



Press release

The Board of Directors of ERG S.p.A. approves the consolidated results for the first nine months of 2022 and the third quarter of 2022

Third quarter 2022:

Adjusted consolidated EBITDA¹: EUR 133 million, EUR 75 million in the third quarter of 2021 proforma²

Adjusted profit (loss) from continuing operations: EUR 51 million, EUR 13 million in the third quarter of 2021 proforma

First nine months of 2022:

Adjusted consolidated EBITDA: EUR 411 million, EUR 254 million in the first nine months of 2021 proforma

Adjusted net profit (loss) from continuing operations: EUR 174 million, EUR 66 million in the first nine months of 2021 proforma

- **Growing results:** the Group confirms the growth trend already seen in the first part of the year the first part of the year with very positive operating results, thanks in particular to the contribution of new assets from both M&A and organic developments.
- **Growth of the renewable portfolio:** efforts to speed up the execution of the plan and reinvest the income from asset rotation continue. In the 9 months, EUR 823 million have been invested in new renewable capacity totalling 571 MW and gradually entering the Group portfolio compared to 30 September 2021.
- **Green Finance:** in October, the first "Sustainability-Linked" revolving credit line related to specific ESG growth objectives for the renewable and D&I portfolio was signed, for EUR 600 million and a three-year duration, to strengthen and add flexibility to the Group's financial structure.

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

² The figure relating to 2021 has been restated, for comparative purposes only, in consideration of the significant transformation of the Group's portfolio, therefore reclassifying the contribution of the hydroelectric and thermoelectric business under the item "Assets held for sale" in application of IFRS 5.

- **ESG:** ERG included among the Top 2% of the Moody's ESG Solutions global classification, which confirms the "Advanced" Rating for the third consecutive year. Further strengthening of the ESG governance model with the introduction of the "Policy to combat Violence, Harassment and Bullying in the workplace" for an increasingly inclusive approach. Update of the Sustainability Policy, which now includes a biodiversity section, in line with the International Principles.
- **Sale of the CCGT:** ERG confirms the plan to sell the CCGT even after the Antitrust Authority's refusal to transfer the asset to ENEL. The plant, which is reported under IFRS 5, recorded a sharp increase in EBITDA to EUR 52 million in the 9 months (EUR 29 million in the same period of 2021), partly due to the start of the high-performance cogeneration regime from 2022.
- **Guidance 2022:** in a regulatory context made uncertain by potential government interventions on the European energy markets, we revise upwards the forecast for EBITDA, which is now in a range between EUR 520 and EUR 550 million (previously EUR 485-515 million), capital expenditure between EUR 900 million and EUR 1 billion were confirmed, net financial indebtedness decreased slightly between EUR 1,500 and EUR 1,600 million (previously EUR 1,550-1,650 million)³.

Genoa, 11 November 2022 – The Board of Directors of ERG S.p.A., in its meeting held today, approved the consolidated results for the first nine months of 2022 and the third quarter of 2022.

Paolo Merli, CEO of ERG commented:

"The results of the third quarter, in line with what we have already seen in the first part of the year, were up considerably thanks mainly to the higher installed capacity in service during the period with an additional almost 600 MW, between Wind and Solar, across various geographic areas, compared to the same period in 2021. The ERG efforts are evidenced by the material investments in development in the first 9 months of 2022 of more than EUR 800 million, about double the EBITDA recorded in the same period, again demonstrating the Group' expansionary phase. Against this background, we are further increasing the EBITDA guidance and at the same time reducing the forecast for debt while confirming investments in the range of EUR 900 million to EUR 1 billion which will enable us to reach an installed capacity of around 3,000 MW as early as the end of the year or early 2023 at the latest."

³ See the press release of 23 September 2022.

HIGHLIGHTS

3rd Quarter		(EUR million)	9 months	
2022	2021 ⁽³⁾	ADJUSTED MAIN INCOME STATEMENT FIGURES ⁽¹⁾	2022	2021 ⁽³⁾
188	123	Revenue	562	382
133	75	Gross operating profit (EBITDA)	411	254
75	25	Operating profit (EBIT)	245	105
51	13	Profit (loss) from continuing operations	174	66
67	31	Net profit (loss)	194	131
64	30	of which profit attributable to owners of the parent	190	130
54	9	Reported Net profit (loss) ⁽²⁾	459	101
ADJUSTED MAIN FINANCIAL FIGURES ⁽¹⁾				
3,140	3,424	Net invested capital of continuing operations (4)	3,140	3,424
1,831	1,595	Equity	1,831	1,595
1,542	1,829	Net financial indebtedness of continuing operations ⁽⁴⁾	1,542	1,829
254	269	of which non-recourse Project Financing ⁽⁵⁾	254	269
46%	53%	Financial leverage	46%	53%
71%	61%	EBITDA Margin %	73%	66%
OPERATING DATA				
2,760	2,188	Total installed capacity at the end of the period	2,760	2,188
970	783	Total electricity output	3,625	2,892
1,440	1,234	Installed capacity at the end of the period – Italy	1,440	1,234
493	456	Electricity output – Italy	1,745	1,640
600	476	Installed capacity at the end of the period – France	600	476
187	162	Electricity output – France	733	597
327	272	Installed capacity at the end of the period – Germany	327	272
82	71	Electricity output – Germany	403	279
70	-	Installed capacity at the end of the period – UK	70	-
30	-	Electricity output – UK	145	-
92	-	Installed capacity at the end of the period – Spain	92	-
58	-	Electricity output – Spain	145	-
231	206	Installed capacity in East Europe	231	206
120	94	Electricity output – East Europe	454	375
605	49	Capital expenditure ⁽⁶⁾	823	350
574	521	Employees at the end of the period ⁽⁷⁾	574	521

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

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

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

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

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

(6) In property, plant and equipment and intangible assets. They also include Merger & Acquisition investments of EUR 610 million.

(7) The number of employees in 2022 does not include the 144 persons dedicated to ensuring the operation of the CCGT cogeneration plant. Similarly, the number of employees in 2021 does not include the 133 people included in the hydroelectric perimeter sold to ENEL Produzione S.p.A. and the 144 people dedicated to the thermoelectric business.

3rd Quarter		(EUR million)		9 months	
2022	2021 ⁽³⁾	NET UNIT REVENUE ⁽⁸⁾		2022	2021 ⁽³⁾
183	140	Italy – Wind	<i>Euro/MWh</i>	139	128
372	346	Italy – Solar	<i>Euro/MWh</i>	346	334
95	89	France – Wind	<i>Euro/MWh</i>	92	89
97	82	France – Solar	<i>Euro/MWh</i>	97	82
179	118	Germany – Wind	<i>Euro/MWh</i>	150	102
66	-	UK – Wind	<i>Euro/MWh</i>	159	-
111	-	Spain – Solar	<i>Euro/MWh</i>	130	-
249	111	East Europe – Wind	<i>Euro/MWh</i>	186	89

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

(8) Net unit revenue is expressed in EUR/MWh and is calculated by dividing the technology output by the revenue achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, the cost of fuel and imbalance costs.

COMMENTS ON THE PERFORMANCE FOR THE PERIOD

Third quarter

In the third quarter of 2022, adjusted revenue amounted to EUR 188 million, an increase of EUR 65 million compared to the third quarter of 2021 proforma (EUR 123 million), mainly due to higher output (in the period equal to 1.0 TWh, up 24%) attributable to the higher installed capacity (571 MW, of which 389 MW from wind and 182 MW from solar) following not only the recent acquisitions made in Italy in the third quarter of 2022⁴ and abroad in the fourth quarter of 2021⁵, but also the entry into operation of the farms developed internally in the United Kingdom, France and Poland in 2022. The higher market prices only partially affected the results as the Group adopts a hedging policy that provides for sales through fixed rates, PPAs under pre-established conditions and forward sales through financial hedging derivatives.

Adjusted EBITDA⁶, net of special items, came to EUR 133 million, up EUR 58 million from the EUR 75 million recorded in the third quarter of 2021 pro forma. In summary:

ITALY

- **Wind (EUR +19 million):** EBITDA of EUR 59 million, up compared to the third quarter of 2021 pro-forma (EUR 40 million) as a result of the contribution of the newly acquired wind assets (172 MW), consolidated on a line-by-line basis from 1 August (EUR 22 million), partly offset by the lower wind speeds recorded in the period (404 GWh in the third quarter of 2022, of which 54 GWh deriving from the new wind farms compared to 384 GWh in 2021). The price effect, net of the new installed capacity, was essentially neutral compared to the third quarter of 2021 as the increase in the price scenario was largely offset by the lower value of the incentive and the hedging derivatives.
- **Solar (EUR +8 million):** EBITDA of EUR 31 million, up compared to the third quarter of 2021 proforma (EUR 23 million) due to the higher installed capacity (34 MW) following the acquisition of 18 photovoltaic plants,

⁴ It should be noted that the solar plants acquired from ABN Amro Sustainable Impact PE B.V. (for a total of 34 MW) are consolidated on a line-by-line basis as of 1 July 2022, while the wind farms acquired from EDP Renewables Italia Holding S.r.l. (for a total of 172 MW) are consolidated on a line-by-line basis as of 1 August 2022.

⁵ It should be recalled that in the fourth quarter of 2021, the Group acquired an operational renewable portfolio of 152 MW in France and Germany.

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

consolidated from 1 July and due to the higher volumes recorded (89 GWh in the third quarter of 2022, of which 14 GWh deriving from new wind farms compared to 72 GWh in 2021). The price scenario effect, net of hedging derivatives and the scope effect, was essentially neutral.

ABROAD

- **Wind (EUR +25 million):** EBITDA of EUR 41 million, up from the third quarter of 2021 pro forma (EUR 16 million) due to the full contribution of the 217 MW of new capacity, as a result of the better prices captured in some geographic areas and the higher wind level experienced in East Europe.
- **Solar (EUR +7 million):** EBITDA of EUR 8 million in the third quarter of 2022 thanks to the full contribution of the farms consolidated in France (57 MW) in October 2021 and the new farms acquired in Spain (92 MW) in January 2022.

Overall, the scope effect linked to the new operational MW is EUR 44 million.

It should be noted that the total EBITDA is affected by the electricity price hedging policies implemented in line with the Group's risk policies. In compliance with the risk policy, most of the merchant generation for the year 2022 is sold forward and, therefore, there are limited impacts deriving from the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter), which provides for two-way compensation mechanisms on the basis of a reference price, substantially in line with the prices of existing hedges. In particular, the charges for the period, amounting to approximately EUR 6 million recorded under special items, refer to the newly acquired solar farms not previously covered by the 2022 hedges.

Adjusted EBIT amounted to EUR 75 million (EUR 25 million in the third quarter of 2021 pro-forma) after depreciation and amortisation of EUR 59 million, up compared to 2021 (EUR 51 million) mainly as a result of the contribution of wind and photovoltaic assets acquired in Italy and abroad, in addition to the full contribution of the new internally developed wind farms that have come into operation in the United Kingdom, France and Poland, only partly offset by lower depreciation due to the end of the useful life of some components of wind farms in Italy.

Adjusted net profit (loss) from continuing operations amounted to EUR 51 million, a significant increase compared to the third quarter of 2021 proforma (EUR 13 million) in view of the previously commented operating results and lower financial expenses, down as a result of the full contribution of liability management transactions carried out during the second half of 2021.

It should be noted that the item does not include the impact of the “Windfall Tax” legislation⁷ in Romania (expense of EUR 8 million, net of the related tax), the effects of the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) (expense of EUR 4 million, net of the related tax) and Article 37 of Italian Decree Law no. 21/2022 in Italy of approximately EUR 1 million; these extraordinary and temporary items were isolated as special items.

Adjusted profit attributable to owners of the parent, also including the contribution of ERG Power S.r.l.⁸, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 64 million, significantly higher than the 2021 result (EUR 30 million), in view of the already discussed improved operating results and lower financial expenses.

Profit attributable to the owners of the parent was EUR 54 million, a significant increase compared to EUR 9 million in the third quarter 2021 proforma. The result benefits from the already commented on improved operating results and also includes the aforementioned effects linked to the urgent tax measures regarding the containment of energy prices (amounting to approximately EUR 14 million), in particular in Italy and Romania and the contribution of ERG Power S.r.l., owner of the CCGT plant due to be sold.

In the first quarter of 2022, **capital expenditure** totalled EUR 605 million (EUR 49 million in the third quarter of 2021 proforma) and mainly refers to the acquisition of solar farms (EUR 118 million) and wind farms (EUR 396 million) in Italy and to the continuation of organic development activities (EUR 91 million compared to EUR 49 million in the third quarter of 2021 proforma), in particular the construction of wind farms in the UK for approximately 179 MW, Poland for 36 MW and Sweden for 62 MW, the start of the construction in Italy for 47 MW Greenfield and Repowering on Italian plants for approximately 193 MW of new wind capacity. In solar Italy, plant revamping activities continue, aimed at ensuring greater plant efficiency.

The **adjusted net financial indebtedness of “continuing operations”** totalled EUR **1,542 million**, up (EUR +524 million) compared to 30 June 2022 (EUR 1,019 million). The change reflects the impact of recent acquisitions in Italy (EUR 514 million), capital expenditure in the quarter (EUR 91 million) mainly related to the completion of the wind farms in the United Kingdom, Poland and Sweden, partly offset by the positive cash flow of the period (EUR 79 million⁹), as well as the change in the scope of consolidation with the exit of the thermoelectric business, reported under discontinued operations. It should be noted that ERG Power, owner of the CCGT plant, has a cash position at 30 September 2022 equal to EUR 6 million.

It should also be noted that the indebtedness at the end of the period reflects the negative fair value of commodity futures of roughly EUR 310 million (EUR 216 million at 30 June 2022).

⁷ Supplemented by the Solidarity Tax in September 2022.

⁸ Starting from this quarterly report, the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business. The third quarter of 2022 was therefore calculated in line with that indicated.

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

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 159 million at 30 September 2022.

First nine months

In the first nine months of 2022, adjusted revenue amounted to EUR 562 million, an increase of EUR 180 million compared to the first nine months of 2021 proforma (EUR 382 million), the main contribution to which is the increased capacity of 571 MW (of which 389 MW from wind and 182 MW from solar) following the recent acquisitions made in Italy¹⁰ and abroad in 2022 and in the fourth quarter of 2021, as well as the entry into operation of the farms developed internally and entered into operation during the year. Generation amounted to 3.6 TWh, up by 25% (0.7 TWh) compared to 2021, as a result of the volumes deriving from the greater installed capacity and the better wind conditions recorded in the period. The higher market prices only partially affected the results as the group adopts a hedging policy that provides for sales through fixed rates, PPAs under pre-established conditions and financial hedging agreements.

Adjusted EBITDA¹¹, net of special items, came to EUR 411 million, up EUR 157 million from the EUR 254 million recorded in the first nine months of 2021 proforma. In summary:

ITALY

- **Wind (EUR +27 million):** EBITDA of EUR 172 million, up compared to the first nine months of 2021 proforma (EUR 145 million) as a result of the contribution of the newly acquired wind assets, consolidated on a line-by-line basis from 1 August (EUR +22 million), and the greater wind speeds recorded (1,533 GWh in the first nine months of 2022, of which 54 GWh deriving from the new assets compared to 1,454 GWh in 2021). Net of the scope effect, captured sales prices were largely in line since the price scenario effect was offset by the lower value of the incentive and hedging derivatives..
- **Solar (EUR +11 million):** EBITDA of EUR 67 million, up compared to the first nine months of 2021 proforma (EUR 57 million) mainly due to the higher installed capacity (34 MW) following the acquisition of 18 photovoltaic plants, consolidated from 1 July and due to the higher volumes recorded (212 GWh in the first nine months of 2022, of which 14 GWh deriving from the consolidation of the new assets compared to 186 GWh in 2021). The price scenario effect, net of hedging derivatives, was essentially neutral.

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

¹¹ Adjusted EBITDA is shown net of the positive effects arising from the application of IFRS 16, equal to approximately EUR 9 million, as well as other negative effects of special items for approximately EUR 25 million. It should be noted that the adjusted EBITDA does not include the contribution of the thermoelectric business, held for sale and reclassified to the item "Profit (loss) from assets held for sale".

ABROAD

- **Wind (EUR +99 million):** EBITDA of EUR 167 million, up on the first nine months of 2021 proforma (EUR 68 million) due to the contribution of the 217 MW of new capacity, as a result of the better prices captured in some geographic areas and the higher wind level experienced in East Europe and Germany.
- **Solar (EUR +21 million):** EBITDA of EUR 21 million thanks to the contribution across the entire year of the farms consolidated in France (79 MW) in the second half of 2021 and the new farms acquired in Spain (92 MW) in January 2022.

Overall, the scope effect linked to the new operational MW is EUR 91 million.

It should be noted that the total EBITDA is affected by the electricity price hedging policies implemented in line with the Group's risk policies. In compliance with the risk policy, most of the merchant generation for the year 2022 is sold forward and, therefore, there are limited impacts deriving from the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter), which provides for two-way compensation mechanisms on the basis of a reference price, substantially in line with the prices of existing hedges. In particular, the charges for the period, amounting to approximately EUR 6 million recorded under special items, refer to the newly acquired solar farms not previously covered by the 2022 hedges.

Adjusted EBIT amounted to EUR 245 million (EUR 105 million in the first nine months of 2021 proforma) after depreciation and amortisation of EUR 166 million, up compared to 2021 (EUR 149 million) mainly as a result of the contribution of wind and photovoltaic assets acquired in Italy and abroad, in addition to the full contribution of the new internally developed wind farms in the United Kingdom, France and Poland, only partly offset by lower depreciation due to the end of the useful life of some components of wind farms in Italy.

The **adjusted net profit (loss) from continuing operations** amounted to EUR 174 million, a significant increase compared to the first nine months of 2021 proforma (EUR 66 million) in consideration of the aforementioned operating results and lower financial expense, which were reduced as a result of the full contribution of the liability management operations carried out in 2021. It should be noted that the item does not include the impact of the application of the "Windfall Tax"¹² legislation in Romania (expense of EUR 13 million, net of the related tax), the effects of the application of Article 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) (expense of EUR 4 million, net of the related tax) and the impact deriving from Article 37 of the Italian Decree Law no. 21/2022 in

¹² Supplemented by the Solidarity Tax in September 2022.

Italy equal to approximately EUR 37 million¹³; these items, of an extraordinary and temporary nature, have been isolated as special items.

Adjusted profit attributable to owners of the parent, also including the contribution of ERG Power S.r.l.¹⁴, owner of the CCGT plant recognised in discontinued operations in accordance with IFRS 5 rules, amounted to EUR 190 million, significantly higher than the 2021 result (EUR 130 million), in view of the already discussed improved operating results and lower financial expenses.

Profit attributable to the owners of the parent was EUR 459 million, an increase compared to EUR 101 million in the first nine months of 2021 proforma. The result includes primarily the net capital gain recognised following the sale of the Terni hydroelectric complex on 3 January 2022 (equal to approximately EUR 324 million), as well as the impairment of the wind assets subject to repowering (equal to approximately EUR 5 million) and the costs related to the liability management operations carried out in 2022 (equal to approximately EUR 2 million), as well as the aforementioned effects linked to the urgent tax measures regarding the containment of energy prices, in particular in Italy and Romania (EUR 54 million) and the contribution of ERG Power S.r.l., owner of the CCGT plant, reclassified under “assets held for sale”.

In the first nine months of 2022, **capital expenditure** totalled EUR 823 million (EUR 350 million in the first nine months of 2021 proforma) and refers mainly to the acquisition of solar farms (EUR 118 million) and wind farms (EUR 396 million) in Italy and solar farms in Spain (EUR 96 million) in January 2022, to organic development activities (EUR 194 million compared to EUR 162 million in the first nine months of 2021 proforma), in particular in relation to the completion of the wind farms in the UK for approximately 179 MW, Poland for 61 MW (of which 24.5 MW became operational in June and 36 MW in October), France 20 MW (which became operational in June) and Sweden for 62 MW, and to the start of the construction in Italy for 47 MW Greenfield and Repowering on Italian plants for approximately 193 MW of new wind capacity. In solar Italy, plant revamping activities continue (EUR 12 million), aimed at ensuring greater plant efficiency. In addition, investments continue in the ICT area and in minor maintenance projects.

Adjusted net financial indebtedness of “continuing operations” totalled EUR 1,542 million, down (EUR -509 million) compared to 31 December 2021 (EUR 2,051 million). The change mainly reflects the proceeds from the sale of the Terni hydroelectric complex (EUR 1,265 million) and the positive cash flow for the period (EUR 378 million¹⁵), partly offset by the acquisitions in Italy and Spain (EUR 610 million), capital expenditure for the

¹³This impact is calculated on the basis of a rate equal to 25% for the period between 1 October 2021 and 30 April 2022. The amount shown considers the scope of the continuing operations, therefore not including an additional EUR 4 million related to the thermoelectric business, recognised in discontinued operations, which is in the process of being sold.

¹⁴Note that starting from this quarterly report, the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business.

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

period (EUR 213 million), the dividends distributed to shareholders (EUR 136 million), the payment of taxes (EUR 49 million)¹⁶ and the change of the consolidation scope with the exit of the hydroelectric and thermoelectric businesses, the latter reported under discontinued operations. It should be noted that ERG Power S.r.l., owner of the CCGT plant, has a cash position at 30 September 2022 equal to EUR 6 million.

It should also be noted that the indebtedness at the end of the period reflects the negative fair value of commodity futures of roughly EUR 310 million (EUR 344 million at 31 December 2021).

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 159 million at 30 September 2022.

¹⁶ The amount includes the payment of the deposit pursuant to Article 37 of Italian Decree Law no. 21/2022 equal to approximately EUR 15 million.

BASIS FOR PREPARATION

Quarterly report

This press release on the consolidated results of the ERG Group relating to the first nine months of 2022 and the third quarter of 2022 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 2022 and the third quarter of 2022 are the same as those adopted in preparing the 2021 Annual Financial Report and the 2022 Half-Year Condensed Financial Statements, 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, following the significant Asset Rotation process launched in 2021 with the sale of the hydroelectric business, starting from 2022, the operating results are presented and commented on with reference to the various geographical segments in which ERG operates, in line with the new internal methods for measuring the Group's results, and in line with the 2022-2026 Business Plan approved by the Board of Directors on 14 March 2022, aimed at reinvesting the resources deriving from divestments and the growth strategy in Wind & Solar through a policy of geographical and technological diversification.

It should be noted that the results, shown by geographical area as from 2022, 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 exceptional nature (special items): these results are indicated with the term **"Adjusted results"**.*

The results, which include significant special income statement components of an exceptional nature (special items) are also

*defined as **"Reported results"**.*

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

Finalisation of the sale of the Hydroelectric Business

On 3 January 2022, ERG concluded its transaction with Enel Produzione S.p.A. for the sale of the entire share capital of ERG Hydro S.r.l., as announced on 2 August 2021, following the approval of the Italian Antitrust Authority and the successful completion of the golden power procedure at the Italian Presidency of the Council of Ministers. The consideration totalled approximately EUR 1.265 billion, including the mark-to-market valuation of some hedging derivatives included in the scope and relating to part of the energy produced in the future by ERG Hydro S.r.l. plants. The sale and purchase agreement envisages a further price adjustment mechanism during 2022 based on the actual values, recorded at the closing date, of the net working capital, the net financial position and the actual level of water reserves of some of ERG Hydro S.r.l.'s reservoirs.

Agreement for the sale of the Thermoelectric Business

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

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

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

The consideration in terms of Enterprise Value, at 31 December 2021, is equal to EUR 188 million and will be subject to price adjustment at closing, subject however to the approval of the relevant Antitrust Authorities.

On 23 September 2022, the Italian Antitrust Authority (AGCM) did not authorise the aforementioned transaction.

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

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

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

2021 proforma income statement amounts

As a result of the above, the comparison of the results of the first nine months of 2022 and the third quarter of 2022 with those of the corresponding periods of 2021 is significantly affected by the considerable transformation of the Group's portfolio.

Therefore, in line with the requirements of IFRS 5, the 2021 comparative figures have been restated indicating in the line "Profit (loss) from assets held for sale" the contribution of the hydroelectric and thermoelectric business.

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

Risks and uncertainties in relation to the business outlook

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

Consolidation of acquisitions of solar and wind power plants in Italy

Regarding recent acquisitions, which occurred during the third quarter of 2022, at the date of this document, the Purchase Price Allocation procedure was performed on the basis of the available information; consistently with the indications of IFRS 3 and in consideration of the short period of time between the acquisition date and the date of preparation of this document, this procedure shall be deemed provisional and subject to changes and adjustments. Additional details regarding the allocation of surplus amounts and the related accounting effects will be provided in the Annual Financial Report at 31 December 2022. In this regard, note that based on the provisions of IFRS 3, the measurement of assets and liabilities may be subject, if necessary, to changes in the twelve months after the acquisition date.

Therefore, this quarterly report reflects the impact of the line-by-line consolidation of the newly acquired solar and wind companies in the third quarter. With regard to the acquisition of solar companies from ABN Amro Sustainable Impact Fund PE B.V. (hereinafter also referred to as the Siena project), consolidation took place from 1 July 2022, while the wind companies acquired by EDP Renewables Italia Holding S.r.l. (hereinafter also referred to as the Donatello project) were consolidated from 1 August 2022.

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 11 November 2022, 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			(EUR million)	9 months		
2022	2021 ⁽¹⁾	Δ	ADJUSTED REVENUE	2022	2021 ⁽¹⁾	Δ
111	83	28	Italy	294	252	42
77	36	40	Abroad	268	121	147
18	15	3	France	68	54	14
15	8	7	Germany	61	29	32
2	-	2	UK	23	-	23
6	-	6	Spain	19	-	19
35	13	22	East Europe	96	38	58
7	12	(5)	Corporate	24	37	(13)
(7)	(9)	2	Intra-segment revenue	(23)	(27)	5
188	123	65	Total adjusted revenue	562	382	180

ADJUSTED EBITDA						
90	63	27	Italy	239	202	38
49	17	32	Abroad	189	69	120
7	6	1	France	37	30	7
9	3	6	Germany	43	15	28
(0)	(1)	1	UK	17	(2)	19
6	0	6	Spain	16	0	16
27	8	19	East Europe	75	25	50
(6)	(5)	(1)	Corporate	(17)	(17)	(1)
133	75	58	Adjusted EBITDA	411	254	157

ADJUSTED AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES						
(34)	(31)	(3)	Italy	(91)	(94)	3
(24)	(19)	(5)	Abroad	(71)	(52)	(19)
(11)	(10)	(1)	France	(34)	(26)	(8)
(7)	(5)	(1)	Germany	(20)	(15)	(5)
(1)	(0)	(1)	UK	(3)	(0)	(3)
(1)	-	(1)	Spain	(3)	0	(3)
(4)	(4)	(0)	East Europe	(11)	(11)	(0)
(1)	(1)	0	Corporate	(3)	(2)	(1)
(59)	(51)	(8)	Adjusted amortisation, depreciation and impairment losses	(166)	(149)	(17)

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

3rd Quarter			(EUR million)	9 months		
2022	2021 ⁽¹⁾	Δ	ADJUSTED EBIT	2022	2021 ⁽¹⁾	Δ
56	32	24	Italy	148	108	40
25	(2)	27	Abroad	118	17	101
(4)	(4)	(0)	France	3	4	(1)
3	(2)	4	Germany	23	0	23
(1)	(1)	(0)	UK	15	(2)	16
5	-	5	Spain	13	-	13
23	4	18	East Europe	64	14	49
(6)	(6)	(1)	Corporate	(20)	(19)	(1)
75	25	50	Adjusted EBIT	245	105	140

CAPITAL EXPENDITURE ⁽²⁾

543	6	537	Italy	594	15	579
62	42	25	Abroad	228	334	(89)
0	3	(3)	France	9	154	(145)
0	0	0	Germany	1	0	0
49	28	21	UK	71	100	(29)
-	-	-	Spain	96	-	96
8	1	7	Sweden	34	45	(11)
5	10	(5)	East Europe	17	35	(17)
0	1	(1)	Corporate	1	2	(0)
605	49	556	Total apital expenditure	823	350	472

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

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

REFERENCE MARKET

PRICE SCENARIO

3rd Quarter				9 months	
2022	2021			2022	2021
Base load price scenario (EUR/MWh)					
Italy					
472	124	Single National Price ⁽¹⁾		324	86
43	109	Feed-In Premium (FIP) (former Green Certificates) - Italy		43	109
196	47	TTF		129	30
79	57	CO ₂		81	48
Abroad					
430	97	France		297	71
376	97	Germany		250	69
254	131	Poland		211	107
222	89	of which Electricity		169	71
32	42	of which Certificates of Origin		42	36
377	110	Bulgaria		263	76
442	143	Romania		308	107
413	113	of which Electricity		279	78
29	29	of which Green Certificate		29	29
313	156	Northern Ireland		240	107
345	150	Great Britain		256	102
146	118	Spain		186	79
210	90	Sweden SE4		153	65

(1) Single National Price: Italian electricity reference price.

ITALY

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

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

3rd Quarter				9 months		
2022	2021	Δ		2022	2021	Δ
Operating Results						
1,440	1,234	206	Installed capacity (MW) ⁽¹⁾	1,440	1,234	206
1,265	1,093	172	Wind	1,265	1,093	172
175	141	34	Solar	175	141	34
493	456	37	Output (GWh)	1,745	1,640	104
404	384	20	Wind	1,533	1,454	79
89	72	18	Solar	212	186	25
			Load factor % ⁽²⁾			
14%	16%	(1%)	Wind	18%	20%	(2%)
23%	23%	0	Solar	18%	20%	(2%)
218	172	46	Net unit revenue (EUR/MWh)	164	151	13
183	140	44	Wind	139	128	12
372	346	26	Solar	346	334	12

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

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

In the **third quarter of 2022, electricity output** in Italy amounted to 493 GWh, of which 404 GWh from wind power and 89 GWh from photovoltaic plants, an increase compared to the same period in 2021 (456 GWh, of which 384 GWh from wind power and 72 GWh from solar power), due to the greater installed capacity and the better sunlight conditions (+6%), while lower wind speeds were experienced (-9%) on the other assets.

In the **first nine months of 2022, electricity output** in Italy amounted to 1,745 GWh, of which 1,533 GWh from wind sources and 212 GWh from photovoltaic systems, an increase compared to the same period in 2021 (1,640 GWh of which 1,454 from wind sources and 186 GWh from solar sources), due to the scope effect of both greater wind speeds (+2%) and better sunlight conditions (+6%).

3rd Quarter			(EUR million)	9 months		
2022	2021	Δ		2022	2021	Δ
Economics results						
111	83	28	Adjusted revenue	294	252	42
78	58	19	Wind	220	189	31
34	25	8	Solar	74	63	11
90	63	27	Adjusted EBITDA	239	202	38
59	40	19	Wind	172	145	27
31	23	8	Solar	67	57	11
(34)	(31)	(3)	Amortisation, depreciation and impairment losses	(91)	(94)	3
(21)	(21)	(1)	Wind	(59)	(64)	5
(13)	(10)	(2)	Solar	(33)	(31)	(2)
56	32	24	Adjusted EBIT	148	108	40
38	20	18	Wind	114	82	32
18	13	6	Solar	34	26	8

3rd Quarter			(EUR million)	9 months		
2022	2021	Δ		2022	2021	Δ
Economics results						
543	6	537	Capital expenditure in property, plant and equipment and intangible assets	594	15	579
417	5	411	Wind	463	14	449
126	0	126	Solar	131	1	130
81%	76%	5%	EBITDA MARGIN % ⁽¹⁾	81%	80%	1%
76%	69%	7%	Wind	78%	77%	2%
92%	91%	1%	Solar	91%	90%	1%

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

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

For ERG, the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 183 EUR/MWh, up compared to 2021 (140 EUR/MWh in the first half of 2021) as a result of the newly acquired wind farms not covered by the hedges, while on the other assets, unit revenues are broadly in line.

Net unit revenues relating to photovoltaic plants amounted to 372 EUR/MWh (346 EUR/MWh in the third quarter of 2021) due to the newly acquired solar farms not subject to hedging.

Adjusted EBITDA in Italy for the third quarter of 2022 amounted to EUR 90 million, an increase compared to the third quarter of 2021 (EUR 63 million), for the same reasons relating to revenue.

Depreciation and amortisation for the period increased compared to the third quarter of 2021 proforma due to the contribution of the wind and photovoltaic farms acquired.

Revenue recorded in the first nine months of 2022 was up due to higher wind and photovoltaic output in Italy, while higher market prices are more than offset by hedges carried out in line with group risk policies and by a lower unit value of the GRIN incentive (from 109.4 EUR/MWh to 42.9 EUR/MWh).

In light of the above, for ERG the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 139 EUR/MWh, essentially at the same level as in 2021 (128 EUR/MWh in the first half of 2021), up slightly due to the newly acquired wind farms not subject to hedging.

Net unit revenues relating to photovoltaic plants amounted to 346 EUR/MWh (334 EUR/MWh in the first half of 2021), up slightly due to the newly acquired solar farms not subject to hedging.

Adjusted EBITDA in Italy for the first nine months of **2022** amounted to EUR 239 million, an increase compared to the first nine months of 2021 (EUR 202 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period was down compared to the first nine months of 2021 proforma due to the end of the useful life of some components of the wind farms, an effect partially offset by the effects of the consolidation in the newly acquired wind farms and solar farms.

Capital expenditure

Capital expenditure **in the first nine months of 2022** (EUR 594 million, of which EUR 543 million in the third quarter) refers mainly to the acquisitions of wind and solar farms in the third quarter of 2022, to the start of construction of the Roccapalumba plant (47 MW) and to the repowering activities (193 MW) on the Camporeale, Partinico-Monreale, Mineo-Militello and Vizzini plants in addition to the usual maintenance aimed at further increasing the efficiency of the plants. In Solar, the revamping of the plants has begun, aimed at ensuring greater efficiency of the same.

ABROAD

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 (1,149 MW operational), mainly in France (522 MW), Germany (327 MW), Poland (107 MW), the UK (70 MW), Romania (70 MW) and Bulgaria (54 MW). Furthermore, ERG operates in France and Spain in the generation of electricity from solar sources with 170 MW of installed capacity, of which 79 MW in France with 9 plants acquired between June and October 2021, and 92 MW in Spain with 2 plants acquired in January.

Compared to the first 9 months of 2021, the installed capacity has increased by 366 MW.

France

3rd Quarter				9 months		
2022	2021	Δ		2022	2021	Δ
Operating Results						
600	476	124	Installed capacity (MW) ⁽¹⁾	600	476	124
522	455	67	Wind	522	455	67
79	22	57	Solar	79	22	57
187	162	24	Output (GWh)	733	597	136
154	153	1	Wind	650	588	63
32	9	23	Solar	83	9	74
Load factor % ⁽²⁾						
14%	17%	(0)	Wind	20%	23%	(0)
18%	19%	n.a.	Solar	16%		n.a.
96	89	7	Net unit revenue (EUR/MWh)	93	89	4
95	89	6	Wind	92	89	4
97	82	n.a.	Solar	97	82	n.a.

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

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

In the **third quarter of 2022, electricity production** in France amounted to 187 GWh, of which 154 GWh from wind power and 32 GWh from photovoltaic plants, up compared to the same period in 2021 (162 GWh) due to the scope effect (+46 GWh) resulting from the acquisition of the wind and solar plants consolidated in October 2021 and the entry into operations of two internally developed farms totalling 124 MW. This scope effect is partially offset by the lower wind speeds encountered in the period.

In the **first nine months of 2022, electricity production** in France amounted to 733 GWh, of which 650 GWh from wind power and 83 GWh from photovoltaic plants, up compared to the same period in 2021 (597 GWh) due to the scope effect (+204 GWh) resulting from the acquisition of the wind and solar plants consolidated between June and October 2021 and the entry into operations of two internally developed farms totalling 124 MW. This scope effect is partially offset by the lower wind speeds encountered in the period.

3rd Quarter				9 months		
2022	2021	Δ	(EUR million)	2022	2021	Δ
Economics results						
18	15	3	Adjusted revenue	68	54	14
15	15	0	Wind	60	53	7
3	1	2	Solar	8	1	7
7	6	1	Adjusted EBITDA	37	30	7
5	6	(0)	Wind	32	29	3
2	1	2	Solar	5	1	5
(11)	(10)	(1)	Amortisation, depreciation and impairment losses	(34)	(26)	(8)
(10)	(10)	(1)	Wind	(31)	(26)	(5)
(1)	(0)	(1)	Solar	(3)	(0)	(3)
(4)	(4)	(0)	Adjusted EBIT	3	4	(1)
(5)	(4)	(1)	Wind	1	4	(3)
1	0	1	Solar	2	0	2
0	3	(3)	Capital expenditure in property, plant and equipment and intangible assets	9	154	(145)
0	3	(3)	Wind	9	131	(122)
0	0	0	Solar	0	23	(23)
41%	40%	2%	EBITDA Margin % ⁽¹⁾	54%	56%	-1%
34%	38%	-4%	Wind	53%	55%	-2%
73%	0%	73%	Solar	63%	0%	63%

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

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

Net unit revenue from wind power in France for 95 EUR/MWh is up compared to the same period in 2021 (89 EUR/MWh) due to market installations following the exit from the incentive period, while net unit revenue from photovoltaic installations totalled 97 EUR/MWh, up on the third quarter of 2021 due to the different mix.

Adjusted EBITDA in France for the **third quarter of 2022** amounted to EUR 7 million, a slight increase compared to the third quarter of 2021 (EUR 6 million), for the same reasons linked to revenue. Scope effect in the third quarter of approximately EUR 3 million.

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

Net unit revenue from wind power in France for 92 EUR/MWh is up slightly compared to the same period in 2021 (89 EUR/MWh) due to market installations following the exit from the incentive period, while net unit revenue from photovoltaic installations totalled 98 EUR/MWh, up from 82 EUR/MWh in the same period in 2021 due to a different mix of generation with different tariffs.

Adjusted EBITDA in France for the **first nine months of 2022** amounted to EUR 37 million, an increase compared to the first nine months of 2021 (EUR 30 million), for the same reasons linked to revenue. Scope effect in the first nine months of approximately EUR 13 million.

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

Capital expenditure

Capital expenditure in the **first nine months of 2022 (EUR 9 million)** mainly refers to the development and construction of a new wind farm that came into operation in June (20 MW).

Germany – Wind

3rd Quarter			9 months		
2022	2021	Δ	2022	2021	Δ
Operating Results					
327	272	55	327	272	55
82	71	12	403	279	124
11%	12%	0%	19%	16%	3%
179	118	62	150	102	48

(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 2022, electricity output** in Germany amounted to 82 GWh, up compared to the same period of 2021 (71 GWh) due to the scope effect, partly offset by the lower volumes generated during the period.

In the **first nine months of 2022, electricity output** in Germany amounted to 403 GWh, an increase compared to the same period of 2021 (279 GWh) due to the better wind conditions encountered in the period and the scope deriving from the acquisition of the wind farms consolidated in October 2021 (+80 GWh).

3rd Quarter			(EUR million)	9 months		
2022	2021	Δ		2022	2021	Δ
Economics results						
15	8	7	Adjusted revenue	61	29	32
9	3	6	Adjusted EBITDA	43	15	28
(7)	(5)	(1)	Amortisation, depreciation and impairment losses	(20)	(15)	(5)
3	(2)	4	Adjusted EBIT	23	0	23
0	0	0	Capital expenditure in property, plant and equipment and intangible assets	1	0	0
61%	41%	20%	EBITDA Margin % ⁽¹⁾	71%	54%	17%

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

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

Net unit revenue for wind in Germany, equal to 179 EUR/MWh, was significantly higher than in the third quarter of 2021 (118 EUR/MWh), as the fixed sales rate, being a two-way tariff, once exceeded, allows for the capture of the market price.

Adjusted EBITDA in Germany in the **third quarter of 2022** amounted to EUR 9 million, a significant increase compared to the third quarter of 2021 (EUR 3 million), for the same reasons linked to revenue.

Revenue recorded in the **first nine months of 2022** was up compared to the same period of 2021, due to the aforementioned better wind conditions, the increase in energy sale prices and the scope of the farms acquired in 2021. Net unit revenue for wind in Germany, equal to 150 EUR/MWh, was significantly higher than in the first nine months of 2021 (102 EUR/MWh), as the fixed sales rate, once exceeded, allows for the capture of the market price.

Adjusted EBITDA in Germany in the **first nine months of 2022** amounted to EUR 43 million, a significant increase compared to the first quarter of 2021 (EUR 15 million), for the same reasons linked to revenue.

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

Capital expenditure

Capital expenditure in the **first nine months of 2022** amounted to a non-significant amount.

UK – Wind

3rd Quarter 2022		9 months 2022
Operating Results		
70	Installed capacity (MW) ⁽¹⁾	70
30	Output (GWh)	145
19%	Load factor % ⁽²⁾	32%
66	Net unit revenue (EUR/MWh)	159

(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 2022**, electricity output in the UK amounted to 30 GWh and refers to the wind farms developed internally and that entered into operation at the end of 2021 (70 MW).

In the **first nine months of 2022**, electricity output in the UK amounted to 145 GWh and refers to the wind farms developed internally and that entered into operation at the end of 2021 (70 MW).

3rd Quarter			9 months		
2022	2021	Δ	2022	2021	Δ
Economics Results					
2	-	2	23	-	23
(0)	(1)	1	17	(2)	19
(1)	(0)	(1)	(3)	(0)	(3)
(1)	(1)	(0)	15	(2)	16
49	28	21	71	100	(29)
-5%	n.a	n.a	75%	n.a	n.a

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

Revenues recorded in the **third quarter of 2022** amounted to EUR 2 million (EUR 23 million in the **first nine months of 2022**), with net unit revenues amounting to 66 EUR/MWh in the third quarter and 159 EUR/MWh in the first nine months, since the application of the PPA agreement, which was signed in 2021, envisages a market price until 30 June and from 1 July at a price fixed up to a shared threshold.

Adjusted EBITDA in the UK in the **third quarter of 2022** stood at EUR 0 million, for the same reasons linked to revenue.

Adjusted EBITDA in the UK in the **first nine months of 2022** stood at EUR 17 million, for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in the **first nine months of 2022** (EUR 71 million, of which EUR 49 million in the third quarter) refers to the construction activities of wind farms in Scotland, for approximately 179 MW, which are expected to come into operation between late 2022 and early 2023.

Spain – Solar

3rd Quarter		9 months
2022		2022
Operating Results		
92	Installed capacity (MW) ⁽¹⁾	92
58	Output (GWh)	145
28%	Load factor % ⁽²⁾	24%
111	Net unit revenue (EUR/MWh)	130

(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 2022**, **electricity output** in Spain amounted to 58 GWh (145 GWh in the first 9 months) and refers to the solar plants acquired in January 2022 (92 MW).

3rd Quarter		9 months
2022	(EUR million)	2022
Economics Results		
6	Adjusted revenue	19
6	Adjusted EBITDA	16
(1)	Amortisation, depreciation and impairment losses	(3)
5	Adjusted EBIT	13
0	Capital expenditure in property, plant and equipment and intangible assets	96
87%	EBITDA Margin % ⁽¹⁾	87%

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

Revenue recorded **in the third quarter of 2022** amounted to EUR 6 million (EUR 19 million in the first nine months of 2022), with net unit revenue amounting to 111 EUR/MWh (130 EUR/MWh in the first nine months) as production is actually exposed to market prices.

Adjusted EBITDA in Spain for the **third quarter of 2022** amounted to EUR 6 million (EUR 16 million in the first 9 months).

Capital expenditure

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

East Europe – Wind

3rd Quarter			9 months		
2022	2021	Δ	2022	2021	Δ
Operating Results					
231	206	25	231	206	25
120	94	26	454	375	79
26%	21%	6%	34%	28%	6%
249	111	138	186	89	97

(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 2022, electricity output** in East Europe amounted to 120 GWh, an increase compared to the same period of 2021 (94 GWh) due to the better wind conditions encountered, as well as the commissioning in June of an internally developed wind farm in Poland (24.5 MW).

In the **first nine months of 2022, electricity output** in East Europe amounted to 454 GWh, an increase compared to the same period of 2021 (375 GWh) due to the better wind conditions encountered. To be noted is the entry into operation in June of an internally developed wind farm in Poland (24.5 MW).

3rd Quarter			9 months		
2022	2021	Δ	2022	2021	Δ
Economics Results					
35	13	22	96	38	58
27	8	19	75	25	50
(4)	(4)	(0)	(11)	(11)	(0)
23	4	18	64	14	49
5	10	(5)	17	35	(17)
76%	62%	14%	78%	66%	12%

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

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

The average net unit revenue in East Europe amounted to 249 EUR/MWh, up compared to the third quarter of 2021 (111 EUR/MWh), as most of the installed capacity is incentivised with a certified system that is added to the market price of energy.

Adjusted EBITDA in East Europe for the **third quarter of 2022** amounted to EUR 27 million, an increase compared to the third quarter of 2021 (EUR 8 million), for the same reasons linked to revenue.

Revenue recorded **in the first nine months of 2022** was up compared to the same period of 2021, due to the aforementioned better wind conditions and the increase in energy sale prices.

The average net unit revenue in East Europe amounted to 186 EUR/MWh, up compared to the first nine months of 2021 (89 EUR/MWh), as most of the installed capacity is incentivised with a certified system that is added to the market price of energy.

Adjusted EBITDA in East Europe for the **first nine months of 2022** amounted to EUR 75 million, an increase compared to the first nine months of 2021 (EUR 25 million), for the same reasons linked to revenue.

Investimenti

Capital expenditure in the **first nine months of 2022 (EUR 17 million, of which EUR 5 million in the third quarter)** refers to the construction of two wind farms in Poland for approximately 61 MW, of which 24.5 MW came into operation in July and the remainder is scheduled to be in operation by the end of the year.

SIGNIFICANT EVENTS DURING THE QUARTER

Date	Geographical segment	Sector	Significant event
Press Release of 7 July 2022	Poland	Wind	Commissioning of the Piotrków wind farm, located in the northern part of Poland, for a total of 24.5 MW.
Press Release of 7 July 2022	Italy	Solar	Completion of the acquisition from ABN AMRO Sustainable Impact Fund PE B.V. of 100% of the capital of MP Solar B.V., owner, through seven Italian companies, of eighteen photovoltaic plants in operation with a total installed capacity of 33.8 MW.
Press release of 29 July and 9 September 2022	Italy	Wind	ERG has acquired from EDP Renewables Italia Holding S.r.l. the entire share capital of seven companies, owners of seven wind farms located in Italy with an installed capacity of 172 MW.
Press release of 9 September 2022	Italy	Corporate	Marco Costaguta, non-executive Director and member of the Strategic Committee, has resigned from the office of Director of ERG S.p.A.
Press release of 15 September 2022	Italy	Corporate	The Board of Directors of ERG S.p.A. has appointed, on the recommendation of the Nominations and Remuneration Committee, pursuant to Art. 2386 of the Italian Civil Code and Art. 15 of the Articles of Incorporation, Renato Pizzolla as the new non-executive Director of the Company and member of the Strategic Committee.
15 September 2022	Italy	Corporate	Closing of the transaction between San Quirico and IFM Investors for the establishment of a long-term strategic partnership regarding ERG S.p.A. (see PR of 16 June 2022).
Press release of 23 September 2022	Italy	Corporate	Regarding the transaction for the sale to Enel Produzione S.p.A. of ERG Power Generation S.p.A.'s equity investment in ERG Power S.r.l., owner of the cogeneration power plant (CCGT) located in Priolo Gargallo, subject to the approval of the transaction by the competent Antitrust Authorities (see press release of 9 February 2022), we hereby announce that the Italian Antitrust Authority (AGCM), by order dated 23 September 2022, has not authorised the aforesaid transaction.

Press release of 30 September 2022	Italy	Corporate/ ESG	<p>Moody's ESG Solutions (previously Vigeo Eiris), one of the leading international ESG rating agencies, confirmed ERG's Advanced Rating, the highest on its rating scale, with a score of 65/100, rewarding the Group's continued growth in ESG performance over the last 3 years.</p> <p>ERG thus enters the top 2% of Moody's ESG Solutions global ranking, which includes 4906 companies, obtaining 100th place and recording an increase of two points on the rating scale.</p>
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Regulatory measures regarding the containment of the increase in energy prices

In the first nine months of 2022, urgent measures were introduced to contain the effects of price increases in the electricity sector.

In particular, in Italy reference is made to Article 37 of the Italian Decree Law no. 21 of 21 March 2022¹⁷ the impact of which was estimated at EUR 41 million (of which approximately EUR 4 million related to the thermoelectric business) recognised in the Tax line and separated as a special item.

With reference to Art. 15-bis of Italian Decree Law no. 4/2022 (Sostegni-ter)¹⁸, it should be noted that, in the third quarter of 2022, the application of the legislation entailed charges of approximately EUR 6 million for the newly acquired solar companies. These charges were accounted for in EBITDA and recognised as a special item.

As regards abroad, the application of the "Windfall Tax" legislation in Romania is noted, which resulted in higher expense in the first nine months of EUR 15 million, accounted for in EBITDA and recognised as a special item.

Conflict in Ukraine

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

As regards **credit risk**, there are no open positions directly with Russian and Ukrainian counterparties; however, it should be noted that the main customer of the Group on the Priolo Gargallo site is an Italian company indirectly controlled by a Russian group.

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

In relation to business continuity with regard to gas supply, in the case of sanctions or gas export blocks/restrictions linked to the export of gas from Russia, additional impacts on prices and supply volumes cannot be excluded. Particular attention is paid to the possible impacts on the CCGT plant and on the sales contracts at the Priolo Gargallo

¹⁷Converted into law by Italian Law no. 51 of 20 May 2022.

¹⁸Converted into law by Italian Law no. 25 of 28 May 2022.

site linked to the introduction of the sanctions that the European Union has established on 31 May and which will be activated by the end of 2022, in particular with reference to the blocking of oil imports by sea from Russia.

The geopolitical tensions are significantly impacting the financial and commodities markets, with a sharp increase in gas and electricity prices, in respect of which further regulatory measures in the energy sector cannot be ruled out. There has also been a reversal in the monetary policies of central banks with interest rates rising sharply and a general increase in the prices of raw materials and finished products, aggravated by geopolitical tensions, the effects of which may impact the capital expenditure of projects under construction in the short/medium term.

It is also worth mentioning that, as part of the ongoing emergency, the Group allocated about EUR 1 million for some initiatives to support the humanitarian crisis in Ukraine.

SIGNIFICANT EVENTS AFTER THE QUARTER

Date	Country	Sectors	Significant event
Press release of 3 October 2022	Italy	Corporate	<p>The Board of Directors sadly acknowledged the untimely death of Elena Spagnol, Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A.</p> <p>The Board of Directors, the Board of Statutory Auditors and the people of the ERG Group, in remembering Elena Spagnol for her passion, competence and extraordinary professional and human commitment to the Company, expressed their condolences and share the family's grief for such a great loss.</p> <p>Pursuant to the provisions of Art. 22 of the Articles of Association, the Alternate Auditor Paolo Prandi takes over the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A., until the next Shareholders' Meeting of ERG S.p.A.</p>
Press Release of 13 October 2022	UK	Wind	<p>ERG announces the start-up of the first 50 MW of the Sandy Knowe wind farm at Dumfries & Galloway in the south of Scotland. The remaining 36 MW will enter into operation during the third quarter of 2023.</p>
Press Release of 14 October 2022	UK	Wind	<p>ERG completed the acquisition of 100% of the shares of the company Corlacky Energy Ltd., wholly owned by RES, which holds the permits for the construction and operation of the Corlacky wind farm in Northern Ireland.</p> <p>The project will consist of 11 turbines for an expected total installed capacity of up to 47 MW.</p>
Press release of 24 October 2022	Poland	Wind	<p>ERG has announced the start-up of the Laszki wind farm in Poland (36 MW). The wind farm was developed and built internally and consists of 18 Vestas V100 2.0 MW turbines with a total installed capacity of 36 MW and overall output of around 90 GWh per year when fully operational, preventing the annual emission of 76 kt of CO₂.</p>

27 October 2022	Italy	Corporate	<p>Signing, with a pool of Italian and international banks, of a “Sustainability-Linked” revolving credit line for an amount of EUR 600 million with a three-year duration and an option to extend it for a further two years. The loan, in line with the Sustainability-Linked Loan Principles, provides for an adjustment of margins to achieve specific ESG objectives, included in the Group’s 2022-2026 business plan.</p> <p>In particular, the ESG objectives refer to the growth of the renewable portfolio and to Diversity & Inclusion.</p> <p>The transaction, the first of its kind for ERG, strengthens the Group’s financial structure, increasing its flexibility and liquidity profile and, at the same time, contributes to the Group’s sustainable development.</p>
Press release of 3 November 2022	Italy	Corporate/ESG	<p>ERG confirms its sustainable commitment and strengthens the governance system aimed at developing its inclusive culture with the introduction of the “Policy to combat Violence, Harassment and Bullying in the workplace”.</p>

BUSINESS OUTLOOK

In a context of high market prices due to the energy crisis and rising natural gas prices, 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, at prices considerably lower than current prices. 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 outlook for the main scenario and performance indicators in 2022 is shown below, in a context of sharply rising market prices until 30 September and down in the fourth quarter compared to the high prices recorded at the end of 2021, also taking into account the assumed application of claw-back measures at European level starting from December:

Italy

The **EBITDA for Wind** is expected to decrease compared to 2021 as a result of both the lower value of the incentive and the expected lower wind speeds in the last quarter compared to the extraordinarily high values recorded in the same period last year. This reduction will be partly offset by the contribution of new assets for 172 MW, already in operation, consolidated as from 1 August 2022.

The **EBITDA for Solar** is expected to increase mainly as a result of the acquisition of 34 MW as from 1 July 2022 and due to the higher production encountered. On the basis of the hedge allocation criteria referred to in the introduction, it is expected that a large majority of sales in Italy exposed in any way to market risk will be forward valued at an average price of approximately 65 EUR/MWh.

Wind & Solar gross operating profit (EBITDA) for 2022 is expected to slightly decrease compared to 2021.

Aboard

Gross operating profit (EBITDA) is projected to increase sharply overall compared to 2021 thanks to the full contribution of the Wind and Solar farms acquired in the course of 2021 in France and Germany and at the beginning

of 2022 in Spain, as well as organic development including two plants in Northern Ireland for 70 MW, one in France for 7 MW which came into operation at the end of 2021, and new plants in Poland, Scotland and France, of 61 MW, 50 MW and 20 MW respectively, which came into operation during 2022. The results will also reflect the first contributions from the Creag Riabach wind farm in Scotland (UK), which will begin energisation by the end of November.

Gross operating profit (EBITDA) for Wind & Solar abroad is therefore expected to increase significantly compared to 2021.

Guidance 2022

For the year 2022, at Group level EBITDA is estimated in the range between EUR 520 million and EUR 550 million, an increase compared to the previous range of EUR 485 million and EUR 515 million and compared with the 2021 reference figure of EUR 399 million (proforma figure excluding CCGT and Hydro). Capital expenditure is in a range between EUR 900 and 1,000 million, in line with the previous range (EUR 617 million in 2021 on a like-for-like wind & solar basis). This includes capital expenditure for acquisitions made during the year and construction activities related to both the repowering of Italian wind farms and projects developed in-house for a total of 500 MW, of which 250 MW are scheduled to be repowered by the end of 2022. Net financial indebtedness at the end of 2022 is expected to be in the range of EUR 1,500 to 1,600 million (EUR 2,051 million at the end of 2021), including the distribution of the ordinary dividend of EUR 0.90 per share, down on the previous guidance forecast updated with the press release of 23 September 2022 (EUR 1,550 and 1,650 million), mainly due to increased EBITDA.

As regards the thermoelectric business, the EBITDA guidance forecasts set forth in the press release of 23 September 2022 are confirmed, expected to be in the range of EUR 60-70 million.

BUSINESS DESCRIPTION

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

The leading wind power operator in Italy and among the top ten in Europe, the Group is also active in solar energy production where it ranks in the top five in Italy. A major player in the oil market until 2008, ERG radically changed its business portfolio by anticipating long-term energy scenarios through a successful business transformation 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 to complete 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, in relation to the sale of the thermoelectric business, the Antitrust Authority (AGCM) did not authorise the sale, deeming that the transaction would have given rise to the establishment and strengthening of a dominant position with regard to the buyer such as to substantially and permanently eliminate or reduce competition in the relevant markets. In this regard, ERG is already taking the necessary steps to initiate a new competitive process aimed at finding a new buyer, evaluating the most efficient alternative path for pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of generating electricity from renewable sources by divesting ERG Power S.r.l.

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

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

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

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

ERG Power Generation S.p.A., with generation facilities of 2,759 MW¹⁹ of installed renewable capacity (2,414 MW wind, 345 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

Italia

In Italy, ERG has a total installed capacity of 1,440 MW

¹⁹ The total MW does not include the thermoelectric business, as it is held for sale.

in the sector of electricity generation from wind and solar sources.

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

Abroad

Outside Italy, ERG has a total installed capacity of 1,320 MW.

In wind power, ERG is one of the top ten operators in Europe with a significant and growing presence (1,149 MW operational), particularly in France (522 MW), Germany (327 MW), Poland (107 MW), Romania (70 MW), Bulgaria (54 MW), and the UK (70MW).

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

CORPORATE BODIES

BOARD OF DIRECTORS²⁰

Chairman
EDOARDO GARRONE (*executive*)

Deputy Chairman
ALESSANDRO GARRONE (*executive*²¹)
GIOVANNI MONDINI (*non-executive*)

Chief Executive Officer
PAOLO LUIGI MERLI

Directors
LUCA BETTENTE (*non-executive*)
EMANUELA BONADIMAN (*independent*²²)
MARA ANNA RITA CAVERNI (*independent*²²)
ELENA GRIFONI WINTERS (*independent*²²)
FEDERICA LOLLI (*independent*²²)
ELISABETTA OLIVERI (*independent*²²)
MARIO PATERLINI (*independent*²²)
RENATO PIZZOLLA (*non-executive*)

BOARD OF STATUTORY AUDITORS²³

Chairman
PAOLO PRANDI²⁴

Standing auditors
FABRIZIO CAVALLI
GIULIA DE MARTINO

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

MICHELE PEDEMONTE²⁵

INDEPENDENT AUDITORS

KPMG S.p.A.²⁶

²⁰Board of Directors appointed on 26 April 2021.

²¹Director in charge of the Internal Control and Risk Management System.

²²With 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.

²³Board of Statutory Auditors appointed on 26 April 2022.

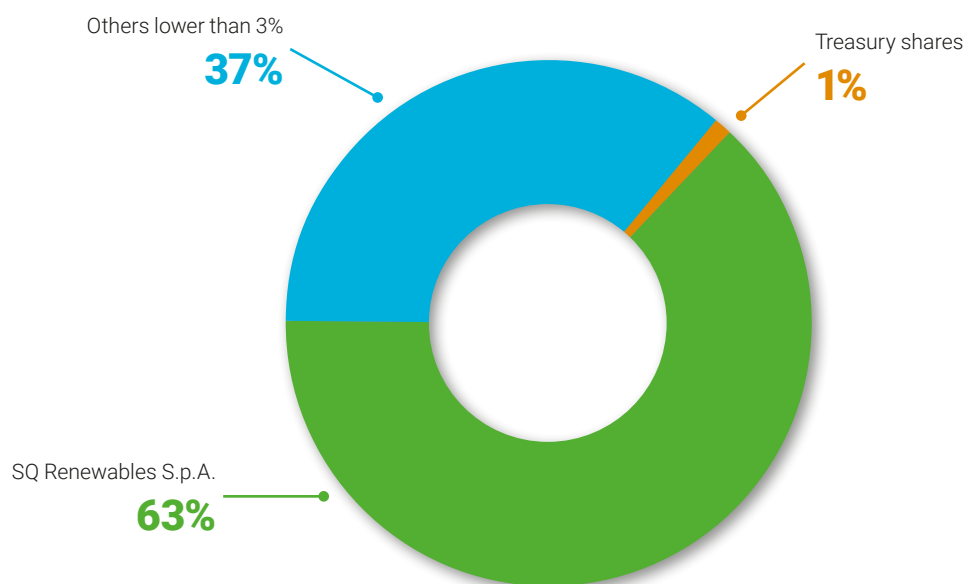
²⁴Appointed on 3 October 2022 pursuant to the provisions of Art. 22 of the Articles of Association, in the office of Standing Auditor and Chairman of the Board of Statutory Auditors of ERG S.p.A., until the next Shareholders' Meeting of ERG S.p.A.

²⁵Appointed on 26 April 2021 at the same time as appointment to the office of Group CFO

²⁶Appointed on 23 April 2018 for the period 2018 – 2026.

SHAREHOLDING STRUCTURE AT 30 SEPTEMBER 2022

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



CHANGE IN BUSINESS SCOPE IN 2022

- **Solar – Siena Project**

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

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

- **Wind – Donatello Project**

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

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

Furthermore, during the first nine months of 2022, two wind farms entered into full operation in the United Kingdom for a total capacity of 70 MW, as did two wind farms in France for a total capacity of 27 MW. Additionally, from the end of June 2022, the wind farm in Piotrkow in Poland entered into operation for a total of 24.5 MW. All were developed and built internally by the Group.

INTERIM 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.

The 2022 and 2021 figures have been shown in accordance with IFRS 5, therefore reclassifying the result of the Thermo business under "Net profit (loss) from assets held for sale" for 2022, in relation to which the ERG Group is already taking the necessary steps to launch a new competitive process aimed at identifying a new buyer, and for 2021 also the result of the Hydro business, as well as the aforementioned Thermoelectric business.

Lastly, please note that this disclosure reflects the economic impacts of the consolidation of the solar companies of the Siena project from 1 July 2022 and of the wind companies of the Donatello project from 1 August 2022.

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

3rd Quarter			(EUR million)		9 months		
2022	2021 Proforma	Δ	ADJUSTED INCOME STATEMENT		2022	2021 Proforma	Δ
188	123	65	Revenue	1	562	382	180
3	2	1	Other income	2	9	4	5
191	125	66	TOTAL REVENUE		571	386	185
(9)	(3)	(7)	Purchases and change in inventories	3	(14)	(4)	(10)
(38)	(35)	(3)	Services and other operating costs	4	(112)	(95)	(16)
(11)	(12)	1	Personnel expense		(35)	(33)	(2)
133	75	58	GROSS OPERATING PROFIT (EBITDA)		411	254	157
(59)	(51)	(8)	Amortisation, depreciation and impairment of non-current assets	5	(166)	(149)	(17)
75	25	50	Operating profit (EBIT)		245	105	140
(6)	(7)	2	Net financial income (expense)	6	(18)	(23)	5
0	0	(0)	Net gains (losses) on equity investments		0	0	(0)
69	18	52	Profit before taxes		227	82	144
(18)	(4)	(14)	Income taxes	7	(53)	(16)	(37)
51	13	38	Profit (loss) from continuing operations		174	66	107
16	18	(2)	Net profit (loss) from discontinued operations	8	21	65	(45)
67	31	36	Profit (loss) for the period		194	131	63
(3)	(1)	(2)	Non-controlling interests		(4)	(2)	(3)
64	30	34	Profit attributable to owners of the parent		190	130	60

1 - Revenue

Revenue from sales consists mainly of:

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

Adjusted revenue in the third quarter of 2022 amounted to EUR 188 million, up significantly from EUR 123 million in the third quarter of 2021 proforma (EUR 562 million in the first nine months of 2022 against EUR 382 million in 2021), mainly due to the contribution of the wind and solar companies newly acquired in Italy in the third quarter of 2022, the new farms acquired in Spain and the contribution of the wind and solar farms acquired during the fourth quarter of 2021 in France and Germany, as well as the contribution of the new wind farms that became operational in the United Kingdom, France and Poland, partly offset by the decrease in the unit value of the incentive in Italy (from EUR 109.4/MWh to EUR 42.9/MWh).

Revenues for the third quarter of 2022 do not include:

- the impact relating to the application of the “Windfall Tax” legislation in Romania equal to approximately EUR 10 million (EUR 15 million in the first nine months);
- the impact relating to the application of the “15-bis Sostegni ter” legislation in Italy equal to approximately EUR 6 million;

These extraordinary and temporary items were isolated as special items.

2 - Other income

Other income includes mainly insurance reimbursements, compensation and expense repayments and grants related to income. In financial year 2022, the item also includes 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

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

4 - Services and other operating costs

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

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

The values for the first nine months of 2022 do not include:

- the ancillary costs relating to non-recurring transactions equal to approximately EUR 4 million (EUR 2 million in the third quarter);
- provisions relating to exceptional items on businesses disposed of by the Group (EUR 0.5 million).

Lease payment charges (lease costs for IFRS 16 purposes) for EUR 9 million (EUR 3 million in the third quarter of 2022) are classified under this item of the reclassified income statement. For a more detailed explanation of this classification, please refer to the "IFRS 16" paragraph, available under "Definitions" in the "Alternative Performance Indicators" section.

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

Amortisation and depreciation refer to wind farms and solar installations. The increase for the period relates mainly to the contribution of the wind and photovoltaic assets acquired in Italy and abroad in previous quarters, in addition to the full contribution of the new internally developed wind farms in the United Kingdom, France and Poland, only partly offset by lower depreciation due to the end of the useful life of some components of wind farms in Italy.

It should be noted that the values for the first nine months of 2022 do not include:

- the impairment of the net residual value of the property, plant and equipment and intangible assets of wind farms in the Italian portfolio, following the authorisation of a Repowering project obtained during the first quarter of 2022, amounting to EUR 7 million;
- the amortisation and depreciation related to the application of IFRS 16, as previously discussed under item 4, equal to EUR 5 million (EUR 2 million in the third quarter of 2022).

6 - Net financial income (expense)

Adjusted net financial expense in the third quarter of 2022 amounted to EUR 6 million, down slightly compared to the third quarter of 2021 proforma (EUR 7 million), due to the effect of the liability management operations carried out in 2021.

Adjusted net financial expense in the first nine months of 2022 amounted to EUR 18 million, down significantly compared to the first nine months of 2021 proforma (EUR 23 million), due to the effect of the liability management operations carried out in 2021.

The average cost of medium/long-term debt in the first nine months of 2022 stood at 1.3%, compared to 1.6% in the first nine months of 2021 proforma, due to the same effects described above.

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 2022 the values do not include the following components of an exceptional nature (special items) linked to liability management operations:

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

7 - Income taxes

Adjusted income taxes in the third quarter of 2022 stood at EUR 18 million, up compared to EUR 4 million in the third quarter of 2021 proforma, mainly as a consequence of the higher taxable income due to the already discussed results in the period. It should be noted that the item does not include the impact deriving from Article 37 of the Italian Decree Law of 21 March 2022 equal to approximately EUR 1 million. This tax was separated as a special item.

The adjusted tax rate for the third quarter of 2022, obtained from the ratio between income taxes and pre-tax profit, was 26% (24% in third quarter of 2021 proforma).

Adjusted income taxes in the first nine months stood at EUR 53 million, a significant increase compared to EUR 16 million in the first nine months of 2021 proforma, mainly as a consequence of the higher taxable income due to the already discussed results in the period. It should be noted that the item does not include the impact deriving from Article 37 of the Italian Decree Law of 21 March 2022 equal to approximately EUR 37 million. This tax was separated as a special item.

The adjusted tax rate in the first nine months of 2022, obtained from the ratio between income taxes and profit before taxes, amounted to 23% (20% in first nine months of 2021 proforma).

8 - Profit (loss) from assets held for sale

The reported net result of assets held for sale includes, for 2022, the result of ERG Power S.r.l.²⁷ and the net gain recognised as a result of the sale of the Terni hydroelectric complex on 3 January 2022 (amounting to approximately EUR 324 million). This amount was separated as a special item. For the first nine months of 2021, the item also includes the result of ERG Hydro S.r.l (now Enel Hydro Appennino Centrale S.r.l) in accordance with IFRS 5.

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

²⁷ The reported result of the thermoelectric business included under "Assets held for sale" amounted to EUR 32 million in the first nine months of 2022. As required by IFRS 5, the depreciation and amortisation of the thermo business from the date of its classification as an asset held for sale (1 February 2022) in the amount of EUR 15 million (net of tax) was not recognised. Note that starting from this quarterly report, the adjusted results of discontinued operations include the full contribution of the amortisation and depreciation of the thermoelectric business. The third quarter was therefore calculated in line with that indicated.

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 2022, which do not include the impact deriving from the application of IFRS 16 of increased net financial indebtedness of approximately EUR 159 million with a balancing entry in net invested capital amounting to approximately EUR 155 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

30/09/2021	(EUR million)		30/09/2022	30/06/2022	31/12/2021
3,404	Non-current assets	1	3,493	2,873	3,624
126	Net operating working capital	2	113	48	177
(5)	Employee benefits		(4)	(3)	(5)
446	Other assets	3	330	356	434
(547)	Other liabilities	4	(792)	(619)	(623)
3,424	Net invested capital of continuing operations		3,140	2,655	3,608
-	Net invested capital of assets held for sale		239	293	-
3,424	Net invested capital		3,379	2,948	3,608
1,585	Equity attributable to the owners of the parent		1,818	1,929	1,547
10	Non-controlling interests	5	13	10	10
1,829	Net financial indebtedness Continuous activities	6	1,542	1,019	2,051
-	Net financial indebtedness of discontinued operations		6	(9)	-
3,424	Equity and financial indebtedness		3,379	2,948	3,608

1 - 1. Non-current assets

(EUR million)	Intangible assets	Property, plant and equipment	Financial assets	Total
Non-current assets at 31/12/2021	1,116	2,463	45	3,624
Capital expenditure	2	211	5	218
Change in the consolidation scope	259	(228)	1	32
Divestments and other changes	5	(8)	0	(4)
Amortisation and depreciation	(45)	(126)	-	(171)
Adjustment for impact of IFRS 5	(0)	(194)	(12)	(207)
Non-current assets at 30/09/2022	1,336	2,118	39	3,493

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

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

The item "Adjustment for impact of IFRS 5" indicates the impacts of the reclassification of non-current assets of the thermoelectric business to the line Net Invested Capital held for sale.

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

2 – Net operating working capital

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

3 – Other assets

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

4 – Other liabilities

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

5 – Non-controlling interests

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

6 – Net financial indebtedness

Adjusted indebtedness does not include the financial payable related to the application of IFRS 16 of approximately EUR 159 million (EUR 129 million at 31 December 2021).

SUMMARY OF ADJUSTED GROUP INDEBTEDNESS

30/09/2021	(EUR million)	30/09/2022	30/06/2022	31/12/2021
2,345	Non-current financial indebtedness	1,791	1,800	2,073
(517)	Current financial indebtedness (cash and cash equivalents)	(249)	(781)	(22)
1,829	Total indebtedness of continuing operations	1,542	1,019	2,051
-	Total indebtedness of discontinued operations	6	(9)	-
1,829	Total	1,548	1,009	2,051

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

NON-CURRENT FINANCIAL INDEBTEDNESS

30/09/2021	(milioni di Euro)	30/09/2022	30/06/2022	31/12/2021
508	Non-current loans and borrowings	0	0	249
1,621	Non-current financial liabilities	1,606	1,606	1,614
2,129	Total	1,606	1,606	1,863
269	Total Project Financing	254	225	237
(53)	Current portion of Project Financing	(69)	(31)	(27)
216	Non-current Project Financing	185	194	210
2,345	Total non-current financial indebtedness of continuing operations	1,791	1,800	2,073
-	Total non-current financial indebtedness of discontinued operations	-	-	-
2,345	TOTAL	1,791	1,800	2,073

"Non-current financial liabilities", amounting to EUR 1,606 million, refer mainly to:

- liability deriving from placement of three bond loans amounting to EUR 500 million (with a 6-year duration at a fixed rate), EUR 600 million (with a 7-year duration at a fixed rate) and EUR 500 million (with a 10-year duration at a fixed rate) respectively, issued as part of the Euro Medium Term Notes (EMTN) Programme. Liabilities are recognised net of medium/long-term accessory costs recognised for accounting purposes using the amortised cost method (EUR 9 million);
- liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 14 million).

The liabilities for **"Project Financing"** (EUR 254 million at 30 September 2022) are for:

- loans for EUR 93 million relating to the company Andromeda PV S.r.l.;
- EUR 128 million in loans disbursed for the construction of wind farms, recognised for a total net of ancillary costs, recorded for accounting purposes with the amortised cost method (EUR 2 million) and the effect of the renegotiation of loans (EUR 3 million) following the application of IFRS 9;
- loans (EUR 38 million), recognised as a whole net of ancillary costs recognised with the amortised cost method (EUR 1 million) and financial leases (EUR 16 million) of the newly acquired photovoltaic companies in Italy for approximately EUR 54 million.

The breakdown of current net financial indebtedness is shown below:

CURRENT FINANCIAL INDEBTEDNESS (CASH AND CASH EQUIVALENTS)

30/09/2021	(EUR million)	30/09/2022	30/06/2022	31/12/2021
126	Current bank loans and borrowings	401	321	1.305
63	Other current financial liabilities	46	96	67
189	Current financial liabilities	447	417	1.372
(628)	Cash and cash equivalents ⁽¹⁾	(341)	(750)	(880)
(59)	Securities and other current financial assets	(364)	(424)	(491)
(687)	Current financial assets	(705)	(1.174)	(1.371)
53	Current Project Financing	84	31	27
(71)	Cash and cash equivalents	(75)	(56)	(50)
(18)	Project Financing	9	(24)	(23)
(517)	Total current financial indebtedness of continuing operations	(249)	(781)	(22)
-	Total current financial indebtedness of discontinued operations	6	(9)	-
(517)	TOTAL	(242)	(791)	(22)

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

Current bank loans and borrowings include:

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

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

Other short-term financial payables mainly comprise financial payables on non-hedging physical derivatives (EUR 37 million) and accrued interest expenses on bonds and corporate loans (EUR 5 million).

Short-term financial assets include short-term cash investments of around EUR 100 million, deposits as collateral for futures derivatives transactions of around EUR 90 million, and assets arising from the fair value measurement of interest rate hedging derivatives of EUR 67 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	
2022	2021 ⁽¹⁾	(amounts in millions)	2022	2021 ⁽¹⁾
133	119	Adjusted EBITDA	411	400
(49)	(17)	Change in net working capital	(14)	(23)
85	102	Cash flows from operations	397	377
(91)	(56)	Capital expenditure in property, plant and equipment and intangible assets	(213)	(179)
(514)	-	Asset acquisitions and business combinations	(610)	(188)
-	-	Collection from the sale of ERG Hydro	1,265	-
(4)	(0)	Capital expenditure on non-current financial assets	(4)	(0)
(2)	(4)	Divestments and other changes	(8)	3
(611)	(60)	Cash flows from investments/divestments	429	(364)
(6)	(7)	Financial income (expense)	(18)	(23)
-	(11)	Financial expense for closing loans	(3)	(13)
0	0	Net gains (losses) on equity investments	0	0
75	-	Collection distribution reserves ERG Power ⁽²⁾	75	-
69	(19)	Cash flows from financing activities	54	(36)
(2)	-	Cash flows from tax management	(49)	(25)
-	-	Distribution of dividends	(136)	(113)
(66)	(161)	Other changes in equity	(113)	(229)
(66)	(161)	Cash flows from Equity	(249)	(342)
-	-	Change in the consolidation scope	(69)	-
(14)	-	Cash Flow Thermo	(11)	-
1,009	1,692	Opening net financial indebtedness	2,051	1,439
539	137	<i>Net change</i>	(503)	389
1,548	1,829	Total adjusted indebtedness	1,548	1,829
(6)	-	(+ NFP Thermo)	(6)	-
1,542	1,829	Adjusted indebtedness of "Continuing operations"	1,542	1,829

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

(2) Assets held for sale.

Cash Flows from operations in the first nine months of 2022 are positive for EUR 397 million, up compared to the corresponding period of 2021, mainly due to the operating performance and the changes in working capital.

Cash flows from investments in the first nine months of 2022 include the proceeds from the sale of the Terni hydroelectric complex (EUR 1,265 million), the effects of the acquisitions of operational photovoltaic plants in Spain (EUR 96 million) and Italy (EUR 118 million), the acquisition of operational wind plants in Italy (EUR 396 million), and the capital expenditure in the period (EUR 213 million) aimed at developing wind farms in the United Kingdom, Poland, France and Sweden, as well as developments on the Repowering and Reblading projects in Italy.

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

Cash flows from Tax Management refer to the payment of direct taxes during the period. The item also includes the advance payment of the extraordinary contribution arising from article 37 of the Italian Decree Law no. 21/2022 equal to approximately EUR 15 million.

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

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

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

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

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

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

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

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

- **Adjusted revenue** is revenue, as indicated in the Interim Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items);
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment of non-current assets" to the Operating Profit (EBIT). Gross operating profit (EBITDA) is explicitly indicated as a subtotal in the Interim Financial Statements;
- **Adjusted EBITDA** is the gross operating profit (loss), as defined above, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **Adjusted EBIT** is the net operating profit, explicitly indicated as a subtotal in the Interim Financial Statements, with the exclusion of significant special income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the IFRS 16 application;
- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;
- The **adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before taxes;
- **Profit (loss) from continuing operations** does not include the result from assets held for sale relating to the thermoelectric and hydroelectric businesses reclassified under the item "Profit (loss) from assets held for sale".
- **Profit (loss) from continuing operations** is the profit (loss) from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items) and with the reclassification of the impact tied to the application of IFRS 16, net of the related tax effects.
- **Adjusted profit attributable to the owners of the parent** is the profit attributable to the owners of the parent, with the exclusion of significant special income statement components of an exceptional nature (special items), and with the reclassification of the impact tied to the IFRS 16 application, net of the related tax effects.
- **Capital expenditure** are the sum of capital expenditure in property, plant and equipment and intangible assets;
- **Net operating working capital** is the sum of Inventories, Trade Receivables and Trade Payables;
- **Net invested capital** is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;
- **Adjusted net invested capital** is Net invested capital, as defined above, with the exclusion of the impact relative to the application of IFRS 16 mainly linked to the increase in right-of-use assets;
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, including the portion of non-current assets relative to derivative financial instruments 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 2022, 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 9 million;
- an increase (approximately EUR 159 million) in the net financial indebtedness and the net invested capital (approximately EUR 155 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 4 million) linked to the application of the above-mentioned method.

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

Reconciliation with adjusted operating results

GROSS OPERATING PROFIT (EBITDA)

3rd Quarter			Notes	9 months	
2022	2021	(amounts in millions)		2022	2021
119	76	EBITDA from continuing operations		394	254
		Special items exclusion:			
(3)	(3)	- IFRS 16 reclassification	1	(9)	(7)
		Italy			
2	2	- Reversal of ancillary charges on non-recurring operations (Special Projects)	2	4	5
-	-	- Reversal termination indemnity CEO	3	-	3
-	-	- Reversal for allocation for provision for disposed businesses	4	0	-
6	-	- Reversal Sostegni Ter	5	6	-
		East Europe			
10	-	- Reversal of Windfall Tax Romania	6	15	-
133	75	Adjusted EBITDA		411	254

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

3rd Quarter			Notes	9 months	
2022	2021	(amounts in millions)		2022	2021
(60)	(51)	Amortisation, depreciation and impairment losses		(178)	(152)
		Special items exclusion:			
2	1	- IFRS 16 reclassification	1	5	4
0	-	- Reversal write-down Repowering Wind Italy	7	7	-
(59)	(51)	Adjusted depreciation and amortisation		(166)	(149)

PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

3rd Quarter			Notes	9 months	
2022	2021	(amounts in millions)		2022	2021
36	(16)	Profit (loss) from continuing operations attributable to the owners of the parent		108	30
		Special items exclusion:			
-	-	Exclusion of IFRS 5 adjustment on ERG Hydro amortisation		-	-
0	0	IFRS 16 reclassification	1	0	-
1	2	Exclusion of ancillary charges on non-recurring transactions	2	4	5
-	-	Exclusion termination indemnity CEO	3	-	2
0	0	Exclusion of expenses related to disposed Businesses	4	0	0
-	-	Exclusion of expenses related to impairment losses on plants Impairment Test	9	-	-
14	-	Exclusion of impact of WindFall Tax Romania and 25% Extra-profits contribution	5-6-8	54	-
-	16	Exclusion of write-down Repowering Wind Italy	7	5	16
0	10	Exclusion of ancillary charges on loan prepayments	9	2	11
0	-	Solar Italy substitute tax exclusion	10	(1)	-
1	1	Exclusion of impact of gains/losses (IFRS 9)	11	2	2
51	13	Adjusted net profit (loss) from continuing operations attributable to owners of the parent		174	66

1. Reclassification for impact of IFRS 16. Reference is made to the comments made in the previous paragraph.
2. Ancillary charges relating to other non-recurring transactions and the acquisitions in 2022 relating to operational wind and solar installations in Italy and Spain, as well as the unsuccessful acquisitions.
3. Termination indemnity related to the end of office and succession of the Chief Executive Officer, which took place on 26 April 2021.
4. Provisions relating to exceptional items on businesses disposed of by the Group.
5. Impact of Art. 15-bis of Italian Decree Law no. 4/2022 (Sostegni-Ter) on the newly acquired solar companies in Italy.
6. Impact of "Windfall Tax" legislation application on Corni Eolian S.A. in Romania.
7. Impairment of the net residual value of the property, plant and equipment and intangible assets of a wind farm in Italy, following the authorisation of a Repowering project.
8. Exclusion of the extraordinary contribution envisaged by Article 37 of the Italian Decree Law no. 21/2022 for approximately EUR 37 million for the Continuing Operations scope.
9. Financial expense related to the early closure of Corporate loans as part of Liability Management transactions.
10. Reversal of the ERG Solar Holding substitute tax benefit.
11. In the first nine months of 2022, the Group renegotiated a number of loans. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in net financial expense of approximately EUR 3 million being accounted for in the first nine months of 2022. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Reconciliation of adjusted proforma values 9 months 2021

ADJUSTED INCOME STATEMENT

(EUR million)	9M2021	ERG Hydro	ERG Power	9M2021 proforma
Revenue	789	(140)	(267)	382
Other income	6	(2)	-	4
Total revenue	795	(142)	(267)	386
Purchases	(223)	1	218	(4)
Change in inventories	0	0	0	0
Services and other operating costs	(123)	17	11	(95)
Personnel expense	(50)	7	10	(33)
Gross operating profit (EBITDA)	400	(117)	(29)	254
Amortisation, depreciation and impairment of non-current assets	(204)	33	22	(149)
Operating profit (EBIT)	196	(85)	(7)	105
Net financial income (expense)	(23)	0	0	(23)
Net gains (losses) on equity investments	-	-	0	0
Profit (loss) before taxes	173	(85)	(6)	82
Income taxes	(42)	25	1	(16)
Profit (loss) from continuing operations	131	(60)	(5)	66
Profit (loss) from assets held for sale	-	-	5	65
Profit before non-controlling interests	131	-	-	131
Non-controlling interests	(2)	-	-	(2)
Profit (loss) attributable to the owners of the parent	130	-	-	130

Below is the reconciliation between the Interim Financial Statements and the adjusted interim financial statements shown and commented upon in this document:

Income Statement 9 months 2022

(EUR million)	Consolidated Interim Financial Statements	Reclassification of IFRS 16 impact	Adjustment for impact of IFRS 9	Reversal of special items	Adjusted income statement
Revenue	542	-	-	21	562
Other income	9	-	-	(0)	9
Total revenue	551	-	-	20	571
Purchases and change in inventories	(14)	-	-	-	(14)
Services and other operating costs	(108)	(9)	-	5	(112)
Personnel expense	(35)	-	-	-	(35)
Gross operating profit (EBITDA)	394	(9)	-	25	411
Amortisation, depreciation and impairment of non-current assets	(178)	5	-	7	(166)
Operating profit (EBIT)	217	(4)	-	32	245
Net financial income (expense)	(27)	4	3	3	(18)
Net gains (losses) on equity investments	(0)	-	-	0	0
Profit (loss) before taxes	189	0	3	35	227
Income taxes	(82)	-	(1)	29	(53)
Profit (loss) from continuing operations	108	0	2	64	174
Profit (loss) from assets held for sale	356	-	-	(335)	21
Profit (loss) for the period	464	0	2	(271)	194
Non-controlling interests	(4)	-	-	-	(4)
Profit (loss) attributable to the owners of the parent	459	0	2	(271)	190

Reclassified statement of financial position at 30 September 2022

(EUR million)	Reported Statement of Financial Position	Adjustment for impact of IFRS 16	Adjusted Statement of Financial Position
Intangible assets	1,336	-	1,336
Property, plant and equipment	2,273	(156)	2,118
Equity investments and other non-current financial assets	39	-	39
Non-current assets	3,649	(156)	3,493
Inventories	18	-	18
Trade receivables	263	-	263
Trade payables	(168)	-	(168)
Excise duties payable to tax authorities	(0)	-	(0)
Net operating working capital	113	-	113
Employee benefits	(4)	-	(4)
Other assets	329	1	330
Other liabilities	(792)	-	(792)
Net invested capital of continuing operations	3,295	(155)	3,140
Net invested capital of assets held for sale	239	-	239
Net invested capital	3,534	(155)	3,379
Equity attributable to the owners of the parent	1,814	4	1,818
Non-controlling interests	13	-	13
Non-current financial indebtedness	1,701	(159)	1,542
Net financial indebtedness Assets held for sale	6	-	6
Equity and financial indebtedness	3,534	(155)	3,379