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Press Release

The Board of Directors of ERG S.p.A. approves the consolidated results for the first nine months of 2023 and the third quarter of 2023

Third quarter 2023:

Adjusted consolidated EBITDA[1]: EUR 102 million, EUR 118 million in the third quarter of 2022

Adjusted net profit (loss) from continuing operations attributable to owners of the parent: EUR 35 million, in line with the third quarter of 2022

First nine months of 2023:

Adjusted consolidated EBITDA: EUR 365 million, EUR 390 million in the first nine months of 2022

Adjusted net profit (loss) from continuing operations attributable to owners of the parent: EUR 149 million, EUR 115 million in the first nine months of 2022

- **Sale of the CCGT:** ERG makes its exit from fossil fuels and becomes a pure renewable operator, accelerating its path towards the Net Zero objective thanks to the finalisation of the agreement with Achernar Energy S.p.A. for the sale of the Combined Cycle Gas Turbine (CCGT) cogeneration plant in Priolo Gargallo, Syracuse.
- **Repowering:** the technological renovation of the Group's wind assets continues with the completion of the construction and energisation of the Camporeale wind farm in Sicily for a total installed capacity of 50.4 MW.
- **Internationalisation:** the construction of the Garnacha photovoltaic park, totalling 149MWp and currently in the final commissioning phase, has been completed, confirming the Group's important growth path in Spain**.**.
- **Buyback programme:** in light of the Group's financial strength, the programme for the purchase of ordinary treasury shares up to a maximum of 2.5% of the capital was launched, as a form of investment aimed at maximising value creation for the Company and shareholders. The buyback of up to EUR 100 million, added to the ordinary dividend distribution of around EUR 150 million, brings the total remuneration for shareholders in 2023 to EUR 250 million.
- **2023 Guidance:** we revise slightly upwards the expected range for EBITDA, which is now between EUR 490 and 520 million (previously EUR 480-520 million), while we confirm the guidance on capital expenditure, expected to be between EUR 500 and 600 million, and net financial indebtedness, between EUR 1,400 and 1,500 million, which remains unchanged despite the planned outlays for the buyback programme.

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1 In order to make it easier to understand how the businesses are performing and to provide the most transparent representation possible, the financial results are presented, including for the comparative period, in what is described as "adjusted" format. This means that the results are shown net of the effects of the transitional measures (clawback measures/windfall taxes) enacted in various countries to offset electricity price increases, as well as any significant unusual income components (special items). A definition of the indicators and the reconciliation of the amounts involved are provided in the "Alternative Performance Indicators" section of this document.

Genoa, 14 November 2023 – The Board of Directors of ERG S.p.A., in its meeting held yesterday, approved the consolidated results for the first nine months of 2023 and the third quarter of 2023.

Paolo Merli, CEO of ERG commented:

"The operating results for the quarter are solid and in line with our budget, albeit down compared to last year. This decrease is solely attributed to a particularly tough comparison given the electricity price peaks experienced in the same quarter last year, as well as the elimination of the incentive value in Italy in 2023 due to the calculation formula. However, lower sales prices were largely offset by the significant output growth, due to the new installed capacity and better wind conditions. Net profit for the quarter is in line with last year thanks to a significant reduction in financial expense, which reflect a better return on liquidity. Given the good start to the fourth quarter, with good wind conditions and further growth in installed capacity, we revise the EBITDA range upwards, now between EUR 490 and EUR 520 million, confirming the indications on capital expenditure, between EUR 500 and 600 million, and net indebtedness, between EUR 1,400 and 1,500 million, despite the planned outlays for the buyback programme."

REGULATORY MEASURES TO CURB ENERGY PRICE RISES (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 already described in the Group Financial Statements at 31 December 2022.

The implementation of these measures led to refunds that negatively affected EBITDA of the first nine months of 2023 by approximately EUR 9 million. EUR 2 million in the third quarter of 2023 (EUR 7 million on the net profit (loss) from continuing operations attributable to owners of the parent in the first nine months of 2023, EUR 1 million in the third quarter 2023). In the first nine months of 2022, this negative impact was EUR 21 million on EBITDA (EUR 54 million on the net result from continuing operations attributable to owners of the parent[2]), while it was EUR 15 million in the third quarter of 2022 (EUR 14 million on the net profit (loss) from 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.

3rd quarter 2023	3rd quarter 2022	Change	(EUR million)	9 months 2023	9 months 2022	Change
153	**188**	**(35)**	**REVENUES (GROSS CLAWBACK)**	**530**	**562**	**(32)**
2	**15**	**(14)**	**(-) clawback measures**	**9**	**21**	**(12)**
-	6	(6)	*Italy*	0	6	(6)
1	-	1	*France*	3	-	3
1	10	(9)	*East Europe*	6	15	(9)
151	**173**	**(21)**	**REVENUES (NET CLAWBACK)**	**521**	**542**	**(21)**

2 It should be noted that the first nine months of 2022 included windfall tax measures recognised in the income tax line of EUR 37 million, deriving in particular from the Italian Decree Law of 21 March 2022, as well as the net tax effect of the clawback measures in Italy (EUR 4 million) and Romania (EUR 13 million), while the third quarter of 2022 included windfall tax measures recognised in the income tax line of EUR 1 million, as well as the net tax effect of the clawback measures in Italy (EUR 4 million) and Romania (EUR 8 million).

3rd quarter 2023	3rd quarter 2022	Change	(EUR million)	9 months 2023	9 months 2022	Change
104	**133**	**(30)**	**EBITDA (GROSS CLAWBACK)**	**374**	**411**	**(37)**
2	**15**	**(14)**	**(-) clawback measures**	**9**	**21**	**(12)**
-	6	(6)	*Italy*	0	6	(6)
1	-	1	*France*	3	-	3
1	10	(9)	*East Europe*	6	15	(9)
102	**118**	**(16)**	**EBITDA (NET CLAWBACK)**	**365**	**390**	**(25)**
36	**49**	**(13)**	**NET PROFIT (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT (GROSS CLAWBACK AND WINDFALL TAX)**	**156**	**169**	**(13)**
1	**14**	**(12)**	**(-) clawback measures and windfall tax**	**7**	**54**	**(47)**
0	5	(5)	*Italy*	0	41	(41)
1	-	1	*France*	3	-	3
0	8	(8)	*East Europe*	5	13	(8)
35	**35**	**(1)**	**NET PROFIT (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS OF THE PARENT (NET CLAWBACK AND WINDFALL TAX)**	**149**	**115**	**34**

For the sake of clarity, in this document the adjusted results for both 2023 and the comparative periods of 2022 will be shown net of these charges and will therefore be understood as “net clawbacks and windfall taxes”.

It should be noted that the third quarter of 2022 included clawback measures in Romania for EUR 8 million; from the fourth quarter of 2022, this impact was directly absorbed as a cap in the electricity sale price.

HIGHLIGHTS

Adjusted (1) 3rd Quarter 2023	*Adjusted* (1) 3rd Quarter 2022(2)	(EUR million)		*Adjusted* (1) 9 months 2023	*Adjusted* (1) 9 months 2022(2)
		MAIN INCOME STATEMENT FIGURES			
151	173	Revenue		521	542
102	**118**	**Gross operating profit (EBITDA)**		**365**	**390**
50	**60**	**Operating profit (EBIT)**		**204**	**224**
35	**35**	**Profit (loss) from continuing operations attributable to the owners of the parent**		**149**	**115**
34	54	Reported profit attributable to owners of the parent (3)		112	459
		MAIN FINANCIAL FIGURES			
3,536	**3,140**	**Net invested capital of continuing operations** (4)		**3,536**	**3,140**
2,134	1,831	Equity		2,134	1,831
1,406	1,542	Net financial indebtedness of continuing operations (4)		1,406	1,542
180	254	of which non recourse Project Financing (5)		180	254
40%	46%	Financial leverage		40%	46%
67%	**68%**	**EBITDA Margin %**		**70%**	**72%**
		OPERATING DATA			
3,117	**2,760**	**Total installed capacity at the end of the period**	**MW**	**3,117**	**2,760**
1,225	**970**	**Total electricity output**	**GWh**	**4,214**	**3,625**
1,496	*1,440*	*Installed capacity at the end of the period – Italy*	MW	*1,496*	*1,440*
584	*493*	*Electricity output – Italy*	GWh	*1,933*	*1,745*
600	*600*	*Installed capacity at the end of the period – France*	MW	*600*	*600*
229	*187*	*Electricity output – France*	GWh	*879*	*733*
327	*327*	*Installed capacity at the end of the period – Germany*	MW	*327*	*327*
107	*82*	*Electricity output – Germany*	GWh	*412*	*403*
311	*70*	*Installed capacity at the end of the period – UK & Nordics*	MW	*311*	*70*
109	*30*	*Electricity output – UK & Nordics*	GWh	*326*	*145*
117	*92*	*Installed capacity at the end of the period – Spain*	MW	*117*	*92*
66	*58*	*Electricity output – Spain*	GWh	*156*	*145*
266	*231*	*Installed capacity – East Europe*	MW	*266*	*231*
130	*120*	*Electricity output – East Europe*	GWh	*506*	*454*
65	**605**	**Capital expenditure** (6)	EUR million	**377**	**823**
631	**574**	**Employees at the end of the period** (7)	Unità	**631**	**574**

(1) Adjusted economic indicators do not include special items and related applicable theoretical taxes.
(2) The adjusted comparative data for the first nine months of 2022 and for the third quarter of 2022 are shown net of clawback measures and windfall taxes.
(3) Reported economic indicators include special items and related applicable theoretical taxes.
(4) Adjusted net financial indebtedness of continuing operations and Adjusted net invested capital of continuing operations are presented in application of IFRS 5 and net of the effects deriving from the application of IFRS 16.
(5) Including cash and cash equivalents and excluding the fair value of the derivatives hedging interest rates.
(6) Investments in property, plant and equipment and other intangible assets. The figures for first nine months of 2023 also include M&A transactions of EUR 184 million made in Spain.
(7) The number of employees does not include personnel dedicated to ensuring the operation of the CCGT cogeneration plant, sold on 17 October 2023.

Adjusted 3rd Quarter 2023	*Adjusted* 3rd Quarter 2022	(EUR million)		*Adjusted* 9 months 2023	*Adjusted* 9 months 2022
		NET UNIT REVENUE (8)			
97	183	Italy – Wind	EUR/MWh	111	139
339	309	Italy – Solar	EUR/MWh	342	319
86	95	France – Wind	EUR/MWh	91	92
96	97	France – Solar	EUR/MWh	96	97
137	179	Germany – Wind	EUR/MWh	148	150
120	66	UK & Nordics – Wind	EUR/MWh	95	159
135	111	Spain – Solar	EUR/MWh	132	130
72	168	East Europe – Wind	EUR/MWh	93	153

(8) Net unit revenue (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 PERFORMANCE FOR THE PERIOD

It should be noted that, in line with previous quarters[3], the adjusted results do not include the contribution of the thermoelectric business, reclassified in this document to the item "Net profit (loss) from assets held for sale" in application of IFRS 5, the sale of which was completed on 17 October 2023.

Third quarter

In the third quarter of 2023, **adjusted revenue** amounted to EUR 151 million, down by EUR 21 million compared to the third quarter of 2022 (EUR 173 million), due to lower market prices recorded in all countries, substantially lower than the particularly high prices of the same period of the previous year, and due to the elimination of the GRIN incentive value in Italy (equal to EUR 43 per MWh in 2022), only partly offset by the higher wind and solar output recorded in the period (equal to 1.2 TWh, up 26%) and the higher installed capacity both following the recent acquisition in the second quarter of 2023 in Spain[4], and following the entry into operation of the first repowering farms in Italy in 2023 and the farms developed internally in the United Kingdom and Sweden between the end of the 2022 and early 2023.

Adjusted EBITDA, net of special items, amounted to EUR 102 million, down by EUR 16 million compared with the EUR 118 million recorded in the third quarter of 2022[5]. In summary:

ITALY

- **Wind (EUR -24 million)**: EBITDA of EUR 36 million, down significantly compared to the third quarter of 2022 (EUR 59 million) due to lower market prices captured, significantly lower than the particularly high prices of the comparative quarter; the figures for the quarter are also affected by the elimination of the incentive value (equal to EUR 43 per MWh in 2022) and the lower prices captured on non-hedged generation, only partly offset by the higher output in the period and the first contributions of the wind farm subject to Repowering entered into operation at the end of the second quarter. Output amounted to 492 GWh in the third quarter of 2023 compared to 404 GWh in the third quarter of 2022.
- **Solar (EUR +5 million)**: EBITDA of EUR 30 million, up on the third quarter of 2022 (EUR 25 million) due to higher volumes recorded (92 GWh in the third quarter of 2023 compared to 89 GWh in 2022) and better hedging prices.

3 The Group reclassified the results of the thermoelectric business to the item "Net profit (loss) from assets held for sale" starting from the Interim Report on Operations as at 31 March 2022

4 It should be noted that the newly acquired photovoltaic system in Fregenal de la Sierra (25 MW), consolidated as from 30 June 2023, contributed approximately EUR 1 million to the Group's EBITDA in the third quarter of 2023.

5 Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to approximately EUR 3 million, as well as other negative effects of special items for approximately EUR 2 million. Adjusted EBITDA does not include the contribution of the thermoelectric business, the sale of which was completed on 17 October 2023, reclassified to the item "Net profit (loss) from assets held for sale".

ABROAD

- **Wind**: EBITDA of EUR 31 million, in line with the third quarter of 2022 (EUR 31 million) thanks to the contribution deriving from the wind farms built internally between the end of 2022 and the early months of 2023 and the higher output in the quarter, which offset the lower market prices, down sharply compared to the particularly high prices of the third quarter of 2022. Output amounted to 543 GWh in the third quarter of 2023 compared to 387 GWh in the third quarter of 2022.
- **Solar (+2 million)**: EBITDA of EUR 10 million in the third quarter of 2023, up compared to the third quarter of 2022 (EUR 8 million) due to the contribution of the newly acquired solar farm in Spain (25 MW) and the higher prices captured as a result of hedging during the period. Output amounted to 98 GWh in the third quarter of 2023 compared to 90 GWh in the third quarter of 2022.

Overall, the scope effect linked to the new operational MW is EUR 14 million.
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 50 million (EUR 60 million in the third quarter of 2022). Amortisation and depreciation amounted to EUR 52 million, down on 2022 (EUR 59 million) mainly due to the extension of the useful life of wind farm assets in Italy and abroad (EUR 8 million) as a result of the Lifetime Extension programmes and the end of the useful life of some wind farm and photovoltaic components (EUR 2 million) also as a result of the start of Repowering investments, partly offset by the full contribution of the new wind farms that came into operation in the UK and Poland developed internally.

Adjusted net profit (loss) from continuing operations attributable to the owners of the parent was EUR 35 million, in line with the EUR 35 million in the third quarter of 2022 due to the above-mentioned operating results, offset by the significant decrease (EUR -5 million) in financial expense as a result of the optimisation of the capital structure and the improved return on 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 negligible negative impact estimated at around EUR 1 million on the net result (EUR 14 million in the third quarter of 2022[6]).

The **Profit (loss) attributable to owners of the parent** amounted to EUR 34 million, down compared to the third quarter of 2022 (EUR 54 million) in consideration of the aforementioned lower operating results in the third quarter of 2023. The result of the third quarter of 2023 reflects the special items, including in particular the adjustment of the effects (EUR 5 million) linked to the valuation of the CCGT plant, with reference to the sale agreements finalised on 17 October.

6 It should be noted that in the third quarter of 2022 the item included the net tax effect of the clawback measures and windfall taxes in Italy (EUR 5 million) and Romania (EUR 8 million).

In the third quarter of 2023, **capital expenditure** totalled EUR 65 million (EUR 605 million in the third quarter of 2022) and mainly related to organic development activities (EUR 63 million compared to EUR 91 million in the third quarter of 2022), related to construction activities in Italy for 47 MW Greenfield (EUR 12 million) and Repowering (EUR 26 million) on Italian wind farms for approximately 269 MW of new wind capacity, as well as construction activities for a wind farm in the UK for 47 MW (EUR 5 million). It should also be noted that construction work continues on two Greenfield parks in France for 50 MW (EUR 6 million), while in the solar sector, plant Revamping activities are continuing (EUR 7 million), aimed at ensuring greater plant efficiency.

Adjusted net financial indebtedness of "continuing operations" totalled EUR **1,406 million**, down (EUR -110 million) compared to 30 June 2023 (EUR 1,516 million). The change primarily reflects capital expenditure for the period (EUR 63 million), mainly related to development on Repowering projects in Italy, which was more than offset by the positive cash flow for the period (EUR 49 million[7]), the change in cash flow hedge reserves on hedging derivatives and commodities (EUR 47 million), as well as the effects of the sale of the thermoelectric business, finalised on 17 October 2023.

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 6 million (EUR 23 million at 30 June 2023).

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 173 million at 30 June 2023 (EUR 174 million at 30 June 2023).

First nine months

In the first nine months of 2023, adjusted revenue amounted to EUR 521 million, down by EUR 21 million compared to the first nine months of 2022 (EUR 542 million), due to lower market prices in all countries in which the Group operates, largely offset by the full contribution from acquisitions made during 2022, as well as the entry into operation of the farms developed internally and gradually put into operation during 2022 and 2023.

Output amounted to 4.2 TWh, up by a total of 0.6 TWh (+16%) compared to 2022, mainly thanks to the contribution deriving from the new wind farms. The first nine months were characterised by significantly lower market prices compared to the particularly high prices of 2022, which affected the results even if only partially, as the group adopts a hedging policy involving sales through fixed rates, PPAs under pre-established conditions and financial agreements.

Adjusted EBITDA[8], net of special items, amounted to EUR 365 million, down by EUR 25 million compared with the EUR 390 million recorded in the first nine months of 2022. In summary:

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7 It includes the adjusted EBITDA, the change in working capital and net financial income (expense).
8 Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to EUR 10 million, as well as other negative effects of special items for approximately EUR 4 million. It should be noted that adjusted EBITDA does not include the contribution of the thermoelectric business, the sale of which was completed on 17 October 2023, reclassified to the item "Net profit (loss) from assets held for sale" in application of IFRS 5.

ITALY

- **Wind (EUR -26 million)**: EBITDA of EUR 146 million, down on the first nine months of 2022 (EUR 172 million) due to lower prices captured following the elimination of the incentive value (equal to EUR 43 per MWh in 2022), as well as lower wind speeds recorded. These effects are significantly, but only partially, offset by the scope effect resulting from the contribution of the wind farms acquired in 2022 and the repowering projects that entered into operation in 2023. Output amounted to 1.7 TWh in the first nine months of 2023 compared to 1.5 TWh in the corresponding period of 2022, mainly due to the scope effect (+0.2 TWh).
- **Solar (EUR +6 million)**: EBITDA of EUR 68 million, up compared to the first nine months of 2022 (EUR 62 million) due to the full contribution of the photovoltaic farms acquired in the second half of 2022 and the higher prices captured thanks to the hedges carried out despite a scenario of lower prices in the reference period. Output amounted to 217 GWh in the first nine months of 2023 compared to 212 GWh in the corresponding period of 2022, mainly due to the scope effect (+21 GWh), partly offset by lower solar radiation in the period.

ABROAD

- **Wind (EUR -7 million)**: EBITDA of EUR 145 million, down compared to the first nine months of 2022 (EUR 152 million) mainly due to lower market prices captured in all the countries in which the Group operates, only partly offset by the contribution from the farms built internally and entering into operation at the end of 2022 and in early 2023 in Poland, the UK, Sweden and France, and by the better wind conditions recorded in some locations.
- **Solar (EUR +1 million)**: EBITDA of EUR 23 million, up slightly compared to the first nine months of 2022 (EUR 21 million) due to the contribution of the newly acquired photovoltaic system in Spain (25 MW) and better solar radiation recorded in Spain.

Overall, the scope effect linked to the new operating MW is EUR 51 million, of which EUR 26 million abroad.

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 204 million (EUR 224 million in the first nine months of 2022). Depreciation and amortisation amounted to EUR 161 million, down compared with the first nine months of 2022 (EUR 166 million) and reflect the full contribution of the new assets (EUR 23 million), more than offset by both the extension of the useful life of wind power assets in Italy and abroad (EUR 19 million) as a result of the Lifetime Extension programmes and the end of the useful life of some wind farm and photovoltaic components (EUR 8 million) also as a result of the start of Repowering investments.

Adjusted net profit (loss) from continuing operations attributable to the owners of the parent amounted to EUR 149 million, a significant increase compared to the first nine months of 2022 (EUR 115 million) and reflects, in addition to the above, lower financial expense of EUR 6 million (EUR 18 million in the first nine months of 2022) and lower taxes. It should be noted that the 2022 results included the effects of the Surplus profits contribution (introduced by Italian Decree Law of 21 March 2022) for EUR 37 million, recognised in income taxes.

The **profit attributable to the owners of the parent** was EUR 112 million, down compared to EUR 459 million in the first nine months of 2022. It should be noted that the result for the first nine months of 2022 included the net gain recognised on the sale of the Terni hydroelectric complex on 3 January 2022 (amounting to approximately EUR 324 million). The result for the first nine months of 2023 reflects the special items related to the sale of the CCGT plant, for a total net amount of EUR 43 million.

In the first nine months of 2023, **capital expenditure** totalled EUR 377 million (EUR 823 million in the first nine months of 2022) and mainly refers to the acquisition of solar farms (EUR 184 million) in Spain in June 2023, to organic development activities (EUR 193 million compared to EUR 213 million in the first nine months 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 (of which 56 MW already completed), 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. It should also be noted that construction is underway on two Greenfield farms in France for 50 MW.

Adjusted net financial indebtedness of "continuing operations" totalled **EUR 1,406 million**, down (EUR -28 million) compared to 31 December 2022 (EUR 1,434 million). The change mainly reflects the effect of the acquisitions of two photovoltaic farms in Spain (EUR 184 million), capital expenditure for the period (EUR 193 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 369 million[9]), which includes the collection following the financial settlement of certain hedging derivatives as well as the effects of the sale of the thermoelectric business, finalised on 17 October 2023.
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 6 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 173 million at 30 September 2023.

9 It includes the adjusted EBITDA, the change in working capital and net financial income (expense).

BASIS FOR PREPARATION

Quarterly report

This press release on the consolidated results of the ERG Group relating to the first nine months of 2023 and the third quarter of 2023 has been prepared on a voluntary basis in compliance with the provisions of Article 82-ter of the Issuers' Regulation (CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments).

Unless otherwise indicated, the income statement, balance sheet and cash flow information has been prepared in compliance with the valuation and measurement criteria established by International Financial Reporting Standards (IFRS). The recognition and measurement criteria adopted in preparing the results for the first nine months of 2023 and the third quarter of 2023 are the same as those adopted in preparing the 2022 Annual Financial Report and the Half-Year Condensed Consolidated Financial Statements at 30 June 2023, to which reference is made.

Unless otherwise indicated, the amounts included in this document are expressed in Euro.

Operating segments

It should be noted that starting from 2022, following the significant Asset Rotation process launched in 2021 with the sale of the hydroelectric business and fully completed with the sale of the thermoelectric business in October 2023, the operating results are reported and commented on with reference to the different geographical segments in which ERG operates, in line with the internal methods for measuring the Group's results. 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 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". The results that include significant income statement components of an exceptional nature (special items) are also defined as "Reported results". A definition of the indicators and the reconciliation of the amounts involved are provided in the "Alternative Performance Indicators" section.

Finalisation of the sale agreement of the Thermoelectric Business

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 17 October 2023 ERG finalised an agreement with Achernar Assets AG, a Swiss investment holding company, for the sale of the entire capital of ERG Power S.r.l. The consideration in terms of Enterprise Value estimated at the signing was EUR 191.5 million, including items related to working capital and tax credits for a total of EUR 88.5 million collected by 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 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, was subject to adjustments at the closing based on the mechanisms set forth in the contract.

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

2022 income statement amounts

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 Financial Report at 30 June 2023. 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); and Article 15-bis of Italian Decree Law 4/2022 (Sostegni-Ter). Abroad, reference is made to the application of the "Windfall Tax" legislation in Romania and the regulations on Price Caps introduced in other countries. In order to provide an effective representation, the 2022 comparative amounts are shown net of these charges and will therefore be understood as "net clawbacks and windfall taxes". A summary of the various impacts of the above-mentioned measures on EBITDA and EBIT is presented in the chapter "Regulatory measures to curb energy prices rises (clawback measures and windfall tax)".

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 could 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.

Certification from the Manager in charge of Financial Reporting
The Manager in charge of Financial Reporting, Michele Pedemonte, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information this document contains matches the documentary records, books and accounting entries.

This press release, issued on 14 November 2023, is available to the public on the Company's website (www.erg.eu) in the "Media/Press Releases" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

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PERFORMANCE BY COUNTRY

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			ADJUSTED REVENUE			
81	**106**	***(24)***	**Italy**	**272**	**288**	***(16)***
70	**67**	***3***	**Abroad**	**249**	**252**	***(3)***
20	18	3	France	81	68	13
15	15	(0)	Germany	62	61	1
14	2	12	UK & Nordics	33	23	10
9	6	3	Spain	21	19	2
12	25	(14)	East Europe	52	81	(29)
9	**7**	***1***	**Corporate**	**25**	**24**	***1***
(9)	***(7)***	***(2)***	***Intra-segment revenue***	***(25)***	***(23)***	***(2)***
151	**173**	**(21)**	**Total adjusted revenue**	**521**	**542**	**(21)**
			ADJUSTED EBITDA			
66	**85**	***(19)***	**Italy**	**214**	**234**	***(20)***
42	**39**	***3***	**Abroad**	**168**	**174**	***(6)***
8	7	1	France	49	37	12
9	9	(0)	Germany	45	43	1
10	(0)	10	UK & Nordics	20	17	3
8	6	2	Spain	17	16	1
7	17	(10)	East Europe	37	60	(23)
(5)	**(6)**	***0***	**Corporate**	**(17)**	**(17)**	***1***
102	**118**	***(16)***	**Adjusted EBITDA**	**365**	**390**	***(25)***
			ADJUSTED AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES			
(29)	**(34)**	***5***	**Italy**	**(89)**	**(91)**	***3***
(22)	**(24)**	***2***	**Abroad**	**(70)**	**(71)**	***1***
(9)	(11)	3	France	(30)	(34)	5
(4)	(7)	2	Germany	(15)	(20)	5
(4)	(1)	(3)	UK & Nordics	(9)	(3)	(6)
(1)	(1)	(0)	Spain	(3)	(3)	(0)
(4)	(4)	(0)	East Europe	(13)	(11)	(2)
(1)	**(1)**	***0***	**Corporate**	**(2)**	**(3)**	***1***
(52)	**(59)**	***6***	**Adjusted amortisation, depreciation and impairment losses**	**(161)**	**(166)**	***5***

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			ADJUSTED EBIT			
36	**51**	***(15)***	**Italy**	**125**	**142**	***(17)***
19	**15**	***4***	**Abroad**	**98**	**103**	***(5)***
(1)	(4)	4	France	19	3	16
5	3	2	Germany	30	23	6
6	(1)	7	UK & Nordics	11	15	(3)
7	5	2	Spain	14	13	1
2	13	(11)	East Europe	24	49	(25)
(6)	**(6)**	***0***	**Corporate**	**(19)**	**(20)**	***2***
50	**60**	***(10)***	***Adjusted EBIT***	**204**	**224**	***(20)***
			CAPITAL EXPENDITURE (1)			
43	**543**	***(499)***	**Italy**	**137**	**594**	***(457)***
22	**62**	***(41)***	**Abroad**	**237**	**228**	***10***
6	0	6	France	18	9	8
0	0	(0)	Germany	0	1	(0)
8	57	(49)	UK & Nordics	30	105	(75)
7	0	7	Spain	189	96	93
0	5	(4)	East Europe	1	17	(17)
1	**0**	**0**	**Corporate**	**2**	**1**	**0**
65	**605**	***(540)***	**Total capital expenditure**	**377**	**823**	***(446)***

(1) Includes capital expenditure in property, plant and equipment, other intangible assets and M&A investments.

REFERENCE MARKET

PRICE SCENARIO

3rd Quarter 2023	3rd Quarter 2022		9 months 2023	9 months 2022
		Base load price scenario (EUR/MWh)		
		Italy		
113	472	Single National Price - Italy	128	324
-	43	Feed-In Premium (FIP) (former Green Certificates) – Italy	-	43
33	196	TTF	41	129
85	79	CO_2	86	81
		Abroad		
86	430	France	102	297
91	376	Germany	100	250
138	254	Poland	157	211
111	222	of which Electricity	119	169
27	32	of which Certificates of Origin	39	42
100	377	Bulgaria	106	263
130	442	Romania	136	308
101	413	of which Electricity	106	279
29	29	of which Green Certificate	29	29
105	313	Northern Ireland	125	240
91	345	Great Britain	112	256
97	146	Spain	91	186
40	210	Sweden SE4	67	153

ITALY

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

ERG operates in the power generation sector in Italy, with an installed capacity of 1,321 MW in wind power and 175 MW in solar power, an increase over the previous year of 56 MW attributable to the Repowering of the Partinico-Monreale wind farm (26 MW) at the end of the second quarter of 2023 and Camporeale (30 MW) at the end of the third quarter of 2023.

3rd Quarter 2023	3rd Quarter 2022	Δ		9 months 2023	9 months 2022	Δ
			Operating Results			
1,496	**1,440**	**56**	**Installed capacity (MW)** (1)	**1,496**	**1,440**	**56**
1,321	1,265	56	Wind	1,321	1,265	56
175	175	0	Solar	175	175	0
584	**493**	**91**	**Output (GWh)**	**1,933**	**1,745**	**188**
492	404	88	Wind	1,716	1,533	183
92	89	3	Solar	217	212	5
			Load Factor % (2)			
17%	14%	2%	Wind	21%	18%	2%
24%	23%	1%	Solar	19%	18%	0%
135	**206**	**(71)**	**Net unit revenue (EUR/MWh)**	**137**	**161**	**(24)**
97	183	(86)	Wind	111	139	(28)
339	309	30	Solar	342	319	23

(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 **third quarter of 2023, electricity output** in Italy amounted to 584 GWh, of which 492 GWh from wind power and 92 GWh from photovoltaic plants, up compared to the same period of 2022 (493 GWh, of which 404 GWh from wind power and 89 GWh from solar power), due to higher operating capacity (+39 GWh), greater wind speeds (+12%) and better solar radiation (+3%).

In the **first nine months of 2023, electricity output** in Italy amounted to 1,933 GWh, of which 1,716 GWh from wind power and 217 GWh from photovoltaic plants, up compared to the same period in 2022 (1,745 GWh, of which 1,533 GWh from wind power and 212 GWh from solar power), thanks to the consolidation of the wind and photovoltaic farms acquired during 2022 and the first contributions from repowering plants (+209 GWh from wind power and +21 GWh from solar power) against both lower wind speeds (-2%) and lower radiation (-8%) on the farms.

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating results			
81	**106**	**(24)**	**Adjusted revenue**	**272**	**288**	**(16)**
49	78	(28)	Wind	197	220	(23)
32	28	4	Solar	75	68	7
66	**85**	**(19)**	**Adjusted EBITDA**	**214**	**234**	**(20)**
36	59	(24)	Wind	146	172	(26)
30	25	5	Solar	68	62	6
(29)	**(34)**	**5**	**Amortisation, depreciation and impairment losses**	**(89)**	**(91)**	**3**
(18)	(21)	4	Wind	(54)	(59)	5
(12)	(13)	1	Solar	(35)	(33)	(2)
36	**51**	**(15)**	**Adjusted EBIT**	**125**	**142**	**(17)**
18	38	(20)	Wind	92	114	(22)
18	13	6	Solar	33	29	4

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating results			
43	**543**	**(499)**	**Capital expenditure in property, plant and equipment and intangible assets**	**137**	**594**	**(457)**
41	417	(376)	Wind	133	463	(330)
2	126	(124)	Solar	4	131	(127)
81%	80%	1%	**EBITDA Margin % (1)**	**79%**	**81%**	**-2%**
72%	76%	-4%	Wind	74%	78%	-4%
94%	91%	4%	Solar	90%	90%	0%

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

Revenue recorded **in the third quarter of 2023** were down mainly as a result of lower market prices captured and the unit value of the GRIN incentive, which in 2023 was zero compared to 43 EUR/MWh in 2022. This negative trend was only partially offset by the first contributions of the repowering plants that came into operation in 2023 and by the higher volumes recorded. The lower market prices are mitigated by hedges carried out in line with the group's risk policies.

The net unit revenue from wind power in Italy, considering the sale value of the energy, including the value of incentives (formerly green certificates) and hedging as well as other minor components, for ERG was 97 EUR/MWh in the quarter, down from the same period in 2022 (183 EUR/MWh in the third quarter of 2022) due to lower captured prices compared to the same period in 2022, which had benefited from the price spike recorded in the quarter.

Net unit revenue relating to photovoltaic plants amounted to 339 EUR/MWh (309 EUR/MWh in the third quarter of 2022 net of clawback measures) due to hedges carried out at higher prices than in the same period of 2022.

Adjusted EBITDA in Italy for the **third quarter of 2023** amounted to EUR 66 million, down compared to the third quarter of 2022 (EUR 85 million), for the same reasons relating to revenue.

Revenue recorded **in the first nine months of 2023** decreased mainly as a result of lower captured market prices and the unit value of the GRIN incentive, which was zero in 2023 compared to 43 EUR/MWh in 2022, in addition to the lower wind and radiation recorded. This trend is partly offset by the full contribution deriving from the acquisitions made in the third quarter of 2022 and the first contributions of the repowering plants that came into operation in 2023.

In light of the above, the net unit revenue of wind power in Italy, considering the sale value of the energy, including the value of incentives (formerly green certificates) and hedging as well as other minor components, for ERG was 111 EUR/MWh (139 EUR/MWh in the first nine months of 2022) due to the lower prices captured compared to the same period of 2022 characterised by strongly higher market prices.

Net unit revenue relating to photovoltaic plants amounted to 342 EUR/MWh (319 EUR/MWh in the first nine months of 2022 net of clawbacks) due to hedges carried out at higher prices than in the same period of 2022.

Adjusted EBITDA in Italy for the first nine months of 2023 amounted to EUR 214 million, down compared to the first nine months of 2022 (EUR 234 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period decreased compared to the first nine months of 2022, mainly due to the impact of the extension of the useful life of wind assets (EUR 10 million) as a result of the Lifetime Extension programmes, the end of the useful life of certain wind farm and photovoltaic components (EUR 8 million) also as a result of Repowering projects, partially offset by the full contribution from the acquisitions made in Italy during the second half of 2022 (EUR 15 million).

Capital expenditure

Capital expenditure **in the first nine months of 2023 (EUR 137 million**, of which **EUR 43 million in the third quarter)** mainly refers to the start of construction activities for the Roccapalumba plant (47 MW) and Repowering activities (269 MW) on the Camporeale and Partinico-Monreale plants that came into operation in 2023 and the Mineo-Militello, Vizzini and Salemi-Castelvetrano plants that are still under construction, in addition to the usual maintenance activities aimed at further increasing plant efficiency. In Solar, the Revamping of the plants has begun, aimed at ensuring greater efficiency of the same.

ABROAD

ERG is active abroad in the generation of electricity from wind and solar sources.
ERG is one of the ten leading operators in the wind power sector in Europe with a significant and growing presence (1,426 MW operational), mainly in France (522 MW), Germany (327 MW), Poland (142 MW), UK & Nordics (311 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.

EMARKET SDIR CERTIFIED

France

3rd Quarter 2023	3rd Quarter 2022	Δ		9 months 2023	9 months 2022	Δ
			Operating Results			
600	**600**	**0**	**Installed capacity (MW) (1)**	**600**	**600**	**0**
522	522	0	Wind	522	522	0
79	79	0	Solar	79	79	0
229	**187**	**43**	**Output (GWh)**	**879**	**733**	**146**
197	154	43	Wind	797	650	147
32	32	(0)	Solar	82	83	(1)
			Load Factor % (2)			
17%	14%	3%	Wind	23%	20%	0
18%	18%	0%	Solar	16%	16%	0%
87	**96**	**(9)**	**Net unit revenue (EUR/MWh)**	**92**	**93**	**(1)**
86	95	(10)	Wind	91	92	(1)
96	97	(1)	Solar	96	97	(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 **third quarter of 2023, electricity output** in France amounted to 229 GWh, of which 197 GWh from wind power and 32 GWh from photovoltaic plants, up compared to the same period of 2022 (187 GWh) mainly due to better wind conditions recorded compared to the same period of 2022.

In the **first nine months of 2023, electricity out** in France amounted to 879 GWh, of which 797 GWh from wind power and 82 GWh from photovoltaic plants, an increase compared to the same period of 2022 (733 GWh) due to better wind conditions recorded compared to the same period of 2022 and the full contribution from the commissioning of a farm in the first half of 2022 (+23 GWh).

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating results			
20	**18**	**3**	**Adjusted revenue**	**81**	**68**	**13**
17	15	3	Wind	73	60	13
3	3	(0)	Solar	8	8	(0)
8	**7**	**1**	**Adjusted EBITDA**	**49**	**37**	**12**
6	5	1	Wind	43	32	11
2	2	0	Solar	5	5	0
(9)	**(11)**	**3**	**Amortisation, depreciation and impairment losses**	**(30)**	**(34)**	**5**
(8)	(10)	3	Wind	(26)	(31)	5
(1)	(1)	(0)	Solar	(3)	(3)	0
(1)	**(4)**	**4**	**Adjusted EBIT**	**19**	**3**	**16**
(2)	(5)	3	Wind	17	1	16
1	1	0	Solar	2	2	0
6	**0**	**6**	**Capital expenditure in property, plant and equipment and intangible assets**	**18**	**9**	**8**
6	0	6	Wind	18	9	8
0	0	0	Solar	0	0	0
40%	**41%**	**-1%**	**Ebitda Margin % (1)**	**60%**	**54%**	**6%**
33%	34%	-1%	Wind	59%	53%	6%
80%	73%	7%	Solar	67%	63%	4%

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

Revenue recorded **in the third quarter of 2023** (EUR 20 million) were up compared to the third quarter of 2022 (EUR 18 million) due to the higher volumes recorded.
Net unit revenue for wind in France, equal to 86 EUR/MWh, was down compared to the same period in 2022 (95 EUR/MWh) as a result of the application of clawback measures that did not capture market prices, while unit net revenue from photovoltaic plants totalled 96 EUR/MWh, broadly in line with the third quarter of 2022 (97 EUR/MWh) due to the different output mix with different tariffs.

Adjusted EBITDA in France for the **third quarter of 2023** amounted to EUR 8 million, a slight increase compared to the third quarter of 2022 (EUR 7 million), for the same reasons linked to revenue.

Revenue recorded in the **first nine months of 2023** (EUR 81 million) were up compared to the same period of 2022 (EUR 68 million) due to both the higher output recorded in wind power and the scope effect following the commissioning of a new wind farm.
Net unit revenue for wind in France, equal to 91 EUR/MWh, was slightly lower than in the same period of 2022 (92 EUR/MWh) mainly due to the application of margin clawback measures in the market, while net revenue per unit from photovoltaic plants totalled 96 EUR/MWh, down slightly compared with the 97 EUR/MWh in the same period of 2022 primarily due to a different output mix with different tariffs.

Adjusted EBITDA in France for the first nine months of 2023 amounted to EUR 49 million, up compared to the first nine months of 2022 (EUR 37 million), for the same reasons linked to revenue.

Depreciation and amortisation for the first nine months of 2023 (EUR 30 million) decreased compared to the same period of 2022 (EUR 34 million) due to the impact of the extension of the useful life of wind assets as a result of the Lifetime Extension programmes.

Capital expenditure

Capital expenditure in the **first nine months of 2023 (EUR 18 million**, of which **EUR 6 million** in the third quarter) mainly refers to the development and construction activities for new wind farms (50 MW) expected to be commissioned between the end of 2024 and early 2025.

Germany - Wind

3rd Quarter 2023	3rd Quarter 2022	Δ		9 months 2023	9 months 2022	Δ
			Operating Results			
327	327	0	Installed capacity (MW) (1)	327	327	-
107	82	25	Output (GWh)	412	403	9
15%	11%	3%	Load factor % (2)		19%	0%
137	179	(42)	Net unit revenue (EUR/MWh)	148	150	(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 **third quarter of 2023, electricity output** in Germany amounted to 107 GWh, up compared to the same period in 2022 (82 GWh) due to the higher wind speeds during the period.

In the **first nine months of 2023, electricity output** in Germany amounted to 412 GWh, up compared to the same period of 2022 (403 GWh) due to the better wind speeds recorded in the period compared to the same period of 2022.

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating Results			
15	15	(0)	Adjusted revenue	62	61	1
9	9	(0)	Adjusted EBITDA	45	43	1
(4)	(7)	2	Amortisation, depreciation and impairment losses	(15)	(20)	5
5	3	2	Adjusted EBIT	30	23	6
0	0	(0)	Capital expenditure in property, plant and equipment and intangible assets	0	1	(0)
60%	61%	-1%	EBITDA Margin % (1)	73%	71%	1%

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

Revenue recorded **in the third quarter of 2023** was in line with the same period of 2022, due to higher output in the period and the hedging policies adopted, which made it possible to offset the reduction in prices for the sale of energy on the market.

Net unit revenue from wind power in Germany, equal to 137 EUR/MWh, was down compared to the third quarter of 2022 (179 EUR/MWh), due to the lower prices recorded on the market only partially offset by hedging policies.

Adjusted EBITDA in Germany for the **third quarter of 2023** amounted to EUR 9 million, in line with the third quarter of 2022 (EUR 9 million), for the same reasons linked to revenue.

Revenue recorded **in the first nine months of 2023** (EUR 62 million) was up slightly, mainly due to the higher wind speeds recorded.

Net unit revenue from wind power in Germany, equal to 148 EUR/MWh, is substantially in line with the first nine months of 2022 (150 EUR/MWh), thanks to the hedging policies adopted, which make it possible to capture high prices that offset the reduction in prices for the sale of energy on the market.

Adjusted EBITDA in Germany for the **first nine months of 2023** amounted to EUR 45 million, a slight increase compared to the first nine months of 2022 (EUR 43 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period decreased compared to the first nine months of 2022 (EUR 5 million) due to the impact of the extension of the useful life of wind assets as a result of the Lifetime Extension programmes.

UK & Nordics - Wind

3rd Quarter 2023	3rd Quarter 2022	Δ		9 months 2023	9 months 2022	Δ
			Operating Results			
311	70	241	Installed capacity (MW) (1)	311	70	241
109	30	78	Output (GWh)	326	145	181
20%	19%	1%	Load factor % (2)	20%	32%	-12%
120	66	54	Net unit revenue (EUR/MWh)	95	159	(64)

(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 **third quarter of 2023, electricity output** in the UK and Sweden amounted to 109 GWh, an increase compared to the third quarter of 2022 (30 GWh) due to the contribution of the wind farms developed internally and that entered into operation in late 2022 and early 2023.
In Sweden, testing and commissioning activities continue on the Furuby farm in order to resolve some technical issues encountered in the start-up phase.

In the **first nine months of 2023, electricity output** in the UK and Sweden amounted to 326 GWh, a sharp increase compared to the first nine months of 2022 (145 GWh) and refers to the contribution from wind power plants developed internally and commissioned 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.

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating Results			
14	2	12	Adjusted revenue	33	23	10
10	(0)	10	Adjusted EBITDA	20	17	3
(4)	(1)	(3)	Amortisation, depreciation and impairment losses	(9)	(3)	(6)
6	(1)	7	Adjusted EBIT	11	15	(3)
8	57	(49)	Capital expenditure in property, plant and equipment and intangible assets	30	105	(75)
70%	-5%	75%	EBITDA Margin % (1)	63%	75%	-13%

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

Revenue recorded **in the third quarter of 2023** amounted to EUR 14 million, a sharp increase compared to the same period of 2022 (EUR 2 million) due to the full contribution of wind assets built internally in Scotland.
Net unit revenue in the third quarter of 2023, equal to 120 EUR/MWh, were up compared to the third quarter of 2022 (66 EUR/MWh), due to the higher PPA prices of the farms in Scotland compared to the PPAs of the farms in Northern Ireland as well as participation in the balancing services market whereby willingness to reduce plant output is remunerated.
Adjusted EBITDA in the UK & Nordics segment in the **third quarter of 2023** amounted to EUR 10 million, up significantly compared to the third quarter of 2022 for the same reasons linked to revenue.

Revenue recorded in the **first nine months of 2023** amounted to EUR 33 million (EUR 23 million in 2022), up sharply compared to the same period of 2022 due to the contribution from new assets, partly offset by the effect of sales prices in 2023 through PPAs at fixed prices, while it should be noted that the first half of 2022 had benefited from market prices that were significantly higher than the current ones. It should be noted that the farms in Scotland participate in the balancing services market whereby willingness to reduce plant output is remunerated.

Adjusted EBITDA in the UK & Nordics segment for the **first nine months of 2023** amounted to EUR 20 million, up compared to the first nine months of 2022 (EUR 17 million), for the same reasons linked to revenue.

Depreciation and amortisation for the first nine months and the third quarter of 2023 increased due to the contribution of the aforementioned wind farms in Scotland..

Capital expenditure

Capital expenditure in the UK & Nordics segment in the **first nine months of 2023 (EUR 30 million**, of which **EUR 8 million** in the **third quarter of 2023)** refers to the completion of the construction activities of the wind farms in Scotland for approximately 179 MW and in Sweden for 62 MW and the start of construction activities for a new farm in Northern Ireland.

Spagna - Solare

3rd Quarter				9 months		
2023	**2022**	**Δ**		**2023**	**2022**	**Δ**
			Operating Results			
117	92	25	Installed capacity (MW) (1)	117	92	25
66	58	8	Output (GWh)	156	145	12
26%	28%	-3%	Load factor % (2)	24%	24%	0%
135	111	25	Net unit revenue (EUR/MWh)	132	130	3

(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 **third quarter of 2023, electricity output** in Spain amounted to 66 GWh, up compared to the same period of 2022 (58 GWh) due to the contribution of the scope effect referring to the Fregenal de la Sierra photovoltaic plant (25 MW), which entered into operation in July.

In the **first nine months of 2023, electricity output** in Spain amounted to 156 GWh, up compared to the same period of 2022 (145 GWh) due to the contribution deriving from the new photovoltaic farm that came into operation and the better irradiation recorded in the period.

3rd Quarter				9 months		
2023	2022	Δ	(EUR million)	2023	2022	Δ
			Operating Results			
9	6	3	Adjusted revenue	21	19	2
8	6	2	Adjusted EBITDA	17	16	1
(1)	(1)	(0)	Amortisation, depreciation and impairment losses	(3)	(3)	0
7	5	2	Adjusted EBIT	14	13	1
7	-	7	Capital expenditure in property, plant and equipment and intangible assets	189	96	93
86%	87%	-1%	EBITDA Margin % (1)	81%	87%	-5%

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

Revenue recorded **in the third quarter of 2023** amounted to EUR 9 million, up compared to the third quarter of 2022 (EUR 6 million) due to the contribution deriving from the entry into operation of the Fregenal de la Sierra plant and the higher prices captured thanks to the hedges carried out in line with the Group's risk policy.

Adjusted EBITDA in Spain in the **third quarter of 2023** amounted to EUR 8 million, up compared to the result for the third quarter of 2022 (EUR 6 million) for the same reasons linked to revenue.

Revenue recorded **in the first nine months of 2023** amounted to EUR 21 million, up compared to the first nine months of 2022 (EUR 19 million) due to the contribution of the scope effect deriving from the entry into operation of the Fregenal de la Sierra plant, higher production and the better prices captured as a result of hedging in line with the Group's risk policy.

Adjusted EBITDA in Spain for the **first nine months of 2023** amounted to EUR 17 million, up compared to the first nine months of 2022 (EUR 16 million), for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in the **first nine months of 2023 (EUR 189 million**, of which **EUR 7 million** in the third quarter 2023) refers to the recent acquisitions of photovoltaic plants in June 2023, of which 149 MW under construction with COD expected in the fourth quarter and 25 MW started during the third quarter.

East Europe - Wind

3rd Quarter 2023	3rd Quarter 2022	Δ		9 months 2023	9 months 2022	Δ
			Operating Results			
266	231	36	Installed capacity (MW) (1)	266	231	36
130	120	10	Output (GWh)	506	454	52
22%	26%	-4%	Load factor % (2)	29%	34%	-5%
72	168	(96)	Net unit revenue (EUR/MWh)	93	153	(60)

(1) capacity of plants in operation at the end of the period.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm).

In the **third quarter of 2023, electricity output** in East Europe amounted to 130 GWh, up from the same period in 2022 (120 GWh), mainly due to the contribution of a wind farm developed internally in Poland and entered into operation at the end of 2022 (36 MW).

In the **first nine months of 2023, electricity output** in East Europe amounted to 506 GWh, up from the same period in 2022 (454 GWh) due to the contribution of the wind farms that came into operation in Poland during 2022 (61 MW), partly offset by the poor wind conditions experienced.

3rd Quarter 2023	3rd Quarter 2022	Δ	(EUR million)	9 months 2023	9 months 2022	Δ
			Operating Results			
12	25	(14)	Adjusted revenue	52	81	(29)
7	17	(10)	Adjusted EBITDA	37	60	(23)
(4)	(4)	(0)	Amortisation, depreciation and impairment losses	(13)	(11)	(2)
2	13	(11)	Adjusted EBIT	24	49	(25)
0	5	(4)	Capital expenditure in property, plant and equipment and intangible assets	1	17	(17)
58%	76%	-18%	EBITDA Margin % (1)	71%	78%	-7%

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

Revenue recorded **in the third quarter of 2023** (EUR 12 million) were down significantly compared to the same period of 2022 (EUR 25 million), due to a particularly depressed price scenario compared to the third quarter of 2022, which benefited from particularly high prices, and from the lower output in the period, partly offset by the scope effect deriving from the contribution of the wind farm that came into operation in Poland at the end of 2022 (36 MW).
Average net unit revenue in East Europe amounted to 72 EUR/MWh, down sharply compared to the third quarter of 2022 (168 EUR/MWh net of clawback measures), due to lower market prices compared to the particularly high prices recorded in 2022.

Adjusted EBITDA in East Europe for the **third quarter of 2023** amounted to EUR 7 million, a significant decrease compared to the third quarter of 2022 (EUR 17 million), for the same reasons linked to revenue.

Revenue recorded **in the first nine months of 2023** were down significantly compared to the same period of 2022, mainly due to the reduction in energy prices, only partly offset by the scope effect deriving from the full contribution of the wind farms that entered into operation in Poland during 2022 (61 MW).
Average unit net revenue in East Europe amounted to 93 EUR/MWh, down sharply from the third quarter 2022 (153 EUR/MWh net of clawback measures), due to lower market prices.

It should be noted that the measures introduced by the Romanian government to combat high energy prices (windfall taxes) 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 nine months of 2023** amounted to EUR 37 million, a significant decrease compared to the first nine months of 2022 (EUR 60 million), for the same reasons linked to revenue.

Depreciation and amortisation in the first nine months of 2023 increased slightly due to the contribution of the new wind farms that came into operation in Poland in the first few months of 2023 (61 MW).

SIGNIFICANT EVENTS DURING THE QUARTER

Date	Geographical segment	Sector	Significant event
Press Release of 7/07/2023	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).
Press Release of 18/07/2023	Italy	Corporate	The renewal of the programme for the issue of non-convertible medium/long-term bonds (EMTN Programme) is completed.
Press release of 29/09/2023	Italy	Wind	ERG completed the repowering of its wind farm in Camporeale, Palermo, and started the energisation of the 12 latest-generation 4.2 MW turbines for a total installed capacity of 50.4 MW (compared to the previous 24 wind turbines of 0.85 MW for a total capacity of 20.4 MW) and an estimated annual output of approximately 86 GWh (compared to the previous 31 GWh).

SIGNIFICANT EVENTS AFTER THE QUARTER

Date	Geographical segment	Sector	Significant event
Press Release of 17/10/2023	Italy	Thermo	Closing finalised with Achernar Energy S.p.A. (a subsidiary of Achernar Assets AG), as announced on 29 June 2023, for the sale of the entire share capital of ERG Power S.r.l., the company that owns and operates the low-environmental-impact and high-efficiency Combined Cycle Gas Turbine (CCGT) cogeneration power plant, fuelled by natural gas, in Priolo Gargallo (Syracuse).
Press Release of 25/10/2023	Italy	Wind	ERG has launched the first Repowering in Italy of its Partinico Monreale wind farm. The event involved institutions, industry professionals, financial analysts, shareholders and top management of the Group.

TREASURY SHARE PURCHASE PROGRAMME

On 12 October 2023, the Board of Directors of ERG S.p.A. resolved to start the treasury share purchase programme, in compliance with the resolution passed by the Shareholders' Meeting on 26 April 2023.

The maximum quantity of Shares that can be purchased is 3,758,000 (equal to 2.5% of the share capital), with a maximum outlay of EUR 100,000,000, without prejudice to any other limitation possibly deriving from legislative or regulatory provisions.

In the period from 16 October 2023 to 10 November 2023, ERG S.p.A. purchased on Euronext Milan market 781,548 ordinary shares (equal to 0.5199% of the share capital of ERG S.p.A.) at a weighted average price of EUR 23.2463, for a total value of EUR 18,168,110.71. At 10 November 2023, considering the shares already in the portfolio, ERG S.p.A. holds 1,563,628 treasury shares, equal to 1.0402% of the relative share capital.

Information on the purchase of treasury shares is updated weekly on the Company's website (www.erg.eu) in the "Media/Press Releases" section.

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 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 **Wind EBITDA is expected to decrease** compared to 2022 due to lower sales prices which, in addition to the lower price scenario, will also be affected in the fourth quarter of the year by the elimination 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 gradual entry into operation during 2023 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) is expected to decrease slightly in 2023 compared to 2022.

Abroad

Wind EBITDA is expected to be substantially in line with 2022 thanks to the full contribution of the wind farms that entered 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 as well as the increased wind speeds recorded in the first nine months in France and Germany. This higher result is largely offset by the lower sale price compared to that recorded in 2022 in some geography segments, also due to the clawback measures in force from 1 December 2022.

Solar EBITDA is expected to increase compared to 2022 mainly due to the contribution deriving from the wind farm acquired in Spain in the second quarter of 2023 (25 MW), and the contribution in the last period of the year of the Garnacha farm currently in the commissioning phase (149 MW). EBITDA for **Wind & Solar abroad is therefore expected to increase** compared to 2022.

2023 Guidance

For the 2023 financial year at Group level, EBITDA is estimated to be in the range of EUR 490 million to EUR 520 million, up from the previous range of EUR 480 million to EUR 520 million due to the increased wind speeds in recent weeks, and broadly in line with the 2022 result net of the impact of the clawback measures (EUR 502 million, net of EUR 35 million in 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 farms that entered into operation between the end of 2022 and during 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, while taking into account the indebtedness impact of the recently launched buyback programme.

As regards the thermoelectric business, on 17 October 2023 the Group finalised the closing for the sale of the assets. 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.

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 in the wind/onshore sector, the Group is also active in the generation 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 on 17 October 2023, the sale of the thermoelectric business was completed, pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of the production of electricity entirely from renewable sources.
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 output 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 3,117 MW of installed renewable capacity (2,747 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 1,496 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 1,321 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.

CORPORATE BODIES

BOARD OF DIRECTORS[10]

Chairman
EDOARDO GARRONE *(executive)*

Deputy Chairman
ALESSANDRO GARRONE *(executive[11])*
GIOVANNI MONDINI *(non-executive)*

Chief Executive Officer
PAOLO LUIGI MERLI

Directors
LUCA BETTONTE *(non-executive)*
EMANUELA BONADIMAN *(independent[12])*
ELENA GRIFONI WINTERS *(independent[8])*
FEDERICA LOLLI *(independent[8])*
ELISABETTA OLIVERI *(independent[8])*
MARIO PATERLINI *(independent[8])*
RENATO PIZZOLLA *(non-executive[13])*

BOARD OF STATUTORY AUDITORS[14]

Chairman
MONICA MANNINO[15]

Standing Auditors
GIULIA DE MARTINO
FABRIZIO CAVALLI

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

MICHELE PEDEMONTE[16]

INDEPENDENT AUDITORS

KPMG S.P.A.[17]

10 Board of Directors appointed on 26 April 2021.
11 Director in charge of the Internal Control and Risk Management System.
12 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.
13 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.
14 Board of Statutory Auditors appointed on 26 April 2022.
15 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.
16 Appointed on 26 April 2021 at the same time as appointment to the office of Group CFO.
17 Appointed on 23 April 2018 for the period 2018 – 2026.

FINANCIAL STATEMENTS AND OTHER INFORMATION

ADJUSTED INCOME STATEMENT

This section contains the adjusted operating results, presented to exclude the impacts relating to the adoption of IFRS 9 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 for the sale of the thermoelectric business[18], therefore reclassifying to the line "Profit (loss) from discontinued operations" for 2023 the result of the first nine months of the subsidiary ERG Power S.r.l.

As already indicated in the introduction, the 2022 comparative results are restated net of clawback measures and windfall taxes.

Lastly, it should be noted that the two newly-acquired Spanish companies, owners of photovoltaic plants, have been consolidated on an equity basis since 30 June 2023, while the Fregenal de la Sierra photovoltaic plant has contributed to the financial results since the end of July 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.

3rd Quarter			(EUR million)		9 months		
2023	**2022**	**Δ**	**INCOME STATEMENT**		**2023**	**2022**	**Δ**
151	173	(21)	Revenue	1	521	542	(21)
5	3	2	Other income	2	17	9	8
156	**176**	**(19)**	**TOTAL REVENUE**		**539**	**551**	**(12)**
(4)	(9)	5	Purchases and change in inventories	3	(9)	(14)	4
(38)	(38)	(0)	Services and other operating costs	4	(126)	(112)	(14)
(13)	(11)	(2)	Personnel expense		(38)	(35)	(3)
102	**118**	**(16)**	**EBITDA**		**365**	**390**	**(25)**
(52)	(59)	6	Amortisation, depreciation and impairment of non-current assets	5	(161)	(166)	5
50	**60**	**(10)**	**EBIT**		**204**	**224**	**(20)**
(1)	(6)	5	Net financial income (expense)	6	(6)	(18)	12
0	0	(0)	Net gains (losses) on equity investments		0	0	(0)
48	**54**	**(5)**	**PROFIT (LOSS) BEFORE TAXES**		**198**	**206**	**(8)**
(13)	(16)	3	Income taxes	7	(47)	(86)	39
35	**38**	**(2)**	**PROFIT (LOSS) FROM CONTINUING OPERATIONS**		**151**	**120**	**31**
(1)	(3)	2	Non-controlling interests		(2)	(4)	2
35	**35**	**(1)**	**PROFIT (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE OWNERS OF THE PARENT**		**149**	**115**	**34**
2	16	(14)	Profit (loss) from discontinued operations	8	(5)	17	(22)
37	**51**	**(14)**	**PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**		**144**	**132**	**12**

18 The sale of the entire share capital of ERG Power S.r.l., owner of the CCGT plant, was completed on 17 October.

1 - Revenue

Revenue from sales consists mainly of:

- sales of electricity produced by wind farms and 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 in Italy (and similar electricity exchanges abroad), 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 and solar installations in operation.

Adjusted revenue in the **third quarter of 2023** was EUR 151 million, down from EUR 173 million in the third quarter of 2022 (EUR 521 million in the first nine months of 2023 versus EUR 542 million in 2022) mainly due to lower market prices captured in all countries, as well as the elimination of the wind incentive value in Italy (equal to EUR 43 per MWh in 2022), only partially offset by the full contribution from the commissioning of the wind farms developed internally and gradually put into operation during the fourth quarter of 2022 and in 2023.

It should be noted that revenue include the effects related to the **regulatory measures to curb energy price rises (clawback measures and windfall taxes)**, which resulted in refunds in the third quarter of 2023 of EUR 2 million (EUR 15 million in the third quarter of 2022) and of EUR 9 million in the first nine months of 2023 (EUR 21 million in the first nine months of 2022).

2 - Other income

This mainly includes insurance reimbursements, indemnities and expense recoveries. The item includes contractual indemnities received from suppliers for EUR 4 million as well as the partial release of provisions for risks (EUR 6 million), as the prerequisites for recognition no longer exist.

In the comparative period, the item also included the partial release of the provision for fiscal risks relating to local taxes (EUR 6 million) in consideration of various favourable rulings issued in some legal disputes.

3 - Purchases and changes in inventories

The item includes costs for purchases 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.

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

The adjusted values in the first nine months of 2023 do not include the ancillary costs relating to non-recurring transactions equal to EUR 3 million (EUR 2 million in the third quarter of 2023).

Lease payment charges (lease costs for IFRS 16 purposes) for EUR 10 million (EUR 3 million in the third quarter of 2023) 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

Amortisation/depreciation refer to wind and photovoltaic plants. The decrease in the period was mainly due to the extension of the useful life of wind farm assets in Italy and abroad for EUR 19 million in the first nine months of 2023 (EUR 8 million in the third quarter of 2023) as a result of the Lifetime Extension programmes and the end of the useful life of certain wind farm and photovoltaic components (EUR 8 million in the first nine months of 2023, EUR 2 million euro in the third quarter of 2023) also as a result of the start of Repowering investments, partly offset by the full contribution of new assets (EUR 23 million in the first nine months of 2023, EUR 4 million in the third quarter of 2023).

It should be noted that the values for the first nine months of 2023 do not include depreciation and amortisation related to the application of IFRS 16 amounting to EUR 5 million in the first nine months of 2023 (EUR 1 million in the third quarter), as already commented in item 4.

6 - Net financial income (expense)

Adjusted net financial expense in the third quarter of 2023 amounted to EUR 1 million, down significantly compared to the third quarter of 2022 (EUR 6 million), mainly as a result of the improved remuneration of Group liquidity resulting from the trend in interest rates.

Adjusted net financial expense for the first nine months of 2023 amounted to EUR 6 million, down from the first nine months of 2022 (EUR 18 million), due to the full effect of the liability management transactions carried out during the previous quarters and as a result of the improved remuneration of Group liquidity deriving from the trend in interest rates.

The average cost of medium/long-term debt in the first nine months of 2023 stood at 1.5%, compared to 1.3% in the first nine months of 2022. The return on liquidity is greater than that of the first nine months 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 in the first nine months of 2023 the values do not include the following components of an exceptional nature (special items) linked to liability management operations:

- financial expense (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 Orneta 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 debt recognised in application of the equity method introduced by IFRS 16 amounting to EUR 5 million (EUR 2 million in the third quarter of 2023), as already commented in item 4.

7 - Income taxes

Adjusted income taxes for the third quarter of 2023 amounted to EUR 13 million, down compared to EUR 16 million in the third quarter of 2022, which included the effect of windfall taxes of approximately EUR 1.3 million. The adjusted tax rate for the third quarter of 2023 was 27% (30% in the third quarter of 2022).

Adjusted income taxes for the first nine months of 2023 amounted to EUR 47 million, a significant decrease compared to EUR 86 million in the first nine months of 2022, which included the impact deriving from Article 37 of the Italian Decree Law of 21 March 2022 equal to EUR 37 million (so-called Surplus profits contribution).
The adjusted tax rate for the first nine months of 2023 was 24% (42% in the first nine months of 2022).

8 - Profit (loss) from discontinued operations

Adjusted profit (loss) from discontinued operations in the first nine months of 2023 includes the result of the company ERG Power S.r.l.[19], in the process of being sold at 30 September 2023, amounting to EUR -5 million in the first nine months of 2023 (EUR 2 million in the third quarter of 2023). This amount includes amortisation and depreciation for the period of EUR 14 million (net tax) and does not include the overall impact of the effects linked to the sale of the asset (totalling EUR 43 million), considered special items.

19 The sale of the entire share capital of ERG Power S.r.l., owner of the CCGT plant, was completed on 17 October.

ADJUSTED 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 September 2023, which do not include the impact deriving from the application of IFRS 16 of increased net financial indebtedness of approximately EUR 173 million with a balancing entry in net invested capital amounting to approximately EUR 166 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.

ADJUSTED RECLASSIFIED STATEMENT OF FINANCIAL POSITION

30/09/2022	(EUR million)		30/09/2023	30/06/2023	31/12/2022
3,493	Non-current assets	1	3,805	3,800	3,540
113	Net operating working capital	2	61	78	97
(4)	Employee benefits		(4)	(4)	(4)
330	Other assets	3	286	305	381
(792)	Other liabilities	4	(612)	(673)	(657)
3,140	**Net invested capital of continuing operations**		**3,536**	**3,506**	**3,357**
239	**Net invested capital of assets held for sale**		**130**	**133**	**235**
3,379	**Net invested capital**		**3,666**	**3,638**	**3,592**
1,818	Equity attributable to the owners of the parent		2,126	2,074	2,050
13	Non-controlling interests	5	9	8	9
1,542	Net financial indebtedness of continuing operations	6	1,406	1,516	1,434
6	Net financial indebtedness of discontinued operations	6	126	41	98
3,379	**Equity and financial indebtedness**		**3,666**	**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**	**2,120**	**40**	**3,540**
Capital expenditure	3	190	-	193
Change in the consolidation scope	83	125	16	224
Divestments and other changes	0	10	(1)	10
Amortisation and depreciation	(50)	(112)	-	(161)
Non-current assets at 30/09/2023	**1,416**	**2,333**	**56**	**3,805**

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 269 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 179 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..

6 - Net financial indebtedness

It should be noted that the adjusted indebtedness does not include the financial debt linked to the application of IFRS 16 of approximately EUR 173 million (EUR 157 million at 31 December 2022), the increase of which is attributable to the change in the scope of consolidation following the acquisitions of photovoltaic farms in Spain finalised during the first nine months of 2023.

SUMMARY OF THE GROUP'S INDEBTEDNESS

30/09/2022	(EUR million)	30/09/2023	30/06/2023	31/12/2022
1,764	Non-current financial indebtedness	2,039	2,022	1,723
(222)	Current financial indebtedness (cash and cash equivalents)	(633)	(507)	(289)
1,542	**Total indebtedness of continuing operations**	**1,406**	**1,516**	**1,434**
6	**Total indebtedness of discontinued operations**	**126**	**41**	**98**
1,548	**TOTAL**	**1,532**	**1,556**	**1,533**

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

NON-CURRENT FINANCIAL INDEBTEDNESS

30/09/2022	(EUR million)	30/09/2023	30/06/2023	31/12/2022
-	Non-current loans and borrowings	329	329	-
1,606	Non-current financial liabilities	1,591	1,593	1,595
1,606	**Total**	**1,920**	**1,922**	**1,595**
254	Total Project Financing	180	188	212
(69)	Current portion of Project Financing	(18)	(20)	(55)
185	**Non-current Project Financing**	**162**	**168**	**156**
(27)	**Non-current financial assets**	**(43)**	**(68)**	**(28)**
1,764	**Total non-current financial indebtedness of continuing operations**	**2,039**	**2,022**	**1,723**
1,764	**TOTAL**	**2,039**	**2,022**	**1,723**

Non-current loans and borrowings at 30 September 2023 amounted to EUR 329 million and refer to three Sustainable bilateral linked loans with Crèdit Agricole Corporate and Investment Bank (EUR 130 million), Caixa Bank (EUR 100 million) and Cassa Depositi e Prestiti (EUR 100 million), respectively, subscribed during the first half of 2023.
The loans shown above are recognised net of medium/long-term ancillary costs recognised using the amortised cost method (EUR 1 million).

Non-current financial liabilities, amounting to EUR 1,591 million, refer mainly to the liability deriving from placement of three bond loans amounting to EUR 500 million (with a 6-year duration at a fixed rate), EUR 600 million (with a 7-year duration at a fixed rate) and EUR 500 million (with a 10-year duration at a fixed rate) respectively, issued as part of the Euro Medium Term Notes (EMTN) Programme.
Liabilities are recognised net of medium/long-term accessory costs recognised for accounting purposes using the amortised cost method (EUR 7 million).

The liabilities for **Project Financing** totalling EUR 180 million at 30 September 2023 relate to:

- EUR 79 million in loans relating to the company Andromeda S.r.l., owner of a photovoltaic plant in Central Italy;
- EUR 18 million in loans issued for the construction of a wind farm in Germany;
- EUR 83 million in loans relating to the acquisition of the Garnacha photovoltaic farm in Spain, which took place in June 2023.

Non-current financial assets of EUR 43 million refer to the long-term portion of assets arising from the fair value measurement of interest rate hedging derivatives.

The breakdown of **current net financial indebtedness** is shown below:

CURRENT FINANCIAL INDEBTEDNESS (CASH AND CASH EQUIVALENTS)

30/09/2022	(EUR million)	30/09/2023	30/06/2023	31/12/2022
401	Current bank loans and borrowings	0	47	296
46	Other current financial liabilities	37	45	38
447	**Current financial liabilities**	**37**	**93**	**334**
(341)	Cash and cash equivalents (1)	(474)	(459)	(424)
(337)	Securities and other current financial assets	(202)	(134)	(187)
(678)	**Current financial assets**	**(676)**	**(594)**	**(611)**
84	Current Project Financing	18	20	55
(75)	Cash and cash equivalents	(12)	(25)	(68)
9	**Project Financing**	**6**	**(6)**	**(12)**
(222)	**Total current financial indebtedness of continuing operations**	**(633)**	**(507)**	**(289)**
6	**Total current financial indebtedness of discontinued operations**	**126**	**41**	**98**
(216)	**TOTAL**	**(507)**	**(466)**	**(191)**

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

Other current financial liabilities mainly include:

- liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 31 million);
- accrued interest expense on Bonds and Corporate Loans (EUR 8 million), as well as the short-term portion of ancillary charges recognised using the amortised cost method (EUR -2 million).

Securities and other current financial assets include short-term cash investments of EUR 158 million, deposits as collateral for futures derivatives transactions of around EUR 2 million, the short-term portion of assets arising from the fair value measurement of interest rate hedging derivatives of EUR 30 million and financial assets on non-hedging physical derivatives in the amount of EUR 14 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:

3rd Quarter			9 months	
2023	**2022**	**(EUR million)**	**2023**	**2022**
102	118	Adjusted EBITDA	365	390
(51)	(33)	Change in net working capital	10	6
51	**85**	**Cash flows from operations**	**376**	**397**
(63)	(91)	Capital expenditure in property, plant and equipment and intangible assets	(193)	(213)
(2)	(514)	Asset acquisitions and business combinations	(184)	(610)
-	-	Collection from the sale of ERG Hydro	-	1,265
0	(4)	Capital expenditure on non-current financial assets	1	(4)
(1)	(2)	Divestments and other changes	(2)	(8)
(66)	**(611)**	**Cash flows from investments/divestments**	**(377)**	**429**
(1)	(6)	Financial income (expense)	(6)	(18)
-	-	Financial expense for closing loans	(4)	(3)
0	0	Net gains (losses) on equity investments	0	0
88	75	Collection distribution reserves ERG Power[1]	88	75
87	**69**	**Cash flows from financing activities**	**78**	**54**
(5)	**(2)**	**Cash flows from tax management**	**(14)**	**(49)**
-	-	Distribution of dividends	(152)	(136)
43	(66)	Other changes in equity	117	(113)
43	**(66)**	**Cash flows from Equity**	**(36)**	**(249)**
-	**-**	**Change in the consolidation scope**	**-**	**(69)**
(85)	**(14)**	**Cash Flow Thermo**	**(27)**	**(11)**
1,556	**1,009**	**Opening net financial indebtedness of "Continuing operations"**	**1,533**	**2,051**
(24)	539	*Net change*	(1)	(503)
1,532	**1,548**	**Total adjusted indebtedness**	**1,532**	**1,548**
(126)	(6)	(+ NFP Thermo)	(126)	(6)
1,406	**1,542**	**Adjusted indebtedness of "Continuing operations"**	**1,406**	**1,542**

(1) Asset held for sale at 30 September 2023. On 17 October 2023, the closing was finalised for the sale of the entire capital of ERG Power S.r.l., owner of the Priolo Gargallo thermoelectric plant.

Cash flow from operations in the first nine months of 2023 was positive at EUR 376 million, in line with the corresponding period of 2022 (EUR 397 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 flow from operations also includes the payment of clawback measures and windfall taxes of approximately EUR 18 million in France and Poland.

Cash flows from investments in the first nine months of 2023 were mainly linked to the impact of the recent acquisitions of two photovoltaic companies in Spain (EUR 184 million), as well as capital expenditure in the period (EUR 193 million) aimed at developments on Repowering and Greenfield 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 period.

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

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

On 3 December 2015, CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Indicators in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Indicators (CESR/05 – 178b), aim to promote the usefulness and transparency of alternative performance indicators so as to improve their comparability, reliability and comprehensibility.
Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group. These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.
Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results".
Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

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

- **Adjusted revenue** is revenue, as indicated in the Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items);
- **EBIT** is the Group's consolidated net result for the period, before considering the net result from continuing operations, income taxes, net financial income (expense) and net gains (losses) on equity investments. EBIT is explicitly stated as a subtotal in the financial statements;
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment losses" to the Operating Profit (EBIT). EBITDA is explicitly indicated as a subtotal in the 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, 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;
- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the adjusted Revenue of each individual business segment;
- The **Adjusted tax rate** is calculated by comparing the adjusted amounts of income 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 assets held for sale";
- **Adjusted profit (loss) from continuing operations** is the profit (loss) from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the application of IFRS 16, net of the related tax effects;
- **Adjusted profit (loss) from continuing operations attributable to the owners of the parent** is the adjusted net profit (loss) from continuing operations with the exclusion of the profit attributable to non-controlling interests;
- **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** is the sum of capital expenditure in property, plant and equipment and intangible assets and investments through Mergers & Acquisitions;
- **Net operating working capital** is the sum of Inventories, Trade Receivables and Trade Payables;
- **Net invested capital of continuing operations** is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;
- **Net invested capital of assets held for sale** includes the contribution of the thermoelectric business to the net invested capital;
- **Net invested capital** is the net invested capital of continuing operations plus Net invested capital of assets held for sale;
- **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 hedging interest rates;
- **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.
In the first nine months of 2023, the application of IFRS 16 has therefore led to:

- an improvement in gross operating profit (EBITDA) in respect of the lease payments that fall within the scope of IFRS 16, of approximately EUR 10 million;
- an increase (approximately EUR 173 million) in the net financial indebtedness and the net invested capital (approximately EUR 166 million) in relation to the application of the equity method indicated by the standard;
- greater depreciation and amortisation (EUR 5 million) and greater financial expense (EUR 5 million) linked to the application of the above-mentioned method.

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

Reconciliation with adjusted operating results

GROSS OPERATING PROFIT (EBITDA)

3rd Quarter				9 months	
2023	**2022**	(EUR million)	**Notes**	**2023**	**2022**
103	**119**	**EBITDA from continuing operations**		**372**	**394**
		Special items exclusion:			
(3)	(3)	- IFRS 16 reclassification	1	(10)	(9)
		Italy			
2	2	- Reversal of ancillary charges on non-recurring operations (Special Projects)	2	3	4
-	-	- Reversal for allocation for Provision for Disposed Businesses	3	1	0
102	**118**	**Adjusted EBITDA**		**365**	**390**

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

3rd Quarter				9 months	
2023	**2022**	(EUR million)	**Notes**	**2023**	**2022**
(55)	**(60)**	**Amortisation, depreciation and impairment losses**		**(168)**	**(178)**
		Special items exclusion:			
1	2	- IFRS 16 reclassification	1	5	5
1	-	- Reversal of impairment losses recognised on Repowering Wind Italy	4	1	7
(52)	**(59)**	**Adjusted depreciation and amortisation**		**(161)**	**(166)**

PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

3rd Quarter				9 months	
2023	2022	(EUR million)	Notes	2023	2022
32	**33**	**Profit (loss) from continuing operations attributable to the owners of the parent**		**146**	**103**
		Special items exclusion:			
0	0	IFRS 16 reclassification	1	0	0
1	1	Exclusion of ancillary charges on non-recurring transactions	2	2	4
0	-	Exclusion of expenses related to disposed Businesses	3	(5)	0
1	-	Exclusion of impairment losses recognised on Repowering Wind Italy	4	1	5
-	-	Exclusion of ancillary charges on loan prepayments	5	3	2
-	-	Exclusion of substitute tax Solar Italy	6	-	(1)
0	1	Exclusion of impact of gains/losses (IFRS 9)	7	1	2
35	**35**	**Adjusted net profit (loss) from continuing operations attributable to owners of the parent**		**149**	**115**

1. Reclassification for impact of IFRS 16. Reference is made to the comments made in the previous paragraph.
2. Ancillary charges relating to acquisitions in the first half of 2023 related to the newly acquired photovoltaic companies in Spain, as well as unsuccessful acquisitions or ongoing projects.
3. Provisions relating to exceptional items on businesses disposed of by the Group. In terms of adjusted profit (loss) from continuing operations attributable to the owners of the parent in the first nine months of 2023, the amount refers mainly to price adjustments related 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 gains of approximately EUR 1 million being accounted for in the first nine months 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 Financial Statements and the Adjusted Financial Statements shown and commented upon in this document:

Income Statement 9 months 2023

(EUR million)	Financial Statements	*Reclassification of IFRS 16 impact*	*Adjustment for impact of IFRS 9*	*Reversal of special items*	Adjusted Income Statement
Revenue	521	-	-	-	521
Other income	17	-	-	-	17
Total revenue	**539**	**-**	**-**	**-**	**539**
Purchases and change in inventories	(9)	-	-	-	(9)
Services and other operating costs	(119)	(10)	-	3	(126)
Personnel expense	(38)	-	-	-	(38)
Gross operating profit (loss) (EBITDA)	**372**	**(10)**	**-**	**3**	**365**
Amortisation, depreciation and impairment of non-current assets	(168)	5	-	1	(161)
Operating profit (loss) (EBIT)	**204**	**(5)**	**-**	**5**	**204**
Net financial income (expense)	(16)	5	1	4	(6)
Net gains (losses) on equity investments	5	-	-	(5)	0
Profit before taxes	**193**	**0**	**1**	**3**	**198**
Income taxes	(45)	-	(0)	(2)	(47)
Profit (loss) from continuing operations	**148**	**0**	**1**	**1**	151
Non-controlling interests	(2)	-	-	-	(2)
Profit (loss) from continuing operations attributable to the owners of the parent	**146**	**0**	**1**	**1**	**149**
Profit (loss) from discontinued operations	(34)	-	-	29	(5)
Profit attributable to owners of the parent	**112**	***0***	***1***	***30***	**144**

Reclassified statement of financial position at 30 September 2023

(EUR million)	Reported Statement of Financial Position	Adjustment for impact of IFRS 16	Adjusted Statement of Financial Position
Intangible assets	1,416	-	1,416
Property, plant and equipment	2,500	(167)	2,333
Equity investments and other non-current financial assets	56	-	56
Non-current assets	**3,972**	**(167)**	**3,805**
Inventories	19	-	19
Trade receivables	161	-	161
Trade payables	(119)	-	(119)
Excise duties payable to tax authorities	(0)	-	(0)
Net operating working capital	**61**	**-**	**61**
Employee benefits	(4)	-	(4)
Other assets	284	1	286
Other liabilities	(612)	-	(612)
Net invested capital of continuing operations	**3,702**	**(166)**	**3,536**
Net invested capital of assets held for sale	**130**	**-**	**130**
Net invested capital	**3,832**	**(166)**	**3,666**
Equity attributable to the owners of the parent	2,119	7	2,126
Non-controlling interests	9	-	9
Non-current financial indebtedness	1,579	(173)	1,406
Net financial indebtedness from assets held for sale	126	-	126
Equity and financial indebtedness	**3,832**	**(166)**	**3,666**