hedging commodities referring to the negative fair value of the instruments hedging commodity price risk,

which are not included in the classification of financial liabilities and therefore are not included in the net financial indebtedness.

NOTE 36 - NET FINANCIAL INCOME (EXPENSE)

(EUR thousand)	1st half 2023			1st half 2022		
	Financial income	Financial expense	Net	Financial income	Financial expense	Net
Bank interest income (expense) on current accounts	7,297	(10)	7,287	1,253	(532)	721
Financial income (expense) on interest rate derivatives - differential	5,910	(699)	5,211	39	(1,907)	(1,868)
Interest expense to third parties on loans/borrowings	-	(14,361)	(14,361)	-	(181)	(181)
Interest expense on project financing	-	(3,705)	(3,705)	-	(12,971)	(12,971)
Liability management transactions	1,851	(5,512)	(3,661)	-	(3,018)	(3,018)
Liquidity management/Cost of debt	15,059	(24,288)	(9,230)	1,292	(18,608)	(17,316)
Other financial income (expense)	4,585	(2,738)	1,847	5,170	(888)	4,281
Derivative financial income (expenses) – change in fair value	98,703	(98,640)	62	86,166	(85,969)	197
Effect of loan renegotiations - IFRS 9	128	(992)	(864)	-	(1,944)	(1,943)
Amortised cost on loans, borrowings and project financing	-	(1,307)	(1,307)	-	(1,630)	(1,630)
Interest expense on lease liabilities	-	(3,401)	(3,401)	-	(2,476)	(2,476)
Exchange gains (losses)	115	(58)	57	9	(328)	(319)
Other income (expense)	103,530	(107,136)	(3,605)	91,345	(93,235)	(1,890)
Total	118,589	(131,424)	(12,835)	92,640	(111,842)	(19,206)

The **Interest expenses to third parties on loans/borrowings** and **Interest expense on project financing** included in the cost of debt represent the portion of financial expenses relating to contractual interest, while their adjustment to the effective interest rate is represented by the items **Effect of loan renegotiations - IFRS 9** and **Amortised cost on loans, borrowings and project financing**. The change in interest expense is mainly due to the significant increase in interest rates compared to the comparative period. This change is effectively hedged under the item **Financial income (expenses) on interest rate derivatives - differential**. In addition, the strong growth in interest rates has also made it possible to invest with significant returns and to remunerate the Group's liquidity; the income from these investments is included in the item **Bank interest income (expense) on current accounts**.

The item **Liability management transactions** includes the non-recurring charges linked to the closure of some project financing of some operating wind companies, including the related IFRS 9 loan renegotiation effects, items accounted for under the amortised cost method, as well as the partial extinguishment of the fair value related to derivative financial instruments, where applicable, hedging related interest rates.

The net item **Derivative financial income (expense) – change in fair value** refers to the change in fair value of certain derivative financial instruments on commodities. The gross values of income and expenses represented reflect the technical purchase and sale transactions and are of a significant amount due to the variability of the Energy Scenario.

It should be noted that the net result of the aforementioned transactions is not significant, in line with the objectives set in the policy and with previous years.

The item **Effect of loan renegotiations - IFRS 9** refers to the effect of the application of IFRS 9 relating to the renegotiation of existing loans and includes financial income and the related reversals on restructuring transactions. This item is not significant due to the closure of most of the loans subject to renegotiation.

NOTE 37 - FINANCIAL INSTRUMENTS

The following table shows, for each financial asset and liability, the carrying amount and the fair value. Information on the fair value of financial assets and liabilities not measured at fair value are excluded, when the carrying amount represents a reasonable approximation of fair value.

30/06/2023

(EUR thousand)	Fair value – Hedging instruments	FVTPL instruments - other	Financial as- sets measured at amortised cost	Other financial liabilities	Total Carrying Amount	Fair value	Level 1	Level 2	Level 3
Equity investments		2,071			2,071	2,071	2,071		
Other non-current financial assets	-	-	53,907	-	53,907	53,907	-	53,907	-
Interest rate swap hedging	67,769	-	-	-	67,769	67,769	-	67,769	-
Commodity derivatives*	-	-	-	-	-	-	-	-	-
Other current financial assets	-	-	179,194	-	179,194	179,194	-	179,194	-
Trade receivables	-	-	162,577	-	162,577	162,577	-	-	-
Current financial securities	-	-	-	-	-	-	-	-	-
Other assets	-	-	143,859	-	143,859	143,859	-	143,859	-
Cash and cash equivalents	-	-	444,271	-	444,271	444,271	-	-	-
Total assets	67,769	2,071	983,808	-	1,053,648	1,053,648			
Loans and borrowings	-	-	-	332,332	332,332	402,813	-	402,813	-
Bonds	-	-	-	1,599,904	1,599,904	1,674,199	-	1,674,199	-
Non-recourse project financing	-	-	-	188,069	188,069	239,901	-	239,901	-
Lease payables	-	-	-	-	-	-	-	-	-
Current bank loans and borrowings	-	-	-	49,975	49,975	49,975	-	49,975	-
Financial liabilities	-	-	-	35,265	35,265	35,265	-	35,265	-
Interest rate swap hedging	-	-	-	-	-	-	-	-	-
Commodity derivatives*	19,710	-	-	-	19,710	19,710	19,710	-	-
Trade payables	-	-	-	101,843	101,843	101,843	-	-	-
Other liabilities	-	-	-	85,077	85,077	85,077	-	85,077	-
Total liabilities	19,710	-	-	2,392,464	2,412,174	2,608,782			

(*) the item does not include the fair value of the futures for which cash settlement of open positions is also envisaged (for which the relative fair value cannot be found in the statement of financial position as it has already been settled) amounting to approximately EUR 50 million.

To determine the market value of these instruments, ERG uses various models for measuring and valuation. It should be noted that there have been no changes in the fair value hierarchy levels and in the measurement of financial instruments with respect to that indicated in the 2022 Annual Report.

NOTE 38 - FINANCIAL RISK DISCLOSURE

The ERG Group attaches great importance to identifying and measuring risks and to the related controls, in order to ensure efficient management of the risks it runs. Consistently with this objective, an advanced Risk Management system was adopted that assures, in compliance with the existing policies on the matter, the identification, measurement and central level control for the entire Group of the degree of exposure to individual risks.

The Group Risk Management & Corporate Finance function ensures consistency with the assigned risk limits and provides adequate support with its own analyses, both to individual subsidiaries and to the Risk Committee and Top Management of the Parent, for strategic decisions.

Market risk

This comprises exchange rate risk, interest rate risk and commodity price risk. The management of these risks is regulated by the guidelines provided in the Group Policy and by internal procedures in the Finance area.

Moreover, specific risk management policies and procedures have been developed, based on industry best practices, for the continuous measurement of exposure levels with respect to a Risk Capital value allocated by the parent.

Market risk - *interest rate*

This risk identifies the change in future interest rate trends that may cause higher costs for the Group. Containment of the interest rate risk is pursued by using derivative contracts such as Interest Rate Swaps and Interest Rate Options (plain vanilla).

Market risk - *commodity*

Commodity price risk consists in unexpected fluctuations in the prices of raw materials, of procurement of services, of finished products and services provided for sale on the open market.

The Group implements all risk management strategies necessary to avoid the economic damages deriving from the volatility of the price for the sale and purchase of Electricity and from fluctuations in the Clean Spark Spread.

Market risk - *exchange rate*

Identifies the unexpected future change in exchange rates that could determine higher costs for the Group (transaction risk), or impacts on the Condensed Interim Consolidated Financial Statements due to the conversion of assets and liabilities of companies that prepare their financial statements in another currency (translation risk). The management of exchange rate risk consists mainly of its acceptance, in consideration of the reduced exposure that the Group has with reference to this risk. The Group also adopts a strategy based on pursuing a balance between assets and liabilities in foreign currencies, thus minimising net exposure, and financing M/L-term investments in local currencies, the profitability and cash flows of which are mainly expressed in that currency.

Derivative instruments used

The main types of derivative instruments adopted in the management of financial risks, solely for hedging purposes, are as follows:

Options: a contract whereby one of the parties, on payment of a sum to the other (premium), acquires the right to buy (call option) or sell (put option), at a future date, a certain quantity of financial instruments (underlying asset) at an established price (exercise or strike price).

Forward contracts: contracts for the purchase or sale between two parties of a certain financial instrument (the underlying asset) at a future date and at a price fixed at the time the contract is stipulated; this category also includes futures contracts, which unlike forward contracts are standardised, negotiated in lots and for predetermined maturity dates within regulated markets.

Swap/CfD (Contracts for Difference): contract that determines, between two parties, the swap of flows of payments at certain dates. Payments can be expressed in the same currency or in different currencies and their amount is determined in relation to an underlying asset.

The derivatives entered into by ERG and designed to hedge the exposure to financial risks existing at 30 June 2023 are:

Interest Rate derivatives

- Interest Rate Options that fix upper (cap) and lower (floor) limits to be applied to fluctuations in interest rates on variable rate loans;
- Interest Rate Swap instruments, including Prehedge instruments, to bring bank loans with fixed and variable rate to the risk profile deemed most appropriate. IRS contracts provide that the counterparties, with reference to a defined notional value and to pre-set maturities, mutually exchange interest flows calculated in relation to fixed rates or to variable rate parameters agreed previously.

Commodity derivatives

- CfD (Contracts for Difference) instruments are used to hedge the risk of electricity price fluctuations; via this instrument it is possible to buy or sell block quantities of electricity by paying on maturity the difference between the price agreed to in the contract and the market price reported in the reference period;
- Futures instruments used to manage the volatility risk of electricity prices; this instrument makes it possible to purchase or sell a certain amount of energy at a certain price in a pre-established future period. The futures instruments used have both monthly and cascading maturities (annual, half-yearly, quarterly, etc.);
- electricity contracts with physical delivery are stipulated on the wholesale energy market and measured at fair value as part of purchase and sale transactions with derivative financial instruments as a counter-entry.

Hedge Accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks and commodity price risk. Furthermore, any derivative embedded in a hybrid contract is separated and measured at fair value, when the derivative contract meets the definition of a derivative and is not strictly related to the host contract.

At the start of the designated hedging relationship, the Group documents the risk management objectives and the strategy in implementing the hedge, as well as the economic relationship between the hedged item and the hedging instrument and it is expected that changes in cash on hand of the hedged element and in the hedging instrument will mutually offset.

When a derivative financial instrument is designated as an instrument to hedge the exposure to the variability of cash flows, the effective portion of the fair value gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve. The effective portion of the fair value gain or loss on the derivative financial instrument that is recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged instrument (at the present value) from the start of the hedge. The ineffective portion of the fair value gain or loss on the derivative financial instrument is recognised immediately in profit or loss for the period.

In a hedging relationship, the Group designates as a hedging instrument only the fair value change of the spot element of the forward contract as a hedging instrument in a cash flow hedging relationship.

If the hedge ceases to meet the qualifying criteria or the hedging instrument is sold, terminates or is exercised, hedge accounting is discontinued prospectively. When the cash flow hedge transactions

cease being reported, the cumulative gain or loss in the hedging reserve remains in equity until, in the case of a hedge of a transaction that entails the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at initial recognition or, in the case of the other cash flow hedges, it is reclassified to profit or loss for the year in the same period or periods in which the hedged expected future cash flows have an effect on profit or loss for the period.

Where cash flow hedges are no longer expected, the amount must be reclassified immediately from the hedging reserve and from the reserve for hedging costs to profit or loss for the period.

A hedging relationship is effective if and only if it meets the following requirements:

- existence of an economic relationship between the hedging instrument and the hedged item;
- the credit risk is not dominant with respect to the changes in value; and
- the hedge ratio is the same as that used for risk management purposes, i.e. the hedged quantity of the hedged item and the quantity of the hedging instrument used to hedge the hedged item.

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements.

However, for all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the period in the same period or in the same periods in which the hedged expected future cash flows have an effect on profit or loss.

Summary of derivatives used

The derivatives entered into by ERG, designed to hedge its exposure to commodity prices and interest rate risks, were as follows at 30 June 2023:

	Notional value				Jun-23 Fair Value	
	1 year maturity	1 year to 5 years maturity	Beyond 5 years maturity	Total Nominal	Assets	Liabilities
(EUR million)						
Management of interest rate risk						
- Cash flow hedge	0	330	316	646	68	-
thousands of MWh						
Management of commodity price risk						
- Cash flow hedge	564	9	-	573	2	19
- Trading	1,645	-	-	1,645	89	138
Total derivative instruments					159	157
- of which in hedging reserve					69	19
- of which not in hedging reserve					89	138

With reference to the impact of hedging derivatives on the net comprehensive income, please refer to the **Statement of comprehensive income**.

NOTE 39 - GUARANTEES, COMMITMENTS AND RISKS

Sureties given (EUR 112 million)

These are mainly guarantees issued in favour of third parties, guaranteed by the direct parent company ERG S.p.A., and include a guarantee in favour of the Manager of the Electricity Market (GME) for the purpose of allowing operations on that market. It should be noted that of the sureties given, EUR 16,732 thousand refer to the subsidiary held for sale ERG Power S.r.l.

Other Guarantees and commitments made (EUR 15 million)

The other guarantees and commitments made refer mainly to commitments related to the Group's information systems. It should be noted that of the other guarantees and commitments made, EUR 1,811 thousand refer to the subsidiary held for sale ERG Power S.r.l.

VI. TAXATION

NOTE 40 - INCOME TAXES

Definition and recognition and measurement criteria

Current taxes

Current taxes are recognised based on the estimated tax burden for the period, also taking into account the effects relating to the participation of most Group companies in the Tax Consolidation.

The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they do not meet the definition of income taxes.

The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the period, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty.

The rate used to calculate current taxes for the Italian companies is the same as the nominal IRES (corporate income tax) rate (24%), increased, where so prescribed, by the IRAP (regional income tax) rate (3.90% - 4.82% - 5.57%).

The rates for foreign companies consolidated on a line-by-line basis are as follows:

France 25%;

Germany 26.6% - 30.4%;

UK 19% (25% from 1 April 2023);

Romania 16%;

Poland 19%;

Bulgaria 10%;

Sweden 20.6%;

Spain 25%.

On 22 December 2022, the text of Directive no. 2022/2523/EU was published in the Official Journal of the European Union, which provides for the transposition into EU legislation of the rules on the Global Minimum Tax envisaged by Pillar 2 prepared by OECD as part of Action 1 of the BEPS ("Base Erosion and Profit Shifting") project. The objective of the Directive is to limit harmful tax competition between States, setting the minimum level of effective taxation (Effective Tax Rate - ETR) at 15%, at the aggregate level for each individual State, through the application of a possible supplementary tax (Top-Up-Tax - TUT).

Based on the provisions of the Directive, the new legislation must be transposed into the law of the Member States of the European Union by 31 December 2023 and will enter into force from tax year 2024.

During the period under review, none of the Member States of the European Union in which the Group companies operate has yet implemented the new legislation; based on preliminary studies, no significant impact on the Group is expected prospectively.

As regards Deferred taxes, reference is made to the comments in the following Notes.

(EUR thousand)	1st half 2023	1st half 2022	Change
Current income taxes	35,092	65,592	(30,500)
Previous years taxes	(404)	1,300	(1,703)
Deferred tax assets and liabilities	(2,188)	(858)	(1,330)
TOTAL	32,501	66,034	(33,533)

It should be noted that the comparative values for the first half of 2022 already included the effects of the "Surplus profits contribution" introduced by Italian Decree Law no. 21/2022, the impact of which was estimated at approximately EUR 36 million for continuing operations.

NOTE 41 - CURRENT TAX ASSETS AND LIABILITIES

Current tax assets of EUR 37 million (EUR 33 million at 31 December 2022) mainly refer to advance payments on direct taxes for the year 2023.

Current tax liabilities of EUR 97 million (EUR 52 million at 31 December 2022) mainly refer to tax liabilities on direct taxes for the year 2022.

In 2023, direct taxes of roughly EUR 8.2 million were paid to the Italian Revenue Agency, net of offsetting, in the form of the balance settlement of 2022, the advances of 2023, "Temporary solidarity contribution" and substitute tax on

the revaluation of corporate assets pursuant to Italian Decree Law no. 104/2020 and the payment of taxes for the year of foreign companies.

NOTE 42 - DEFERRED TAXATION

Deferred tax assets, amounting to EUR 119 million (EUR 138 million at 31 December 2022), are determined by the carry-forward of tax losses, as well as by temporary differences relating mainly to amortisation, depreciation and impairment losses and provisions for risks and charges.

The decrease is mainly due to the use of previous tax losses against the increase in taxable income generated during the period.

The Group deems it likely that the deferred tax assets recognised at 30 June 2023 will be recovered.

Deferred tax liabilities, amounting to EUR 221 million (EUR 197 million at 31 December 2022) refer in particular to the temporary differences generated by the Purchase Price Allocations of past acquisitions. The increase recorded in the period refers to deferred tax liabilities recognised as part of the acquisitions of Garnacha and Fregenal, for which reference is made to **Note 45 - Business Combinations and Asset Acquisitions**.

VII. ASSETS HELD FOR SALE

In 2021, the Group embarked on an important asset rotation process aimed at completing its transformation towards a pure "Wind&Solar" business model.

On 3 January 2022, ERG finalised the sale of the hydroelectric assets to Enel Produzione, while, as regards the sale of the thermoelectric business, on 29 June 2023 ERG signed an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire share capital of ERG Power S.r.l..

The consideration in terms of Enterprise Value amounts to Euro 191.5 million, including items related to working capital and tax credits for a total of Euro 88.5 million, which are expected to be collected between the signing and the closing. The agreements also provide for some earn-outs related to the performance of the business in 2024 and 2025, as well as some tax items for a total of about €14 million, which would bring the valuation of the plant to a total of €205.5 million. The price, based on a Locked Box Date of 1 January 2023, will be subject to adjustment at closing based on the mechanisms provided for in the contract.

The closing of the transaction, which is subject - inter alia - to the successful completion of the golden power procedure at the Prime Minister's Office, is expected by the end of this year. The scope of the sale includes 144 people dedicated to ensuring the operation of the thermoelectric power plant.

The aforementioned sale is presented as a Discontinued Operation pursuant to IFRS 5 on the basis of the following main elements:

- a) the transfer to ERG Power S.r.l., by the sole shareholder ERG Power Generation S.p.A., during the first half of 2022, of its business unit dedicated to the operation of the combined-cycle thermoelectric plant (CCGT). As such, ERG Power S.r.l. is available for immediate sale at current conditions, subject to conditions precedent customary for the type and significance of the transaction, which are expected to be met by the closing date that could be set at the outcome of a future agreement;
- b) ERG Power S.r.l., following the aforementioned transfer of the business unit by ERG Power Generation S.p.A., represents an operating segment;
- c) launch of a new competitive process aimed at identifying a new buyer and finalising the sale transaction in the short term.

In consideration of the above, in these Condensed Interim Consolidated Financial Statements, the statement of financial position figures relating to ERG Power S.r.l.'s assets and liabilities held for sale are shown separately in application of the requirements of IFRS 5.

The item **Profit (loss) from discontinued operations** in the income statement therefore includes the economic contribution of the thermoelectric business both for the first half of 2023 and for the comparative 2022 period.

It should also be noted that the results of the first half of 2022 also include the gain, net of the tax effect, which emerged from the sale of the hydroelectric assets.

IFRS 5 requires net assets held for sale to be recognised at the lower of their carrying amount and fair value (enterprise value as at 30 June 2023 of EUR 133 million)¹⁷ less costs to sell. The comparison between this value and the net invested capital of the thermoelectric business (amounting to EUR 171 million as at 30 June 2023) showed an accounting write-down of approximately EUR 38 million, already reflected in this Report

NOTE 43 - ASSETS AND LIABILITIES HELD FOR SALE

Definition and recognition and measurement criteria

Classification

An entity must classify a non-current asset (or a disposal group) as held for sale, if its carrying amount will be recovered primarily through a sale transaction rather than through its continuing use. Two criteria must be met:

- the asset must be available for immediate sale in its current condition subject only to terms that are usual and customary for sales of such assets (or disposal groups);
- the sale must be highly probable.

IFRS 5 establishes that if a non-current asset (or disposal group) is classified as held for sale, it must be measured, at the time of its initial recognition, at the lower of the carrying amount and the fair value less costs to sell.

The presentation of non-current assets as "discontinued operations" is envisaged when these assets, which have been disposed of or classified as held for sale:

- a) represent a separate major line of business or geographical segment;
- b) are a part of a single coordinated plan to dispose of a separate major line of business or geographical segment of operations; or
- c) are represented by a subsidiary acquired exclusively for resale.

Intra-group transactions

In accordance with the provisions of IFRS 5, the Group has decided to eliminate intra-group items within income from continuing operations as it does not expect that in the future the Group's operating division will continue to operate with the division subject to disposal.

Accounting policies

A non-current asset classified as held for sale and the assets of a disposal group classified as held for sale must be recognised separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale must be presented separately from the other liabilities in the statement of financial position. These assets and liabilities must not be offset and shown in the financial statements as a net amount. An entity must not reclassify or re-present amounts previously classified as non-current assets, or as assets and liabilities belonging to disposal groups, classified as held for sale, in the statements of financial position of previous years presented for comparative purposes to align with the classification in the statement of financial position for the latest period presented.

The Statement of Financial Position at 30 June 2023 is represented as determined by IFRS 5, indicating separately under the item **Assets held for sale and Liabilities associated with to assets held for sale** the assets and liabilities held for sale relating to the company ERG Power S.r.l.:

¹⁷ Please note that the price will be subject to adjustments at closing based on the mechanisms provided for in the agreement. For the purposes of this Report, an estimate was made by calculating the enterprise value (EUR 133 million) on the basis of ERG Power S.r.l.'s net working capital and net financial position at the reporting date (30 June 2023) in accordance with the price mechanism envisaged in the agreements of 19 June 2023. The enterprise value is lower than the values estimated at 1 January 2023 as a result of the dynamics of the dynamics in working capital in the first half of 2023

(EUR thousand)		30/06/2023	30/06/2023	30/06/2023
	Notes	ERG Power S.r.l.	Intra-group transactions	Total
ASSETS				
Other intangible assets		614	-	614
Property, plant and equipment	a	82,963	-	82,963
Equity investments:	b	11,355	-	11,355
Other non-current financial assets		2,009	-	2,009
Deferred tax assets	c	17,027	-	17,027
Other non-current assets		196	-	196
Non-current assets		114,163	-	114,163
Inventories	d	7,441	-	7,441
Trade receivables	e	67,394	(19)	67,375
<i>Trade receivables ERG Group vs ERG Power S.r.l.</i>			(49,283)	(49,283)
Other current assets	f	17,895	(15,639)	2,256
<i>Other assets ERG Group vs ERG Power S.r.l.</i>			(793)	(793)
Current tax assets		246	-	246
Other current financial assets	g	-	(40,577)	(40,577)
Current assets		92,976	(106,311)	(13,335)
Assets held for sale		(207,139)	106,311	(100,828)
LIABILITIES				
Employee benefits		683	-	683
Deferred tax liabilities	h	10,245	-	10,245
Non-current liabilities		10,928	-	10,928
Other current provisions		6	-	6
Trade payables	i	64,017	(49,303)	14,714
Current financial liabilities	j	40,577	-	40,577
<i>Current financial liabilities ERG Group vs ERG Power S.r.l.</i>	g		(40,577)	(40,577)
Other current liabilities	k	2,470	(793)	1,677
<i>Other liabilities ERG Group vs ERG Power S.r.l.</i>			(15,639)	(15,639)
Current tax liabilities		(2,880)	-	(2,880)
Current liabilities		104,188	(106,311)	(2,122)
Liabilities associated with assets held for sale		(115,116)	106,311	(8,806)

Notes

- a) Property, plant and equipment consist of the CCGT plant (480 MW) located at the industrial site of Priolo Gargallo (SR) in Sicily. This is a high-efficiency cogeneration plant (HEC) with low-environmental impact, based on combined cycle technology fuelled with natural gas, along with other ancillary plants for the production of steam and, to a lesser extent, of other utilities;
- b) the item relates to the equity investment in Priolo Servizi S.C.p.A, a consortium company owned by ERG Power S.r.l. (20.31%), ISAB S.r.l. (36.82%) and by the other shareholders of the Versalis S.p.A. Group (37.22%) and Syndial S.p.A. (5.65%);
- c) Deferred tax assets are mainly allocated against the impairment losses recognised in previous years;
- d) inventories mainly refer to spare parts of the CCGT and to the CO₂ quotas of the company ERG Power S.r.l. purchased during the half-year;
- e) trade receivables mainly consist of trade receivables from end customers, assets for "White Certificates" generated by the CCGT and trade receivables for the sale of electricity of the parent ERG Power Generation S.p.A., no longer subject to elimination following the application of IFRS 5;

- f) other current assets and assets include guarantee deposits with GME, indemnities to be received, VAT receivables from the tax authorities and Group VAT receivables from the parent ERG Power Generation S.p.A.;
- g) reversal of intragroup eliminations of cash pooling balances between continuing and discontinued operations;
- h) deferred tax liabilities allocated following the application of IFRS 5, which resulted in depreciation not being recognised;
- i) trade payables to third-party suppliers and liabilities to the parent company which, following the application of IFRS 5, are no longer subject to elimination;
- j) cash pooling liabilities to the parent company that are no longer subject to elimination following the application of IFRS 5;
- k) other current liabilities mainly include tax payables, payables to personnel and to social security institutions. Intercompany transactions mainly refer to the payables of ERG S.p.A. and ERG Power Generation S.p.A. accrued to ERG Power S.r.l. which, following the application of IFRS 5, are no longer subject to elimination.

Cash Flows

The following are the cash flows generated by the assets and liabilities held for sale:

(EUR thousand)	1st half 2023	1st half 2022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	0	10,000
CASH FLOWS FROM OPERATING ACTIVITIES OF ASSETS HELD FOR SALE	59,714	18,241
CASH FLOWS FROM INVESTING ACTIVITIES OF ASSETS HELD FOR SALE	(1,954)	(34,741)
CASH FLOWS FROM FINANCING ACTIVITIES OF ASSETS HELD FOR SALE	(57,758)	6,550
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	0	50

NOTE 44 - PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

Accounting policies

In the income statement, the entity must indicate a single amount referring to the discontinued operations or to the asset held for sale.

This amount will relate to the entire period and not the result from the time the component became a discontinued operation.

An entity must present Income Statement figures for previous periods presented in the Financial Statements, so that the disclosure refers to all operations discontinued by the end of the most recent reporting period.

The income statements for the first half of 2023 and the first half of 2022 are presented in accordance with IFRS 5, which regulates the way in which the results of discontinued operations are presented in the financial statements, thus excluding from the profit or loss of continuing operations the profit or loss of the subsidiary ERG Power S.r.l. in both periods. It should be noted that the profit or loss for the first half of 2022 also includes the effects of the sale of ERG Hydro S.r.l. on 3 January 2022.

The impact of the aforementioned exclusion is indicated separately under the item **Profit (loss) from discontinued operations**.

The income statement for the first half of 2023 and the first half of 2022 of discontinued operations is shown below:

(EUR thousand)		1st half 2023		1st half 2022		
	Notes	Thermoelectric Business	Profit (loss) from discontinued operations discontinued operations	ERG Hydro S.r.l	Thermoelectric Business	Profit (loss) from discontinued operations Profit (loss) from discontinued operations
Revenue	a	347,560	347,560	-	525,746	525,746
Other income		272	272	-	73	73
Purchases	b	(313,571)	(313,571)	-	(491,480)	(491,480)
Services and other operating costs	c	(23,550)	(23,550)	-	(6,357)	(6,357)
Personnel expense	d	(6,110)	(6,110)	-	(6,037)	(6,037)
GROSS OPERATING PROFIT (4,601	4,601	-	21,944	21,944
Amortisation of Intangible assets		(60)	(60)	-	(99)	(99)
Depreciation of property, plant and equipment and right-of-use assets		60	60	-	(2,643)	(2,643)
Reversals of impairment losses (impairment losses)	e	(37,941)	(37,941)	-	-	-
OPERATING PROFIT (LOSS)		(33,340)	(33,340)	-	19,202	19,202
Financial income		(1,683)	(1,683)	-	0	0
Financial expense		(1)	(1)	-	(1)	(1)
Net financial income (expense)		(1,683)	(1,683)	-	(0)	(0)
Net gains (losses) on equity-accounted investments		22	22	-	72	72
Other net gains (losses) on equity investments		-	-	324,226	-	324,226
Net gains (losses) on equity investments		22	22	324,226	72	324,298
PROFIT BEFORE TAXES (LOSS)		(35,002)	(35,002)	324,226	19,274	343,500
Income taxes		(1,258)	(1,258)	-	(9,069)	(9,069)
Profit (loss) from discontinued operations		(36,260)	(36,260)	324,226	10,205	334,431

Notes

- Revenue for the first half of 2023 mainly refers to revenues from the sale of energy and other utilities to third parties of the CCGT plant; the item includes the “feed-in tariff” paid to the plants defined as “IAFR-plant fuelled by renewable sources”. The decrease in revenue compared to the comparison period is explained by an extraordinarily negative energy scenario for gas-fired generation margins that was further worsened by the measures to maximise non-natural gas thermoelectric production provided for in Italian Decree Law no. 14 of 25 February 2022 (Art. 5bis) and the subsequent Guidelines of the Minister of Ecological Transition, which expired on 1 April 2023, and an extraordinary downtime that occurred in early 2023 and has now been resolved.
- Costs for the purchase of commodities refer to purchase costs for gas, energy and raw materials referring to the CCGT plant of ERG Power S.r.l.;
- Services and other operating costs refer to maintenance costs, commercial expenses, costs for utilities and agreements for local authorities, as well as provisions for risks and charges;
- Personnel expenses relating to the 143 employees of ERG Power S.r.l.;
- The item refers to the impairment loss of EUR 38 million recognised on the ERG Power S.r.l. CCGT plant.

VIII. OTHER NOTES

NOTE 45 - OTHER NOTES

Definition and recognition and measurement criteria

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at fair value and includes all contingent considerations at the acquisition date. Subsequent changes in the fair value of contingent considerations are recognised in the income statement, in compliance with applicable standards.

Goodwill, recognised at the date of acquisition of control, is equal to the difference between:

- the consideration transferred, the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3 (fair value of the pro-rata share of net assets related to non-controlling interests);
- the net of the amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value.

The costs related to the acquisitions are recognised as expenses in the periods in which they are incurred.

In the case of acquisition of operational (wind or photovoltaic) farms, in order to identify whether the object of the acquisition is a business according to the definition provided by IFRS 3, it is necessary to determine whether substantial processes have been acquired.

As part of this consideration, in the view of the Group's management, O&M activities are a critical process for the functioning of the farms, as these could not produce output or maintain the level of production without continuous O&M activities.

In the case of acquisition of projects (e.g. objects that do not yet generate outputs), the Group deems that the conditions for considering these transactions as business combinations are not met.

Consequently, project acquisitions will be accounted for as asset acquisitions.

Garnacha Business Combination

On **23 June 2023** ERG, through its subsidiary ERG Hamburg Holding GmbH, completed the acquisition of 100% from IBV Solar Parks, B.V. – a company belonging to the German group ib vogt GmbH, a global platform for the development of industrial solar plants – of Garnacha Solar SL, a company that owns a photovoltaic plant located in the region of Castilla and León, in the north-west of Spain.

The plant, which is currently in an advanced phase of construction for an installed capacity of 149 MWp, is expected to enter commercial operation by the end of 2023.

The Garnacha photovoltaic park, equipped with double-sided panels and the latest generation tracker system, is expected to have a load factor of around 22% and an estimated total annual production of around 280 GWh, corresponding to 136 kt of CO₂ emissions avoided each year. 70% of the electricity generated by the plant benefits from a 12-year “pay as produced” Power Purchase Agreement (PPA) with a leading corporate counterparty.

The value of the transaction in terms of enterprise value is EUR 170 million, with an equity value of EUR 81 million.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts and land lease contracts. In particular, the O&M activities are critical to the Group in terms of the functioning of the wind farms. Such contracts allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

Determination of the total acquisition price

The acquisition price was EUR 80 million for the acquisition of 100% of the share capital of the acquirees. It should

also be noted that a net financial indebtedness, including the shareholder loan, of EUR 113 million was assumed.

It should be noted that acquisition-related costs incurred by the Group totalled EUR 0.8 million, related to legal fees and due diligence costs, of which EUR 0.7 million were incurred in the first half of 2023 and EUR 0.1 million in 2022. These costs were included in the Services and other operating costs item in the respective periods.

The year indicated above resulted in an adjustment of the total consideration for the acquisition of EUR 1.7 million, reflected in the following table under the item "Goodwill".

Measurement of the assets and liabilities of the business combination at the acquisition date

The acquisition was recognised on a provisional basis; the current values of the acquired assets were determined on the basis of the best estimate available at the preparation date of the condensed interim consolidated financial statements also taking into account the short period of time since the date of acquisition, and are presented in the table below:

Impact of Garnacha consolidation

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and Concessions	-	65,375	65,375
Other intangible assets	-	-	-
Goodwill	-	-	-
Property, plant and equipment	104,019	-	104,019
Right-of-use assets	14,995	-	14,995
Equity investments	-	-	-
Instruments measured at fair value	-	-	-
Other non-current financial assets	3,437	12,500	15,937
Deferred tax assets	-	-	-
Other non-current assets	-	-	-
Non-current assets	122,451	77,875	200,326
Inventories	-	-	-
Trade receivables	-	-	-
Other current assets	299	-	299
Current tax assets	-	-	-
Instruments measured at fair value	-	2,818	2,818
Current financial assets*	20	-	20
Cash and cash equivalents*	3,806	-	3,806
Current assets	4,125	2,818	6,943
TOTAL ASSETS	126,576	80,693	207,269
Equity attributable to the owners of the parent	1,096	51,145	52,241
Non-controlling interests	-	-	-
Total Equity	1,096	51,145	52,241
Employee benefits	-	-	-
Deferred tax liabilities	-	17,048	17,048
Provision for disposed businesses	-	-	-
Provisions for dismantling expenses	2,473	-	2,473

Other non-current provisions	-	12,500	12,500
Instruments measured at fair value			-
Non-current financial liabilities*	77,855	-	77,855
Non-current lease liabilities*	14,995		14,995
Other non-current liabilities			-
Non-current liabilities	95,324	29,548	124,872
Other current provisions			-
Trade payables	3,663		3,663
Instruments measured at fair value			-
Current financial liabilities*	26,493		26,493
Current lease liabilities*			-
Other current liabilities	-		-
Current tax liabilities	-		-
Current liabilities	30,156	-	30,156
TOTAL EQUITY AND LIABILITIES	126,576	80,693	207,269
*Impact on Net Financial Indebtedness	-115,517	2,818	-112,700

The **Acquisition figures** column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (30 June 2023) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** photovoltaic plants under construction recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **other non-current financial assets:** fixed assets relating to a financial commitment related to the electricity sub-station;
- **cash and cash equivalents:** cash on hand held in current accounts;
- **provision for dismantling charges:** provisions for dismantling charges accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **non-current financial liabilities:** medium-long term portion of bank borrowings for project financing and recording of accrued interest;
- **lease liabilities:** recognition of the present value of payments due for the right of use of land;
- **trade payables:** payables to suppliers in connection with the construction of the plant;
- **current financial liabilities:** Shareholder loan to ERG Hamburg Holding. This financial payable will be repaid in full as part of the Liability Management activities carried out by the Group;

the following fair values determined on a provisional basis were included in the column **Adjustment to the acquisition figures**:

- **intangible assets**: gain allocated upon recognition of the acquisition; this gain was posted to the item “Authorisations and Concessions” taking into account a time horizon of 40 years;
- **instruments measured at fair value**: adjustment to the positive fair value of the derivatives hedging the interest rate of the project financing;
- **other non-current financial assets**: inclusion of “special indemnities” determined at the time of acquisition;
- **deferred tax liabilities**: related to the allocation referred to above.
- **other non-current provisions**: recognition of charges for contingent liabilities recognised at the time of acquisition, offset by the aforementioned “special indemnities”.

Determination of goodwill

The difference between the total acquisition price and the fair value of the acquired assets and liabilities was recognised as goodwill, as illustrated in the following table:

(EUR thousand)

Acquisition price	53,993
Fair value of the acquired net assets	52,253
Goodwill	1,740

Garnacha contribution in the first half of 2023

The date of first consolidation (30 June 2023) corresponds to the reporting date of these Condensed Interim Consolidated Financial Statements. As such, the acquired company did not contribute to the Group's Income Statement during the period. It should be noted that the acquired company, even if the acquisition had taken place on 1st January 2023, would not have contributed to the profit and loss account for the period as the park is being completed.

Fregenal Business Combination

On 30 June 2023 ERG, through its subsidiary ERG Spain HoldCO S.L.U., finalised the acquisition from RENERTIA GESTION SOLAR II, S.C.R.-PYME, a company linked to Renertia Investment Company – a Spanish venture capital that operates and invests in the development, construction and management of renewable plants – of 100% of INSTALACIÓN FOTOVOLTAICA ARERICSOL VIII, S.L.U., a company that owns a photovoltaic plant located in Fregenal de la Sierra, in the autonomous community of Extremadura, with an installed capacity of 25 MWp.

The plant, built by Aresol during 2022, is in the start-up phase. Located in one of the Spanish regions with the largest solar resource at European level, the Fregenal project will have an estimated total annual production of around 50 GWh, equal to over 2,000 equivalent hours corresponding to 24 kt of CO₂ emissions avoided each year.

The value of the transaction in terms of enterprise value is EUR 30.4 million, while EBITDA is expected to be around EUR 3 million.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts and land lease contracts. In particular, the O&M activities are critical to the Group in terms of the functioning of the wind farms. Such contracts allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

Determination of the total acquisition price

The acquisition price was EUR 28 million for the acquisition of 100% of the share capital of the acquirees. It should also be noted that liabilities of approximately EUR 18 million were assumed.

It should be specified that the acquisition-related costs incurred by the Group amounted to EUR 0.1 million, concerning legal expense and costs of due diligence. These costs were included in the Services and other operating costs item in the respective periods.

Measurement of the assets and liabilities of the business combination at the acquisition date

The acquisition was recognised on a provisional basis; the current values of the acquired assets were determined on the basis of the best estimate available at the preparation date of the condensed interim consolidated financial statements also taking into account the short period of time since the date of acquisition, and are presented in the table below:

Impact of Fregenal consolidation

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and Concessions	-	14,964	14,964
Other intangible assets	-		-
Goodwill	-		-
Property, plant and equipment	18,490		18,490
Right-of-use assets	2,468		2,468
Equity investments			-
Instruments measured at fair value			-
Other non-current financial assets			-
Deferred tax assets	-		-
Other non-current assets			-
Non-current assets	20,958	14,964	35,922
Inventories	100		100
Trade receivables	-		-
Other current assets	404	-	404
Current tax assets			-

Instruments measured at fair value			-
Current financial assets*	-		-
Cash and cash equivalents*	3,154		3,154
Current assets	3,658	-	3,658
TOTAL ASSETS	24,616	14,964	39,580
Equity attributable to the owners of the parent	2,608	11,223	13,831
Non-controlling interests	-		-
Total Equity	2,608	11,223	13,831
Employee benefits			-
Deferred tax liabilities		3,741	3,741
Provision for disposed businesses			-
Provisions for dismantling expenses	415		415
Other non-current provisions	-		-
Instruments measured at fair value			-
Non-current financial liabilities*	-		-
Non-current lease liabilities*	2,468		2,468
Other non-current liabilities	54		54
Non-current liabilities	2,937	3,741	6,678
Other current provisions			-
Trade payables	-		-
Instruments measured at fair value			-
Current financial liabilities*	19,071	-	19,071
Current lease liabilities*			-
Other current liabilities	-		-
Current tax liabilities	-		-
Current liabilities	19,071	-	19,071
TOTAL EQUITY AND LIABILITIES	24,616	14,964	39,580
*Impact on Net Financial Indebtedness	-18,386	-	-18,386

The **Acquisition figures** column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (30 June 2023) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** photovoltaic plants recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **cash and cash equivalents:** cash on hand held in current accounts;
- **provision for dismantling charges:** provisions for dismantling charges accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **lease liabilities:** recognition of the present value of payments due for the right of use of land;
- **current financial liabilities:** amounts due to banks for project financing and shareholder loan to ERG Spain HoldCO S.L.U.; the project financing was subsequently repaid in full as part of the Liability Management activities performed by the Group;
- **trade payables:** mainly relative to payables to third-party suppliers for O&M;

the following fair values determined on a provisional basis were included in the column Adjustment to the acquisition figures:

- **intangible assets:** gain allocated upon recognition of the acquisition; this gain was posted to the item “Authorisations and Concessions” taking into account a time horizon of 40 years;
- **deferred tax liabilities:** related to the allocation referred to above.

Determination of goodwill

The difference between the total acquisition price and the fair value of the acquired assets and liabilities was recognised as goodwill, as illustrated in the following table:

(EUR thousand)	
Acquisition price	13,926
Fair value of the acquired net assets	12,831
Goodwill	95

Fregenal contribution in the first half of 2023

The date of first consolidation (30 June 2023) corresponds to the reporting date of these Condensed Interim Consolidated Financial Statements. As such, the acquired company did not contribute to the Group's Income Statement during the period. It should be noted that the acquired company, even if the acquisition had taken place on 1st January 2023, would not have contributed to the profit and loss account for the period as the park is in the start-up phase.

NOTE 46 - NON-RECURRING ITEMS

As required by CONSOB resolution no. 15519 dated 27 July 2006, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented below. The aforesaid “Non-recurring items” are included among the special items indicated in the [Interim Director's Report](#).

(EUR thousand)		1st half 2023		1st half 2022
Revenue		-		-
Other income		-		256
Purchases		-		-
Change in inventories		-		-
Services and other operating costs	1)	(1.769)	6)	(3.192)
Personnel expense		-		-
Amortisation, depreciation and impairment of non-current assets		-	7)	(6.573)
Net financial income (expense)	2)	(4.367)	8)	(4.546)
Net gains (losses) on equity investments	3)	5.149		(74)
Income taxes	4)	2.822	9)	(30.684)
Profit (loss) from continuing operations (non-recurring items)		1.835		(44.814)
Profit (loss) from discontinued operations (non-recurring items)	5)	(37.940)	10)	320.310
Profit (loss) generated by non-recurring items		(36.106)		275.496
Non-controlling interests		-		-
Profit (loss) generated by non-recurring items		(36.106)		275.496

In the first half of **2023**:

- 1) Ancillary charges linked to extraordinary transactions concluded, in progress or not completed and to allocations to the provision for discontinued businesses;
- 2) Charges related to the early termination of two Project Financings including the related IRSs and the related effects of the renegotiation of loans accounted for according to IFRS 9, as part of Liability Management activities;
- 3) Gains on equity investments refer mainly to the two price adjustments on the sales of equity investments in previous years;
- 4) The item mainly includes the tax effect of the items commented on above;
- 5) The net result from discontinued operations refers to the write-down of the CCGT amounting to EUR 38 million.

In the first half of **2022**:

- 6) Ancillary charges linked to extraordinary transactions concluded, in progress or not completed and to allocations to the provision for discontinued businesses;
- 7) Write-down of the net residual value of the property, plant and equipment and intangible assets of wind farms in the Italy portfolio being decommissioned, following the authorisation of a Repowering project obtained in the halfyear;
- 8) Net financial income and expenses refer to charges related to the repayment of three Corporate Loans in January 2022, as part of Liability Management activities, as well as to financial expenses related to the reversal effect connected with refinancing transactions carried out in previous years;
- 9) Income taxes refer to the impact of the extraordinary contribution envisaged by Article 37 of Decree Law of 21 March 2022, as well as to the tax effect of the items commented on above;
- 10) The net result from discontinued operations refers to the net capital gain recognised following the sale of the Terni hydroelectric complex on 3 January 2022, as well as the impact of the extraordinary contribution envisaged by Article 37 of Decree Law of 21 March 2022 relating to the company ERG Power S.r.l.

NOTE 47 - RELATED PARTIES

As required by CONSOB resolution no. 15519 dated 27 July 2006, the amounts of related party positions and transactions are indicated below.

The transactions carried out by ERG with related parties pertain mainly to:

- the exchange of goods, the performance of services, the provision and use of financing;
- contributions to non-corporate parties, referred to ERG, that pursue humanitarian, cultural and scientific initiatives. In particular, the Edoardo Garrone Foundation, established as a natural evolution of the engagement of the Garrone and Mondini families in the social and cultural fields, dedicated to the memory of Edoardo Garrone who, in 1938, launched the industrial activity of the ERG Group.

Most of these transactions are exempted from the application of the internal ERG regulation **Related party tran-**

sactions policy and procedures, issued to implement the CONSOB regulation, because they are ordinary transactions concluded at market or standard conditions, or because they are below the threshold of materiality prescribed by the procedure itself.

All transactions were carried out in the interest of the Company and, with the exception of the transactions with entities pursuing humanitarian, cultural and scientific initiatives, are included under ordinary operations. The joint ventures, associates and subsidiaries excluded from the consolidation scope are indicated in the **Note 48 - List of Group companies and Transactions for the period** in the section dedicated to the list of companies recognised at cost.

Lastly, it should be noted that in the first half of 2023, ERG tacitly renewed the national tax consolidation scheme with the subsidiaries (including indirectly) ERG Eolica Campania S.r.l., Green Vicari S.r.l. and ISAB Energy Solare S.r.l. The renewals are valid for the three-year period 2023-2025 and are subject to tacit renewal. It should also be noted that the companies Brevia Wind S.r.l., Conza Energia S.r.l., Lucus Power S.r.l., San Mauro S.r.l., SPV Parco Eolico Aria del Vento S.r.l., TACA Wind S.r.l., WinCap S.r.l., Ginestra S.r.l., Photosun S.r.l., PVProject S.r.l., Robinia S.r.l., Sesma S.r.l., Six for Power S.r.l. and SVS 1 S.r.l. were included during the period in the National Tax Consolidation of ERG S.p.A., valid for the three-year period 2023-2025 (tacitly renewable).

Impact of transactions or positions with related parties on the Statement of Financial Position

The most significant dealings with the joint ventures, associates and subsidiaries excluded from the consolidation scope pertain to:

- trade receivables due from Priolo Servizi S.C.p.A., a consortium company subject to joint control by ERG Power S.r.l. (20.31%), ISAB S.r.l. (36.82%), Versalis S.p.A. group (37.22%) and Syndial S.p.A. (5.65%), relating to the supply of utilities (in particular sea water, electricity and other) and services rendered as part of the Operation & Maintenance contract;
- other current receivables and assets, please refer to the **Additional information** in these notes.

For the sake of completeness, the values shown below do not take into account the reclassifications required by IFRS 5 and are therefore also inclusive of the amounts indicated in the lines **Assets and liabilities held for sale**.

The impact of transactions or positions with related parties on the items of the Statement of Financial Position is indicated in the following tables:

30/06/2023	Priolo Servizi S.C.p.A.	SQ Renewables S.p.A.	ERG Petroleos	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Other non-current financial assets	-	-	-	-	-	1,778	1,778	3%
Trade receivables	1,809	-	-	-	-	423	2,232	1%
Trade payables	(426)	-	-	-	-	(67)	(493)	0%
Other current liabilities	-	-	-	(101)	(760)	-	(861)	2%
Current financial liabilities	-	-	(1,204)	-	-	(100)	(1,304)	1%

31/12/2022	Priolo Servizi S.C.p.A.	SQ Renewables S.p.A.	ERG Petroleos	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Trade receivables	2,034	-	-	-	-	-	2,034	1%
Other current assets	-	4,119	-	-	-	-	4,119	3%
Trade payables	(242)	-	-	-	-	-	(242)	0%
Other current liabilities	-	-	(125)	-	(3,025)	-	(3,150)	5%

Impact of transactions or positions with related parties on the income statement

The most significant dealings with the joint ventures, associates and subsidiaries excluded from the consolidation scope pertain to:

- revenue from Priolo Servizi S.C.p.A. for sale of energy and steam within the scope of the related supply contract;
- costs for services to Priolo Servizi S.C.p.A. consisting of the remuneration components provided by the Operation & Maintenance service agreement;
- other costs to Edoardo Garrone Foundation relating to the contribution for 2023;
- costs for services related to remuneration for the position of Chairman held in a Group company by a related party of ERG S.p.A.

The impact of transactions or positions with related parties on the items of the Income Statement is indicated in the following tables:

30/06/2023	Priolo Servizi S.C.p.A.	Edoardo Garrone Foundation	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Revenue	8,231	-	-	-	-	8,231	2%
Other income	-	-	-	-	78	78	1%
Services and other operating costs	(3,897)	(100)	(3,329)	-	-	(7,326)	9%
Personnel expense	-	-	-	(1,304)	-	(1,304)	5%

31/12/2022	Priolo Servizi S.C.p.A.	Edoardo Garrone Foundation	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Revenue	13,125	-	-	-	-	13,125	1%
Other income	-	-	-	-	26	26	0%
Services and other operating costs	(3,497)	(100)	(4,940)	-	-	(8,536)	10%
Personnel expense	-	-	-	(1,176)	-	(1,176)	4%

NOTE 48 - LIST OF GROUP COMPANIES AND TRANSACTIONS FOR THE PERIOD

The transactions that took place during the year regarding equity investments are reported below:

- On 27 April 2023, ERG Spain Holdco S.L.U. acquired 100% of the share capital, amounting to EUR 25,000, of the German company ERG Hamburg Holding GmbH.
- On 3 May 2023, following the exercise of the put option, ERG UK Holding Ltd sold the entire equity investment held in the English company Rigghill Wind Farm Limited, equal to 50% of the related share capital.

- On 12 June 2023, the deed of cross-border merger by incorporation of MP Solar B.V. into ERG Solar Holding 2 S.r.l. was signed, and subsequently registered on 21 June 2023 with the competent Register of Companies. The merger took effect from 30 June 2023, while accounting and tax effects apply as from 1 January 2023.
- On 16 June 2023, the deed of merger by incorporation of the companies Photosun S.r.l., PVProject S.r.l., Robinia S.r.l., Sesma S.r.l., Six for Power S.r.l., SVS 1 S.r.l. and ERG Solar Holding 2 S.r.l. into GINESTRA S.r.l. was signed, and subsequently registered on 26 June 2023 with the competent Register of Companies. The merger took effect from 30 June 2023, while accounting and tax effects apply as from 1 January 2023.

The following tables list the companies consolidated on a line-by-line basis, those measured using the equity method, and those measured at fair value, including the transactions detailed above.

List of companies consolidated **on a line-by-line basis**:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG S.p.A.						
ERG Power Generation S.p.A.	Genoa (Italy)	100%	100%	Euro	100,000	3,278,158
ERG Power Generation S.p.A.						
Corni Eolian SA	Constanța (Romania)	100%	100%	RON	95,679	336,676
ERG Eolica Adriatica S.r.l.	Genoa (Italy)	100%	100%	EUR	10	63,424
ERG Eolica Campania S.r.l.	Genoa (Italy)	100%	100%	EUR	120	66,570
ERG Eolica Faeto S.r.l.	Genoa (Italy)	100%	100%	EUR	10	8,997
ERG Eolica Fossa del Lupo S.r.l.	Genoa (Italy)	100%	100%	EUR	50	55,322
ERG Eolica Ginestra S.r.l.	Genoa (Italy)	100%	100%	EUR	10	38,622
ERG Eolica San Vincenzo S.r.l.	Genoa (Italy)	100%	100%	EUR	3,500	21,255
ERG Eolica Tirreno S.r.l.	Genoa (Italy)	100%	100%	EUR	10	201
ERG Eolienne France S.a.s.						
ERG Power S.r.l.	Genoa (Italy)	100%	100%	EUR	6,000	151,416
ERG Solar Holding S.r.l.	Genoa (Italy)	100%	100%	EUR	20	119,823
ERG UK Holding Ltd	Edinburgh (UK)	100%	100%	GBP	0	27,392
ERG Wind Bulgaria S.p.A.	Genoa (Italy)	100%	100%	EUR	50	21,198
ERG Wind Investments S.r.l.	Genoa (Italy)	100%	100%	EUR	97,046	433,467
ERG Windpark Beteiligungs GmbH	Hamburg (Germany)	100%	100%	EUR	25	8,626
ERG Wind Neunte GmbH	Hamburg (Germany)	100%	100%	EUR	25	116
EW Ornet 2 sp. Z.O.O.	Warsaw (Poland)	100%	100%	PLN	164,688	183,807
Green Vicari S.r.l.	Genoa (Italy)	100%	100%	EUR	119	15,061
ISAB Energy Solare S.r.l.	Genoa (Italy)	100%	100%	EUR	100	309
Andromeda PV S.r.l.	Genoa (Italy)	100%	79%	EUR	50	83,438
Laszki Wind Sp. Z.o.o	Warsaw (Poland)	100%	100%	PLN	5	(7,450)
ERG Poland Holding Sp. Z.o.o	Warsaw (Poland)	100%	100%	PLN	5	1,659
ERG Sweden Holding AB	Stockholm (Sweden)	100%	100%	SEK	50	46,513
ERG Spain Holco S.L.U.	Madrid (Spain)	100%	100%	EUR	3,500	33,543
Ginestra S.r.l. ⁽²⁾	Genoa (Italy)	100%	100%	EUR	20	78,847
ERG Wind Holding S.r.l.	Genoa (Italy)	100%	100%	EUR	10	439,755

(1) Data referring to the latest approved financial statements, unless otherwise indicated.

(2) provisional accounting figure for Equity at 1 January 2023 following the above merger.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Eolienne France S.a.s.						
Eoliennes du Vent Solaire S.a.s.	Paris (France)	100%	100%	EUR	37	1,124
Parc Eolien de Lihus S.a.s.	Paris (France)	100%	100%	EUR	1,114	2,973
Parc Eolien de Hetomesnil S.a.s.	Paris (France)	100%	100%	EUR	1,114	3,071
Parc Eolien de la Bruyère S.a.s.	Paris (France)	100%	100%	EUR	1,060	4,466
Parc Eolien du Carreau S.a.s.	Paris (France)	100%	100%	EUR	861	5,532
Parc Eolien les Mardeaux S.a.s.	Paris (France)	100%	100%	EUR	1,097	2,440
Epuron Energies Renouvelables S.a.S.						
Parc Eolien de la vallée de Torfou S.à r.l.	Paris (France)	100%	100%	EUR	8	1,547
Parc Eolien du Melier S.a.r.l	Paris (France)	100%	100%	EUR	8	(144)
Parc Eolienne de la Voie Sacree S.a.s.	Paris (France)	100%	100%	EUR	74	4,512
Parc Eolienne d'Epense S.a.s.	Paris (France)	100%	100%	EUR	802	993
ERG Wind French Holdings S.a.s.						
ERG Wind France 1 S.a.s.	Paris (France)	100%	100%	EUR	1,097	13,235
WP France 10 S.a.s.	Paris (France)	100%	100%	EUR	6	(410)
WP France 6 S.a.s.	Paris (France)	100%	100%	EUR	6	3,079
ERG France S.à r.l.	Paris (France)	100%	100%	EUR	2,000	(2,611)
Les Moulins de Fruges SAS						
Ferme Eolienne De Saint Pierre De Maillé 1 S.A.S.	Paris (France)	100%	100%	EUR	5,639	1,958
Parc Eolien de St Riquier 3 SAS	Paris (France)	100%	100%	EUR	37	659
Parc Eolien de St Riquier 4 SAS	Paris (France)	100%	100%	EUR	37	(214)
Holding Quesnoy 2 S.A.S.	Paris (France)	100%	100%	EUR	2,810	1,653

 Holding Chery S.A.S.	Paris (France)	100%	100%	EUR	2,410	1,112
Omniwatt Sas	Paris (France)	100%	100%	EUR	2,201	(6,369)
Ferme Eolienne de Moquepanier	Paris (France)	100%	100%	EUR	2,519	(4,099)
Ferme Eolienne de Clamecy Sas	Paris (France)	100%	100%	EUR	2,000	2,030
Crampon Puchot Energies Sas	Paris (France)	100%	100%	EUR	1,091	445
Solaires Sisteron Sas	Paris (France)	100%	100%	EUR	334	(1,532)
Solaire Sénézergues Sas	Paris (France)	100%	100%	EUR	0	(1,253)
Solaire Arpajon-sur-Cere Sas	Paris (France)	100%	100%	EUR	451	(1,450)
Arsac 1 Sas	Paris (France)	100%	100%	EUR	0	(1,415)
Arsac 3 Sas	Paris (France)	100%	100%	EUR	1	(1,994)
Solaire Greoux Sas	Paris (France)	100%	100%	EUR	0	(1,645)
Solaire Salaunes Sas	Paris (France)	100%	100%	EUR	0	(1,469)

ERG Energies Renouvelables S.a.S.

ERG Developpement S.a.s	Paris (France)	100%	100%	EUR	100	(2,049)
Caen Renewables Energy S.a.s. (en liquidation)	Paris (France)	100%	100%	EUR	0	-
Parc Eolien de la Charente Limousine S.à r.l.	Paris (France)	100%	100%	EUR	8	29
Parc Eolien de la Boeme S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(77)
Parc Eolien du Moulin du Bois S.à r.l.	Paris (France)	100%	100%	EUR	7,5	67
Parc Eolien des Bouchats S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(677)
Parc Eolien de Saint Maurice la Clouere S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(94)
Parc Eolien du Pays a Part S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(71)
Parc Eolien de Saint Sulpice S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(72)
Parc Eolien du Plateaux de l'Ajoux S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(37)
Parc Eolien des Terres et Vents de Ravieres S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(43)
Parc Eolien de Porspoder S.à r.l.	Paris (France)	100%	100%	EUR	7,5	(52)

ERG Solar Holding S.r.l.

Calabria Solar S.r.l.	Genoa (Italy)	100%	100%	EUR	10	21,148
ERG Solar Piemonte 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	10	17,860

ERG UK Holding Ltd

Craigore Energy Ltd	Belfast (UK)	100%	100%	GBP	0	0
Creag Riabhach Wind Farm Ltd	Edinburgh (UK)	100%	100%	GBP	50	(0)
Evishagaran Windfarm LTD	Belfast (UK)	100%	100%	GBP	0	8,455
Sandy Knowe Wind Farm LTD	London (UK)	100%	100%	GBP	0	(0)
Corlacky Energy LTD	Belfast (UK)	100%	100%	GBP	0	0

(1) Data referring to the latest approved financial statements.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Wind Bulgaria S.p.A.						
Globo Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,379	7,761
K&S Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,179	4,391
K&S Energy 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	6,552
K&S Energy 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,051	6,846
Mark 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	7,411
Mark 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	7,441
VG-1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	1,520	2,772
VG-2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,034	6,625
VG-3 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,057	5,706
VG-4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,955	7,374
VG-5 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,059	5,798
VG-6 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	5,559
Wind Park Kavarna East EOOD	Sofia (Bulgaria)	100%	100%	BGN	505	4,017
Wind Park Kavarna West EOOD	Sofia (Bulgaria)	100%	100%	BGN	175	4,104
WP Bulgaria 4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,157	3,948
ERG Wind France 1 S.a.s.						
Cepe Pays De Montbeliard S.a.s.	Paris (France)	100%	100%	EUR	365	2,621
Cepe de Murat S.a.s.	Paris (France)	100%	100%	EUR	444	4,265
Cepe de Saint Florentin S.a.s.	Paris (France)	100%	100%	EUR	251	1,022
Ferme Eolienne de Teterchen S.a.s.	Paris (France)	100%	100%	EUR	100	1,335
Parc Eolien du Bois de l'Arche S.a.s.	Paris (France)	100%	100%	EUR	100	3,145
Parc Eolien du Bois de Bigot S.a.s.	Paris (France)	100%	100%	EUR	80	1,943

ERG Wind French Holdings S.a.s.						
Parc Eolien de la Chaude Vallee Sarl	Paris (France)	100%	100%	EUR	8	297
Parc Eolien de Morvilers Sarl	Paris (France)	100%	100%	EUR	8	540
Parc Eolien de Garcelles-Sacqueville SAS	Paris (France)	100%	100%	EUR	1,037	380
Parc Eolien du Patis SAS	Paris (France)	100%	100%	EUR	1,164	1,946
Parc Eolien Hauts Moulins	Paris (France)	100%	100%	EUR	15	824
Parc Eolien Moulins des Camps	Paris (France)	100%	100%	EUR	15	936
Parc Eolien de St Riquier 1 SAS	Paris (France)	100%	100%	EUR	37	241
SAS Société d'Exploitation du Parc Eolien de la Souterraine	Paris (France)	100%	100%	EUR	505	(188)
Parc Eolien de Oyre Saint Sauveur	Paris (France)	100%	100%	EUR	37	176
Société d'Exploitation du Parc Eolien Le Nouvion Sas	Paris (France)	100%	100%	EUR	37	(3,453)
ERG Wind Investments S.r.l.						
ERG Wind Holdings (Italy) S.r.l.	Genoa (Italy)	100%	100%	EUR	212	202,088
ERG Wind MEI 2-14-1 LTD	London (UK)	100%	100%	EUR	0	(5,366)
ERG Wind MEI 2-14-2 LTD	London (UK)	100%	100%	EUR	0	(933)
ERG Wind Holdings (Italy) S.r.l.						
ERG Wind Energy S.r.l.	Genoa (Italy)	68%	100%	EUR	1,525	302,102
ERG Wind Sardegna S.r.l.	Genoa (Italy)	100%	100%	EUR	77	81,885
ERG Wind Sicilia 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	44,231
ERG Wind Sicilia 6 S.r.l.						
ERG Wind 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	43,255
ERG Wind Sicilia 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	22,792
ERG Wind MEI 2-14-1 LTD						
ERG Wind MEG 1 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	38,575
ERG Wind MEG 2 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	32,392
ERG Wind MEG 3 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	33,086
ERG Wind MEG 4 LLP ⁽²⁾	London (UK)	80%	100%	EUR	-	31,844

(1) Data referring to the latest approved financial statements.

(2) The remaining 20% is held by ERG Wind MEI 2-14-2

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
ERG Wind Park Beteiligungs GmbH						
ERG Wind 117 GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(2,889)
Voltwerk Energy Park 8 GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(2,992)
Voltwerk Windpark Worbzig GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	0	-
Voltwerk Windpark Beesenstedt GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	1
Windpark Cottbuser Halde GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(8,556)
Windpark Achmer Vinte GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	7,500	(3,754)
ERG Wind Weselberg GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	9	(2,641)
Windpark Linda GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	2	(527)
ERG Development Germany GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	3	(130)
UGE Barkow GmbH & und Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(3,300)
UGE Barkow Zwei GmbH & und Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(2,091)
UGE Barkow Drei GmbH & und Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(2,441)
ERG Germany GmbH	Hamburg (Germany)	100%	100%	EUR	210	(969)
ERG Wind Ebersgrun GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	162	(5,276)
ERG Wind Hollige GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	200	(7,891)
ERG Wind Norath GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	185	(5,939)
ERG Wind Offenheim GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	287	(7,753)
ERG Wind Nack GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	228	(6,263)
EW Ornet 2 Z.O.O.						
Blachy Pruszyński-Energy SP.Z.O.O.	Warsaw (Poland)	100%	100%	PLN	7,100	78,654
Hydro Inwestycje SP.Z.O.O.	Warsaw (Poland)	100%	100%	PLN	42	55,056
Les Moulins de Fruges SAS						
Société d'exploitation du Parc Eolien de Mont Felix S.a.r.l.	Paris (France)	100%	100%	EUR	1,891	3,030
Société d'exploitation du Parc Eolien de Fond du Moulin S.a.r.l.	Paris (France)	100%	100%	EUR	344	(627)
Société d'exploitation du Parc Eolien Le Chemin Vert S.a.r.l.	Paris (France)	100%	100%	EUR	1,804	(1,133)
Société d'exploitation du Parc Eolien Le Marquay S.a.r.l.	Paris (France)	100%	100%	EUR	679	(687)
Société d'exploitation du Parc Eolien Les Trente S.a.r.l.	Paris (France)	100%	100%	EUR	1,935	295
Société d'exploitation du Parc Eolien de Sole de Bellevue S.a.r.l.	Paris (France)	100%	100%	EUR	1,925	1,581
Holding Chery S.A.S.						
Ferme Eolienne De Chery S.A.S.	Paris (France)	100%	100%	EUR	37	394
Holding Quesnoy 2 S.A.S.						
Ferme Eolienne De Quesnoy-Sur-Airaines 2 S.A.S.	Paris (France)	100%	100%	EUR	37	278
ERG Poland Holding						
EW Piotrków kujawski SP. z.o.o.,	Warsaw (Poland)	100%	100%	PLN	5	1,470
ERG Sweden Holding AB						
Furukraft AB	Stockholm (Sweden)	100%	100%	SEK	50	65,249
Omniwatt Sas						
OmniGreen Sas	Paris (France)	100%	100%	EUR	25	(29)
Capenergie 3 Wind GmbH	Frankfurt (Germany)	100%	100%	EUR	25	(29)
LES EOLIENNES DE SAINT FRAIGNE S.A.S.	Paris (France)	100%	100%	EUR	3,700	4,024
NEUILLY SAINT FRONT ENERGIES S.A.S.	Paris (France)	100%	100%	EUR	37	(1,320)
MONNES ENERGIES S.à r.l.	Paris (France)	100%	100%	EUR	1	(1,096)
OmniGreen Sas						
SAINTE HELENE ENERGIES S.à r.l.	Paris (France)	100%	100%	EUR	1	(3,058)
IEL EXPLOITATION 12 S.à r.l.	Paris (France)	100%	100%	EUR	1	(1,459)
REUILLY ET DIOU ENERGIES S.à r.l.	Paris (France)	100%	100%	EUR	601	1,270

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾
Capenergie 3 Wind GmbH						
SAINT CONGARD ENERGIES S.A.S.	Paris (France)	100%	100%	EUR	2	(1,332)
Crampon Puchot Energies Sas						
Wkn Picardie Verte II S.a.s	Paris (France)	100%	100%	EUR	1	4,931
ERG Spain Holco S.L.U						
ERG Solar Almansa S.L.U.	Madrid (Spain)	100%	100%	EUR	0	7
ERG Solar Taberna S.L.U.	Madrid (Spain)	100%	100%	EUR	0	(0)
Instalación Fotovoltaica Arericsol VIII, S.L.U.	Madrid (Spain)	100%	100%	EUR	3,000	13,831
ERG Hamburg Holding GmbH	Hamburg (Germany)	100%	100%	EUR	25	56,925
ERG Hamburg Holding GmbH						
Garnacha Solar S.L.U.	Madrid (Spain)	100%	100%	EUR	6,000	52,241
ERG Wind Holding S.r.l.						
Taca Wind S.r.l.	Milan (Italy)	100%	100%	EUR	1,160	13,193
Lucus Power S.r.l.	Milan (Italy)	100%	100%	EUR	10	12,238
Wind Cap S.r.l.	Milan (Italy)	100%	100%	EUR	2,550	14,605
Conza Energia S.r.l.	Milan (Italy)	100%	100%	EUR	456	15,991
Breva Wind S.r.l.	Milan (Italy)	100%	100%	EUR	7,100	13,782
SPV Parco Eolico Aria del Vento S.r.l	Milan (Italy)	100%	100%	EUR	11	33,382
San Mauro S.r.l.	Milan (Italy)	100%	100%	EUR	70	7,611

(1) Data referring to the latest approved financial statements.

List of equity investments measured **using the equity method**:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	Carrying amount 30.06.2023
ERG Power S.r.l.							
Priolo Servizi S.c.p.A. ⁽²⁾	Melilli (Italy)	20.3%	20.3%	EUR	28,100	55,300	11,342
Associates							11,342

(1) Data referring to the latest approved financial statements.

(2) The consortium is subject to joint control with ISAB S.r.l., Versalis S.p.A. and Syndial S.p.A.

List of companies **measured at cost**:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	Carrying amount 30.06.2023
ERG S.p.A.							
ERG Petroleos S.A. ⁽²⁾	Madrid (Spain)	100%	100%	EUR	3,050	(7,032)	-
Subsidiaries							-
ERG Power Generation S.p.A.							
ERG Germany Verwaltungs GmbH ⁽³⁾	Paris (France)	100%	100%	EUR	25	25	25
Eolico Troina S.r.l. in liquidazione ⁽²⁾	Palermo (Italy)	99%	99%	EUR	20	232	25
Subsidiaries							50
ERG Eolienne France S.a.s.							
Parc Eolien de Saint-Loup sur Cher SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Puits Gergil SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Plateau de la Perche SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien des Boules SARL ⁽³⁾	Paris (France)	100%	100%	EUR	8	(3)	8
Ferme Eolienne de la voie Sacree sud SAS ⁽³⁾	Paris (France)	100%	100%	EUR	10	(72)	10
Francese Parc Eolien Des Grandes Bornes Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien Des Jonquilles Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien De La Pleine De Burel Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Saint Priest en Murat Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Vent Communaux Sas ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de la Foye SAS ⁽³⁾	Paris (France)	100%	100%	EUR	8	8	8
Subsidiaries							86
ERG Wind Park Beteiligungs GmbH							
ERG Windpark Aukrug GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
ERG Windpark Bischhausen GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
ERG Windpark Heyen GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
ERG Windpark Bokel GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
ERG Windpark Jeggeleben GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
ERG Windpark Reinsdorf GmbH & Co. KG ⁽³⁾	Hamburg (Germany)	100%	100%	EUR	5	5	5
Subsidiaries							30
ERG UK Holding Ltd							
High Cairn Wind Farm Limited ⁽³⁾	Edinburgh (UK)	100%	100%	GBP	0	-	-
Creggan Wind Farm Limited ⁽³⁾	Seebeck House (UK)	100%	100%	GBP	0	-	-
Longburn Wind Farm LTD ⁽³⁾	Seebeck House (UK)	100%	100%	GBP	0	-	-
Subsidiaries							-
ERG Spain Holco S.L.U.							
ERG Solar Montiel S.L.U. ⁽³⁾	Madrid (Spain)	100%	100%	EUR	3	(2)	131
ERG Solar El Abuelito S.L.U. ⁽³⁾	Madrid (Spain)	100%	100%	EUR	3	(2)	166
ERG Solar Buenaventura S.L.U. ⁽³⁾	Madrid (Spain)	100%	100%	EUR	10	46	422
Subsidiaries							719

(1) Data referring to the latest approved financial statements.

(2) company in liquidation;

(3) companies measured at cost as they are not yet operational;

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital ⁽¹⁾	Equity ⁽¹⁾	Carrying amount 30.06.2023
ERG S.p.A.							
CAF Interreg. Dipendenti S.r.l.	Vicenza (Italy)	0.04%	0.06%	EUR	276	1,046	-
Meroil S.A.	Barcelona (Spain)	0.87%	0.87%	EUR	19,077	95,569	310
R.U.P.E. S.p.A.	Genoa (Italy)	4.86%	4.86%	EUR	3,058	3,028	155
Other companies							465

(1) Data referring to the latest approved financial statements.

NOTE 49 - ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED STARTING ON 1 JANUARY 2023

As from 1 January 2023 the following standards, interpretations and amendments to existing standards, in relation to which no significant effects on the Condensed Interim Consolidated Financial Statements are reported, have become applicable:

- Amendments to IAS 1 – Presentation of liabilities as current or non-current and subsequent deferral of first date of application (IASB publication dates January 2020, July 2020);
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure on accounting standards (IASB publication date February 2021);
- Amendment to IAS 8 – Definition of accounting estimate (IASB publication date February 2021);
- Amendments to IAS 12 – Deferred taxes linked to assets and liabilities deriving from a single transaction (IASB publication date May 2021);
- IFRS 17 – Insurance Contracts, including amendments issued in June 2020 (IASB publication date May 2018). IFRS 17 is a new accounting standard for the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity. Based on the accounting analyses carried out by the Group's management, the contracts issued by ERG do not represent transactions that may fall within the definition of an insurance contract.
- Amendments to IFRS 17 and IFRS 9 – Comparative information as part of the initial application of IFRS 17 and IFRS 9 (IASB publication date December 2021);
- International tax reform – Pillar 2 rules (Amendments to IAS 12). For details, please refer to **Note 40 – Income taxes**.

NOTE 50 - IFRS/IFRIC STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET ADOPTED EARLY BY THE GROUP AT 30 JUNE 2023

Below are the new standards or amendments to the standards, applicable for annual periods beginning on or after 1 January 2023 and for which earlier application is allowed. However, the Group has decided not to adopt them in advance for the preparation of these Condensed Interim Consolidated Financial Statements.

Entry into force	Description	Issue date	Approved
1 January 2024	Amendments to IFRS 16 'Leases' – Lease liabilities in a sale and leaseback	22 September 2022	
	Amendment to IAS 1 'Presentation of financial statements' on the classification of non-current assets and liabilities with covenants	23 January 2020 15 July 2020 31 October 2022	

Any impacts of the aforesaid standards are currently being assessed.

NOTE 51 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
Press Release of 7 July 2023	Italy	Corporate	The Science Based Target initiative (SBTi) has approved the ERG Group's greenhouse gas (GHG) emission reduction targets, in line with the threshold necessary to keep the global temperature increase within 1.5°C. ERG is committed to achieving Net Zero by 2040 through a number of actions both in the short term to 2027 (near-term target) and in the long term to 2040 (long-term target).
Press Release of 18 July 2023	Italy	Corporate	ERG today finalised the renewal of the Euro Medium Term Notes Programme (EMTN) with a total maximum amount of EUR 3,000 million (of which EUR 1,600 million already issued), following the approval on 12 July 2023 by the Board of Directors.

NOTE 52 - PUBLICATION DATE OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

On 28 July 2023, the Board of Directors of ERG S.p.A. authorised the publication of the Condensed Interim Consolidated Financial Statements together with the reports of the Supervisory Bodies in compliance with the deadlines prescribed by current laws and regulations.

Genoa, 28 July 2023

on behalf of the Board of Directors

The Chairman

Edoardo Garrone



REPRESENTATIONS ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

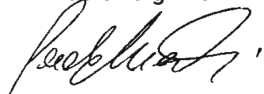
PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 DATED 14 MAY 1999, AS AMENDED

-
1. The undersigned Paolo Luigi Merli, Chief Executive Officer of ERG S.p.A., and Michele Pedemonte, Manager responsible for preparing the financial reports of ERG S.p.A., taking into account the provisions set out in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, state that the administrative and accounting procedures for the preparation of the Condensed Interim Consolidated Financial Statements:
 - were adequate given the ERG Group's characteristics and
 - were effectively applied during the first half of 2023.
 2. In this regard, the following is pointed out:
 - the suitability of the administrative and accounting procedures for the preparation of the Condensed Interim Consolidated Financial Statements of ERG S.p.A. at 30 June 2023 was verified by the assessment of the system of internal control over Financial Reporting. This assessment was carried out with reference to the criteria established in the "Internal Control - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
 - the assessment of the System of Internal Control over Financial Reporting did not uncover any significant aspects.
 3. It is furthermore stated that:
 - the Condensed Interim Consolidated Financial Statements of the ERG Group as at and for the six months ended 30 June 2023:
 - were prepared in accordance with the applicable International Accounting Standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
 - match the underlying accounting books and records;
 - are suitable to give a true and fair view of the financial position and results of operations of the issuer and of the group of companies included in its consolidation scope;
 - the Interim Financial Report comprises a reliable analysis of the performance and of the result of operations, as well as of the situation of the issuer and of the group of companies included in the consolidation scope, together with a description of the main risks and uncertainties to which they are exposed. The Interim Financial Report also includes a reliable analysis of the information on significant transactions with related parties.

Genoa, 28 July 2023

Chief Executive Officer

Paolo Luigi Merli



The Manager responsible for preparing the Company's financial reports

Michele Pedemonte



INDEPENDENT AUDITORS' REPORT



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

ERG Group

**Condensed interim consolidated financial statements
as at and for the six months ended 30 June 2023**

(with auditors' report on review thereof)

KPMG S.p.A.

28 July 2023



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

Report on review of condensed interim consolidated financial statements

To the shareholders of
 ERG S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the ERG Group, comprising the statement of financial position as at 30 June 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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 Bologna Bolzano Brescia
 Catania Como Firenze Genova
 Lecce Milano Napoli Novara
 Padova Palermo Parma Perugia
 Pescara Roma Torino Treviso
 Trieste Varese Verona

Società per azioni
 Capitale sociale
 Euro 10.415.500,00 i.v.
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 VAT number IT00709600159
 Sede legale: Via Vittor Pisani, 25
 20124 Milano MI ITALIA



ERG Group

*Report on review of condensed interim consolidated financial statements
30 June 2023*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the ERG Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Genoa, 28 July 2023

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit



ERG S.P.A.

Torre WTC

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Share Capital EUR 15.032.000,00 fully paid

R.E.A. Genoa n. 354265

Company Register Genoa

and Fiscal Code 94040720107

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