



2023
ANNUAL
REPORT

ALERIONCLEANPOWER
THE WIND ENERGY COMPANY

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Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Italian in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Italian language version prevails.

CORPORATE BODIES

Corporate Bodies

Board of directors*

Josef Gostner	Chairman and chief executive officer ¹	
Stefano Francavilla	Deputy chairman and chief executive officer ¹	as of 22 April 2022
Patrick Pircher	Director and chief executive officer ¹	as of 22 April 2022
Germana Cassar	Director ³	as of 27 April 2020
Antonia Coppola	Director ^{2 4}	as of 22 April 2022
Stefano D'Apolito	Director	as of 27 April 2020
Nadia Dapoz	Director ^{2 3 4}	as of 27 April 2020
Carlo Delladio	Director ^{2 3 4}	as of 22 April 2022
Elisabetta Salvani	Director ²	as of 22 April 2022
Pietro Mauriello	Director	as of 22 April 2022

¹ Directors with operating powers

² Members of the control, risks and sustainability committee

³ Members of remuneration and appointments committee

⁴ Members of the committee for related party transactions

Board of statutory auditors

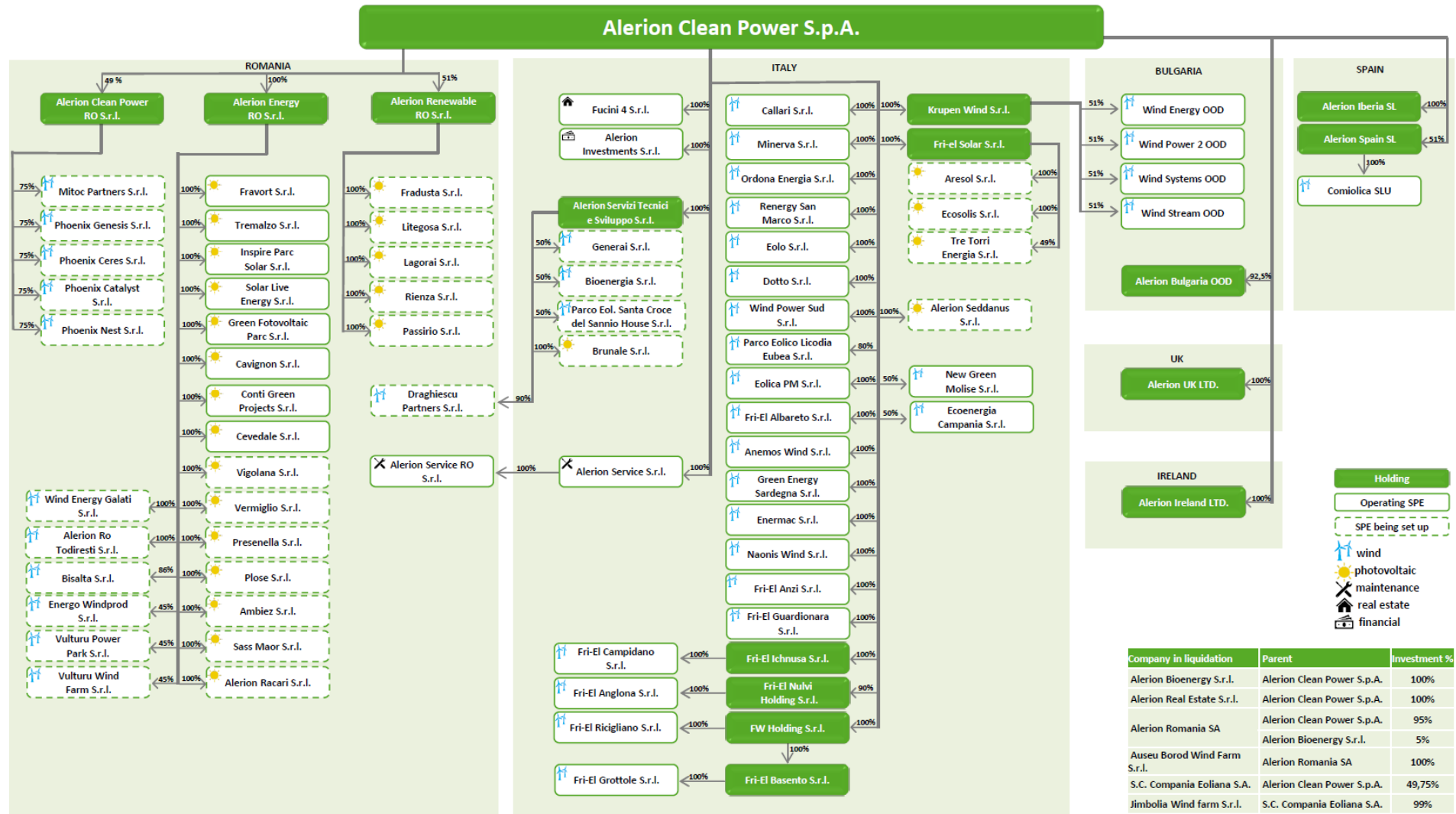
Francesco Schiavone Panni	Chairman
Loredana Conidi	Standing statutory auditor
Alessandro Cafarelli	Standing statutory auditor
Alice Lubrano	Alternate statutory auditor
Roger Demoro	Alternate statutory auditor

Manager in charge of financial reporting (Law no. 262/05)

Stefano Francavilla
Independent auditors
KPMG S.p.A.
Via Vittor Pisani 25
20124 Milan

*In office since 22 April 2022

ALERION GROUP STRUCTURE



DIRECTORS' REPORT

LOCATION OF OPERATIONAL FACILITIES



FOREWORD

The parent company Alerion Clean Power S.p.A. (hereinafter "Parent" or "Alerion" or "Issuer") is a legal entity organised under the laws of the Italian Republic. The ordinary shares of Alerion are listed on the electronic circuit of the Milan Stock Exchange - EURONEXT MILAN. The registered office of the Alerion Group (hereinafter referred to as "Group" or "Alerion Group") is in Milan, at Via Renato Fucini 4.

This Annual Financial Report for the year ended 31 December 2023 has been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS" or "International Financial Reporting Standards") endorsed by the European Commission, in force as of 31 December 2023.

This Annual Financial Report as at 31 December 2023 was approved by resolution of the Board of Directors on 12 March 2024.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The main events that took place during the year 2023 are described below:

On 21 April 2023, Alerion Clean Power S.p.A. ("Alerion") entered into an agreement with RWE Renewables Italia S.r.l. ("RWE") for the acquisition of 51% of the share capital of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., of which Alerion already held the other 49% of the share capital.

Fri-el Anzi and Fri-el Guardionara own two wind farms, located respectively in the municipality of Anzi (Potenza Province), with an installed capacity of 16 MW, and in the municipality of San Basilio (Cagliari Province), with an installed capacity of 24.7 MW. The agreement also provided for the sale by Alerion of a 49% minority stake in the share capital of the company Andromeda Wind S.r.l. (in which RWE already holds the remaining 51% of the share capital), owner of a wind farm located in the municipality of Ururi (Campobasso Province), with an installed capacity of 26 MW.

The price paid for the purchase of Fri-el Anzi's and Fri-el Guardionara's shares was EUR 18.8 million and EUR 25.5 million, respectively, while the price received for the sale of the shareholding in Andromeda Wind was EUR 26.5 million.

Acquisition of two authorised wind power projects with a total capacity of approximately 60 MW

On 20 October 2023, Alerion Clean Power S.p.A. ("Alerion") resolved to enter into two preliminary agreements for the purchase from Fri-el S.p.A., a wholly-owned subsidiary of Fri-el Green Power S.p.A., of 100% of the share capital of two companies owning two authorised wind power projects, located in the municipalities of Arlena di Castro and Castelfranco in Miscano, respectively, each with a capacity of 29.4 MW.

The planned investment for the construction of the wind power plants will amount to approximately EUR 100 million and the commissioning for both plants is expected for the first half of 2025.

Modification approved of framework agreement with Fri-el S.p.A. for the development of photovoltaic projects

On 23 October, the company resolved to acquire 100% of the share capital of Fri-el Solar S.r.l., a wholly-owned subsidiary of Fri-el S.p.A., which holds a portfolio of photovoltaic development projects in Italy. In particular, Fri-el Solar owns, through wholly-owned subsidiaries, two authorised photovoltaic projects in the municipalities of Licodia Eubea and Grottole, with a capacity of 11.3 MW and 16.4 MW respectively.

Underwriting of long-term PPA

On 23 October 2023, Alerion Clean Power S.p.A. resolved to underwrite two long-term, fixed-price purchase power agreements ("PPAs") between Enermac S.r.l. and Naonis Wind S.r.l., wholly-owned subsidiaries and owners of the Orta Nova and Cerignola wind farms with a total installed capacity of approximately 62 MW, and Fri-El Trading S.r.l., a wholly-owned subsidiary of Fri-El Green Power S.p.A.

The PPAs relate to the sale of the power produced by the plants owned by Enermac and Naonis to Fri-El Trading for the period after 31 December 2023, and in particular from 1 January 2024 until 31 December 2035.

Issue of a senior, non-convertible bond (Green Bond) approved

On 3 November 2023, Alerion commenced the preparatory activities for the issuance of a senior unsecured, non-convertible and non-subordinated bond issue for a counter-value of up to EUR 170 million, with a fixed duration of 6 years, to be qualified as a Green Bond, addressed both to the general public in Italy and to qualified investors in Italy and institutional investors abroad (the "Bond Issue" and the "Bonds"). The financial resources from the bond issue will be used, inter alia, to finance the Group's new projects in the wind and photovoltaic sector, in Italy and abroad, as well as to refinance existing projects in the wind and photovoltaic sector.

On 17 November 2023, the Central Bank of Ireland approved the prospectus (the "Prospectus") relating to the public offering for subscription of the bonds called "Alerion Clean Power S.p.A. Senior Unsecured Fixed Rate Notes due 2029" (the "2023 Bond") (the "Bonds").

In addition, Borsa Italiana S.p.A. ("Borsa Italiana [Italian stock exchange]"), by order dated 14 November 2023, admitted the Bonds to listing on the electronic bond market of Borsa Italiana (the "MOT").

On 1 December 2023, Alerion Clean Power S.p.A., with reference to the public offer for the subscription of the green bonds called "*Alerion Clean Power S.p.A. Senior Unsecured Fixed Rate Notes due 2029*" (the "Bonds"), announced the results of the Offer, which closed early - in the morning of 30 November 2023.

The total nominal value of the transaction amounts to Euro 170,000,000, at an issue price equal to 100% of the par value, corresponding to 170,000 Bonds, each having a minimum denomination of Euro 1,000. As announced on 29 November 2023, the annual interest rate of the Bonds is 6.75% gross per annum.

The acquisition of a 35 MW licensed wind power project in Wales

On 23 November 2023, Alerion, through its subsidiary Alerion UK Ltd, signed an agreement with a group of companies specialising in the development of plants from renewable sources in Great Britain - including Penant Walters (Holdings) Limited - for the acquisition of 100% of the company Wind Farm Penant Walters (Foelt) Limited, owner of an authorised project for the construction of a wind farm located in Neath Port Talbot, in Wales, with an installed capacity of 35 MW and an estimated annual production at full capacity of approximately 100 GWh.

The value of the investment, including the purchase cost of the authorised project, is estimated at approximately EUR 55 million. The closing of the transaction for the purchase of the company owning the project is expected for the first half of 2024.

ALTERNATIVE PERFORMANCE INDICATORS

The Group uses a number of Alternative Performance Indicators to (i) monitor the Group's economic and financial performance, (ii) anticipate any business trends in order to take promptly any corrective action, and (iii) define investment and management strategies and the most effective allocation of resources. The Alternative Performance Indicators are considered to be another important parameter for assessing the Group's performance, as they allow for a more analytical monitoring of the Group's economic and financial performance. For the purpose of a correct reading of the Alternative Performance Indicators presented in this Annual Financial Report, please note that:

- the determination of the Alternative Performance Indicators used by the Issuer is not governed by IFRS, and these indicators should not be considered as alternative measures to those provided by the Group's financial statements for the assessment of the Group's economic performance and financial position;
- the Alternative Performance Indicators must be read in conjunction with the Group's financial statements;
- the Alternative Performance Indicators are determined (or derived) based on the Group's historical data, resulting from the Financial Statements, general and management accounting, and elaborations carried out by management, in accordance with the recommendations contained in the document prepared by ESMA, No. 1415 of 2015, as implemented by CONSOB Communication No. 0092543 of 3 December 2015.
- the Alternative Performance Indicators have not been subject to any audit and should not be interpreted as an indicator of the Group's future performance;

- the method for determining the Alternative Performance Indicators, as indicated above, is not regulated by the accounting principles for the preparation of the financial statements, and therefore the criteria applied by the Group for their determination may not be homogeneous with those adopted by other groups; therefore, the Alternative Performance Indicators presented by the Issuer may not be comparable with those that may be presented by other groups.

Below are the Alternative Performance Indicators contained in this annual financial report

The **Gross operating profit (EBITDA)** is the operating profit before amortisation, depreciation and impairment losses. EBITDA thus defined represents a measure used by management to monitor and evaluate its operational performance.

Financial indebtedness is determined in accordance with ESMA's guidance in paragraph 175 of the "Guidance on Disclosure Requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). Financial indebtedness is not identified as an accounting measure under IFRS.

Financial indebtedness (net of derivatives) is calculated as financial indebtedness, excluding the fair value of current and non-current hedging financial instruments.

Accounting financial indebtedness is calculated as the sum of cash and cash equivalents, current and non-current financial assets, financial receivables and other non-current financial assets, current and non-current financial liabilities, the fair value of hedging financial instruments and other non-current financial assets, net of financial indebtedness resulting from assets held for sale. Accounting financial indebtedness is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Accounting financial indebtedness (net of derivatives) is calculated as accounting financial indebtedness, excluding the fair value of current and non-current hedging financial instruments. Furthermore, it should be noted that financial indebtedness (excluding derivatives) is also reported as relevant to the determination of the financial covenants as provided for in the regulation of the four bonds issued by the Group on 19 December 2019, 3 November 2021, 17 May 2022 and 12 December 2023, respectively, in line with the criteria set forth in the "Green-Bond Framework" adopted by the Company.

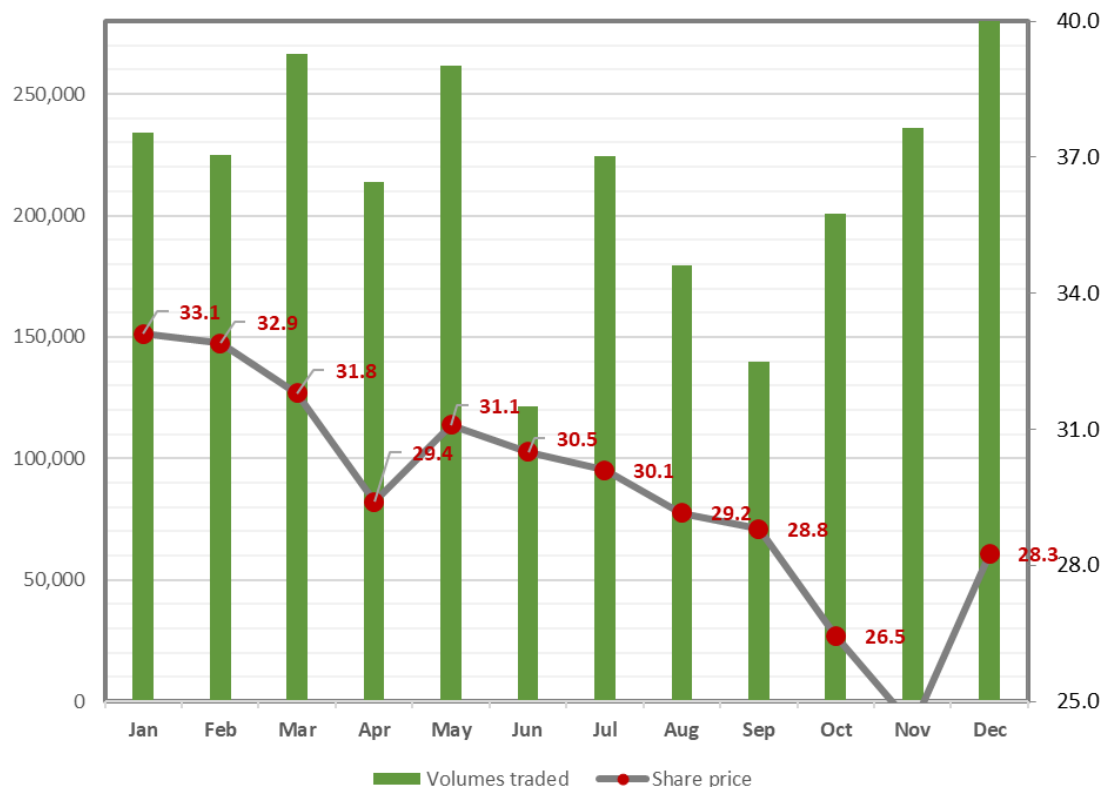
Gross financial indebtedness is calculated as the sum of current and non-current financial liabilities and the fair value of financial instruments. Accounting financial indebtedness is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Net invested capital is calculated as the algebraic sum of non-current assets and non-financial assets and liabilities.

ALERION CLEAN POWER ON THE STOCK EXCHANGE

As of 31 December 2023, the reference price of ALERION shares was EUR 26.60, a decrease (-17%) compared to 31 December 2022, when it was EUR 32.20, after having distributed a dividend of EUR 0.65 per share on 10 May 2023.

During the period under examination, the entire 2023 financial year, Alerion's share price fluctuated between a low of EUR 21.75 on 14 November 2023 and a high of EUR 34.05 on 03 January 2023, as shown in the chart below regarding the average monthly data recorded by the share during the year under examination:



Below are some price and volume figures for the ALERION share for the financial year 2023.

Share price	€
Price at 31 December 2023	26.60
Maximum price (03/01/2023)	34.05
Minimum price (14/11/2023)	21.75
Average price	28.27

Volumes traded	Shares (no.)
Maximum volume (14/12/2023)	74,863
Minimum volume (03/11/2023)	1,807
Average volume	10,283

Market capitalisation as at 31 December 2023 amounted to approximately EUR 1,443 million (EUR 1,746 million at the end of 2022). The average number of shares outstanding during the period was 53,839,778.

SUMMARY OF RESULTS

Statement of profit or loss (millions of euro)	2023	2022
Revenues	201.7	273.7
Gross operating profit (EBITDA)	152.2	232.8
Profit for the year	68.0	73.2
Profit attributable to the owners of the parent	66.8	71.0
Statement of financial position (millions of euro)	31.12.2023	31.12.2022
Equity	326.7	305.0
Financial indebtedness*	458.7	385.5
Financial indebtedness* (excluding derivatives)	467.8	387.6
Operating figures	2023	2022
Gross capacity (MW)	876.2	892.6
Electricity production (GWh) ⁽¹⁾	1,409	1,190
Electricity production (GWh) - Consolidated plants	1,335	1,074

⁽¹⁾ Plants consolidated on a line-by-line basis and investments accounted for using the equity method

(*) Financial indebtedness calculated as per Guideline ESMA32-382-1138

BASIS OF PREPARATION OF THE RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

In compliance with Consob Resolution No. 15519 of 27 July 2006, the following is a description of the criteria adopted in the preparation of the reclassified consolidated statement of financial position and consolidated income statement as of 31 December 2023 included and commented on, respectively, in the section "Economic and Financial Performance of the Group" above, and the reconciliation of the Group's result for the period and equity with the Parent Company's parallel figures as of 31 December 2023.

Reclassified consolidated statement of financial position as at 31 December 2023

The items have been reclassified and aggregated as follows:

Non-current assets, this item is subdivided into the following sub-items:

- **Intangible assets:** this item includes: i) "Rights and concessions" in the amount of EUR 246.7 million, ii) "Development costs" in the amount of EUR 15.2 million, iii) "Patents and intellectual property rights", "Start-up and expansion costs" and "Other intangible assets", which amounted to a total of EUR 0.2 million, iv) "Intangible assets in progress" in the amount of EUR 3 million (Note 5).

- **Property, plant and equipment:** this item includes: i) "Land and Buildings" in the amount of EUR 35.1 million, ii) "Plant and Machinery" in the amount of EUR 425 million, iii) "Assets under construction" in the amount of EUR 129.3 million, relating to investments in wind farms, and iv) "Other Assets" and "Industrial and Commercial Equipment" in the amount of EUR 2.3 million (Note 7).
- **Financial assets:** this item amounting to EUR 33.2 million includes the value of equity investments recorded under non-current financial assets in the item "Investments accounted for using the equity method" (Note 8).
- **Non-Current Financial Receivables;** this item includes the value of Financial Receivables and Other Non-Current Financial Assets, in the amount of EUR 18.8 million (Notes 20 and 25).

Other non-financial assets and liabilities, the item refers to i) "Trade receivables" from both affiliated and other companies totalling EUR 22.6 million (note 11), ii) "Deferred tax assets" totalling EUR 31.7 million (note 35) iii) "Current tax assets" (note 12) and "Other current assets" (note 13) totalling EUR 39.2 million, iv) "Trade payables" totalling EUR 95.7 million (note 15), v) "Post-employment benefits and other employee benefits" totalling EUR 1,4 million (note 26), vi) "Deferred tax liabilities" in the amount of EUR 51 million (note 35), vii) "Provisions for future risks and charges" in the amount of EUR 13.8 million (note 27), viii) "Other non-current liabilities" in the amount of EUR 15.8 million (note 14), ix) "Current tax liabilities" of EUR 34.5 million (note 16), x) "Other current liabilities" of EUR 16.5 million (note 17) xi) "Inventories" totalling EUR 10.6 million (note 10), "Other non-current assets" of EUR 1.2 million (note 9).

Cash includes "Cash and cash equivalents" in the amount of EUR 343.2 million (Note 22).

Other financial assets and liabilities, the item includes: i) "Financial receivables and other current financial assets" of EUR 68.2 million (Note 21); ii) "Non-current financial liabilities" of EUR 844.2 million (Note 23); iii) "Current financial liabilities" of EUR 35 million (Note 24); and iv) Derivative instruments (Note 25), classified under current assets for EUR 9.5 million and under non-current liabilities for EUR 0.4 million.

Reclassified Consolidated Income Statement as at 31 December 2023 items have been reclassified and aggregated as follows:

Revenue, this item includes i) revenue from "Energy sales" and "Incentive sales" in the amount of EUR 163.9 million, ii) "Other revenue and income" in the amount of EUR 37.8 million (Notes 29 and 30).

Net financial costs this item includes i) the net negative balance from "Net financial costs" of EUR 16.9 million, and ii) the positive item "Net gains on equity investments and other financial assets" of EUR 23.7 million (notes 33 and 34).

Income taxes this item includes i) the net balance from "Current" of EUR 24.1 million and, ii) negative "Deferred" of EUR 9.6 million (note 35).

THE GROUP'S PERFORMANCE

The financial year 2023 was strongly influenced by a complex geopolitical and economic environment. The energy market remains volatile and uncertain, although it is gradually stabilising compared to the exceptionally complex situation in 2022, and has electricity sale prices that are falling sharply compared to the same period of the previous year; in 2023, in fact, the average Single National Price (PUN) was EUR 127.2/MWh compared to EUR 304/MWh in the same period of 2022.

The 2023 financial year was characterised by electricity production from the consolidated plants equal to 1,335 GWh, up 24.3% compared to the production recorded in the previous financial year (2022), equal to 1,074 GWh, mainly due to the full operation of the Orta Nova plant (which came into operation at the end of the first half of 2022), the commissioning during 2023 of the photovoltaic plants in Romania, and the contribution deriving from the asset swap transaction concluded during the financial year.

In particular, the acquisition in April 2023 of the remaining 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., owners of two wind farms, located respectively in the municipality of Anzi (Potenza Province), with an installed capacity of 16 MW, and in the municipality of San Basilio (Cagliari Province), with an installed capacity of 24.7 MW, contributed to the increase in production. The agreement with RWE also included the sale of the minority stake in Andromeda Wind S.r.l., owner of a 26 MW wind farm.

ALERION GROUP - Reclassified Income Statement	2023	2022
(Values in Millions of Euro)		
Revenue	163.9	263.3
Other revenue and income	37.8	10.4
Total revenue and income	201.7	273.7
Personnel expenses	(10.2)	(6.2)
Other operating costs	(42.2)	(41.8)
Provisions for risks	(0.1)	(0.6)
Operating costs	(52.5)	(48.6)
Share of net profit of investments accounted for using the equity method	3.0	7.7
Gross operating profit (EBITDA)	152.2	232.8
Amortisation, depreciation and impairment losses	(76.4)	(43.0)
Operating profit	75.8	189.8
Financial (expenses) income	6.7	(18.3)
Profit before tax	82.5	171.5
Income taxes	(14.5)	(98.3)
Profit for the period	68.0	73.2
Profit attributable to non-controlling interests	1.2	2.2
Profit attributable to the owners of the parent	66.8	71.0

Total revenue and income in 2023 amounted to EUR 201.7 million (EUR 273.7 million in 2022). Specifically, **Revenue** amounted to EUR 163.9 million, down from EUR 263.3 million, mainly as a result of the sharp drop in market prices, which occurred during the year, despite the full contribution from the acquisitions made at the beginning of 2023, and the start of operations of the parks developed internally and progressively entering into operation in the second half of 2022 and at the beginning of 2023.

Revenue also reflects the effects of hedges on electricity price trends taken out by Alerion in order to reduce the risk of price volatility. These hedging contracts resulted in a positive adjustment effect directly recognised in the item "revenues from electricity sales" in the amount of approximately EUR 11 million, see Note 29 for a more detailed analysis.

The reduction in revenue, mentioned above, reflects both the drop in prices related to electricity sales and the decrease in the unit value of incentives for wind power plants, which on the basis of the mechanism provided by the Feed-in Premium (FIP) formerly "green certificates", is zero for the year 2023, compared to EUR 42.9 per MWh in 2022.

Below is a breakdown of the average zone prices and the Single National Price (PUN) for 2023 and 2022:

Price Scenario (Euro/Mwh)	12M 2023	12M 2022	Δ	Δ %
Single National Price (PUN)- Italian electricity reference price	127.2	304.0	(176.7)	-58%
Electricity price North Zone	133.5	307.8	(174.4)	-57%
Electricity price Central North	136.0	307.6	(171.6)	-56%
Electricity price Centre-South	135.3	298.9	(163.7)	-55%
Electricity price South	134.1	295.8	(161.7)	-55%
Electricity price Sardinia	135.3	287.0	(151.7)	-53%
Electricity price Sicily	135.3	295.1	(159.7)	-54%
Feed-in Premium (former Green Certificates) Italy	-	42.9	(42.9)	-100%
Electricity price Spain	87.4	167.7	(80.2)	-48%
Electricity price Romania	106.0	265.3	(159.3)	-60%

With its Resolution 27/2023/R/efr of 31 January 2023, the Italian Regulatory Authority for Energy, Networks and Environment ("Arera") announced, for the purpose of determining the value of the 2023 Feed-in Premium (FIP 2022), the average annual value recorded in 2022 of the electricity transfer price, equal to 298.05 EUR /MWh. Therefore, the value of the 2023 Feed-in Premium, i.e. 78% of the difference between 180 Euro/MWh and the average annual value of the electricity transfer price of the previous year, is zero. According to the GSE's procedures, these Feed-in Premium are paid by the GSE on a monthly basis by the second month following the month of accrual; below is the summary table of the average Feed-in Premiums for the years 2021, 2022 and 2023:

Scenario Prices per feed-in premium (Euro/Mwh)	2023	2022	2021
Feed-in Premium (former Green Certificates) - Italy	0.0	42.9	109.4

In 2023, the average transfer price for fully consolidated wind power plants incentivised according to the Feed-in Tariff (FIP), formerly "green certificates", was EUR 128.8 per MWh, compared to EUR 298.3 per MWh in the same period in 2022. In particular:

- the average electricity transfer price in 2023 was EUR 128.8 per MWh, compared to EUR 255.5 per MWh in 2022;
- the average Feed-in Premium in 2023 was zero (EUR 42.9 per MWh in 2022).

the Villacidro, Morcone-Pontelandolfo and Albareto wind farms, on the other hand, benefit from a guaranteed minimum auction price (under Ministerial Decree 23/06/2016) of 66 euro per MWh.

Other revenue and income amounted to EUR 37.8 million (EUR 10.4 million in 2022) and mainly related to: i) insurance indemnities received during the year, iii) public grants recognised during the construction of wind farms and issued to the income statement over the residual life of the wind farms, iii) releases of provisions set aside in previous years, and vi) administrative and technical consulting services rendered to third-party companies and consolidated companies using the equity method. The change from 2022 mainly includes the capital gain realised on the sale of the investee Andromeda Wind S.r.l., amounting to about EUR 14 million.

Below are the Group's installed capacity and electricity production figures valid for 2023.

The following table shows the Group's installed capacity detailed by sector and geographic area for the years 2023 and 2022:

Alerion Plants Installed Capacity	Gross capacity (MW)		Ownership (%)	Consolidated Capacity (MW)	
	31 Dec 22	31 Dec 23		31 Dec 2022	31 Dec 2023
Subsidiaries (fully consolidated) Plants					
Operating wind power plants in Italy					
North	19.8	19.8	100%	19.8	19.8
Centre-South	116.2	116.2	100%	116.2	116.2
South	194.2	210.2	100%	194.2	210.2
Sicily	164.2	164.2	100%	164.2	164.2
Sardinia	130.6	155.2	100%	130.6	155.2
Total	625.0	665.6		625.0	665.6
Wind Power Plants Abroad					
Spain	36.0	36.0	100%	36.0	36.0
Bulgaria	12.0	12.0	51%	12.0	12.0
Total	48.0	48.0		48.0	48.0
Photovoltaic systems Abroad					
Romania	80.0	89.6	100%	80.0	89.6
Total	80.0	89.6		80.0	89.6
Total Subsidiaries plants	752.9	803.2		752.9	803.2
Wind power plants in companies whose shareholding is consolidated using the equity method (1)					
Operating wind power plants in Italy					
Centre-South	15.0	15.0	50%	7.5	7.5
South	100.0	58.0	50%	49.6	29.0
Sardinia	24.7	0.0	49%	12.1	0.0
Total	139.7	73.0		69.2	36.5
Total	892.6	876.2		822.1	839.7
(1) Installations held by investments consolidated using the equity method due to the application of IFRS 11					

The following table shows the Group's electricity production by sector and geographical area for the years 2023 and 2022:

Alerion Plant Production	Consolidated production (MWh)	
Subsidiaries (fully consolidated) Plants	31 Dec 2022	31 Dec 2023
Operating wind farms in Italy by zone		
North	43,124	51,924
Centre-South	211,813	239,626
South	270,477	366,422
Sicily	214,587	225,354
Sardinia	207,588	265,432
Total	947,589	1,148,758
Wind power plants operating abroad		
Spain	89,849	94,780
Bulgaria	27,825	29,516
Total	117,674	124,296
Photovoltaic plants operating abroad		
Romania	8,755	61,646
Total	8,755	61,646
Total Subsidiaries plants	1,074,018	1,334,700
Wind power plants in companies whose shareholding is consolidated using the equity method (1)		
Operating wind farms in Italy by zone		
Centre-South	11,541	13,040
South	86,038	61,723
Sardinia	18,367	0
Total	115,946	74,763
Total	1,189,964	1,409,463
(1) Installations held by investments consolidated using the equity method due to the application of IFRS 11		

Gross operating profit (EBITDA) in 2023 was EUR 152.2 million, down 34.6% from EUR 232.8 million in the same period of 2022 and reflects the increase in electricity production volumes of about 261 GWh compared to 2022 and the positive effects of the sale of the minority interest in Andromeda Wind S.r.l., as well as the decrease in electricity sales prices, as mentioned above. It should be noted that in 2023, **the result of the companies consolidated using the equity method**, included in the EBITDA, was EUR 3 million, down from the result in 2022 when it was EUR 7.7 million. The decrease compared to 2022 is attributable to the aforementioned decrease in sales prices and the change in the scope of consolidation due to the asset swap transaction (RWE Transaction).

It should also be noted that the Group's organisational structure continued to develop in 2023, with a consequent increase in personnel expenses. Specifically, the Group's workforce as at 31 December 2023 consisted of 169 employees, of which about 13.6% were employed in Group companies based abroad, registering a net increase of 38 employees compared to 31 December 2022. The growth of the organisational structure is mainly attributable to the internalisation of operating and maintenance activities of operating plants, which began with the acquisition of the company Alerion Service S.r.l, finalised in April 2022, and to the process of continuous expansion of the Group's activities both in Italy and abroad.

Other operating expenses of EUR 42.2 million were substantially in line with last year.

The 2023 **Operating Profit** amounted to EUR 75.8 million, down from EUR 189.8 million in 2022, after amortisation, depreciation and impairment losses of EUR 76.4 million.

Profit before tax was EUR 82.5 million, down from 2022 when it was EUR 171.5 million, mainly due to lower energy prices.

Profit before tax includes the effects of the acquisition transaction finalised with RWE in the first quarter of 2023, specifically, in the item Net financial costs, a gain of EUR 22.9 million was recognised due the revaluation of the net assets already pertaining to the Group at the fair value determined at the time of the acquisition of the remaining 51%, and, in the item Amortisation, Depreciation and Impairment losses, the adjustment of the valuation of the aforementioned net assets, following the impairment test procedures, for EUR 25.1 million. In addition, the Profit before tax includes higher financial costs attributable to the 2022-2028 Bond Loan, in 2022 it affected only two quarters as it was issued on 17 May 2022, and to the higher weight in 2023 of the depreciation of the wind farms located in the municipality of Ortanova, as in 2022 the contribution was limited considering that the start-up was at the end of the first half of 2022.

the **Profit for the period 2023** amounted to EUR 68 million, in line with last year's figure of EUR 73.2 million in 2022, after taxes of about EUR 14.5 million (amounting to EUR 98.3 million in 2022). In 2022, in addition to current taxes for the year, taxes also included the effects of the adoption of measures supported by the Government to combat the "high energy price", specifically the extraordinary solidarity levy (the so-called "Extra Profits Levy") and the temporary solidarity contribution, by applying a rate of 50 per cent on the portion of total income earned in 2022 exceeding the average total income of the previous four years.

the **Profit attributable to the owners of the parent** in 2023 was EUR 66.8 million (EUR 71 million in 2022).

the **Profit attributable to non-controlling interests** was EUR 1.2 million (down from the 2022 figure of EUR 2.2 million).

Statement of Financial Position and Financial Results

ALERION GROUP

Reclassified Statement of Financial Position (amounts in Millions of Euro)

	31.12.2023	31.12.2022
Intangible Assets	265.0	197.8
Property, plant and equipment	591.8	543.4
Financial assets	33.2	56.6
Non-current financial receivables	18.8	17.6
Non-current assets	908.8	815.4
Other non-financial assets and liabilities	(123.4)	(124.9)
NET INVESTED CAPITAL	785.4	690.5
Equity attributable to the owners of the parent	320.8	298.8
Equity attributable to non-controlling interests	5.9	6.2
Equity	326.7	305.0
Cash and cash equivalents	343.2	226.6
Other financial assets and liabilities	(801.9)	(612.1)
Financial indebtedness*	(458.7)	(385.5)
EQUITY + FINANCIAL INDEBTEDNESS*	785.4	690.5

* Financial indebtedness calculated as per Guideline ESMA32-382-1138

Change in the Scope of Consolidation in the Period

The changes in the full scope of consolidation during the financial year 2023 compared to 31 December 2022 mainly refer to the aforementioned transaction with RWE, which led to the acquisition of the remaining 51% of two companies each owning a wind farm. The remaining 49% was already owned by Alerion and the related net assets were recognised under companies valued at equity.

It should also be noted that during 2023, the Group continued its development activities in Romania by acquiring a stake in 8 new companies, 4 of which each respectively own a photovoltaic park and 4 each respectively own a wind farm. For more information on changes in the scope of consolidation, please refer to Note "3. CONSOLIDATION SCOPE".

Property, plant and equipment and Intangible assets as at 31 December 2023 amounted to EUR 856.8 million (EUR 741.2 million as at 31 December 2022). Non-current assets increased by EUR 115.6 million compared to the value as at 31 December 2022 after amortisation, depreciation and impairment losses totalling EUR 51.4 million and write-downs of EUR 25.1 million. The increase relates to the higher investments made during 2023, mainly in Italy and Romania.

It should be noted that the item "**Other non-financial assets and liabilities**" includes receivables for the sale of electricity and feed-in tariffs totalling EUR 18.9 million as at 31 December 2023 (EUR 18.7 million as at 31 December 2022). In particular, feed-in tariff receivables from the Gestore dei Servizi Energetici (GSE), amounted to EUR 0.2 million (EUR 3 million as of 31 December 2022).

Equity attributable to the owners of the parent as at 31 December 2023 amounted to Euro 320.8 million, an increase of Euro 22 million compared to 31 December 2022, when it amounted to Euro 298.8 million. The change was mainly due to: i) the Group's share of the net profit for the period of EUR 66.8 million; ii) to the negative change in the fair value of derivative instruments on project financing bank loans and derivative instruments on commodities linked to the sale price of electricity, net of the tax effect, for EUR 5.4 million; iii) to the positive change in the fair value of derivative instruments on bonds for a total

of EUR 3 million, net of the tax effect; iv) to purchases of treasury shares for EUR 7.8 million; and v) to the distribution of dividends for EUR 35 million, as per resolution of 20 April 2023.

Financial indebtedness as of 31 December 2023 was EUR 458.7 million, an increase of EUR 73.2 million compared to 31 December 2022 when it was EUR 385.5 million, the change being affected by capital expenditure mainly in Romania and Italy, despite the positive performance in terms of operating cash flow generated during the year.

Details of financial indebtedness as of 31 December 2023 and 31 December 2022 are provided below:

The following table shows the structure of the Group's financial indebtedness determined in accordance with the indications of ESMA contained in paragraph 175 of the "Guidelines on Disclosure Requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138); it also shows the financial parameters subject to the covenants provided for in the regulations of the bonds issued by the company and currently on the regulated market, specifically the "2019-2025 bond loan", the "2021-2027 bond loan" issued in 2021, the "2022-2028 bond loan" issued in 2022 and the "2023-2029 bond loan" issued during the last financial year, all classified as "Green Bonds". It should be noted that as of 31 December 2023, the covenants had been met.

ALERION GROUP - Financial indebtedness

	31.12.2023	31.12.2022
Cash and cash equivalents		
Cash equivalents	343.2	226.6
Total cash and cash equivalents	343.2	226.6
Financial receivables and other current financial assets	77.6	76.0
Liquidity	420.8	302.6
Current financial liabilities		
Bank facilities	(0.1)	(0.1)
Current financial debt	(0.1)	(0.1)
Bank loans and borrowings and project financing	(29.7)	(34.0)
Lease liabilities	(1.1)	(1.1)
Bonds issued	(3.7)	(3.1)
Other loans and borrowings	(0.4)	(0.3)
Current portion of non-current financial debt	(34.9)	(38.5)
Current financial indebtedness	(35.0)	(38.6)
NET CURRENT FINANCIAL INDEBTEDNESS		
	385.8	264.0
Non-current financial liabilities		
Bank loans and borrowings and project financing	(146.9)	(127.7)
Other loans and borrowings	(17.5)	(10.4)
Lease liabilities	(15.6)	(16.0)
Derivative financial instruments	(0.3)	0
Non-current financial debt	(180.3)	(154.1)
Bonds issued	(664.2)	(495.4)
Debt instruments	(664.2)	(495.4)
NON-CURRENT FINANCIAL INDEBTEDNESS	(844.5)	(649.5)
FINANCIAL INDEBTEDNESS*	(458.7)	(385.5)
FINANCIAL INDEBTEDNESS (excluding Derivatives)	(467.8)	(387.6)
Financial receivables and other non-current financial assets	15.0	8.0
Derivative financial instruments	3.8	9.7
ACCOUNTING FINANCIAL INDEBTEDNESS	(439.9)	(367.8)

(*) Financial indebtedness calculated as per Guideline ESMA32-382-1138

FINANCIAL COVENANTS provided for in current bond regulations

ACCOUNTING FINANCIAL INDEBTEDNESS net of Derivatives	(452.8)	(379.6)
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For the statement of financial indebtedness presented on the basis of the new schedule provided for in ESMA Guideline 32-232-1138 of 4 March 2021, please refer to Note 19 instead.

The change in Financial Indebtedness mainly reflects: (i) cash flows generated by operations amounting to about EUR 73.9 million; ii) cash flows absorbed by investing activities totalling about EUR 86.4 million, mainly relating to investments made in Romania and Italy iii) net financial costs for the period and the change in the fair value of derivative instruments totalling EUR 28.4 million iv) dividends received from investee companies valued using the equity method totalling EUR 3.2 million, and v) dividends paid during the period totalling EUR 35.5 million.

<i>(values in millions of euro)</i>	2023	2022
Cash flows generated by operations	73.9	218.6
Cash flows absorbed by investments	(86.4)	(96.7)
Net financial costs for the period and the change in the fair value of derivative instruments	(28.4)	9.9
Dividends received from companies whose investments are accounted for using the equity method	3.2	10.3
Dividends paid	(35.5)	(25.1)
Change in Financial Indebtedness*	(73.2)	117.0
Financial Indebtedness* at start of period	(385.5)	(502.5)
FINANCIAL INDEBTEDNESS* AT END OF PERIOD	(458.7)	(385.5)

(*) Financial indebtedness calculated as per Guideline ESMA32-382-1138

Leverage, expressed as the ratio of net financial indebtedness to net invested capital, was 58.4% at 31 December 2023 (55.8% at 31 December 2022).

Financial indebtedness excluding derivatives at 31 December 2023 was EUR 467.8 million, (EUR 387.6 million at 31 December 2022).

the **Group's cash and cash equivalents** amounted to EUR 343.2 million as of 31 December 2023, an increase of EUR 116 million compared to 31 December 2022, when they amounted to EUR 226.6 million. The main changes in the period mainly included the net effects of the transaction with RWE and the issuance on 12 December 2023 of a new bond in the nominal amount of EUR 170 million maturing in 2029 at a fixed nominal rate of 6.75%.

Current financial debt as of 31 December 2023, including payables for derivative instruments for the current portion, was EUR 35 million, in line with the 31 December 2022 figure of EUR 38.6 million. The change is mainly attributable to the change in bank loans and borrowings and project financing, which decreased by EUR 4.3 million.

Non-current financial indebtedness as of 31 December 2023, including payables for derivative instruments for the non-current portion, amounted to EUR 844.5 million (EUR 649.5 million as of 31 December 2022) and included (i) the bonds issued in the amount of EUR 664,2 million, comprising the 2019-2025 bond issue subscribed on 12 December 2019 in the amount of EUR 200 million, net of residual ancillary costs of EUR 1 million, the 2021-2027 bond issue subscribed on 3 November 2021 in the amount of EUR 200 million, net of residual ancillary costs of EUR 1.4 million, the 2022-2028 bond issue subscribed on 17 May 2022, equal to EUR 100 million net of accessory costs of EUR 1.1 million, and the 2023-2029 bond issue subscribed on 12 December 2023, equal to EUR 170 million net of accessory costs of EUR 2.2 million, (ii) the medium-/long-term portions of project financing, amounting to EUR 146.9 million, which decreased because of the instalments that expired on 30 June 2023 and 31 December 2023, (iii) the medium-/long-term portion of lease liabilities in line with the provisions of accounting standard "IFRS 16 - LEASES", in the amount of EUR 15.6 million.

Financial receivables and other non-current financial assets as of 31 December 2023 amounted to EUR 18.8 million, an increase of EUR 1.1 million compared to 31 December 2022, and mainly refer to financial receivables from companies consolidated using the equity method and derivative financial instruments recognised following the positive change in their fair value during the year.

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

Reconciliation of the profit for the year and equity attributable to the owners of the parent with the values of the parent company as at 31 December 2023:

	Equity as at 31 December 2023 attributable to owners of the parent	Profit for the year 2023 attributable to owners of the parent
Values in thousands of Euro		
Alerion Clean Power S.p.A.	314,229	67,030
Difference between book value and the corresponding portions of equity of subsidiaries	(124,292)	(785)
Recognition of intangible assets with a finite life arising from the development of wind farm projects - IAS 38 (implicit gain on permits and construction rights)	48,922	5,296
Recognition at fair value of finite-life intangible assets following business combinations - as required by International Financial Reporting Standard - IFRS3	113,572	(10,229)
Effects of derivative instruments - IAS 39	(2)	731
Effects of derivative instruments - IAS 39, of which related to interests in joint ventures	0	91
Adjustment of investments accounted for using the equity method to the corresponding equity value IFRS 11	3,957	1,654
Adjustment of investments in associates to the corresponding equity value - IAS 28	0	309
Effects of the reversal of intra-group margins	(2,048)	190
Other consolidation adjustments	(33,498)	2,533
Consolidated values	320,840	66,820

It should be noted that the item "other consolidation adjustments" includes adjustments to neutralise the higher values created in the statutory financial statements as a result of the application of revaluation.

THE PARENT'S PERFORMANCE

The following is a commentary on the main captions of Alerion Clean Power S.p.A.'s Income Statement and Statement of Financial Position.

Reclassified Income Statement - Separate Financial Statements of the Parent Company		
<i>(Values in millions of euro)</i>	2023	2022
Financial income	11.7	11.5
Dividends	62.8	81.0
Results of subsidiaries	9.7	
Net gains from equity investments	84.2	92.5
Revenues from consulting activities	5.0	20.6
Other revenue and income	1.8	0.1
Other revenue and income	6.8	20.7
Revenue	91.0	113.2
Personnel expenses	(3.0)	(2.5)
Other operating costs	(17.6)	(5.3)
Provisions for risks	(1.0)	-
Operating costs	(21.6)	(7.8)
Gross operating profit (EBITDA)	69.4	105.4
Amortisation, depreciation and impairment losses	(0.4)	(0.3)
Operating profit	69.0	105.1
Financial (costs) income	(2.2)	(4.5)
Profit before tax	66.8	100.6
Income taxes	0.2	(6.3)
Profit for the period	67.0	94.4

Net gains on equity investments in 2023 amounted to EUR 84.2 million (EUR 92.5 million in 2022) and consisted mainly of dividends resolved by subsidiaries in 2023 amounting to approximately EUR 62.8 million, the capital gain realised on the sale of the investee Andromeda Wind S.r.l., amounting to about EUR 14 million, as well as net interest income accrued during the year from investee companies, amounting to about EUR 11.7 million, and write-downs of equity investments related to the adjustment of the value of the equity investment in Alerion Clean Power RO S.r.l. to the transfer price to FRI-EL Hydro S.r.l., amounting to about EUR 2.6 million.

Other revenue and income in 2023 amounted to EUR 6.8 million (EUR 20.7 million in 2022) and mainly consisted of services rendered to subsidiaries. In 2022, the item included certain services performed on an ad hoc basis by Alerion as corporate office for the subsidiaries, such as the recharging of income and expenses arising in 2022 from derivative contracts entered into by the Parent to guarantee the sale price of energy produced and sold to the grid by the aforesaid subsidiaries.

The **Operating Profit** 2023 was EUR 69 million (EUR 105.1 million in 2022), after operating costs of about EUR 21.6 million (EUR 7.8 million in 2022).

The **Profit for the period 2023** was about EUR 67 million, down from last year by about EUR 27.4 million. The Profit for the period includes net financial costs of EUR 2.2 million, the decrease, compared to EUR 4.5 million in 2022, is attributable to i) higher financial income due to the remuneration of cash investments in time deposit contracts and bond instruments receivable for EUR 5.6 million; ii) income of EUR 7.4 million

for Commodity Swap derivative positions, entered into by the Company during 2023, and not yet due; iii) income of EUR 2,9 million from commodity derivative instruments settled during the year; iv) net of higher interest on outstanding bonds totalling EUR 16 million in 2023 compared to EUR 14 million in 2022, following the issuance on 12 December 2023 of the new "2023-2029 bond loan" and the contribution for the full year of the previous issue on 17 May 2022, the "2022-2028 bond loan".

Reclassified Statement of Financial Position <i>(values in millions of euro)</i>	31.12.2023	31.12.2022
Intangible assets	0.0	0.0
Property, plant and equipment	3.6	4.0
Financial assets	404.9	353.2
Non-current assets	408.5	357.2
Other non-financial assets and liabilities	20.7	(1.2)
NET INVESTED CAPITAL	429.2	356.0
Equity	314.2	286.7
Equity	314.2	286.7
Cash and cash equivalents	127.3	96.4
Other financial assets and liabilities	(242.3)	(165.7)
Accounting Financial Indebtedness	(115.0)	(69.3)
EQUITY + ACCOUNTING FINANCIAL INDEBTEDNESS	429.2	356.0

Non-current assets as at 31 December 2023 amounted to EUR 408.5 million, an increase of EUR 51.3 million compared to 31 December 2022. The net increase is mainly due to the change in financial non-current assets as a result of the transaction with RWE concluded in Q1 2023 with the acquisition of two companies, each owning a wind farm, Guardionara S.r.l. and Fri-el Anzi S.r.l, the transaction for the acquisition from FRI-EL S.p.A. of 100% of the share capital of FRI-EL Solar S.r.l. and the transaction for the acquisition of 100% of the share capital of Alerion Seddanus S.r.l., 75% from FRI-EL S.p.A. and 25% from Pro-Invest S.r.l.

The item "**Other non-financial assets and liabilities**" as at 31 December 2023 amounted to a net positive balance of EUR 20.7 million, (EUR -1.2 million as at 31 December 2022) and related in particular to:

- **Non-financial assets** as at 31 December 2023 amounted to EUR 88.9 million, an increase of EUR 9.8 million compared to 31 December 2022, and mainly comprised: (i) deferred tax assets of EUR 9.4 million (EUR 10.1 million as of 31 December 2022), (ii) trade receivables of EUR 7.6 million (EUR 22.9 million as of 31 December 2022), (iii) current tax assets of EUR 4.0 million (EUR 0 million as of 31 December 2022), and (iv) other current assets of EUR 67.8 million (EUR 46.2 million as of 31 December 2022).
- **Non-financial liabilities** as at 31 December 2023 amounted to EUR 68.2 million, a decrease of EUR 12.2 million compared to 31 December 2022, and mainly comprised: (i) provisions for future risks and charges of EUR 0.2 million (EUR 37.7 million as of 31 December 2022), (ii) post-employment benefits of EUR 0.8 million (EUR 0.7 million as of 31 December 2022), (iii) trade payables of EUR

49.9 million (EUR 3 million as of 31 December 2022) (iv) other current and non-current liabilities of EUR 16 million (EUR 14,9 million as at 31 December 2022) deferred tax liabilities of EUR 1.4 million (EUR 0.3 million as at 31 December 2022), and vi) current tax liabilities of EUR 0 million (EUR 23.9 million as at 31 December 2022).

- **Equity** of the Company as at 31 December 2023 amounted to EUR 314.2 million, up from EUR 286.7 million as at 31 December 2022, mainly due to the combined effect of the profit for the year of EUR 67 million, the distribution of the dividend of EUR 35 million net of the purchase of treasury shares for EUR 7.8 million.
- **Accounting financial indebtedness** as of 31 December 2023 was negative for EUR 115 million, up EUR 45.7 million from 31 December 2022.
- **Financial assets** as of 31 December 2023 amounted to EUR 502.9 million, an increase of EUR 160.7 million compared to 31 December 2022, and mainly included: i) non-current intra-group financial receivables of EUR 418.3 million (EUR 236.1 million as of 31 December 2022), ii) current intra-group financial receivables of EUR 10.1 million (EUR 33.1 million as of 31 December 2022).
- **Financial liabilities** as of 31 December 2023 amounted to EUR 745.2 million (31 December 2022: EUR 507.9 million), an increase of EUR 237.3 million compared to 31 December 2022, and mainly included: (i) non-current payables to bondholders and other loans and borrowings of EUR 690.6 million (EUR 501.6 million as of 31 December 2022), (ii) current payables to bondholders and other loans and borrowings of EUR 8.7 million (EUR 5.2 million as of 31 December 2022), (iii) financial payables to subsidiaries of EUR 45.9 million (EUR 1.1 million as of 31 December 2022).

LEGISLATIVE FRAMEWORK

Below are the most significant measures that characterised the regulatory framework for the sector during 2023.

Feed-in tariff (FIP), former "green certificates"

With its Resolution 27/2023/R/efr of 31 January 2023, the Italian Regulatory Authority for Energy, Networks and Environment ("Arera") announced, for the purpose of determining the value of the 2023 Feed-in Premium (FIP 2022), the average annual value recorded in 2022 of the electricity transfer price, equal to 298.05 EUR /MWh. Therefore, the value of the 2023 Feed-in Premium, i.e. 78% of the difference between 180 Euro/MWh and the average annual value of the electricity transfer price of the previous year, is zero.

New European 2030 targets for renewables and energy efficiency

During 2018, the new European targets for renewables and energy efficiency to 2030 were defined. These principles, which will have to be transposed into new EU directives, set a target of at least a 40% reduction in greenhouse gas emissions (compared to 1990 levels) by 2030, a second target of 32% (compared to 27% originally proposed by the European Commission) by 2030 in final consumption for renewables, with an obligation of 1.3% per year on thermal renewables and an obligation of 14% in the transport sector. For energy efficiency, the new target for 2030 has been set at 32.5%. An update of these directives is being prepared by the European Community in order to implement the proposal to increase the net greenhouse gas emission reduction target to at least 55%.

Measures to counter "high energy prices" launched in the last financial year 2022.

In the previous year, 2022, the Italian government had enacted a series of measures aimed at containing electricity prices, which had led to (i) a reduction in revenues and (ii) an increase in the tax burden on companies in the energy sector, the measures that also had an effect in 2023 are shown below. Please refer to the note on Legal Disputes for the positions taken by the company:

"Two-way" compensation contribution - Law Decree 4/2022

With the publication of Law 25 of 28 March 2022, which converts Decree-Law No. 4 of 27 January 2022 into law, as of 1 February 2022 and until 31 December 2022, a two-way compensation mechanism on the price of energy will be applied on electricity produced by plants with a power output of more than 20 kW fuelled by solar, hydroelectric, geothermal and wind power that do not qualify for feed-on tariffs, and that came into operation before 1 January 2010. This mechanism is equal to the difference between the reference price of the relevant market zone and a market price equal to the hourly zonal market price of electricity, or, for supply contracts entered into before 27 January 2022 that are not excluded from the scope of application, the price indicated in those contracts.

One-way compensation mechanism or price cap - L. 197/2022

Paragraphs 30-38 of Article 1 of Law 127 of 29 December 2022 provide that, in implementation of Council Regulation (EU) 2022/1854 of 6 October 2022, as of 1 December 2022 and until 30 June 2023, a cap will be applied on market revenues obtained from the production of electricity through a one-way compensation mechanism. It is envisaged that the Gestore dei Servizi Elettrici (GSE) will collect from producers the difference between the pre-established reference price of EUR 180 per MW/h and the market price, which is equal to the monthly average of the hourly zone market price, calculated as a weighted average for non-programmable plants on the basis of the individual plant's production profile.

Spain legal framework

Spanish legislation on electricity from renewable sources is governed by the framework for the generation and promotion of renewable energy established by the European Union, in particular Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. As per Spanish legislation, the basic legal regime is established in Law 24/2013 of 26 December 2013 on the Electricity Sector (the "ESL"), implemented through: (i) Royal Decree 413/2014 of 6 June, which regulates the production of electricity from renewable sources, cogeneration and waste; (ii) Royal Decree 1955/2000 of 1 December, which regulates the production, transmission, distribution, marketing and supply of electricity and the authorisation procedures for electrical installations; and (iii) Royal Decree 2019/1997 of 26 September, which organises and regulates the electricity generation market.

Together with the regulations issued at state level: (i) most autonomous communities (Comunidades Autónomas) have also approved specific regulations (e.g. Aragon: decree of 25 June 2004); (ii) municipalities also have their own regulations on the licensing of works and activities; and (iii) environmental and urban planning regulations (developed mainly at the level of autonomous communities and municipalities) must also be taken into account when developing a renewable energy project.

Although according to ESL the generation of electricity is classified as an unregulated activity (as opposed to the transmission and distribution of energy), and therefore does not require a licence per se, certain construction and operating permits must be obtained prior to the commencement of electricity generation activity.

The remuneration of renewable energy producers in a liberalised market consists mainly of the revenues they receive from their sales in the wholesale market. In addition, the Spanish government promotes the development of renewable projects by launching auctions from time to time in order to grant the so-called specific remuneration system (*régimen de retribución específico*) to bidders that offer renewable energy capacity at the lowest price (e.g. by requesting a lower feed-in tariff). Nevertheless, any entity can develop a renewable plant independently of such auction processes (or without a feed-in tariff), being completely exposed to fluctuations in the market price of electricity.

Romania legal framework

Considering the recent international increases in electricity and gas prices, the Romanian Government has decided to put in place a compensation mechanism so that the current electricity and natural gas prices for domestic consumption do not exacerbate the level of energy poverty.

On 29 October 2021, the Romanian Government had approved Law 259/2021, which had introduced an extra tax at a rate of 80% for the period 1 November 2021 - 31 March 2022, levied on the "additional revenue" generated by producers of electricity (including renewable generation units but excluding thermal generation units) as a result of the difference between the average monthly electricity selling price and RON 450/MWh (approximately EUR 91/MWh).

Following the previous mechanism, the Government published a new Emergency Government Ordinance No. 27/2022, which was activated on 22 March 2022, with the aim of extending the imposition of the so-called "windfall tax" for the period from 1 April 2022 to 31 March 2023, but still including some positive improvements on the rules. The 80% tax will now be levied on profits rather than revenues, for sales above RON 450/MWh (EUR 91/MWh), thus reducing the

burden on generators. The new tax does not affect production units commissioned after the entry into force of the new law.

MAIN RISKS AND UNCERTAINTIES

Risks related to the legal and regulatory environment

The Group operates in a highly-regulated industry and, therefore, Group companies are required to comply with a large number of laws and regulations.

In particular, the Group and the plants through which it operates are subject to national and local regulations concerning multiple aspects of its business, which affect the entire electricity generation chain. These regulations concern, among other things, both the construction of facilities (as regards obtaining building permits and other administrative authorisations), their operation and the protection of the surrounding environment, thus affecting the way in which the Group conducts its business.

The enactment of new regulatory provisions applicable to the Group or to the electricity generation business or any changes in the current Italian regulatory framework, including tax regulations, could have a negative impact on Alerion's and the Group's operations. Furthermore, the implementation of these changes may require specific and additional burdens on the Group. In particular, the costs of complying with any changes in existing regulatory provisions, including compliance costs in the areas of business requirements, personnel licensing and occupational safety, could be particularly high. Similarly, adapting to the changes in legislation described above can take a long time to implement. The occurrence of such events could have an adverse effect on the Group's results, prospects and financial position.

In addition, the high degree of complexity and fragmentation of national and local regulations in the sector of energy production from renewable sources, together with their not always uniform interpretation by the competent Authorities, could generate situations of uncertainty and legal disputes, with consequent negative effects on the Group's results, prospects and financial position.

The Group contains this risk by constantly monitoring the regulatory framework in order to implement potential changes in a timely manner, operating in such a way as to minimise any resulting economic impact.

Risks related to production cyclicity

The characteristics of the energy sources used imply both a production characterised by high variability, linked to the climatic conditions of the sites where the wind farms are located, and production forecasts based on time series and probabilistic estimates.

In particular, electricity production from wind power, being linked to non-programmable climatic factors, is characterised throughout the year by seasonal phenomena that make energy production discontinuous.

Any adverse weather conditions and, in particular, any continuation of a situation of low windiness for wind farms, even with respect to the measurements made during the development stage (concerning the availability of the source and forecasts of weather conditions), could lead to time lags and the reduction or interruption of plant operations, resulting in a decrease or increase in the volumes of electricity produced, with consequent short-term effects on the Group's business and economic, equity and/or financial position.

The Alerion Group mitigates this risk by planning the installation of new sites in diversified geographic areas, monitoring the trend of anemometric data to improve meteorological forecasting, and scheduling plant shutdowns according to periods of lower windiness.

The Alerion Group mitigates any risks of damage to plants due to adverse weather events that cannot be controlled or planned by taking out insurance policies and maintenance contracts.

Climate Change Risks

The **climate change** risk identifies the possibility that short-term and long-term climate changes may impact the Group's business with consequences on its economic and financial results. In particular, there is evidence of a decrease in resource availability (wind and solar production) and consequent increases in maintenance and insurance costs against adverse weather events.

The Group contains the potential impacts of climate risk by adopting appropriate measures such as (i) planning the installation of new sites in diversified geographic areas, monitoring the trend of anemometric data to improve meteorological forecasting and scheduling plant shutdowns according to periods of less windy weather, and (ii) limiting the potential risks of damage to plants due to adverse weather events that cannot be controlled or planned through insurance policies and maintenance contracts. It should also be noted that in preparing the impairment test, the potential impacts of climate risk were reflected in the determination of the prospective cash flows, taking into account, primarily, the possible lower yields associated with reduced electricity production due to the adverse weather conditions experienced (basing these projections, inter alia, on the historical productivity averages of the individual wind farms) and the operating costs associated with the stipulation of insurance policies.

Furthermore, while climate disasters may have an adverse effect on the group's production, a consequence of the ongoing climate change is also the increasing interest of institutions in renewable energy companies. In particular, the European Union has developed an Action Plan to finance sustainable growth (EU Action Plan) and help link finance to the specific needs of the European and global economy. The Group, whose core business is the production of energy from renewable sources, is particularly involved in projects of this scale.

Energy production from wind and solar sources is included within the European Taxonomy as a sector actively contributing to "Climate mitigation", contributing, for the purpose of decarbonisation, to the binding national 2030 target of a 33%+ reduction in CO2 emissions in non-ETS sectors, compared to 2005.

In addition, companies with a core business expressly characterised by sustainable initiatives can access specific financing and investment instruments, such as green bonds. In this regard, Alerion has resorted since 19 December 2019, when the first bond issue, the so-called "Green Bond", took place, to financial instruments whose terms of use must meet the criteria set out in the Green Bond Framework adopted by the Company.

Risks associated with financing contracts

The Group has a high level of financial and bond debt, for which it incurs financial costs. Moreover, if the Group were required to refinance existing debt before its maturity date, it might not be able to complete the investments underway or provided for in the Plan.

In light of the foregoing, the indebtedness incurred or to be incurred for the activities necessary for the construction and commissioning of the Wind Farms has entailed and/or will entail (as the case may be) an increase in the Group's financial indebtedness and, therefore, notwithstanding the increase in revenues generated, after the testing period, by the operation of the new Wind Farms, the Group may encounter difficulties in sustaining the financial commitments arising from its debt structure and in meeting its financial commitments, also in consideration of the gradual expiry of the feed-in tariffs enjoyed by the plants owned by the Group.

The projects implemented by the Group are financed through project financing and corporate financing through bond issues that meet the criteria of the Green Bond Framework adopted by the Company.

The regulations of the Group's various bond issues and financing contracts, particularly project financing, contain a series of clauses that are customary for these types of documents, such as obligations and prohibitions, negative pledge clauses, restrictions on the distribution of dividends, reports on results and financial statements, obligations to maintain financial ratios subject to periodic verification, and default events. Some project financing loans also contain cross-default clauses, pursuant to which the occurrence of defaults by parties other than the beneficiary companies may render the residual amount of the loan immediately due.

It should be noted that the macroeconomic context, which in 2023 strongly affected interest rates, pushing them up significantly, did not have a significant impact on the Group, given the policy of entering into hedging contracts, interest rate swaps, on project financing and the use of fixed-rate bond issues. The recent bond issue of 12 December 2023 shows that the Group was not affected by the current macroeconomic environment.

Financial Parameters and Covenants:

"2019 -2025 Bond Loan"

With reference to the 2019 - 2025 Bond, it should be noted that if, on each Calculation Date, the ratio between the Accounting Financial Indebtedness net of derivatives and the Equity net of derivatives is higher than 2.5, the Company undertakes not to take on any further Accounting Financial Indebtedness net of derivatives unless on the following Calculation Date this ratio is equal to or lower than 2.5. "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2019. The Company periodically monitors compliance with the agreed indices and clauses. The parameter as at 31 December 2023 has been met.

"2021 -2027 Bond Loan"

With reference to the "2021 - 2027 Bond" it should be noted that if on each Calculation Date, the ratio of Accounting Financial Indebtedness net of derivatives to Equity net of derivatives is greater than 3, the Company undertakes not to take on any further Accounting Financial Indebtedness net of derivatives unless on the following Calculation Date, this ratio is equal to or less than 3. "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2021. The Company periodically monitors compliance with the agreed indices and clauses. The parameter as at 31 December 2023 has been met.

"2022 -2028 Bond Loan"

With reference to the "2022 - 2028 Bond" it should be noted that if on each Calculation Date, the ratio of Accounting Financial Indebtedness net of derivatives to Equity net of derivatives is greater than 3, the Company undertakes not to take on any further Accounting Financial Indebtedness net of derivatives unless on the following Calculation Date, this ratio is equal to or less than 3. "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2022. The Company periodically monitors compliance with the agreed indices and clauses. The parameter as at 31 December 2023 has been met.

"2023 -2029 Bond Loan"

With reference to the "2023 - 2029 Bond" it should be noted that if on each Calculation Date, the ratio of Accounting Financial Indebtedness net of derivatives to Equity net of derivatives is greater than 3, the Company undertakes not to take on any further Accounting Financial Indebtedness net of derivatives unless on the following Calculation Date, this ratio is equal to or less than 3. "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2023. The Company periodically monitors compliance with the agreed indices and clauses. The parameter as at 31 December 2023 has been met.

Project Financing

With reference to the Project Financing loans, please refer to Note 23 "NON-CURRENT FINANCIAL LIABILITIES" in which the details of the financial parameters to be met as at 31 December 2023 relating to these loans are presented.

Interest rate risks

Following the issuance of the recent bond issues, as described above, the Group is only marginally exposed to the risk of interest rate fluctuations.

The financing of projects implemented by the Group involved recourse to bank loans, also by means of project financing. In this context, a significant increase in interest rates could have a negative impact on the return on the Group's future investment projects.

In order to limit this risk, the Group has implemented a policy of hedging risks arising from interest rate fluctuations through the use of Interest Rate Swap (IRS) contracts to manage the balance between fixed-rate and floating-rate debt.

More information on risks arising from financial instruments required by IFRS 7 is provided in paragraph 38 "Financial Risk Management Policy" of the Notes to the Financial Statements.

Risks associated with electricity sales receivables

The energy produced by the Group's wind farms is purchased by trading companies with which the Issuer has special contractual agreements, which pass it on to the energy market. In light of the foregoing, the Group is exposed to the risk that the trading companies to which the electricity generated by wind farms owned by the SPVs is sold do not pay the amounts due on time or in a timely manner; as of 31 December, receivables from the trading companies through which the Group operates amounted to Euro 18.4 million as of 31 December 2023 and Euro 15.6 million as of 31 December 2022.

The occurrence of the events subject to these risks, which is considered by the Issuer to have a low probability of occurrence, could have a negative impact on the Issuer's and the Group's economic and financial situation and assets.

The Group performs the sale of electricity produced by all Wind Farms through yearly bilateral contracts, with no automatic renewal, entered into by the SPVs owning the producing Wind Farms with trading companies.

The Group is exposed to the risk that its counterparties may not honour the receivables accrued by the Group companies; and any delayed or non-payment of the amounts due could lead to a liquidity crisis for the Group with consequent difficulties for the Group to meet the charges, including financial charges, due and significant negative effects on the Group's results, prospects and financial position.

In addition, should existing relations with trading companies deteriorate, the Group may have to decide to terminate existing electricity sales contracts. Should this occur, the Group may encounter difficulties in identifying counterparties with adequate standing as well as in negotiating terms and conditions that are equally advantageous to the agreements to which it is a party, with consequent negative effects on the Group's results, prospects and financial position.

Exchange rate risks

The risk of fluctuations related to the exchange rate of currencies other than the euro with which the Alerion Group operates may impact the Group's results.

Transactions in currencies other than the functional currency are accounted for on initial recognition at the spot exchange rate prevailing on the date of the transaction. Subsequently, monetary assets and liabilities denominated in currencies other than the functional currency are converted using the closing exchange rate, at a different time than when the contractual terms underlying the transactions were defined.

Non-monetary assets and liabilities in foreign currencies that are recognised at fair value are converted using the exchange rate at the date the fair value was determined. Any exchange differences arising are recognised in the Income Statement.

Health, safety and environmental risks

The Group is exposed to the risk of incurring sanctions for non-compliance with health, safety and environmental regulations.

In particular, the Alerion Group is required to comply with laws and regulations (by way of example, Legislative Decree No. 106 of 3 August 2009 and Legislative Decree No. 81 of 9 April 2008) relating to health and safety in the workplace, as the activities performed by the Group are subject to the potential occurrence of accidents that may affect the employees and/or the environment.

With reference to health and safety in the workplace, Alerion operates in compliance with the provisions of Legislative Decree 81/08, Legislative Decree 106/09 and in particular with the ISO 45001:2018 standard, certified for "Production of electricity from wind power. Operation and maintenance services through third party contractors of wind power plants". Compliance Certificate No. 9192.ALEN was renewed on 21/12/2023.

Risks associated with national incentive schemes from which the Group benefits

All of the Group's wind farms, with the exception of the Albanella, Agrigento, Ricigliano, Anglona, Dotto, Enermac and Naonis wind farms, benefit from incentive schemes and, for the twelve months ended 31 December 2023, 3% of the Group's revenues in 2023 are attributable to national incentive schemes (the ratio was 11% in 2022); the reduced contribution is attributable to the increase in electricity sale prices that occurred in 2021 and 2022, which consequently reduced the contribution of incentive revenues; in fact, the unit value recognised for the year 2023 for the so-called "GRIN" incentive was determined by the Authority to be zero.

If, for any reason, one or more of the Group's wind farms is subject to a forfeiture or curtailment of incentives by the GSE, or if, for any reason whatsoever, there is a delay by the GSE in the payment of the amounts due, the Group may suffer decreases in its revenues, even significant ones. Delayed payment, ceasing or reduction of incentives, also for reasons external to the Group, could also give rise to the Issuer's obligation to make contributions, also of a significant amount, to its subsidiaries, so as to avoid the breach of financial parameters and other provisions contained in the financing agreements to which they are party.

The occurrence of the events subject to these risks, which is considered by the Issuer to have a low probability of occurrence, could have an extremely significant negative impact on the Issuer's and the Group's economic and financial situation and assets.

All of the Group's Italian wind farms already in operation have benefited from the so-called "green certificates" that allowed them to obtain a number of green certificates proportional to the electricity generated, which they then sold to the GSE at a price based on a percentage of the market price of wholesale electricity on the Italian market. Following a

legislative amendment passed in 2011 pursuant to Legislative Decree No. 28/2011 and the Ministerial Decree of 6 July 2012, the green certificate incentive scheme ended as of 1 January 2016 and, consequently, the Wind Farms that benefited from the green certificate incentive scheme switched, following the stipulation of a special agreement with the GSE, to a system of feed-in tariffs for the remaining life of the Wind Farm, between one and eight years depending on the Park.

Commodity price risk

The Group is primarily exposed to the price volatility risk related to electricity, i.e. the price risk related to the variability of future revenues from electricity sales due to fluctuations in the sales prices of this commodity.

Generally speaking, the risk management strategy pursued by the Group with reference to energy risk management is aimed at containing the volatility induced by variations in electricity market prices on its margins and the consequent stabilisation of the related cash flows generated by the sale of the electricity produced by its generation plants from renewable sources.

The Group trades commodity derivatives ("commodity swaps") in order to mitigate the price risk attributable to a specific risk component embedded in the sale prices of the electricity generated. The underlying risk management objective is, therefore, to protect the value of future electricity sales from unfavourable movements in the risk component embedded in the sales prices contracted with its customer base.

Ultimately, the objective of the Group's accounting-designated hedging relationships is to set the value of the risk component associated with highly probable revenues from electricity sales, through commodity swap trading.

Credit risk

Credit risk represents the Group's exposure to potential losses deriving from the failure of counterparties to meet their commercial obligations.

To date, there have been no significant cases of non-compliance by counterparties. In fact, it should be noted that, although most of the Group's receivables are due from a limited number of counterparties, there is no risk of default related to credit concentration due to the primary reliability of the counterparties.

For a more detailed analysis of this risk, please refer to paragraph 38 "FINANCIAL RISK MANAGEMENT POLICY" of the explanatory notes.

Liquidity risk

Liquidity risk is the risk that, due to an inability to raise new financial funds, the company will not be able to meet its financial and commercial obligations on the agreed terms and deadlines. The Group's objective is to put in place a financial structure that, consistent with its operational objectives, always guarantees an adequate level of cash.

For a more detailed analysis of this risk, please refer to paragraph 38 "FINANCIAL RISK MANAGEMENT POLICY" of the explanatory notes.

The consolidated financial statements are prepared on a going concern basis. In fact, the Group has assessed that, despite the context of general uncertainty and volatility in the financial markets related to both the recent conflict between Ukraine and Russia, and the current crisis in the Middle East, which at the same time have contributed to increasing the level of uncertainty in the international markets, also due to the difficult reading of the geopolitical dynamics currently underway, there are no significant uncertainties (as defined by para. 24 of IAS 1) on the Group's ability to continue as a going concern, as the Group's operations have not been affected by these phenomena, and as the production of electricity is a public utility activity, for this reason not subject to a reduction in operations.

The Group assessed the applicability of the going concern assumption in preparing the financial statements and concluded that, despite the difficult economic and financial environment, there are no doubts about the Group's ability to continue as a going concern.

For financial risk management, please refer to section 38 "FINANCIAL RISK MANAGEMENT POLICY" in the Notes to the Financial Statements, where the Group's financial risk management is described.

EVENTS INVOLVING THE COMPANY

Please refer to what is described in the section "Significant Events during the Year".

RELATED PARTY AND INTRA-GROUP TRANSACTIONS

The information on related party transactions required by Consob Communication No. DEM/6064293 of 28 July 2006 is presented in the relevant sections of this report.

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as the subsequent Related Party Transaction Regulation No. 17221 of 12 March 2010 and subsequent amendments, it is hereby specified that there are no related party transactions of an atypical or unusual nature, unrelated to normal business operations or such as to prejudice the Group's economic and financial situation.

Terms and conditions of intra-group transactions

As a holding company, Alerion Clean Power S.p.A. performs the role of coordinating administrative, managerial and commercial activities and optimising financial resources for the Group's companies. As part of these activities, services are exchanged with subsidiaries and affiliated companies. These relationships, with regard to subsidiaries, are eliminated in the consolidated financial statements. There are also financial relations between the companies of the Group. Relations with subsidiaries and investee companies are at arm's length, taking into account the nature of the services provided. Significant transactions with subsidiaries or investees that have an impact on the Group's consolidated financial statements include the subsidiaries' participation in the national tax consolidation scheme.

The Parent Company acts as the consolidating company. The option allows participating group companies to offset their respective tax results with a clear benefit not only for the companies, but also for the group as a whole.

The companies adhering to the national tax consolidation scheme have signed an agreement in order to regulate and specify the mutual fulfilments, obligations and responsibilities from adhering to this scheme. In particular, specific provisions are aimed at ensuring that participation in the national consolidation does not result in economic and financial disadvantages for the consolidated companies compared to the situation that those companies would have been in if they had not participated in that regime, or if, having met the requirements, they had exercised the option for group taxation with their subsidiaries.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR AND OUTLOOK FOR THE YEAR

Significant events occurring after financial period closure

It should be noted that during the first quarter of 2024, with regard to the lawsuit brought by the Company to declare certain commodity derivative contracts null and void, the Court of Milan, in its ruling of 8 February 2024, rejected the plaintiff's claims and ordered the Company to pay the amount due to the defendant. Both parties agreed to enter into a settlement agreement that settled all pending issues in relation to the derivative contracts, which are to be deemed fulfilled.

Outlook

During 2024, the investment programme for the construction of new wind and photovoltaic plants will continue, particularly in Romania and Italy. The development of new renewable capacity will also continue, in order to increase the pipeline of projects in the Group's various geographic areas of interest, not only in Italy and Romania, but also in Spain and the UK. It should also be noted that the Group does not foresee any negative impact on the operational management of its business resulting from the current conflict in Ukraine and the new crisis in the Middle East.

OTHER INFORMATION

Corporate Governance

The Alerion Group adheres to and conforms to the Corporate Governance Code approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., with the additions and adjustments consequent to the Group's characteristics.

The "Report on Corporate Governance and Ownership" contains a general description of the corporate governance system adopted by the Group and provides information on the ownership structure and compliance with the Corporate Governance Code, including the main governance practices applied and the characteristics of the risk management and internal control system in relation to the financial reporting process. The above-mentioned Report is available at www.alerion.it.

Dividends distribution

It should be noted that Alerion's Shareholders' Meeting, held on 20 April 2023, approved the proposal to distribute a dividend to be paid starting from 10 May 2023 with ex-dividend date on 8 May 2023 of coupon no. 12, through the partial use of reserves, of EUR 0.65 per outstanding ordinary share (net of treasury shares), gross or net of withholding taxes, depending on the applicable tax regime. The payment of the dividend, in the total amount of EUR 35 million, took place on the terms and in the manner decided by the Shareholders' Meeting.

Management and coordination activities

As of 7 May 2021, Fri-El Green Power S.p.A. will no longer exercise management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code, and will therefore continue to exercise its prerogatives as controlling shareholder of the Company.

Information requirements relating to Law 124/2017 of 4 August 2017

Article 1, par. 125 of Law No. 124 of 4 August 2017 introduced the obligation for companies receiving financial contributions from public administrations to publish the amounts of contributions received during the financial year in the notes to the financial statements and in any consolidated financial statements. Awaiting a more general interpretation of the rule in question and given the significance of the potential consequences of non-compliance with the aforementioned publication obligation, the Group has decided to also indicate in these financial statements the economic contributions received from public administrations that are available to all companies and that fall within the general structure of the reference system defined by the State such as the "Feed-In Tariff" and "Energy Account". The reference amounts shown in the tables below are also included in the financial statements of the Group companies concerned.

Summary of incentives collected in 2023 pertaining to the Group	Feed-In Tariff	Energy account
<i>(Values in thousands of euros)</i>		
Gross incentives received	4,696	19
Disbursing entity: Gestore Servizi Energetici (GSE)		

Consolidated non-financial statement

It should be noted that the Company is exempt from the obligations arising from Legislative Decree No. 254 of 30 December 2016, which implemented in our legal system Directive 2014/95/EU on non-financial and diversity information, since, at individual and consolidated level, the average number of employees is under 500, therefore not falling by size among the listed public interest companies, banks and insurance companies subject to the obligation to prepare and publish a statement, of an individual or consolidated nature, containing a series of information relating to environmental, social, personnel-related topics, respect for human rights, and the fight against active and passive corruption. During the financial year, the

company started preparatory activities to prepare the Sustainability Report, the obligation of which will start on 1 January 2025 pursuant to the CSRD - 2022/2464 (Corporate Sustainability Reporting Directive).

Treasury shares and parent company shares

Please note that as of 31 December 2023, the Company held 522,973 treasury shares (as of 31 December 2022 there were 289,437), corresponding to 0.96437% of the share capital. In the context of the authorisation to purchase resolved by the Shareholders' Meeting on 20 April 2023. It should be noted that as of 12 March 2024, additional treasury shares had been purchased for a total of 669,207 shares or 1.23403%.

More information on the treasury shares held by the company as at 31 December 2023 and on the change from 31 December 2022 is provided in section 18 "EQUITY" of the Notes to the Financial Statements.

Investments held by directors, statutory auditors, COOs and key management personnel

Following Consob Resolution No. 18079 of 20 January 2012, which repealed Appendix 3C, information on the shareholdings held by the management and control bodies, general managers and managers with strategic responsibilities is contained in the Report on Remuneration, pursuant to Article 123 ter T.U.F. (Consolidated Law on Finance).

Exercise of the option to waive disclosure requirements in connection with significant extraordinary transactions

It should be noted that on 30 January 2013, the Board of Directors of Alerion Clean Power S.p.A. resolved to avail itself of the right to waive the obligations to publish prescribed disclosure documents in connection with significant mergers, demergers, capital increases through the contribution of assets in kind, acquisitions and disposals.

Environment, health and safety

The Alerion Group is active in the development, construction and management of plants for the production of electricity from renewable sources, thus contributing directly to the reduction of polluting emissions and to the promotion of a sustainable development system in local areas.

Alerion's commitment to the enhancement of environmental resources is part of an integrated system to assess and manage the impacts of its production activities on the environment.

With reference to health and safety in the workplace, Alerion operates in compliance with the provisions of Legislative Decree 81/08, Legislative Decree 106/09 and in particular with the ISO 45001:2018 standard, certified for "Production of electricity from wind power. Operation and maintenance services through third party contractors of wind power plants". Compliance Certificate No. 9192.ALEN was renewed on 21/12/2023.

It should also be noted that in 2023 there was only one accident at work involving Alerion Group personnel. It should be noted that there were also two travel accidents involving Group personnel during 2023.

Information on personnel

The Group's employees as at 31 December 2023 were 169, a net increase of 38 compared to the end of the previous year, mainly attributable to the entry of the subsidiary Alerion service into the scope of consolidation; a breakdown is provided below:

	As at 31.12.2022	Increases	Decreases	As at 31.12.2023	Average number of the period
Executives	4	0	0	4	4
Middle managers and Office workers	77	53	(32)	98	92
Blue-collar employees	50	24	(7)	67	59
Total employees	131	77	(39)	169	155

Information on the average age of staff and their training is given below:

	Average age		Graduates	
	As at 31.12.2022	As at 31.12.2023	As at 31.12.2022	As at 31.12.2023
	Executives	50	51	4
Middle managers and Office workers	38	38	50	71
Blue-collar employees	33	34	0	0
Mean value	40.3	36.5	54	75

Secondary offices

Alerion Clean Power S.p.A. has its registered office in Milan, via Renato Fucini 4 and a branch office in Potenza, via del Gallitello 221.

- It should be noted that on 15 March 2022 an additional Local Unit of the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l. was opened in Bolzano at Via Museo 33.
- Please note that as of 1 August 2022 the company moved its registered office and offices to Via Renato Fucini 4 - 20133 Milan.

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR

Dear Shareholders,

If you agree with what the Directors have set out, we invite you to adopt the following resolution:

- *having examined the draft financial statements as at 31 December 2023 of Alerion Clean Power S.p.A., which closed with a profit for the year of EUR 67,030,319;*
- *having examined the consolidated financial statements of Alerion Clean Power S.p.A. as of 31 December 2023, which closed with a profit for the year attributable to the Group of EUR 66,820 thousand;*

resolve:

1. *to approve the report of the Directors' Report;*
2. *to approve the separate financial statements of Alerion Clean Power S.p.A. as of 31 December 2023, consisting of the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes, as well as the criteria followed in preparing them and the related annexes, as presented by the Board of Directors, in their entirety and in their individual entries;*
3. *to approve the allocation of Alerion Clean Power S.p.A.'s profit for the year ended 31 December 2023, amounting to EUR 67,030,319, of which EUR 63,678,803 to the Profit Reserve and EUR 3,351,516 to the Legal Reserve;*
4. *to approve the distribution of a dividend equal to Euro 0.61 gross per ordinary share (net of treasury shares), outstanding at the payment date, allocating part of the Profit Reserves for this purpose, with payment starting on 8 May 2024 (ex-dividend date 6 May 2024 coupon no. 13).*

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(values in thousands of euro)	Notes	31.12.2023	of which Related parties	31.12.2022	of which Related Parties
NON-CURRENT ASSETS:					
Intangible assets	4 5	265,019		197,791	
Property, plant and equipment	7	591,771		543,380	
Investments accounted for using the equity method	8	33,246		56,599	
Financial receivables and other non-current financial assets	20	14,994	12,868	8,005	3,089
Derivative financial instruments	25	3,812		9,643	
Other non-current assets	9	1,246		1,215	
Deferred tax assets	35	31,651		34,505	
TOTAL NON-CURRENT ASSETS		941,739		851,138	
CURRENT ASSETS:					
Inventories	10	10,561		8,284	
Trade receivables	11	22,575	2,532	27,405	10,182
Current tax assets	12	6,092		3,089	
Other current assets	13	33,087	5,791	31,702	4,269
Financial receivables and other current financial assets	21	68,218	230	73,885	1,000
Derivative financial instruments	25	9,439		2,164	
Cash and cash equivalents	22	343,162		226,609	
TOTAL CURRENT ASSETS		493,134		373,138	
TOTAL ASSETS		1,434,873		1,224,276	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(values in thousands of euro)	Notes	31.12.2023	of which Related Parties	31.12.2022	of which Related Parties
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	18	320,840		298,786	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	18	5,885		6,212	
NON-CURRENT LIABILITIES:					
Non-current financial liabilities	23	844,191	17,412	649,526	9,951
Derivative financial instruments	25	352		0	
Post-employment benefits and other employee benefits	26	1,390		1,180	
Deferred tax liabilities	35	50,909		41,140	
Provisions for future risks and charges	27	13,839	0	55,679	6
Other non-current liabilities	14	15,849	1,440	15,879	1,620
TOTAL NON-CURRENT LIABILITIES		926,530		763,404	
CURRENT LIABILITIES:					
Current financial liabilities	24	35,006	213	38,598	213
Derivative financial instruments	25	0		0	
Trade payables	15	95,689	248	45,571	604
Current tax liabilities	16	34,446		59,060	
Other current liabilities	17	16,477	4,101	12,645	721
TOTAL CURRENT LIABILITIES		181,618		155,874	
TOTAL LIABILITIES		1,108,148		919,278	
TOTAL EQUITY AND LIABILITIES		1,434,873		1,224,276	

CONSOLIDATED INCOME STATEMENT

(values in thousands of euro)	Notes	2023	of which Related parties	2022	of which Related parties
Electricity sales		159,615		234,431	80,221
Income from feed-in tariff		4,306		28,877	
Operating Revenue	29	163,921		263,308	
Other revenues and income	30	37,784	6,043	10,437	3,137
Total Revenues		201,705		273,745	
Operating costs					
Personnel expenses		10,248		6,190	
Other operating costs		42,151	2,431	41,885	4,893
Accruals to provisions for risks		145		550	
Total operating costs	31	52,544		48,625	
Share of net profit of investments accounted for using the equity method		3,045		7,691	
Amortisation and depreciation		51,382		42,985	
Impairment losses/reversals of impairment losses		25,052		0	
Total amortisation, depreciation and impairment losses	32	76,434		42,985	
OPERATING PROFIT		75,772		189,826	
Financial income		11,770		2,379	
Financial costs		(28,749)		(20,861)	
Net financial costs	33	(16,979)	(513)	(18,482)	(423)
Net gains on equity investments and other financial assets	34	23,686	208	107	202
PROFIT BEFORE TAX		82,479		171,451	
Current		(24,070)		(98,158)	
Deferred		9,589		(100)	
Income taxes	35	(14,481)		(98,258)	
PROFIT FOR THE YEAR		67,998		73,193	
Attributable to:					
Owners of the parent	36	66,820		71,040	
Non-controlling interests		1,178		2,153	
EARNINGS PER SHARE <i>(€ per share)</i>					
Basic, considering the profit for the period attributable to the owners of the parent		1.24		1.32	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
Basic, considering the profit from continuing operations attributable to the owners of the parent		1.24		1.32	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(values in thousands of euro)	2023	2022
PROFIT FOR THE YEAR (A)	67,998	73,193
Net gains (losses) from cash flow hedges	(7,154)	40,096
<i>Related tax</i>	1,771	(10,564)
Net gains (losses) from cash flow hedges related to investments accounted for using the equity method	(163)	1,108
<i>Related tax</i>	39	(266)
Net gains (losses) from fair value measurement of financial assets measured at fair value through other comprehensive income	4,137	(1,236)
<i>Related tax</i>	(1,154)	345
Total Other comprehensive income that could be reclassified to profit or loss, net of tax effect (b1)	(2,524)	29,483
<i>Net actuarial gains (losses) on defined benefit plans (IAS 19)</i>	(3)	(92)
<i>Related tax</i>	1	26
Total other comprehensive income not subsequently reclassified to profit or loss, net of tax effect (b2)	(2)	(66)
Total other comprehensive income net of tax effect (b1) + (b2) = (B)	(2,526)	29,417
COMPREHENSIVE INCOME (A) + (B)	65,472	102,610
Attributable to owners of the parent	64,294	100,457
Attributable to non-controlling interests	1,178	2,153
COMPREHENSIVE INCOME	65,472	102,610

CONSOLIDATED CASH FLOW STATEMENT

(values in thousands of euro)	Notes	2023	of which Related parties	2022	of which Related parties
A. Cash flows from operating activities					
Profit (loss) for the period attributable to:					
Owners of the parent		66,820		71,040	
Non-controlling interests		1,178		2,153	
Adjustments for:					
Amortisation, depreciation and impairment losses	32	76,434		42,985	
Financial (income)/expense and (gains)/losses on equity investments	33 34	(6,707)		18,375	
Current taxes for the period	35	24,070		98,158	
Share of profits of investments accounted for using the equity method		(3,045)		(7,691)	
Proceeds from the disposal of investments in subsidiaries and associates		(14,744)		0	
Share-based payments		572		509	
Increase (decrease) in post-employment benefits	26	207		193	
Increase (decrease) in provision for risks and charges	27	(42,954)		417	
Increase (decrease) in deferred tax liabilities	35	(9,289)		77	
Total cash flows from current operations		92,542		226,216	
(Increase) decrease in inventories	10	(2,786)		(2,825)	
(Increase) decrease in trade receivables and other assets	11 12 13	424	(2,856)	17,853	(8,067)
Increase (decrease) in trade payables and other liabilities	15 16 17	(53,335)	2,844	(70,823)	(2,670)
Income tax paid	35	49,362		48,188	
Total cash flows from changes in working capital		(6,335)		(7,607)	
Total cash flows from operating activities		86,207		218,609	
B. Cash flows from investing activities					
Cash acquired through business combinations		13,268		0	
Consideration transferred in business combinations		(44,296)		0	
Consideration transferred to acquire investments in subsidiaries		0		(6,000)	
Consideration received on the sale of investments in subsidiaries and associates		26,483		0	
(Investments) disposals of intangible assets	5	(25,973)		(6,490)	
(Investments) disposals of property, plant and equipment	7	(57,081)		(83,641)	
Change in payables related to investing		(9,207)		(541)	
Dividends received from investments accounted for using the equity method	8	3,201		10,260	
Total cash flows used in investing activities		(93,605)		(86,412)	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	20 21 23 24	15,157		(77,345)	
Net Change in Liabilities for Lease	23 24	814		(24,779)	
Net change in derivative instruments	25	(8,377)		8,377	
Decrease in bank loans and borrowings	23 24	(27,245)		(65,673)	
Increase in bank loans and borrowings	23 24	32,900		74,910	
Increase (decrease) in bonds issued	23 24	168,243		98,584	
Purchase of Treasury Shares	18	(7,788)		(2,169)	
Dividends paid	18	(36,149)		(25,107)	
Financial expense paid	33	(13,604)		(16,038)	
Total cash flows generated by (used in) financing activities		123,951		(29,240)	
D. Cash flows for the period (A+B+C)		116,553		102,957	
E. Cash and cash equivalents at the beginning of the period	22	226,609		123,652	
F. Cash and cash equivalents at the end of the period (D+E)	22	343,162		226,609	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

12-month period ending 31 December 2023

	Share capital	Treasury share reserve	Share premium	Retained earnings reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Balance at January 01, 2023	161,137	(5,316)	21,400	106,422	15,143	298,786	6,212	304,998
Profit for the year	0	0	0	66,820	0	66,820	1,178	67,998
Other comprehensive income (loss)	0	0	0	2,981	(5,383)	(2,402)	0	(2,402)
Other comprehensive income (loss) from investments accounted for using the equity method	0	0	0	0	(124)	(124)	0	(124)
Comprehensive income	0	0	0	69,801	(5,507)	64,294	1,178	65,472
Dividends approved and/or distributed	0	0	0	(35,039)	0	(35,039)	(1,498)	(36,537)
Purchase of treasury shares	0	(7,788)	0	0	0	(7,788)	0	(7,788)
Allocation of treasury shares	0	522	0	(552)	0	(30)	0	(30)
Share-based incentive plan reserve	0	0	0	602	0	602	0	602
Other changes	0	0	0	15	0	15	(7)	8
Balance at December 31, 2023	161,137	(12,582)	21,400	141,249	9,636	320,840	5,885	326,725

For information on the individual items, see Note 18 'EQUITY'.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
12-month period ending 31 December 2022

	Share capital	Treasury share reserve	Share premium	Retained earnings reserves	Hedging reserve	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Balance at January 01, 2022	161,137	(3,147)	21,400	62,939	(15,231)	227,098	4,525	231,623
Profit for the year	0	0	0	71,040	0	71,040	2,153	73,193
Other comprehensive income (loss)	0	0	0	(957)	29,532	28,575	0	28,575
Other comprehensive income (loss) from investments accounted for using the equity method	0	0	0	0	842	842	0	842
Comprehensive income	0	0	0	70,083	30,374	100,457	2,153	102,610
Dividends approved and/or distributed	0	0	0	(23,762)	0	(23,762)	(469)	(24,231)
Purchase of treasury shares	0	(2,169)	0	0	0	(2,169)	0	(2,169)
Share-based incentive plan reserve	0	0	0	509	0	509	0	509
Other changes	0	0	0	(3,347)	0	(3,347)	3	(3,344)
Balance at December 31, 2022	161,137	(5,316)	21,400	106,422	15,143	298,786	6,212	304,998

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

The parent company Alerion Clean Power S.p.A. (hereinafter "Parent" or "Alerion") is a legal entity organised under the laws of the Italian Republic. The ordinary shares of Alerion are listed on the electronic circuit of the Milan Stock Exchange - EURONEXT MILAN. The registered office of the Alerion Group (hereinafter referred to as "Group" or "Alerion Group") is in Milan, at Via Renato Fucini 4.

The Group operates in the field of electricity production from renewable sources, particularly in the wind power sector.

The publication of Alerion's consolidated financial statements for the year ending 31 December 2023 was authorised by resolution of the directors on 12 March 2024.

2. BASIS OF PREPARATION

The Alerion Group's consolidated financial statements for the year ended 31 December 2023 comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. These consolidated financial statements have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board and endorsed by the European Union on the basis of the text published in the Official Journal of the European Communities (OJEU) and in force as of 31 December 2011, as well as on the basis of the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005. These IFRSs also include all revised International Accounting Standards (referred to as 'IAS') and all interpretations of the International Financial Reporting Interpretation Committee ('IFRIC'), previously referred to as the Standing Interpretations Committee ('SIC').

The consolidated financial statements have been prepared in accordance with the historical cost principle, except for investment properties and derivative instruments, which are recorded at *fair value*. In addition, it should be noted that business combinations undertaken during the period were accounted for at fair value at the date of acquisition.

The consolidated financial statements are prepared on a going concern basis. In fact, the Group has assessed that, despite the context of general uncertainty and volatility in the financial markets related to both the recent conflict in the Middle East between, and the ongoing crisis between Ukraine and Russia, which has compounded the level of uncertainty in the international markets, also due to the difficult reading of the geopolitical dynamics currently under way, there are no significant uncertainties (as defined by para. 24 of IAS 1) on the Group's ability to continue as a going concern, as the Group's operations have not been affected by these phenomena, and as the production of electricity is a public utility activity, for this reason not subject to a reduction in operations.

The financial statements have been prepared as follows:

- the consolidated statement of financial position shows current and non-current assets and current and non-current liabilities separately.
- in the Income Statement, costs are analysed according to their nature, as the Group considered this to be more representative than the presentation of costs by function.
- the statement of cash flows has been drafted in accordance with the indirect method.

It should be noted that in reference to the requirements of Consob Resolution No. 15519 of 27 July 2006 concerning the financial statements, specific supplementary schedules have been included to highlight significant transactions with Related Parties.

Unless otherwise indicated, the values shown in the financial statements and in the notes are expressed in thousands of euro.

The accounting policies adopted in the preparation of the Consolidated Financial Report for the year ended 31 December 2023 are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2022 with the exception of the accounting standards, amendments and interpretations that have been applied for the first time by the Group as of 1 January 2023, which are described in Note 2.5. "AMENDMENTS AND NEW PRINCIPLES AND INTERPRETATIONS".

2.1 FINANCIAL STATEMENT FORMATS ADOPTED

In compliance with the provisions of Consob Resolution No. 15519 of 27 July 2006, below are the indications on the format adopted with respect to IAS 1 for the consolidated statement of financial position, the consolidated income statement, the statement of changes in consolidated equity, as well as the method used to represent cash flows in the consolidated cash flow statement with respect to those indicated in IAS 7.

- In the consolidated income statement, it was decided to present an analysis of costs using a classification based on their nature.
- In the consolidated statement of financial position, it was decided to represent current and non-current assets, and current and non-current liabilities, as separate classifications, in accordance with IAS 1.
- The Statement of Changes in Consolidated Equity for the Period is presented in a column format that reconciles the opening and closing balances of each item of consolidated equity.
- The Consolidated Cash Flow Statement represents cash flows by classifying them into operating, investing and financing activities. In particular, cash flows from operating activities are reported, as required by IAS 7, using the indirect method, whereby the profit or loss for the year is adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.

Finally, it should be noted that, in compliance with the aforementioned resolution, in the consolidated statement of financial position, consolidated income statement and consolidated cash flow statement, the amounts of positions or transactions with related parties have been disclosed in specific sub-items, if of a significant amount.

2.2 CONSOLIDATION PRINCIPLES

The annual consolidated financial statements include the financial statements of Alerion and the companies over which it has the right to exercise control. The definition of control is not solely based on the concept of legal ownership. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of a company in order to obtain benefits. The financial statements of subsidiaries are included in the annual consolidated financial statements from the date on which control is assumed until such time as control ceases to exist. The portions of equity and results attributable to minority shareholders are shown separately in both the consolidated statement of financial position and the consolidated income statement.

Subsidiary companies are consolidated on a line-by-line basis, while those over which joint control is exercised with other shareholders are valued using the equity method; associated companies or those subject to significant influence are valued using the equity method.

Fully-consolidated, held-for-sale subsidiaries are classified in accordance with IFRS 5, and therefore once they are fully consolidated, the assets relating to them are classified in a single line, called "Discontinued operations"; the liabilities relating to them are recorded in a single line in the statement of financial position, in the liabilities section, and the related profit margin is reported in the consolidated income statement in the line "Profit for the year from discontinued operations".

The full consolidation method can be summarised as follows:

- assets, liabilities, expenses and revenues are taken for their full amount, eliminating the carrying value of the investments from the current value of the equity of the investee at the date of acquisition. The difference resulting from this elimination, for the part not attributable to specific statement of financial position items, if positive is recorded as goodwill under intangible assets, if negative is charged to the income statement;

- profits and losses arising from transactions between subsidiaries not yet realised vis-à-vis third parties, as well as credit and debit items, expenses and revenues between consolidated companies, if significant, are eliminated;
- dividends distributed by consolidated companies are eliminated from the Income Statement and added to the profits of previous years, insofar as they have been withdrawn from them;
- the portions of equity attributable to non-controlling interests and profit or (loss) attributable to non-controlling interests are shown separately under equity, separately from the equity attributable to the owners of the parent, and under a separate caption in the income statement, respectively.

For consolidation purposes, all income statements and statements of financial position used for consolidation purposes have been adjusted to adhere to the IAS/IFRS measurement and valuation criteria used by the subsidiaries.

EQUITY METHOD

Investments in joint ventures, associates and subsidiaries excluded from the scope of consolidation are valued using the equity method. In application of the equity method, equity investments are initially recognised at purchase cost, allocating, similarly to business combinations, the cost incurred on the assets/liabilities of the investee; the allocation, provisionally made at the date of initial recognition, may be adjusted, with retroactive effect, within the following twelve months to take into account new information on facts and circumstances existing at the date of initial recognition. Subsequently, the book value is adjusted to take into account: (i) the investor's share of the investee's profit or loss realised after the acquisition date, adjusted for the effects of amortisation and any impairment of the higher values attributed to the investee's assets; and (ii) the investor's share of the investee's other comprehensive income. Dividends distributed by the investee company are recognised as a reduction of the carrying value of the investment. For the application of the equity method, the adjustments provided for the consolidation process are considered.

Conversion of foreign currency items

Transactions in currencies other than the functional currency are accounted for on initial recognition at the spot exchange rate prevailing on the date of the transaction. Subsequently, monetary assets and liabilities denominated in currencies other than the functional currency are converted using the closing exchange rate (i.e., the spot exchange rate at year-end). Non-monetary assets and liabilities in foreign currencies, recorded at historical cost, are converted using the exchange rate prevailing at the date of initial recognition of the transaction. Non-monetary assets and liabilities in foreign currencies that are recognised at fair value are converted using the exchange rate at the date the fair value was determined. Any exchange differences arising are recognised in the Income Statement.

Conversion of foreign currency Financial Statements

In the consolidated financial statements, income, expenses, assets and liabilities are expressed in euros, which is the presentation currency of the parent company.

For the purpose of preparing the Consolidated Financial Statements, the financial statements of consolidated companies with a functional currency different from the presentation currency are converted into euros by applying to assets and liabilities, including goodwill and consolidation adjustments, the exchange rate in effect at the end of the financial year, and to income statement items, the average exchange rate for the year, provided that it approximates the exchange rates in effect at the date of the respective transactions.

The related exchange rate differences are recognised directly in equity and are shown separately in a special reserve thereof; this reserve is reversed proportionally to the income statement at the time of the (partial or total) sale of the equity investment.

In order to consider the impact of hyperinflation on the exchange rate of the local currency, the statement of financial position and results of operations (i.e. assets, liabilities, equity items, revenues and expenses) of a company whose functional currency is the currency of a hyperinflationary economy are converted into the Group's presentation currency (euro) using the exchange rate in effect at the end of the reporting period, except for comparative amounts presented in the prior year's financial statements that are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

2.3 DISCRETIONARY VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires the directors to make discretionary judgements, estimates and assumptions that affect the values of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at year-end. Actual results may differ from these estimates. Estimates are used to detect:

Recoverable amount of non-current assets

Non-current assets include intangible assets with a finite life (mainly rights and concessions related to authorisations and management rights for wind farms) and property, plant and equipment (mainly plant and machinery in operation or under construction related to wind farms in the portfolio). Management periodically reviews the carrying value of non-current assets held and used when facts and circumstances warrant such a review. This activity is performed using estimates of the useful life of non-current assets, expected cash flows and appropriate discount rates to calculate the economic value. Therefore, this review of the carrying value of non-current assets is based on a set of hypothetical assumptions regarding future events and actions of the governing bodies that may not necessarily occur in the expected timeframe.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences and tax loss carryforwards, to the extent that it is probable that there will be adequate future taxable profits against which such losses can be utilised. Significant discretion is required of the directors in determining the amount of deferred tax assets that may be recognised. They must estimate the likely timing and amount of future taxable profits as well as a planning strategy for future taxes. For further details, see the comments in footnote 35.

Employee benefits - Post-employment benefits

The provision for post-employment benefits is determined using actuarial valuations. Actuarial valuation requires making assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty. The net liability to employees for post-employment benefits as at 31 December 2023 was EUR 1,180 thousand (EUR 631 thousand as at 31 December 2022). For further details, see the comments in footnote 26.

Amortisation and depreciation

It should be noted that on 31 December 2019, the Alerion Group changed the criteria for estimating the useful life of wind turbines, changing the related depreciation rate from 5% to 4%, effective 1 January 2019. The valuation of the change in the valuation criterion was made in light of the experience gained in the years of operation of the Group's plants, the current prospects of technical and functional obsolescence of the wind farms, and the forecasts of their profitability capacity.

This assessment was supported by the results of a technical and valuation study prepared by a leading Advisory Firm in the Energy, Real Estate & Infrastructure sectors, which prepared its analysis by verifying the current state of use of all the Group's plants following the maintenance work carried out.

Rights of use and lease liabilities

The determination of usage rights and lease liabilities under IFRS 16 introduces certain judgments involving the definition of certain accounting policies and the use of assumptions and estimates mainly in relation to the definition of the lease term and the definition of the incremental borrowing rate.

Other estimation processes

Estimates are also used to record provisions for bad debts, accruals to provisions for risks and charges, and write-downs of assets, fair value of derivative financial instruments, and valuation of intangible assets in business combinations accounted for under IFRS 3.

Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement.

2.4 SUMMARY OF THE MAIN ACCOUNTING POLICIES

This section summarises the most significant valuation criteria adopted by the Alerion Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill and non-current assets with an indefinite useful life are not subject to amortisation, but to periodic checks on their recoverability based on the expected cash flows of the Cash Generating Unit (CGU) to which the asset relates. These tests, expressly codified by international accounting standards and called "impairment tests", also take into account the riskiness of the investment. If the discounted expected cash flows do not permit recovery of the initial investment, the recognised asset is written down accordingly.

Business combinations

As of 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed and classified under administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic terms and other relevant conditions in place at the date of acquisition. This includes testing whether an embedded derivative should be separated from the host contract. If the business combination is achieved in stages, the acquirer shall recalculate the fair value of the previously held equity interest measured using the equity method and recognise any resulting gain or loss in profit or loss.

Any contingent consideration must be recognised by the acquirer at fair value at the acquisition date. The change in fair value of contingent consideration classified as an asset or liability will be recognised in accordance with IFRS 9, either in profit or in other comprehensive income. If contingent consideration is classified as equity, its value need not be recalculated until its settlement is recognised against equity.

Goodwill is initially measured at cost, which emerges as the excess of the sum of the consideration paid and the amount recognised for minority interests over the identifiable net assets acquired and liabilities assumed by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost minus the accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination must, from the acquisition date, be allocated to each cash-generating unit of the Group that is expected to benefit from the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued operation is determined on the basis of the relative values of the discontinued operation and the retained portion of the cash-generating unit.

Before 1 January 2010

Business Combinations were accounted for by applying the "purchase method". Transaction costs directly attributable to the combination were considered as part of the acquisition cost. Minority interests were measured by their share of the acquiree's identifiable net assets.

Business combinations realised in several stages were accounted for at separate times. Any new acquisition of shares had no effect on the previously recognised goodwill.

When the Group acquired a business, the embedded derivatives separated from the host contract by the acquiree were not restated at the date of acquisition unless the business combination resulted in a change in the terms of the contract that materially altered the cash flows that would otherwise be provided under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, and the cash outflow was probable and the estimate reliably determinable. Changes after contingent consideration were accounted for as part of goodwill.

Intangible assets with a finite life

In accordance with the provisions of IAS 38, intangible assets include costs, including incidental expenses, incurred for the acquisition of assets and resources, without physical substance, to be used in the production of goods or the provision of services, to be leased to third parties, or to be used for administrative purposes, provided that the cost can be reliably measured and the asset is clearly identifiable and controlled by the company that owns it. Goodwill, when acquired for consideration, is also recorded.

Separately acquired intangible assets are recognised at historical cost, and expenses incurred subsequent to initial acquisition are added to the cost of intangible assets to the extent that these expenses are capable of generating future economic benefits. Intangible assets acquired through business combinations are capitalised at fair value at the date of acquisition.

Non-current assets with a finite useful life are systematically depreciated on a straight-line basis over each period to take into account their remaining useful life. The book value is reviewed annually, or more frequently if necessary, for the purpose of carrying out an impairment analysis or, more frequently, whenever there is an indication that the asset may be impaired.

When they are incurred, research costs are charged to the consolidated income statement. Development costs incurred in connection with a given project are capitalised provided that the cost can be reliably determined and when their future recovery is deemed reasonably certain. After the initial recognition of development costs, they are measured at cost, which may be decreased by depreciation or impairment. Capitalised development costs are amortised on the basis of their future usefulness over the period in which the expected future revenues will arise from the same project.

The book value of development costs is reviewed annually, or more frequently if necessary, for the purpose of carrying out an impairment analysis or, more frequently, whenever there is an indication that the asset may be impaired.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Amortisation rates for intangible assets	<i>Rates</i>	
Rights and concessions	from 3%	to 4%
Development costs	from 4%	to 5%
Patents and intellectual property rights	from 10%	to 20%
Other intangible assets		20%

Property, plant and equipment

Property, plant and equipment are shown in the Financial Statements at historical cost and are systematically depreciated in relation to their residual possibility of utilisation, with the exception of land and assets held for sale, which are not depreciated but written down if their fair value is lower than their cost in the Financial Statements.

The depreciation process takes place on a straight-line basis at rates deemed representative of the estimated useful life; for assets acquired during the year, rates are applied pro-rata temporis, taking into account the actual use of the asset during the year.

It should be noted that, as of 31 December 2019, the Alerion Group changed the criteria for estimating depreciation related to wind turbines from 20 years to 25 years, effective 1 January 2019.

Costs incurred for improvements are only charged as an increase to the assets concerned when they produce actual increases in their value.

Ordinary maintenance costs are charged to the Income Statement in the year in which they are incurred, while extraordinary maintenance costs, if they result in a significant increase in productivity or useful life, are added to the value of the assets to which they relate and are depreciated over the remaining useful life of the asset.

Financial interests related to project financing or other financing closely related to property, plant and equipment under construction were also capitalised.

The accounting treatment of assets acquired under finance leases, with regard to their equity, financial and economic effects, is in line with IFRS 16. The aforementioned principle requires that these assets be recorded under owned assets at cost and be depreciated using the same criteria as other property, plant and equipment.

The principal portion of the unpaid instalments is entered as a liability in the Financial Statements, while the financial costs relating to the accrued instalments are included in financial costs in the income statement.

The accounting treatment of assets acquired under lease agreements, with regard to their equity, financial and economic effects, is in line with IFRS 16.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

Depreciation rates for property, plant and equipment	<i>Rates</i>
Land / buildings	from 1% to 3%
Plant and machinery	from 2% to 20%
Other assets	from 12% to 25%

Rights of use are amortised according to the lease term of the contract, which is equal to the "non-cancellable" period together with the effects of any extension or early termination clauses, the exercise of which has been deemed reasonably certain, or according to the useful life of the asset if shorter. In accordance with IFRS 16:32, if the transfer of the leased asset is contractually agreed and the exercise of this option is deemed reasonably certain, the right of use is depreciated over the useful life of the leased asset.

Land is not depreciated.

The cost includes the costs of dismantling and removing the asset and the costs of cleaning up the site on which the tangible fixed asset is located, if they meet the requirements of IAS 37.

Investments accounted for using the equity method

Investments in joint ventures and associates are accounted for using the equity method.

Under the equity method, an investment in a jointly controlled company or an associate is recognised in the consolidated statement of financial position at cost plus post-acquisition changes in the group's share of the investee's net assets. Any goodwill pertaining to the investee company is included in the carrying amount of the investment and is not subject to amortisation.

The portions of the result resulting from the application of this consolidation method are recorded in the income statement under the heading "Share of net profit of investments accounted for using the equity method".

Other investments

These are other financial assets and are valued according to the criterion indicated in the corresponding section below on financial instruments.

Impairment of assets (impairment test)

IAS 36 requires the assessment of the existence of impairment of tangible and intangible assets in the presence of indicators that this may exist. In the case of goodwill and other intangible assets with an indefinite life or assets not yet available for use, this assessment must be performed at least annually.

The recoverability of recorded values is verified by comparing the book value recorded in the Financial Statements with the higher of the net sales price, if an active market exists, and the value in use of the asset.

The value of use is defined on the basis of the discounting of the expected cash flows from the use of the asset, or from an aggregation of assets (cash generating units) as well as the value that is expected from disposal at the end of useful life. The cash-generating units have been identified consistently with the Group's organisational and business structure, as homogeneous aggregations that generate independent cash inflows from the continuous use of the assets attributable to them.

Impairment losses incurred by continuing operations are recognised in the income statement in the cost categories consistent with the function of the asset that resulted in the impairment loss. At each year-end, the Group also assesses whether there are any indicators of a decrease in previously recognised impairment losses and, if such indicators exist, makes a new estimate of recoverable amount. The value of an asset previously written down may only be reinstated if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. In this case, the carrying amount of the asset is increased to the recoverable amount, but the value thus increased may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Any reversal is recognised as income in the income statement; after a reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the adjusted carrying amount, net of any residual value, on a straight-line basis over its remaining useful life.

Financial instruments

The Group has adopted IFRS 9 "Financial Instruments". IFRS 9 requires the classification and measurement of financial assets based on the business model by which these assets are managed, taking into account the characteristics of their cash flows. In this regard, the Group classifies financial assets on the basis of how the Group manages them in order to achieve its objectives and the contractual cash flow characteristics of these financial assets. The following should be noted:

- the Group's financial assets that have been assigned business models whose objective is the holding of assets for the purpose of collecting contractual cash flows ("held-to-collect") have been measured at amortised cost;
- the Group's financial assets that have been assigned business models whose objective is pursued through both the collection of contractual cash flows and the sale of financial assets according to the holding and expected turnover of the financial assets ("held-to-collect and sell") have been classified as financial assets measured at fair value with an impact on the statement of comprehensive income;
- financial assets that have been assigned a different business model from the above ("other") have been classified as financial assets at fair value through profit or loss.

The categories under IAS 39, namely, held-to-maturity assets, loans and receivables, and available-for-sale assets, are eliminated.

As a result of the entry into force of the new standard, the Group analysed the financial assets existing as at 1 January 2018 in the new categories provided, based on the business model and contractual cash flow characteristics expected for these financial assets.

The analysis of the business model was conducted by mapping the financial assets on the basis of how the Group manages them in order to achieve its objectives.

For the purposes of classifying financial assets into the new categories under IFRS 9, the analysis of the business model was accompanied by an analysis of contractual flows (the "SPPI Test"). In this regard, the Group assessed whether the characteristics of the contractual cash flows allow for measurement at amortised cost ("held-to-collect") or at fair value with impact on the statement of comprehensive income ("held-to-collect and sell").

All financial assets are initially recognised at cost, which corresponds to fair value increased by purchase-related expenses. The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, revises this classification at the end of each financial year.

Impairment of financial assets

With reference to the "expected loss" impairment model required by IFRS 9 and the items in the financial statements, the Group applies the following methodological approach:

- The Expected Credit Loss ("ECL") is determined by multiplying the value of the exposure by the probability of default of the counterparty (relative to the corresponding time horizon) and by a fixed loss given default equal to 60%; it should be noted that the value of the exposure was set equal to the current recognised value and therefore no discount factors were applied (since, being calculated at the same rate, the rise factor would have been the same);
- The probability of default of the counterparty is calculated on the basis of the relevant CDS spread (for transactions with a time horizon of up to 6 months, however, the 6-month CDS spread was used) based on the following formula:

$$PD=1-e^{-spread \cdot 60\% \cdot duration}$$

- For items consisting of current accounts, which are not characterised by a predefined maturity, the time horizon of application of the ECL is defined as follows:
 - o "Free" current accounts: expected duration of one month (on the assumption that any problems with the counterparty would be intercepted within this time frame, with the consequent shifting of the related cash to other institutions);

o Current accounts related to Project Financing: identification of a "stable" component as project-linked (with application, in the absence of significant credit deterioration, of the ECL over a one-year horizon) versus a residual circulating component (with an associated horizon of three months).

Derivative instruments and hedge accounting

Derivative financial instruments are used solely for the purpose of hedging financial risks related to changes in interest rates on financing transactions entered into by the Group.

Consistent with IFRS 9, hedging derivatives may be accounted for in accordance with hedge accounting only when:

- at the beginning of the hedging, there is the formal designation and documentation of the hedging report itself;
- coverage is expected to be highly effective;
- effectiveness can be reliably measured;
- the cover itself is highly effective during the different accounting periods for which it is designated.

All derivative financial instruments are measured at fair value. When derivative instruments qualify under hedge accounting, the following accounting treatments apply:

Fair value hedge - if a derivative financial instrument is designated as a hedge of the exposure to changes in the current value of a recognised asset or liability that may affect profit or loss, the gain or loss from remeasuring the hedging instrument at current value is recognised in profit or loss, as is the gain or loss on the hedged item.

Cash flow hedge - where a derivative financial instrument is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of any gain or loss on the financial instrument is recognised in equity; the cumulative gain or loss is removed from equity and recognised in profit or loss in the same period in which the hedged transaction is recognised; the gain or loss associated with a hedge, or that portion of the hedge that has become ineffective, is recognised in profit or loss when the ineffectiveness is recognised.

If the conditions for hedge accounting are not met, the effects of the fair value measurement of the derivative financial instrument are recognised directly in the income statement.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is removed from the Financial Statements when:

- The rights to receive cash flows from the asset are extinguished;
- the Group retains the right to receive cash flows from the business, but has assumed a contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and either (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred rights to receive cash flows from an asset and has neither transferred nor retained substantially all risks and rewards or has not lost control over it, the asset is recognised in the Group's financial statements to the extent of its continuing involvement in the asset. Continuing involvement that is in the form of a guarantee on the transferred asset is measured at the lower between the initial carrying amount of the asset and maximum value of the payments that the Group may be required to pay.

In cases where the residual involvement takes the form of an issued and/or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's involvement corresponds to the amount of the transferred asset that the Group may repurchase; however, in the case of a written put option on an asset measured at fair value (including cash-settled or similar options), the extent of the Group's residual involvement is limited to the lower of the fair value of the transferred asset and the exercise price of the option.

Financial liabilities

A financial liability is removed from the Financial Statements when the obligation underlying the liability is extinguished, removed or fulfilled.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction

is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

Trade receivables and other receivables

Trade receivables, which generally have maturities in the short term, are recognised at the nominal amount stated on the invoice, net of the allowance for doubtful accounts determined in accordance with the "expected loss" impairment model required by IFRS 9. This impairment model is supplemented by any additional write-downs recorded as a result of specific doubtful conditions on individual loan positions, at the time of their identification.

When, due to the payment terms granted, a financial transaction takes place, receivables are measured using the amortised cost method by discounting the nominal value to be received and recognising the discount as financial income in the period of its maturity.

Receivables in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal sight deposits and investments in securities made in the course of treasury management activities, which have a short-term maturity, are highly liquid and subject to an insignificant risk of changes in value. They are entered at nominal value.

Loans payable

All loans are initially recognised at the fair value of the consideration received net of incidental loan acquisition costs.

After initial recognition, loans are measured at amortised cost.

Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Public grants

Government grants are recognised in the financial statements when there is reasonable assurance that the company will comply with all the conditions for receiving the grants and that the grants will be received. When the grants are correlated to cost components, they are recognised as revenue, but are broken down systematically over the years in order to be commensurate to the costs they intend to offset. Where a grant is related to an asset, the asset and the grant are recognised for their nominal values and the release to the income statement occurs progressively, on a straight-line basis, over the expected useful life of the relevant asset.

Where the Group receives a non-monetary contribution, the asset and the contribution are recognised at their nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

In the case of loans or similar forms of assistance provided by government or similar institutions with an interest rate below the current market rate, the effect of the favourable interest rate is regarded as an additional government contribution.

Liabilities for Employee Benefits

Implementing the provisions of IAS 19, employee benefits to be paid out subsequent to the termination of employment (Post-employment benefits) are subject to actuarial valuation that must take into account a number of variables (such as mortality, expected future salary changes, expected inflation rate, etc.). The amendment to IAS 19 "Employee Benefits" requires all actuarial gains or losses to be recognised immediately in the "Other comprehensive income" so that the entire net amount of the defined benefit provision is recognised in the statement of financial position. The amendment also stipulated that changes between one year and the next in the defined benefit provision must be broken down into three components: cost components related to service during the year must be recognised in the income statement as "service costs"; net financial costs calculated by applying the appropriate discount rate to the net balance of the defined benefit provision at the beginning of the year must be recognised in the income statement as such; and actuarial gains and losses arising from the remeasurement of the liability must be recognised in "Other comprehensive income".

Share-based payments

The Group implements share-based payment transactions settled with equity instruments as part of the remuneration policy adopted for the Chief Executive Officer and key management personnel.

The most recent long-term incentive plans provide for the allocation to recipients, who may be: Executive Directors and/or Executives with Strategic Responsibilities, and/or employees and/or contractors with strategically important roles of an incentive consisting of an equity component and a monetary component.

The purpose of the Plan is to grant shares free of charge if certain performance targets are achieved at the end of a vesting period.

In order to regulate the equity component through the free assignment of Group shares, a share buy-back programme was approved to service these plans. For further details on share-based incentive plans, please refer to the note on "Share-based payments".

The Group recognises the services rendered by beneficiaries as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, based on the fair value of the equity instruments at the grant date. This fair value is based on the observable market price of the Group's shares, taking into account the terms and conditions under which the shares were granted (except for vesting conditions excluded from fair value measurement).

The cost for these share-based payment transactions settled with equity instruments is recognised in the income statement, with a balancing entry in a specific equity item, over the period in which the service and performance conditions are satisfied (vesting period).

The total recognised cost is adjusted at each year-end up to the vesting date to reflect the best estimate available to the Group of the number of equity instruments for which the service conditions and non-market performance conditions are expected to be satisfied, so that the amount recognised at the end is based on the actual number of equity instruments that will satisfy the service conditions and non-market performance conditions at the vesting date.

Provisions for risks and charges

Provisions for risks and charges are recognised when the Group has a present obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group believes that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, the cost of any provision is presented in the income statement net of the amount recognised for the indemnity.

If the discount effect on the value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When the discounting is performed, the increase in the allocation due to the passage of time is reported as a financial expense.

Provisions for risks and charges also include future charges to be incurred for the decommissioning of electricity production plants at the end of their useful life and the restoration of land, with an offsetting increase in the value of the asset to which they relate. These amounts included in property, plant and equipment are subject to depreciation only for the amount exceeding the expected proceeds from the sale of the recovered materials.

Trade and other payables

Payables are valued at nominal value.

When, due to the payment terms agreed upon, a financial transaction takes place, payables measured using the amortised cost method are discounted to their nominal value to be paid, with the discount being recognised as a financial expense.

Payables in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

Assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale must be measured at the lower of their carrying amount and their fair value minus costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through their continuing use. This condition is only deemed to be met when the sale is highly probable and the business or group to be disposed is available for immediate sale in its current condition. Management must be committed to the sale, which should be completed within one year from the date of classification.

A discontinued operation is a component of an entity that has been disposed of or classified as held for sale, and (i) represents a major self-contained line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of a major self-contained line of business or geographical area of operations, (iii) is a subsidiary acquired exclusively with a view to resale.

In the case of discontinued operations, profits and losses from discontinued operations are presented separately from profits and losses from operating activities in the consolidated statement of comprehensive income for the reporting period and the comparative period of the previous year, under the profit after tax line, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss, net of tax, is shown separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale no longer need to be depreciated.

INCOME STATEMENT

Revenues and income

Revenues are recognised on the basis of the accounting model provided for in IFRS 15, which provides for, as fundamental steps:

- identification of the contract with the customer;
- identification of the performance obligations contained in the contract;
- the determination of the price;
- the allocation of price to the performance obligations of the contract;
- the criteria for recognising revenue when the entity meets each performance obligation, which may occur at a point in time or over time.

Revenues are recognised to the extent that it is probable that economic benefits will accrue to the Group and the amount can be reliably determined. Revenues are shown net of discounts, vouchers and returns.

The following specific revenue recognition criteria must always be met before revenue is recognised in the income statement. In particular:

- revenues (revenues from the sale of energy), revenues from the sale of real estate, and revenues from the provision of services are recognised in the financial statements based on the fulfilment of each performance obligation as required by IFRS 15, i.e., upon completion of the transfer of the promised good or service to the customer when the customer obtains control of the good or service, which may occur at a point in time or over time;
- dividends are recognised when the shareholders' right to receive payment arises, coinciding with the time at which they are declared. Dividends from other companies are classified in the income statement under other net expenses/revenue, as they relate to equity investments that constitute long-term investments in the sector in which the group operates. Dividends from other companies held purely for financial investment purposes are classified as financial income.
- realised gains on equity investments are recognised when the sale of equity investments is realised and the significant risks and rewards of ownership have been transferred;
- the share of net profit of investments accounted for using the equity method is recognised at annual and periodic reporting dates according to the share of the investees' results;
- value adjustments of financial assets represent the adjustment to market value of listed equities held for trading. The market value is given by the stock market prices at year-end or on the periodic statement date;

All revenues are measured at the fair value of their consideration; when the financial effect related to the deferral of collection is significant and the collection dates can be reliably estimated, the related financial component is recognised under net financial costs.

Revenues from Feed-In Tariff (former Green Certificates)

Revenues from feed-in tariffs (former green certificates) accrued by the Group's plants for sales to producers or importers of energy from non-renewable sources, to traders, to the Gestore del Mercato Elettrico (GME) acting as clearing house or to the Gestore Servizi Elettrici (GSE), are recognised in the year in which the certificate accrues, which is the year of electricity production from renewable sources.

Financial income and costs

Financial income and costs are recognised on an accrual basis, according to the passage of time, using the effective rate.

Costs

Operating costs and other operating expenses are recognised in the financial statements when they are incurred on an accrual basis and related to revenues, when they do not produce future economic benefits or when they do not qualify for recognition as assets in the consolidated statement of financial position.

When the deferred payment agreement includes a financial component, the consideration is discounted and the difference between the nominal value and the fair value is recognised in the income statement as a financial cost.

Income taxes

Current income taxes are recognised for each company on the basis of estimated taxable income in accordance with applicable rates and regulations, taking into account applicable exemptions and tax credits.

Deferred taxes are calculated using the liability method on temporary differences arising at year-end between the tax bases of assets and liabilities and the values reported in the financial statements.

- 1.** Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:
 - when deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of that transaction, affects neither the profit for the year, calculated for financial reporting purposes, nor the profit or loss, calculated for tax purposes;
 - with respect to taxable temporary differences associated with investments accounted for using the equity method, where the reversal of temporary differences can be controlled and it is probable that it will not occur in the foreseeable future.
- 2.** Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that there will be adequate future taxable profits, also taking into account the Group's domestic tax consolidation and on the assumption that this will be maintained in future years, which may make the use of deductible temporary differences and tax assets and liabilities carried forward applicable, except where:
 - the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
 - with respect to taxable temporary differences associated with investments accounted for using the equity method, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed annually at the end of each reporting period and a previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

Income taxes relating to items recognised directly in the Shareholders' equity are charged directly to the Shareholders' equity and not to the Income Statement.

Deferred tax assets and liabilities are offset, if a legal right exists to offset assets for current taxes with liabilities for current taxes and deferred taxes refer to the same tax entity and same tax authority.

In accordance with IAS 12, when an asset is revalued for tax purposes and the revaluation relates to a prior period, or to a revaluation that is expected to take place in future periods, the tax effects of both the revaluation of the asset and the adjustment of the value for tax purposes must be recognised in equity in the periods in which they occur. Conversely, if the revaluation for tax purposes does not relate to an accounting revaluation of a prior period, or one that is expected to be made in a subsequent period, the tax effects of the value adjustment for tax purposes are recognised in profit or loss.

Value Added Tax

Revenues, expenses and assets are recognised net of value-added taxes except where:

- such tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- refers to trade receivables and payables shown including the value of the tax.

The net amount of indirect sales taxes that can be recovered from or paid to the Treasury is included in the Financial Statements under trade receivables or trade payables, depending on the sign of the balance.

Determining the Fair Value of Financial Instruments

The fair value of financial instruments listed in an active market is based on market prices at year-end. The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques, based on a variety of methods and assumptions related to market conditions at year-end.

Earnings per share

Basic earnings per share are calculated by dividing the Group's economic result by the weighted average number of shares outstanding during the year, net of treasury shares purchased by Alerion Clean Power S.p.A. during the year.

For the purpose of calculating the diluted earnings per share, the weighted average number of outstanding shares, net of treasury shares purchased by Alerion Clean Power S.p.A. during the year, is modified by assuming the conversion of all potential shares having a dilutive effect (assignment of new issues to beneficiaries of stock option plans).

The profit for the year is also adjusted for the after-tax effects of the conversion

2.5 AMENDMENTS AND NEW PRINCIPLES AND INTERPRETATIONS

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED FROM 1 JANUARY 2023

The following new standards and amendments effective from 1 January 2023 have been adopted by the Group for the preparation of these Consolidated Financial Statements.

In May 2017, the IASB issued IFRS 17 - *Insurance Contracts*, which establishes standards for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to IFRS 17 with the aim of helping companies implement IFRS 17 and making it easier for companies to explain their financial results. The new principle and amendments take effect on 1 January 2023. The adoption of these amendments has had no effect.

In February 2021, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosures on accounting standards*, which require companies to disclose material information on accounting standards rather than significant accounting standards and provide guidance on how to apply the concept of materiality to disclosures on accounting standards. The changes took effect on 1 January 2023. Certain information on accounting standards has been updated following the adoption of these changes.

In February 2021, the IASB issued amendments to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates*, clarifying how companies should distinguish between changes in accounting principles and changes in accounting estimates. The changes took effect on 1 January 2023. The adoption of these amendments has had no effect.

In May 2021, the IASB issued amendments to IAS 12 - *Income Taxes: Deferred taxes on assets and liabilities arising from a single transaction*, which clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations. The changes took effect on 1 January 2023. The adoption of these amendments has had no effect.

In December 2021, the IASB issued amendments to IFRS 17 - *Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information*, which provides a transition option relating to comparative information on financial assets presented upon initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, thereby improving the usefulness of comparative information for financial statements users. The change will take effect on 1 January 2023. The adoption of these amendments has had no effect.

In June 2020, the IASB issued amendments to IFRS 4 - *Insurance Contracts*, which postpone the expiry date of the temporary exemption from the application of IFRS 9 to financial years beginning on or after 1 January 2023. The adoption of these amendments has had no effect.

In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes: International Tax Reform - Second Pillar Model Rules*, to clarify the application of IAS 12 - *Income Taxes* to income taxes arising from tax laws enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) (second pillar income tax) model rules. The changes introduce: (i) a temporary mandatory exception to deferred tax accounting arising from the jurisdictional implementation of the Second Pillar model rules, which became effective immediately after the amendment was issued, and (ii) disclosure requirements for affected entities, to help users of financial statements better understand an entity's exposure to Pillar 2 income taxes arising from such legislation, particularly prior to the effective date of the Pillar 2 model rules, which apply for annual periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023. The rules of

the Second Pillar model introduce a minimum effective taxation of 15 per cent on a jurisdictional basis for multinational enterprise groups and large domestic groups with annual revenues of at least EUR 750 million in their consolidated accounts in at least two of the previous four financial years. The adoption of these amendments has had no effect.

IFRS ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT 31 DECEMBER 2023

In October 2022, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements: Non-current liabilities with covenants*, which clarify how conditions that an entity must meet within 12 months of the reporting period affect the classification of a liability. The changes will take effect on 1 January 2024. The Group does not expect any significant impact from the adoption of these changes.

- On 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents are intended to clarify how to classify debts and other short-term or long-term liabilities. The amendments enter into force on 1 January 2024; earlier application is however permitted. The directors are currently evaluating the potential effects of the introduction of this amendment on the Group's consolidated financial statements.
- On 22 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The changes will apply from 1 January 2024, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

As at the date of these Financial Statements, moreover, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the following accounting standards and amendments. The Company will adopt these new standards and amendments, based on their expected date of application, and will assess their potential impact on the Annual Report when they are endorsed by the European Union.

In May 2023, the IASB issued amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments: Additional information: Supplier financing* arrangements, which introduce new disclosure requirements to improve the transparency and usefulness of information provided by entities on supplier financing arrangements and are intended to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The changes took effect on 1 January 2024. The Group is assessing the potential impact of adopting these changes.

In August 2023, the IASB issued amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability*, to clarify how an entity should apply a consistent approach to assess whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to be used and the information to be provided. The changes will take effect on 1 January 2025. The Group does not expect any significant impact from the adoption of these changes.

3. CONSOLIDATION SCOPE

The following table shows the scope of consolidation as at 31 December 2023.

Name	Head office	Share capital (000)	% of ownership		Company directly holding indirect holding
			direct	indirect	
Subsidiaries consolidated on a line-by-line basis					
Alerion Clean Power S.p.A.	Milan, Via Renato Fucini 4	161,137			
Alerion Real Estate S.r.l. in liquidation	Milan, Via Renato Fucini 4	90	100.00		
Alerion Servizi Tecnici e Sviluppo S.r.l.	Milan, Via Renato Fucini 4	100	100.00		
Alerion Bioenergy S.r.l. in liquidation	Milan, Via Renato Fucini 4	10	100.00		
Fri el Albareto S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Eolica PM S.r.l.	Bolzano, Piazza del Grano 3	20	100.00		
Green Energy Sardegna S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Alerion Spain S.L.	Calle Angli, 31 - 08017 Barcelona, Spain	100	51.00		
Comiolca	Calle Angli, 31 - 08017 Barcelona, Spain	2,500		100.00	Alerion Spain S.L.
Alerion Iberia SL	Calle Angli, 31 - 08017 Barcelona, Spain	50	100.00		
Fri el Ichnusa S.r.l.	Bolzano, Piazza del Grano 3	10	100.00		
Fri el Campidano S.r.l.	Bolzano, Piazza del Grano 3	100		100	Fri el Ichnusa S.r.l.
Fri el Nulvi Holding S.r.l.	Bolzano, Piazza del Grano 3	3,000	90.00		
Fri el Anglona S.r.l.	Bolzano, Piazza del Grano 3	100		100.00	Fri el Nulvi Holding S.r.l.
FW Holding S.r.l.	Bolzano, Piazza del Grano 3	100	100.00		
Fri el Basento S.r.l.	Bolzano, Piazza del Grano 3	10		100.00	FW Holding S.r.l.
Fri el Ricigliano S.r.l.	Bolzano, Piazza del Grano 3	10		100.00	FW Holding S.r.l.
Fri el Grottole S.r.l.	Bolzano, Piazza del Grano 3	50		100.00	Fri el Basento S.r.l.
Anemos wind S.r.l.	Milan, Via Renato Fucini 4	50	100.00		
Orдона Energia S.r.l.	Milan, Via Renato Fucini 4	435	100.00		
Callari S.r.l.	Milan, Via Renato Fucini 4	1,000	100.00		
Minerva S.r.l.	Milan, Via Renato Fucini 4	14	100.00		
Eolo S.r.l.	Milan, Via Renato Fucini 4	750	100.00		
Parco Eolico Licodia Eubea S.r.l.	Milan, Via Renato Fucini 4	100	80.00		
Dotto S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Wind Power Sud S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Renergy San Marco S.r.l.	Milan, Via Renato Fucini 4	108	100.00		
Krupen Wind S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
Enermac S.r.l.	Milan, Via Renato Fucini 4	40	100.00		
Fucini4 S.r.l.	Milan, Via Renato Fucini 4	10	100.00		
AuseuBorod Wind Farm S.r.l. in liquidation	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	0.2 RON		100.00	Alerion Romania S.A.
Alerion Romania S.A. in liquidation	Oradea, Cetatii Square no. 1, 4th floor, Bihor County	100RON	95.00		
				5.00	Alerion Bioenergy S.r.l. in liquidation
Draghiescu Partners S.r.l.	Oras Bragadiru, strada PRIMAVERII, nr.13D, Camera 5, Judet Ifov	0.3 RON		90.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Alerion Bulgaria OOD	Sofia, 6th Septemvri Str., 6A, Sredetz Region	90 LEV	92.50		
Wind Energy OOD	Sofia, 6th Septemvri Str., 6A	2,375 LEV		51.00	Krupen Wind S.r.l.
Wind Stream OOD	Sofia, 6th Septemvri Str., 6A	2,319 LEV		51.00	Krupen Wind S.r.l.
Wind Systems OOD	Sofia, 6th Septemvri Str., 6A	2,290 LEV		51.00	Krupen Wind S.r.l.
Wind Power 2 OOD	Sofia, 6th Septemvri Str., 6A	2,312 LEV		51.00	Krupen Wind S.r.l.
Naonis Wind S.r.l.	Milan, Via Renato Fucini 4	20	100.00		
Alerion Energy RO S.r.l.	Bucuresti Sectorul 2, Strada Popa Petre, nr.5, Corp B, Etaj 5	10RON	100.00		
Alerion Renewable RO S.r.l.	Bucuresti Sectorul 2, Strada Popa Petre, nr.5, Corp B, Etaj 4	75,770 RON	51.00		
Fravort S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON		100.00	Alerion Energy RO S.r.l.
Tremalzo S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON		100.00	Alerion Energy RO S.r.l.
Green Fotovoltaic Parc S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON		100.00	Alerion Energy RO S.r.l.
Solar Live Energy S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON		100.00	Alerion Energy RO S.r.l.

Inspire Parc Solar S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Conti Green Projects S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	4.2 RON	100.00	Alerion Energy RO S.r.l.
Cevedale S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Cavignon S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Presenella S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Vermiglio S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Vigolanà S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Energy RO S.r.l.
Alerion RO Todiresti S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	50 RON	100.00	Alerion Energy RO S.r.l.
Fradusta S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Renewable RO S.r.l.
Litegosa S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Renewable RO S.r.l.
Brunale S.r.l.	Pietramontecorvino, Via della Pace, 7	1	100.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Lagorai S.r.l.	Bucharest, Calea Floreasca No. 175, Part B, Floor 3, Sector 1	1 RON	100.00	Alerion Renewable RO S.r.l.
Rienza S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	1 RON	100.00	Alerion Renewable RO S.r.l.
Passirio S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	1 RON	100.00	Alerion Renewable RO S.r.l.
Plose S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	1 RON	100.00	Alerion Energy RO S.r.l.
Alerion Investments S.r.l.	Milan, Via Renato Fucini 4	10	100.00	
Alerion UK Ltd.	Gateway Hhouse, Old Hall Road, Bromborough, Wirral, United Kingdom	0.001 GBP	100.00	
Alerion Service S.r.l.	Bolzano, Piazza del Grano 3	100	100.00	
Alerion Seddanus S.r.l.	Bolzano - Piazza del Grano 3	10	100.00	
Fri-El Guardionara S.r.l.	Bolzano - Piazza del Grano 3	10	100.00	
Fri-El Anzi S.r.l.	Bolzano - Piazza del Grano 3	50	100.00	
Ambiez S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	1 RON	100.00	Alerion Energy RO S.r.l.
Sass Maor S.r.l.	Bucuresti Sectorul 1, Calea Floreasca nr. 175, partea B, Etaj 11	1 RON	100.00	Alerion Energy RO S.r.l.
Alerion Service RO S.r.l.	Bucarest, Strada Popa Savu n. 78, etaj 3, Ap. 5, Sector 1	10	100.00	Alerion Service S.r.l.
Bisalta S.r.l.	Timisoara, Piata Victoriei nr.7, camera 3, scara D, etaj 6, apartament 21, Judetul Timis	0.5 RON	86.00	Alerion Energy RO S.r.l.
Alerion Ireland Ltd.	Office 428, WATERFRONT, 1 HORGAN'S QUAY, CORK, Ireland, T23 PPT8	0.001	100.00	
Alerion Racari S.r.l.	București Sectorul 2, POPA PETRE, Nr. 5, CORP A, BIROUL 513, Etaj 5	4.5 RON	100.00	Alerion Energy RO S.r.l.
Fri-el Solar S.r.l.	Bolzano (BZ) - Piazza del grano, 3	10.000	100.00	
Aresol S.r.l.	Bolzano (BZ) - Piazza del grano, 3	10.000	100.00	Fri-el Solar S.r.l.
Ecosolis S.r.l.	Bolzano (BZ) - Piazza del grano, 3	10.000	100.00	Fri-el Solar S.r.l.
Wind Energy Galati S.r.l.	București Sectorul 2, POPA PETRE, Nr. 5, CORP A, BIROUL 506, Etaj 5	4.5 RON	100.00	Alerion Energy RO S.r.l.

Investments valued according to the equity method

Ecoenergia Campania S.r.l.	Cervinara (AV) - Via Cardito, 14	100	50.00	
New Green Molise S.r.l.	Naples - Via Diocleziano, 107	10	50.00	
S.C. Compania Eoliana S.A.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	501 RON	49.75	
Jimbolia Wind Farm S.r.l.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	1 RON	99.00	S.C. Compania Eoliana S.A.
Generai S.r.l.	Pietramontecorvino - Piazza Martiri del terrorismo 10	10	50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Parco Eolico Santa Croce del Sannio House S.r.l.	Benevento - Viale Mario Rotili 148	40	50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Bioenergia S.r.l.	Pietramontecorvino - Via Calcare 6	1	50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
Energ Windprod S.r.l.	Constanta, Zorelelor Street no. 79, Room no. 3, Floor P, Constanta District	1 RON	45.00	Alerion Energy RO S.r.l.
Vulturu Power Park S.r.l.	Constanta City Hall, Zorelelor Street no. 75, Room no. 7, Floor P, Constanta District	1 RON	45.00	Alerion Energy RO S.r.l.
Vulturu Wind Farm S.r.l.	Constanta, Via Zorelelor n.75, Stanza n.3, Distretto Constanta	1 RON	45.00	Alerion Energy RO S.r.l.
Tre Torri Energia S.r.l.	Bolzano (BZ) - Piazza del grano, 3	10.000	49.00	Fri-el Solar S.r.l.
Alerion Clean Power RO S.r.l.	Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3	34,700 RON	49.00	
Mitoc Partners S.r.l.	Bucharest, Maior Ștefan Sanatescu, No. 53, Building C1, Body 4, Floor 2, Room 4, Sector 1	0.8 RON	75.00	Alerion Clean Power RO S.r.l.
Phoenix Ceres S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, room 4, Bucuresti, sect. 1	0.8 RON	75.00	Alerion Clean Power RO S.r.l.
Phoenix Catalyst S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, room 4, Bucuresti, sect. 1	0.8 RON	75.00	Alerion Clean Power RO S.r.l.
Phoenix Nest S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, room 4, Bucuresti, sect. 1	0.8 RON	75.00	Alerion Clean Power RO S.r.l.
Phoenix Genesis S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, room 4, Bucuresti, sect. 1	0.8 RON	75.00	Alerion Clean Power RO S.r.l.

Compared to 31 December 2022, there was a change in the scope of consolidation due to the following transactions:

- (i) the Alerion Group, within the framework of the operation with RWE, entered into an agreement with RWE Renewables Italia S.r.l. ("RWE") during the period under review, which resulted in the acquisition of 51% of the share capital of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., of which Alerion already held the remaining 49% of the share capital. Fri-el Anzi and Fri-el Guardionara are the owners of two wind farms, respectively located in the municipality of Anzi (PZ), with an installed capacity of 16 MW, and in the municipality of San Basilio (CA), with an installed capacity of 24.7 MW. The agreement also provided for the sale by Alerion of a 49% minority stake in the share capital of the company Andromeda Wind S.r.l. (of

- which RWE already holds the remaining 51% of the share capital), owner of a wind farm located in the municipality of Ururi (CB), with an installed capacity of 26 MW.
- (ii) During the period, Alerion completed the acquisition from the majority shareholder of Alerion Seddanus S.r.l., a company that is developing and constructing a photovoltaic park located in Sardinia, in the municipality of Villacidro (SU).
 - (iii) during the financial year, Alerion Group acquired 100% of the shares of the following companies: a) Sass Maor S.r.l., b) Ambiez S.r.l., and established the companies c) Alerion Racari S.r.l.; the above project companies are active in the development and preparatory activities for the design of photovoltaic parks to be built in Romania; Alerion Group also established the company d) Wind Energy Galati S.r.l, obtained a 45% stake in the three companies e) Energo Wind Prod S.r.l., f) Vulturu Wind Farm S.r.l., g) Vulturu Power Park S.r.l., and acquired 86% of the company h) Bisalta S.r.l.; the above-mentioned project companies are active in the development and preparatory activities for the design of wind farms to be built in Romania.
 - (iv) the Alerion Group, through its subsidiary Alerion Service S.r.l., has established the Romanian company Alerion Service Ro S.r.l., owner of the management and maintenance activities of the Group's wind farms and photovoltaic plants in Romania.
 - (v) Alerion established the Romanian companies Alerion Energy RO S.r.l. and Alerion Renewable RO S.r.l. (hereinafter "Alerion Energy RO" and "Alerion Renewable RO"). The companies will be pure holding companies for the project companies needed for business development in Romania.
 - (vi) Alerion sold 51% of the equity investment held in Alerion Clean Power RO S.r.l. to FRI-EL Hydro S.r.l.; consequently, the equity investment in Alerion Clean Power RO S.r.l. was reclassified under equity investments in joint ventures and associated companies.
 - (vii) Alerion acquired from FRI-EL S.p.A. 100% of the share capital of FRI-EL Solar S.r.l., which owns 100% of the share capital of the companies a) Aresol S.r.l. and b) Ecosolis S.r.l, having as their corporate purpose the development of projects for the construction of plants for electricity production from photovoltaic renewable sources and is also the owner of c) a share representing 49% of the share capital of the company Tre Torri Energia S.r.l., owner of the projects for the construction and subsequent operation of the photovoltaic parks called PV Licodia Eubea, PV Grottole, PV Argentone, PV San Felice and PV Tre Torri.
 - (viii) Alerion established the Irish-registered company Alerion Ireland Ltd., which will be the pure holding company for the project companies necessary for the development of the business in Ireland.
 - (ix) The Spanish-registered holding company Alerion Teruel SL underwent a reverse merger with its subsidiary Comiolica S.L.

The values of the Group's currencies as at 31 December 2023 are shown below

	2023	at 31.12.23	2022	at 31.12.22
	Average	Spot	Average	Spot
RON New Leu - (Romania)	4.9467	4.9756	4.9313	4.9495
New Lev Bulgaria	1.9558	1.9558	1.9558	1.9558
British Pound Sterling	0.8698	0.8691	0.8639	0.8869

Please refer to Note 42 for details on the scope of consolidation as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BUSINESS COMBINATIONS

On 21 April 2023, Alerion Clean Power S.p.A. ("Alerion") finalised an agreement with the third-party RWE Renewables Italia S.r.l. ("RWE"), which led to the acquisition, through the exercise of option rights set forth in the initial agreement, of 51% of the share capital of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., of which Alerion already held the remaining 49% of the share capital.

In accordance with the relevant international accounting standard (IFRS 3), the following disclosure is provided for transactions that fall under the "business combinations" heading.

The accounting treatment of the business combination of the two companies in question has been determined on a final basis since, as of the date of this 2023 Annual Financial Report, the process of estimating and evaluating the assets and liabilities of the acquired company has been completed.

Entities participating in the business combination

Name	Share Capital (thousands of euros)	% of ownership	Company directly holding indirect holding
Fri-el Anzi	10	100%	Alerion Clean power S.p.A.
Fri-el Guardionara	10	100%	Alerion Clean power S.p.A.

The entities forming part of the Combination are: ACP, as acquiring entity, and Fri-el Anzi, owning a 16 MW wind farm in Anzi (PZ), and Fri-el Guardionara owning a 24.7 MW wind farm in San Basilio (CA) as acquired entities.

As a result of this transaction, the Alerion Group obtained control of the two companies: Fri-el Anzi and Fri-el Guardionara.

Consideration transferred in business combinations

The consideration transferred in the two business combinations pertaining to the Alerion Group is respectively for Fri-el Anzi 18,831 thousand euro and for Fri-el Guardionara 25,465 thousand euro. Details are given below:

Consideration transferred in business combinations	Fri-el Anzi	Fri-el Guardionara
Total Consideration transferred in business combinations (a)	(18,831)	(25,465)
Cash held in the company at the date of acquisition (b)	6,922	6,346
Net cash flow resulting from business combinations (a - b)	(11,909)	(19,119)

Acquisition-related costs

The Group incurred acquisition-related costs of EUR 35,000 related to legal fees and due diligence costs. These costs have been included in the item 'administrative costs' in the summary statement of profit/(loss) and other comprehensive income.

Identifiable assets acquired, liabilities assumed and fair value

When determining the fair value of intangible assets, one of the three different valuation methods permitted by IFRS 3 was used, specifically, it was decided to identify the fair market value as the present value of the income flows attributable to the asset. At the date of acquisition, the value attributed to intangible

assets was EUR 84,590,000. This amount was determined by discounting future cash flows according to a specific risk rate (Wacc).

Designation of assets acquired and liabilities assumed identified in the business combination

The fair value of the net assets acquired at the acquisition date was EUR 36,924,000 for Fri-el Anzi and EUR 49,931,000 for Fri-el Guardionara. In determining these fair values, amounts were recognised with reference to the assets acquired and liabilities assumed at the acquisition date, as summarised below:

Net assets at date of acquisition of control	Note	Fri-el Guardionara		Fri-el Anzi	
		Net assets at date of acquisition	Fair value allocated recognised at the date of acquisition	Net assets at date of acquisition	Fair value allocated recognised at the date of acquisition
Intangible assets - Concessions	4-5	32	49,015	28	35,575
Property, plant and equipment	7	16,624		13,035	
Derivatives	25	113		0	
Deferred tax assets	35	(247)		(148)	
Trade receivables	11	1,813		476	
Current tax assets	12	191		0	
Other current assets	13	295		199	
Cash and other current securities	22	6,346		6,922	
Change in deferred tax liabilities	35	0	(13,077)	0	(9,491)
Provision for risks	27	(430)		(197)	
Financial liabilities	23-24	(4,461)		(4,460)	
Current tax liabilities	16	(2,122)		(120)	
Trade payables	15	(645)		(544)	
Current and non-current payables	14-17	(3,516)		(4,350)	
Net identifiable assets at the date of acquisition of control		13,993		10,841	
Fair value of 100% of net assets		49,931		36,924	

The consideration for the transfer of the fair value of the net assets of Fri-el Anzi and Fri-el Guardionara for the 51% share was determined at the valuation date through an appraisal prepared by industry experts in accordance with established practice. The values were thus definitively determined according to the criteria of IFRS 3.

Values recognised following business combination

For each of the two companies, the following table shows the amount of the revaluation of the 49% interest already owned by the Group, corresponding to the negative difference arising from the comparison between: i) the consideration agreed for the acquisition of 51% of the shares, including ii) the book value of the 49% interest previously owned and iii) the fair value of 100% of the assets acquired, as defined in the appraisal:

(thousands of Euros)			
Remeasurement - of 49% of pre-acquisition consolidated net assets	Friel Guardionara	Friel Anzi	Total
Book value of 49% of pre-acquisition consolidated net assets	10,361	9,349	19,710
Agreed consideration for the acquisition of 51%	25,465	18,831	44,296
Fair Value of 100% of pre-acquisition consolidated net assets	(49,931)	(36,924)	(86,855)
Remeasurement - of 49% of pre-acquisition consolidated net assets	14,105	8,744	22,848

The higher value resulting from the acquisition was recognised as shown in the table below:

Capital gains recognised on business combination	Friel Guardionara	Friel Anzi	Total
Fair value at date of 100% acquisition	49,931	36,924	86,855
Net assets at date of acquisition of control	(13,993)	(10,841)	(24,834)
Capital gains recognised on business combination	35,938	26,083	62,021

In accordance with the reference standard, IFRS 3, in the event of a business combination in several stages, Alerion, by measuring the fair value at the acquisition date of the equity interests in the acquiree previously held by the acquirer, recognised a gain of EUR 22,848 thousand in the income statement.

The revaluation at fair value of the 49% shareholding previously held by the Group in Fri-el Guardionara and Fri-el Anzi generated a total income of EUR 22,848 thousand, divided into EUR 14,105 thousand and EUR 8,744 thousand, respectively. This amount has been included under "Net gains on equity investments and other financial assets" in the summary statement of profit/(loss) and other components of the income statement. The aforementioned economic income arises from the comparison between the carrying value of the 49% interest previously held, which totalled EUR 19,710 thousand, and the fair value of the same interest, amounting cumulatively to EUR 42,559 thousand.

Remeasurement - of 49% of pre-acquisition consolidated net assets	Friel Guardionara	Friel Anzi	Total
Book value of 49% of pre-acquisition consolidated net assets	10,361	9,349	19,710
Fair Value of 49% of pre-acquisition consolidated net assets	24,466	18,093	42,559
Remeasurement - of 49% of pre-acquisition consolidated net assets	14,105	8,744	22,848

In addition, for each asset or liability identified at fair value, the respective tax effects were recognised under deferred tax assets and deferred tax liabilities.

As the two acquisitions in question, Fri-el Anzi and Fri-el Guardionara, respectively, were finalised during the first quarter of 2023, the Group's consolidated income statement for 2023 includes the economic contribution from the date of acquisition up to the date of this annual financial report.

The statement of profit or loss of the acquired subsidiaries is shown below as if the acquisition had taken place on 1 January 2023, in comparison with the economic contribution from the date of acquisition to year-end:

Fri-el Guardionara S.r.l.	Included in the consolidated financial statements as at 31 December 2023	from 01 January to 31 December 2023
(Values in thousands of euros)		
Revenues	6,403	6,403
Personnel expenses	75	75
Other operating costs	1,075	1,075
Operating costs	1,150	1,150
Gross operating profit (EBITDA)	5,253	5,253
Amortisation, depreciation and impairment losses	1,251	1,251
Operating profit	4,002	4,002
Net financial costs	66	66
Profit before tax	4,068	4,068
Income taxes	1,011	1,011
Profit for the period	3,057	3,057
Profit attributable to non-controlling interests	0	0
Profit attributable to the owners of the parent	3,057	3,057

Fri-el Anzi S.r.l.	Included in the consolidated financial statements as at 31 December 2023	from 01 January to 31 December 2023
(Values in thousands of euros)		
Revenue	3,932	5,410
Personnel expenses	0	0
Other operating costs	548	711
Operating costs	548	711
Share of net profit of investments accounted for using the equity method	334	0
Gross operating profit (EBITDA)	3,718	4,699
Amortisation, depreciation and impairment losses	703	937
Operating profit	3,015	3,762
Net financial costs	33	29
Profit before tax	3,048	3,791
Income taxes	822	1,094
Profit for the period	2,226	2,697
Profit attributable to non-controlling interests	0	0
Profit attributable to the owners of the parent	2,226	2,697

NON-CURRENT ASSETS

5. INTANGIBLE ASSETS

	Rights and concessions	Development costs	Patents and intellectual property rights	Other intangible assets	Work in progress	Total
(values in thousands of euro)						
Net value as at 01.01.2022	187,349	11,780	172	77	1,888	201,266
Gross value						
Change in the scope of consolidation	3,171	0	69	2	0	3,242
Increases	4,193	1,762	46	3	788	6,792
Decreases	(489)	(185)	(195)	(486)	0	(1,355)
Other reclassifications	180	329	0	0	(1,547)	(1,038)
Total change Gross value	7,055	1,906	(80)	(481)	(759)	7,641
Accumulated depreciation						
Change in the scope of consolidation	0	0	(17)	(1)	0	(18)
Amortisation and depreciation	(10,950)	(548)	(37)	(16)	0	(11,551)
Elimination of depreciation fund for asset disposals	0	0	154	464	0	618
Other changes	0	(165)	0	0	0	(165)
Total change in accumulated depreciation	(10,950)	(713)	100	447	0	(11,116)
Gross value as at 31.12.2023	257,351	17,560	436	2,300	1,129	278,776
Depreciation fund	(73,897)	(4,587)	(244)	(2,257)	0	(80,985)
Net value as at 01.01.2023	183,454	12,973	192	43	1,129	197,791
Gross value						
Change in the scope of consolidation	18,586	(407)	0	134	0	18,313
Following business combinations	86,035	0	0	0	0	86,035
Increases	32	3,175	4	7	2,321	5,539
Decreases	(66)	0	0	(713)	(485)	(1,264)
Impairment Test Adjustments	(25,052)	0	0	0	0	(25,052)
Total change Gross value	79,535	2,768	4	(572)	1,836	83,571
Accumulated depreciation						
Change in the scope of consolidation	0	0	0	(103)	0	(103)
Following business combinations	(1,385)	0	0	0	0	(1,385)
Amortisation and depreciation	(14,940)	(572)	(53)	(29)	0	(15,594)
Elimination of depreciation fund for asset disposals	0	0	0	713	0	713
Other changes	26	0	0	0	0	26
Total change in accumulated depreciation	(16,299)	(572)	(53)	581	0	(16,343)
Gross value as at 31.12.2023	336,886	20,328	440	1,728	2,965	362,347
Depreciation fund	(90,196)	(5,159)	(297)	(1,676)	0	(97,328)
Net value as at 31.12.2023	246,690	15,169	143	52	2,965	265,019

Rights and concessions amounted to EUR 246,690 thousand (EUR 183,454 thousand as at 31 December 2022) and refer to authorisations and operating rights for wind farms acquired through the acquisition of participations in project companies.

The net increase for the year of EUR 63,236 thousand mainly reflects the inclusion in the scope of consolidation of the two acquired companies previously held as joint ventures, specifically Fri-El Anzi and Fri-El Guardionara, and the partial impairment of the related intangible assets resulting from the business combination, identified by the impairment test analyses. Please refer to Note 4 for the treatment adopted in accounting for capital gains arising from business combinations, and Note 6 for the treatment adopted in accounting for impairment test adjustments.

Development costs amounted to euro 15,169 thousand (euro 12,973 thousand as of 31 December 2022) and refer to costs incurred mainly for feasibility studies, design, anemometric analyses and other costs related to wind power projects under development and construction. These costs have been capitalised in accordance with IAS 38 and amortised from the time the plants to which they relate enter into operation, based on the useful life of the relevant project.

Assets under construction amounted to EUR 2,965 thousand (EUR 1,129 thousand as at 31 December 2022). The increase is mainly attributable to the capitalisation of costs incurred for the construction of new plants in Italy and Romania.

6. IMPAIRMENT TEST OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In accordance with the requirements of international accounting standard IAS 36, an impairment test approved by the Board of Directors on 12 March 2024 was performed to determine that property, plant and equipment and intangible assets with a finite useful life, with particular attention to intangible assets, recognised in the financial statements at 31 December 2023 are not greater in value than those recoverable through use. To this end, net intangible assets in the amount of EUR 224,769 thousand and net property, plant and equipment in the amount of EUR 447,081 thousand were tested against existing CGUs.

<i>(values in thousands)</i>	at 31.12.23	Values subject to Impairment Test	Difference
Intangible assets with a finite life	265,019	224,769	40,250
Property, plant and equipment	591,771	447,081	144,690
Total	856,790	671,850	184,940

The following table details the carrying amount of CGUs subject to impairment testing, grouped by area of reference, in line with the Group's organisational and business structure.

CGU - Consolidated Plants by Geographical Area (values in thousands of euros)	Book value recorded under Intangible assets and Property, plant and equipment	Tested carrying value*	Headroom
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Data as at 31 December 2023

Wind power plants operating in Italy

North	25,296	25,298	26,516
Centre-South	93,516	78,225	110,787
South	217,198	194,612	132,022
Sicily	119,424	105,241	63,284
Sardinia	160,798	134,174	79,442
Total	616,232	537,550	412,051

Wind farms operating abroad

Spain	41,981	36,911	17,115
Bulgaria	7,883	8,153	10,434
Total	49,864	45,064	27,549

Photovoltaic plants operating abroad

Romania	5,754	5,748	2,375
Total	5,754	5,748	2,375

Grand total	671,850	588,362	441,975
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*The tested Carrying Value corresponds to the Net Invested Capital and is determined by the algebraic sum of the Capital Assets, Net Operating Working Capital and Lease Payables of all companies in the CGU Group perimeter, including consolidation entries consistent with the Group Consolidated Financial Statements

The Group assesses at each year-end whether there is an indication that an asset may be impaired. If there is any indication of this, the entity must estimate the asset's recoverable amount. In accordance with internal policies, the Group performs impairment tests on intangible assets with a finite useful life and property, plant and equipment annually, even in the absence of impairment indicators. The Group does not detect assets with an indefinite useful life among its intangible assets.

With reference to the above, in assessing the existence of an indication that an asset may be impaired, indications from information sources both internal and external to the Group have been considered. With reference to the individual CGUs identified, potential impairment indicators were identified in the medium- to long-term price scenarios. In addition, the circumstance that the book value of Alerion Clean Power's net assets was higher than the market capitalisation at year-end was considered as an impairment indicator.

Market capitalisation as of 31 December 2023 amounted to approximately EUR 1,443 thousand (EUR 1,746 million at the end of 2022), showing a value significantly higher than the book equity at the same date, supporting the maintenance of asset values.

Climate Risk

The Alerion Group mitigates the potential impacts of climate risk by adopting appropriate measures such as (i) planning the installation of new sites in diversified geographic areas, monitoring the trend of anemometric data to improve meteorological forecasting and scheduling plant shutdowns according to periods of less windy weather, and (ii) limiting the potential risks of damage to plants due to adverse weather events that cannot be controlled or planned through insurance policies and maintenance contracts. In preparing the impairment test, in line with the impairment methodology adopted by the Group, the potential climate risk impacts were reflected in the determination of the prospective cash flows, taking into account, for example, the potential lower yields related to reduced electricity production due to the adverse weather conditions experienced (basing these projections, among other things, on the historical averages of productivity of the individual wind farms) and the operating costs related to the stipulation of insurance policies.

The recoverable value of these assets was estimated by determining their economic value, based on the cash flows that the assets are capable of generating. These cash flows must be measured at the level of the individual asset, or, if this is not possible, at the level of the Cash-Generating Unit (CGU) to which the asset belongs.

Based on the strategic and organisational choices adopted by the Group, when testing these activities, reference was made to individual projects/plants, each of which can be identified with a company. These companies represent the smallest identifiable cash-generating units, as the assets subject to impairment testing are not capable of generating cash inflows independent of those arising from the other assets or groups of assets belonging to the individual companies. The results of the impairment analyses, carried out at the level of individual CGUs, were grouped by reference area (Geographical Areas) consistently with the Group's organisational and business structure.

Values subject to an impairment test do not include assets relating to non-operating companies or those that were acquired by the Group during the year and whose value was not subject to impairment testing during the year, as they were recognised at fair value at the date of acquisition upon first-time consolidation and for which there were no indicators of possible impairment. It should be noted that the plants entering into production in Romania during 2023 and the related CGUs to which they refer were not included in the annual impairment test as the pre-operational phase will only be completed in the first part of 2024.

The economic value of the assets of the various operating companies was estimated using a cash flow schedule determined according to the expected economic life of the various assets. It should be noted that the methodology used to determine the residual value at the end of the explicit valuation period, included in the estimate of the economic value of each CGU, was changed by using instead the expected value from the disposal of the residual asset at 31 December 2022.

Given the particular type of business, which envisages investments with medium-term returns and cash flows over a long-term horizon, the plan period exceeds five years. In particular, to determine the recoverable amount of wind farms, the present value of operating cash flows was estimated - taking into account levels of investment suitable for maintaining the operating efficiency of the plants - based on the duration of the individual concessions of the various projects, an average of 29 years from the start of production, to which one must add the disposal value, intended as the value expected from the disposal of the residual asset based on the provisions of the reference standard (IAS 36).

Cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of the individual farms;
- expected sales prices extrapolated from market projections of the electricity price curve. With regard to incentives, however, the regulatory requirements for the sector were taken into account;

- production costs derived from historical analyses or from the standard costs achieved by comparable initiatives;
- disposal value determined as the expected value from the disposal of the residual asset based on the provisions of the relevant standard (IAS 36).

The individual plans of the operating companies were approved by the Sole Director of the relevant operating companies or by their Board of Directors, as applicable.

Discount rate

The resulting flows, calculated net of taxation, were then discounted at a rate representing the weighted average cost of capital (WACC) of 6,09% (equal to 5.93% as at 31 December 2022) for Italy, equal to 5.68% (equal to 5.53% as at 31 December 2022) for Spain, equal to 7.60% for Romania and equal to 6.78% (equal to 6.77% as at 31 December 2022) for Bulgaria, also calculated net of tax.

In order to implement the ESMA guideline of 28 October 2022, the Company calculated the risk free rate component of the discount rate using the 6-month daily average of the yields of government bonds of the reference countries (i.e. Italy, Spain, Romania and Bulgaria) instead of the 12-month average used in previous years.

2023 Impairment test results

It should be noted that the analyses carried out on the basis of the forecasts led to the identification of a write-down in two CGUs attributable to the companies Guardionara and Fri-el Anzi. In particular, the impairment refers to the intangible assets resulting from the business combination of the two companies described above. In particular, the impairment procedures, performed at the date of this Annual Report 2023 on the gains arising from the final accounting (IFRS 3) of the business combination, resulted in an adjustment of the valuation of the aforesaid intangible assets in the amount of EUR 25,052 thousand, gross of the related tax effects.

Sensitivity analysis

The result of the impairment test is derived from information available to date and reasonable estimates on the development of, among other things, windiness, electricity prices, production costs and interest rates. In this context, a sensitivity analysis was performed on the recoverable value of the various CGUs, assuming a reduction in **electricity selling prices**, a decrease in **production** compared to the historical average, and an increase in the **discount rate**.

In particular, in relation to the volatility of the price of electricity that has characterised the electricity market in recent years, the following sensitivity analyses were carried out with respect to the base case, with electricity prices 5% lower, with a discount rate 0.5 percentage points higher, and with overall production 5% lower.

In particular, it should be noted that the negative results of the sensitivity analysis reported below refer to the CGUs owned by the companies Guardionara and Fri-el Anzi, included in the area called Sardinia and in the area called South, respectively:

- assuming a 5% reduction in electricity prices, protracted over time over the entire plan period, the carrying value of the assets subject to impairment test would be written down by a total of EUR 3,142 thousand for the area called "South" and by EUR 5,788 thousand for the area called "Sardinia";

- as a result of the 1 percentage point increase in the discount rate, the carrying value of the assets subject to impairment test would be written down by a total of EUR 3,404 thousand for the area called "South" and by EUR 6,297 thousand for the area called "Sardinia";
- as a result of a 5% decrease in overall production compared to the historical average, the carrying value of assets subject to impairment testing would be written down by a total of EUR 3,316 thousand for the area called "South" and EUR 5,933 thousand for the area called "Sardinia";

It should also be noted that the recoverable amount would be equal to the reference book value, understood as headroom of zero, under the following assumptions; i) reduction in energy prices, increase in the discount rate, and iii) reduction in production for the individual CGUs divided into the reference areas used:

	Average price change reducing headroom to zero	WACC rate reducing headroom to zero	Average change in output reducing headroom to zero
Wind power plants operating in Italy	Price Variation EE	Wacc variation	Production Var
North	-49%	15%	-48%
Centre-South	-50%	25%	-49%
South	-50%	18%	-44%
Sicily	-35%	14%	-33%
Sardinia	-47%	20%	-46%
"Italy" average	-46%	18%	-44%
Wind power plants operating abroad			
Spain	-32%	11%	-32%
Romania	-22%	13%	-21%
Bulgaria	-44%	24%	-52%
"Abroad" average	-33%	16%	-35%

In this context, the Directors systematically monitor the performance of the aforementioned external and non-controllable variables in order to promptly identify any adjustments to the estimates of the recoverability of the carrying values of these assets in the Consolidated Financial Statements.

The valuation and estimation processes related to the valuation of the recoverable amount of non-current assets were based on the most recent budgets and multi-year plans that consider internal and market assumptions defined by taking into account both external and internal variables. In any case, it should be noted that a reduction in electricity prices would be partially mitigated in the following year by the redetermination in increase of the Feed-In Tariff recognised by the GSE, if any, due to the construction of the formula for determining the tariff itself.

7. PROPERTY, PLANT AND EQUIPMENT

(values in thousands of euro)	Land	Buildings	Plant and machinery	Other assets	Assets under construction	Total
Net value as at 01.01.2022	27,926	4,640	396,683	397	60,877	490,523
Gross value						
Change in the scope of consolidation	475	0	329	979	662	2,445
Other reclassifications	7	54	41,481	0	(40,504)	1,038
Increases/Decreases due to IFRS 16 effect	(3,509)	244	0	74	0	(3,191)
Increases	3,136	400	25,215	1,307	57,922	87,980
Decreases	(1,203)	0	(2,950)	(594)	0	(4,747)
Total change Gross value	(1,094)	698	64,075	1,766	18,080	83,525
Accumulated depreciation						
Change in the scope of consolidation	0	0	(39)	(280)	0	(319)
Depreciation	(1,124)	(291)	(29,776)	(290)	0	(31,481)
Increases/Decreases due to IFRS 16 effect	468	0	0	42	0	510
Elimination of depreciation fund for asset disposals	0	0	120	502	0	622
Total change in accumulated depreciation	(656)	(291)	(29,695)	(26)	0	(30,668)
Gross value as at 31.12.2022	30,498	5,490	870,058	3,299	78,957	988,302
Depreciation fund	(4,322)	(443)	(438,995)	(1,162)	0	(444,922)
Net value as at 01.01.2022	26,176	5,047	431,063	2,137	78,957	543,380
Gross value						
Change in the scope of consolidation	1,700	393	0	(105)	9,292	11,280
Following business combinations	1,994	483	62,981	39	0	65,497
Increases/Decreases due to IFRS 16 effect	27	40	0	53	0	120
Increases	949	88	1,568	576	41,624	44,805
Decreases	0	0	(2,095)	(7)	(582)	(2,684)
Other reclassifications	0	(229)	229	0	0	0
Total change Gross value	4,670	775	62,683	556	50,334	119,018
Accumulated depreciation						
Change in the scope of consolidation	0	104	0	78	0	182
Following business combinations	(109)	(145)	(35,548)	(36)	0	(35,838)
Depreciation	(1,169)	(354)	(33,891)	(436)	0	(35,830)
Increases/Decreases due to IFRS 16 effect	0	4	0	0	0	4
Elimination of depreciation fund for asset disposals	0	0	873	2	0	875
Other reclassifications	0	145	(145)	0	0	0
Total change in accumulated depreciation	(1,278)	(246)	(68,711)	(392)	0	(70,627)
Gross value as at 31.12.2023	35,168	6,265	932,741	3,855	129,291	1,107,320
Depreciation fund	(5,600)	(689)	(507,706)	(1,554)	0	(515,549)
Net value as at 31.12.2023	29,568	5,576	425,035	2,301	129,291	591,771

The item **Land** and **Buildings** totalled Euro 35,144 thousand, the value of which increased by EUR 3,921 thousand compared to 31 December 2022 when it amounted to EUR 31,223 thousand, mainly due to the purchase of land and the change in the scope of consolidation for the period.

Plant and machinery amounted to EUR 425,035 thousand (EUR 431,063 thousand as of 31 December 2022) and included costs related to the estimated costs of restoring the sites where the plants are located. The change is mainly related to the increase due to the entry into the scope of Fri-El Anzi and Fri-El Guardionara, the two companies acquired and previously held as joint ventures, and the decrease related to the normal amortisation process during the year.

Other assets amounted to EUR 2,301 thousand (EUR 2,137 thousand as at 31 December 2022) and mainly related to office furniture and fittings, as well as electronic office machines.

Assets under construction amounted to EUR 129,291 thousand (EUR 78,957 thousand as at 31 December 2022). The increase of about EUR 50 million is mainly attributable to the capitalisation of costs incurred for the construction of new plants in Italy and Romania.

The effects as at 31 December 2023 resulting from the application of IFRS 16 Lease are summarised below:

Effects of IFRS 16 Operating Leases on Consolidated Equity	at 31.12.23	at 31.12.22
Property, plant and equipment	16,318	16,822
Other current assets	(538)	(496)
Current operating lease liabilities	(1,137)	(1,144)
Non-current operating lease liabilities	(15,550)	(15,978)
Change in deferred tax liabilities	305	252
Effects of Joint Ventures	(190)	(188)
Effects on Consolidated Equity	(792)	(732)

The right of use for leased assets as at 31 December 2023 mainly refers to: i) land for EUR 15,493 thousand ii) buildings for EUR 741 thousand and iii) other Property, plant and equipment for EUR 84 thousand.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The disclosures required by International Accounting Standard IFRS 11 "*Joint Arrangements*" are given below.

As of 31 December 2023, Alerion Clean Power S.p.A. holds:

- **joint-venture investments** in the companies Ecoenergia Campania S.r.l., New Green Molise S.r.l., Generai S.r.l., Bioenergia S.r.l. and Parco Eolico Santa Croce del Sannio House S.r.l.
- **investments accounted for using the equity method:** Alerion Clean Power RO S.r.l., Mitoc Partners S.r.l., Phoenix Genesis S.r.l., Phoenix Ceres S.r.l., Phoenix Catalyst S.r.l., Phoenix Nest S.r.l., Energo Windprod S.r.l., Vulturu Power Park S.r.l., Vulturu Wind Farm S.r.l., Tre Torri Energia S.r.l.

With respect to 31 December 2022, following the completion of the split of assets with RWE, the investments in Fri-el Andromeda, Fri-el Anzi and Fri-el Guardionara are no longer included among the investments accounted for under the equity method. In addition, Alerion directly holds the following investments in associated companies: Giava Uno S.r.l. in liquidation and S.C. Compania Eoliana S.A. The

latter, in turn, owns 99% of the capital of Jimbolia Wind Farm S.r.l. These investments were fully written down in previous years.

During 2023, four new companies were acquired under the equity method, Tre Torri Energia S.r.l., Energo Windprod S.r.l., Vulturu Power Park and Vulturu Wind Farm S.r.l. In addition, following a reorganisation of the Group's activities in Romania, Alerion Clean Power RO S.r.l. and its subsidiaries Mitoc Parners S.r.l., Phoenix Genesis S.r.l., Phoenix Ceres S.r.l., Phoenix Catalyst S.r.l., and Phoenix Nest S.r.l. are included in investments accounted for using the net method.

According to the governance structure and contractual agreements, Alerion alone cannot exercise control over the relevant activities of these companies. Decisions on activities identified as relevant are, in fact, only taken with the joint agreement of the partners. For this reason, these companies are accounted for using the equity method.

(EUR thousands)	31.12.2023	31.12.2022	Change
New Green Molise S.r.l.	19,720	19,777	(57)
Ecoenergia Campania S.r.l.	2,686	3,205	(519)
Andromeda Wind S.r.l.	0	12,440	(12,440)
Fri-El Anzi S.r.l.	0	8,955	(8,955)
Fri-El Guardionara S.r.l.	0	10,361	(10,361)
Generai S.r.l.	884	884	0
Bioenergia S.r.l.	885	885	0
Parco Eolico Santa Croce del Sannio House S.r.l.	88	92	(4)
Energo Windprod S.r.l.	2,876	0	2,876
Vulturu Power Park S.r.l.	3,178	0	3,178
Vulturu Wind Farm S.r.l.	2,876	0	2,876
Tre Torri Energia S.r.l.	53	0	53
Total Investments accounted for using the equity method	33,246	56,599	(23,296)

Please refer to Note 42 for details on investments in joint ventures and those held under the equity method.

9. OTHER NON-CURRENT ASSETS

Other non-current assets amounted to EUR 1,246 thousand (compared to EUR 1,215 thousand as at 31 December 2022) and mainly include VAT receivables that will be collected in more than 12 months after the end of this financial year.

CURRENT ASSETS

10. INVENTORIES

Inventories amounted to EUR 10,561 thousand as at 31 December 2023, in line with the values recorded at the end of 2022 (EUR 8,284 thousand). It should be noted that the balance in question relates to the Asset Management activities, performed by Alerion Service S.r.l., for the operating parks currently included in the Group's scope. These maintenance activities mainly comprise the servicing and replacement of wind power plant parts as events occur, or on the basis of planned schedules.

11. TRADE RECEIVABLES

Trade receivables amounted to EUR 22,575 thousand (EUR 27,405 thousand as at 31 December 2022) and are mainly represented by receivables accrued on the sale of energy produced in December 2023. The decrease from the previous year is due to the price decrease in 2023.

Trade receivables are generally due in 30-45 days.

12. CURRENT TAX ASSETS

Current tax assets amounted to EUR 6,092 thousand (EUR 3,089 thousand as of 31 December 2022) and mainly related to IRES current tax assets (EUR 1,458 thousand requested for reimbursement and EUR 3,647 thousand for advance payments made in excess of the payable for the period), IRAP current tax assets (EUR 222 thousand requested for reimbursement and EUR 581 thousand for advance payments made in excess of the payable for the period).

13. OTHER CURRENT ASSETS

The following table shows the details that make up **other current assets**:

(EUR thousands)	31.12.2023	31.12.2022	Change
Tax receivables	19,373	17,595	1,778
Other accounts receivable	13,714	14,107	(393)
Total other current assets	33,087	31,702	1,385

Tax receivables consist mainly of the portion of receivables for withholding and indirect taxes (VAT) that are expected to be recovered within the next financial year.

Other accounts receivable amounted to EUR 13,714 thousand (EUR 14,107 thousand as of 31 December 2022), net of an allowance for doubtful accounts of EUR 1,036 thousand, and mainly related to receivables for incentives for EUR 184 thousand (EUR 3,030 thousand as of 31 December 2022), other receivables for EUR 11,033 thousand related mainly to dividends from companies consolidated using the equity method yet to be collected in the amount of EUR 4,428 thousand, advances to suppliers in the amount of EUR 2,168 thousand, and for insurance reimbursements in the amount of EUR 3,322 thousand. In addition, the item includes EUR 1,798 thousand for accrued income and EUR 1,596 thousand for prepaid expenses. Incentive receivables are generally due in 60 days.

NON-CURRENT LIABILITIES

14. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amounted to EUR 15,849 thousand (EUR 15,879 thousand as of 31 December 2022) and refer to the grant pursuant to Law No. 488/92 and the P.O.R. grant, obtained for the construction of the Albanella, Agrigento, Campidano, Ricigliano, Grottole, Anzi and Guardionara wind farms, respectively.

(EUR thousands)	31.12.2023	31.12.2022	Change
Other liabilities	15,849	15,879	(30)
Total other non-current liabilities	15,849	15,879	(30)

CURRENT LIABILITIES

15. TRADE PAYABLES

Trade payables amounted to EUR 95,689 thousand (EUR 45,571 thousand as at 31 December 2022) and refer to trade payables. They bear no interest and are normally settled after 60 days.

The change with respect to 31 December 2023 is mainly attributable to the conclusion of the lawsuit brought by the company to declare certain commodity derivative contracts hedging the electricity price risk null and void. The amount previously recognised as a provision for risks following the Court of Milan's adverse ruling on 8 February 2024 was reclassified under trade payables.

This item also includes the amounts recognised following the introduction, as early as 2022, of the measures adopted by the government to counter the so-called "high energy prices", already highlighted in the section dedicated to the regulatory framework and legal disputes, and which had led to the recognition in the previous year of an increase in costs due to the application of the so-called "One-Way Mechanism" for plants that still benefit from an incentive system and the "Two-Way Mechanism" for plants that have completed the incentive period.

16. CURRENT TAX LIABILITIES

Current tax liabilities amounted to Euro 34,446 thousand (Euro 59,060 thousand as at 31 December 2022) and mainly refer to current tax liabilities for IRES, amounting to Euro 990 thousand and to other tax liabilities amounting to Euro 33,202 thousand. The decrease in the period is due to lower current taxes recognised in 2023 compared to 2022.

The item "Other current tax liabilities" includes the values introduced with the 2023 Budget Law, in particular with reference to the contribution pursuant to Article 1, Paragraph 115 et seq. These "high energy prices" measures, already highlighted in the section on the regulatory framework, had led to the recognition of an increase in taxes of EUR 28,800 thousand as of 31 December 2022.

(EUR thousands)	31.12.2023	31.12.2022	Change
Current tax liabilities for IRAP	247	4,180	(3,933)
Substitute tax payable	7	880	(873)
Current tax liabilities for IRES	990	25,200	(24,210)
Other current tax liabilities	33,202	28,800	4,402
Total current tax liabilities	34,446	59,060	(26,614)

17. OTHER CURRENT LIABILITIES

(EUR thousands)	31.12.2023	31.12.2022	Change
Payables to employees and directors	1,494	930	564
Payables to tax authorities	1,088	1,103	(15)
Social security charges payable	585	429	156
Other payables	13,310	10,183	3,127
Total other current liabilities	16,477	12,645	3,832

The item **Other payables** mainly comprises:

- payables for municipal agreements in the amount of EUR 3,720 thousand;
- deferred income recognised in connection with the current portion of capital grants payable to the subsidiaries Eolo S.r.l., WPS S.r.l. Fri-El Ricigliano S.r.l., Fri-El Grottole S.r.l. and Fri-El Anglona S.r.l., for EUR 733 thousand.
- other deferred income of EUR 2,586 thousand;
- payables for the purchase of equity investments in the amount of EUR 1,050 thousand.

"Other payables" are non-interest-bearing and are settled on average every 12 months.

For terms and conditions relating to related parties, see the note "Details of Related Party and Intragroup Transactions as at 31 December 2023".

18. EQUITY

The Group's capital management policies provide for the maintenance of a level of capital in order to maintain a relationship of trust with investors, creditors and the market, while also allowing for the future development of the business. The Group also monitors the return on capital and the level of dividends to be distributed to holders of ordinary shares.

Equity attributable to the owners of the parent as at 31 December 2023 amounted to Euro 320,840 thousand, an increase of Euro 22,054 thousand compared to Euro 298,786 thousand as at 31 December 2022. The main changes that occurred were:

- an increase of EUR 66,820 thousand for the Group's 2023 profit;
- increase of EUR 2,983 thousand due to gains/losses resulting from the fair value measurement of bond instruments, recorded as financial assets, and recognised directly in the consolidated statement of comprehensive income net of the tax effect;
- decrease of EUR 2,000 due to actuarial gains/losses from defined benefit plans (IAS 19) recognised in the consolidated statement of comprehensive income net of the tax effect;
- a reduction in equity due to the purchase of treasury shares in the amount of EUR 7,788 thousand, net of utilisation for the 2023 - 2025 incentive plan;
- decrease of EUR 5,383 thousand due to the positive change in the fair value of derivative instruments, net of tax effect;
- increase of EUR 602 thousand for the recognition of the effects of the share-based incentive plan (stock grant) for the three-year period 2023, 2024 and 2025. The relevant reserve as required by the reference standard, IFRS, 2 is related to the long-term incentive plan (Stock Grant Plan) that provides for the assignment to Executive Directors and Executives with Strategic Responsibilities of an incentive represented by a stock component. The purpose of the 2023-2025 Plan is to grant shares free of charge if certain performance targets are achieved at the end of a period. The maximum total number of Shares allotted to the Beneficiaries is 34,332 Shares. The Group recognises the services rendered by beneficiaries as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, based on the fair value of the equity instruments at the grant date, as required by the accounting standard.
- decrease of EUR 35,039 thousand to the partial distribution of available reserves. As resolved by Alerion's Shareholders' Meeting, held on 20 April 2023, approved the proposal to distribute a dividend to be paid starting from 10 May 2023 with ex-dividend date on 08 May 2023 of coupon no. 12, through the partial use of reserves, of EUR 0.65 per outstanding ordinary share (net of treasury shares), gross or net of withholding taxes, depending on the applicable tax regime. The payment of the dividend, in the total amount of EUR 35,039 thousand, took place on the terms and in the manner decided by the Shareholders' Meeting.

The statement of changes in equity items as at 31 December 2023 compared to those as at 31 December 2022 is presented in the consolidated financial statements.

Details of the individual items making up the equity as at 31 December 2023 are shown below:

Alerion's **share capital** amounted to EUR 161,137 thousand (unchanged from 31 December 2022) and consisted of 54,229,403 ordinary shares.

The **treasury share reserve** as of 31 December 2023 was negative for EUR 12,582 thousand (negative for EUR 5,316 thousand as of 31 December 2022) and refers to the purchase countervalue of the 522,973 treasury shares held by the company. The reserve changed from its value as at 31 December 2022 mainly due to the purchase of treasury shares during the year for a countervalue of EUR 7,788 thousand.

The **share premium** amounted to EUR 21,400 thousand, unchanged with respect to 31 December 2022, and related to: i) the premium of EUR 0.02 per share on the capital increase that took place in 2003; ii) the premium of EUR 0.55 per share on the capital increase that took place in 2008, net of adjustments for costs incurred, functional to the capital increases; iii) the difference between the value related to the purchase of treasury shares cancelled in 2012 and their par value, plus purchase commissions.

The **retained earnings reserves** are positive EUR 141,249 thousand (EUR 106,422 thousand as at 31 December 2022) and include accumulated profits/losses, net of distributed dividends.

The **hedging reserve** is positive in the amount of EUR 9,636 thousand (positive in the amount of EUR 15,143 thousand as of 31 December 2022) and includes changes in the fair value of derivative instruments, net of the related tax effect for their effective portion. The negative change for the year amounted to a total of EUR 5,507 thousand, of which a positive change of EUR 124 thousand is attributable to investments in companies valued according to the equity method. Please refer to paragraph "38. FINANCIAL RISK MANAGEMENT POLICY" where changes in the hedging reserve are shown.

Capital, reserves and profit attributable to non-controlling interests totalled EUR 5,885 thousand (EUR 6,212 thousand as at 31 December 2022).

The following is the disclosure required by International Accounting Standard IFRS 12 "Disclosure of interests with other entities".

Company	Operational headquarters	Percentage of ownership	Gains (losses) on non-controlling interests		Equity attributable to non-controlling interests		
			31.12.2023	31.12.2022	2023	2022	31.12.2023
(Thousands of Euros)							
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(2)	(2)	(7)	(7)
Parco Eolico Licodia Eubea	Italy	80.00%	80.00%	109	748	955	1,593
Energies Biccari	Italy	75.00%	75.00%	0	0	0	0
Wind Energy EOOD	Bulgaria	51.00%	51.00%	150	327	904	1,002
Wind Stream EOOD	Bulgaria	51.00%	51.00%	112	259	820	707
Wind Systems EOOD	Bulgaria	51.00%	51.00%	146	357	886	990
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	142	315	846	955
FRI-EL Anglona	Italy	90.00%	90.00%	354	449	(363)	(401)
Draghiescu Partners	Romania	90.00%	90.00%	(61)	(81)	(179)	(119)
FRI-EL Nulvi Holding	Italy	90.00%	90.00%	(1)	(2)	2,037	1,721
Bisalta S.r.l.	Romania	86.00%	0.00%	0	0	(14)	0
Mitoc Partners	Romania	0.00%	75.00%	117	(105)	0	(117)
Phoenix Catalyst	Romania	0.00%	75.00%	19	(19)	0	(19)
Phoenix Ceres	Romania	0.00%	75.00%	19	(19)	0	(19)
Phoenix Genesis	Romania	0.00%	75.00%	19	(19)	0	(19)
Phoenix Nest	Romania	0.00%	75.00%	55	(55)	0	(55)
Total				1,178	2,153	5,885	6,212

19. ACCOUNTING FINANCIAL INDEBTEDNESS OF ONGOING OPERATIONS

(values in thousands of euro)		31.12.2023	31.12.2022
Cash and cash equivalents			
Cash	22	13	15
Cash equivalents	22	343,149	226,594
Total cash and cash equivalents	22	343,162	226,609
Financial receivables and other current financial assets	21	77,657	76,049
Liquidity		420,819	302,658
Current financial liabilities			
Bank facilities	24	(73)	(111)
Derivative financial instruments	25	0	0
Current financial debt	24 25	(73)	(111)
Bank loans and borrowings and project financing	24	(29,635)	(33,964)
Lease liabilities	24	(1,137)	(1,144)
Bonds issued	24	(3,721)	(3,124)
Other loans and borrowings	24	(440)	(255)
Current portion of non-current financial debt	24	(34,933)	(38,487)
Current financial indebtedness	24 25	(35,006)	(38,598)
NET CURRENT FINANCIAL INDEBTEDNESS		385,813	264,060
Non-current financial liabilities			
Bank loans and borrowings and project financing	23	(146,937)	(127,736)
Other loans and borrowings	23	(17,463)	(10,386)
Lease liabilities	23	(15,550)	(15,978)
Derivative financial instruments	25	(352)	0
Non-current financial debt	23 25	(180,302)	(154,100)
Bonds issued	23	(664,241)	(495,426)
Debt instruments	23	(664,241)	(495,426)
Trade payables and other non-current liabilities		0	0
NON-CURRENT FINANCIAL INDEBTEDNESS	23 25	(844,543)	(649,526)
FINANCIAL INDEBTEDNESS*		(458,730)	(385,466)
<i>*Financial Indebtedness calculated as per ESMA32-382-1138 of 4 March 2021</i>			
FINANCIAL COVENANTS provided for in current bond regulations			
ACCOUNTING FINANCIAL INDEBTEDNESS net of Derivatives		(452,823)	(379,625)

Please refer to the relevant notes above for comments on the individual items.

NON-CURRENT FINANCIAL ASSETS

20. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT FINANCIAL ASSETS

Financial Receivables and Other Non-Current Financial Assets amounted to EUR 14,994 thousand (compared to EUR 8,005 thousand as of 31 December 2022) and mainly included: i) financial receivables from companies valued using the equity method and ii) financial assets related to certain development and investment transactions in Italy and Romania.

CURRENT FINANCIAL ASSETS

21. FINANCIAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

This item amounted to EUR 68,218 thousand (EUR 73,885 thousand as at 31 December 2022) and refers to the group's financial assets that represent temporary uses of cash. In particular, part of the financial assets refers to bonds with an average maturity of about five years with primary financial counterparties for EUR 67,000 thousand, the amount of which includes the effects of the positive fair value valuation of EUR 2,828 thousand.

The decrease in financial receivables and other current financial assets compared to the previous year, amounting to EUR 5,667 thousand, was mainly due to a reduction in the use of cash in time deposits for EUR 10,000 thousand, and to a positive change in the fair value of bond instruments, which are classified in the financial statements as "Fair Value through Other Comprehensive Income" adopting the mark-to-model approach, in line with IFRS 13, and whose positive change compared to the previous period, amounting to EUR 4,137 thousand gross of the related tax effect, was recognised in comprehensive income.

22. CASH AND CASH EQUIVALENTS

(EUR thousands)	31.12.2023	31.12.2022	Change
Bank deposits	182,013	226,594	(44,581)
Cash-in-hand and cash equivalents	13	15	(2)
Time deposits	161,136	0	161,136
Total cash and cash equivalents	343,162	226,609	116,553

Bank Deposits amounted to EUR 343,162 thousand (EUR 226,609 thousand as at 31 December 2022). It should be noted that, as of 31 December 2023, the Bank Deposits attributable to Group companies that do not have project financing amounted to EUR 123,165 thousand and EUR 180,770 thousand as of 31 December 2022. Cash and cash equivalents, related to Group companies financed under the project financing scheme amounted to EUR 58,847 thousand as of 31 December 2023 and EUR 45,822 thousand as of 31 December 2022, mainly consisted of bank account deposits and must operate in compliance with the commitments associated with the project financing agreements.

For more details on changes in cash and cash equivalents, please refer to the Statement of Cash Flows.

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

23. NON-CURRENT FINANCIAL LIABILITIES

(EUR thousands)	31.12.2023	31.12.2022	Change
Bonds issued	664,241	495,426	168,815
Bank loans and borrowings	146,937	127,736	19,201
Lease liabilities	15,550	15,978	(428)
Loans from non-controlling investors	17,463	10,386	7,077
Total non-current financial liabilities	844,191	649,526	194,665

The **Bonds issued** at 31 December 2023, which increased by EUR 168,815 thousand mainly as a result of the subscription of the new "2023-2029 bond loan", is composed as follows i) by the value of the 2019-2025 bond loan subscribed on 12 December 2019 for a countervalue of EUR 200,000 thousand, net of issuance costs of EUR 1,027 thousand, ii) by the value of the 2021-2027 bond loan issued on 3 November 2021 for a countervalue of EUR 200,000 thousand, net of issuance costs of EUR 1,427 thousand, ii) by the value of the 2022-2028 bond issued on 17 May 2022 for a countervalue of EUR 100,000 thousand, net of issuance costs of EUR 1,067 thousand, and by the value of the 2023-2029 bond issued on 12 December 2023 for a countervalue of EUR 170,000 thousand, net of issuance costs of EUR 2,238 thousand.

Bank loans and borrowings as of 31 December 2023 amounted to EUR 146,937 thousand (as of 31 December 2022 it was EUR 127,736 thousand) and is composed of i) the long-term portion of project financing loans obtained for the construction of the Villacidro, Albareto and Ponte Gandolfo wind farms, held respectively by the subsidiaries Green Energy Sardegna S.r.l. for EUR 19,895 thousand, Fri-El Albareto S.r.l. for EUR 13,406 thousand and Eolica PM S.r.l. for EUR 33,657 thousand, net of accessory costs, ii) the long-term portion of the loan taken out for the purchase of the Via Fucini building for EUR 3,222 thousand, net of accessory costs, iii) the long-term portion of bank loans obtained by Alerion Clean Power S.p.A. From Mediocredito in the amount of EUR 1,514 thousand, and iv) the long-term portion of project financing loans held by Enermac S.r.l. in the amount of EUR 37,408 thousand and by Naonis Wind S.r.l. in the amount of EUR 7,791 thousand.

Compared to 31 December 2022, the increase was mainly due to the new bank loan of Alerion Clean Power S.p.A. entered into with Crédit Agricole in the amount of EUR 21,500 thousand, net of accessory costs, and to the reclassification of the long-term portion, among non-current financial liabilities, of the project financing loan held by Anemos Wind in the amount of EUR 8,783 thousand, following the termination of the non-compliance with the parameter at the previous year-end.

Detailed information on current and non-current financial liabilities with an indication of the interest rates applied and their maturities is provided below:

(EUR thousands)	at 31.12.22	Increases	Decreases	at 31.12.23	Interest Rate	IRS	Expiry
Bonds issued 2019 2025 Green Bond	198,708	488	0	199,196	Bond Loan Rate 3.125%	n.a.	2025
Bonds issued 2021 2027 Green Bond	198,941	347	0	199,288	Bond Loan Rate 2.25%	n.a.	2027
Bonds issued 2022 2028 Green Bond	100,901	218	0	101,119	Bond Loan Rate 3.5%	n.a.	2028
Bonds issued 2023 2029 Green Bond	0	168,359	0	168,359	Bond Loan Rate 6.75%	n.a.	2029
Albareto Project financing	15,689	0	(1,072)	14,617	Euribor 6M + 1.95 %	0.95%	2035
Naonis project financing	9,102	0	(647)	8,455	Euribor 6M + 1.80 %	1.90%	2039
Enermac project financing	41,868	0	(1,219)	40,649	Euribor 6M + 1.80 %	1.93%	2039
Anemos Wind Project financing	14,501	0	(2,205)	12,296	Euribor 6M + 1.55 %	1.39%	2028
Campidano Project financing	6,904	0	(6,904)	0	Euribor 6M + 1.75 %	(0.17%)	Refunded
Eolica PM Project financing	39,174	0	(2,664)	36,510	Euribor 6M + 1.95 %	1.11%	2035
Green Energy Sardegna Project financing	23,111	0	(1,558)	21,553	Euribor 6M + 1.95 %	1.23%	2035
Grottole Project financing	3,230	0	(3,230)	0	Euribor 6M + 1.10 %	0.19%	Refunded
Guardionara Project financing	0	1,371	0	1,371	Euribor 6M + 1.5 %	0.12%	2024
Anzi Mortgage Financing	0	2,000	0	2,000	Euribor 3 month + 2.0%	n.a.	2024
Project financing - Alerion Seddanus	0	8,195	0	8,195	4.35%	n.a.	2040
Credit Agricole Bank Loan	0	24,762	0	24,762	Euribor 6 month + 1.45%	3.33%	2028
Fucini4 Mortgage Loan	3,815	0	(294)	3,521	Euribor 6 month + 1.6%	0.47%	2032
Bankinter loan	1,110	0	(825)	285	Euribor 6 month +2.32%	n.a.	2024
Mediocredito loan 2020 2026	3,188	0	(830)	2,358	Euribor 3 month + 1.8%	n.a.	2026
Bank loans and borrowings	111	0	(38)	73	Euribor 1 month + 1.0%	n.a.	until revoked
Lease liabilities	17,122	0	(437)	16,685	Incremental debt rate 3.71%	n.a.	
Shareholder loan - non-controlling investors	10,649	7,014	0	17,663			
Other financial liabilities	0	242	0	242			
Total Financial Liabilities	688,124	212,996	(21,923)	879,197			
<i>of which</i>							
Current	38,598			35,006			
Non-current	649,526			844,191			

With reference to the above loans, information is provided below, by individual project, on the amount of current and non-current residual debt, the technical forms used, maturity, commitments, guarantees issued in favour of lenders and significant contractual clauses.

(EUR thousands)					Associated financial indebtedness				
Plant	Company	Consolidated Installed Capacity (MW)	Net Book Value of Assets	Book Value of Financial Liabilities	Technical form	Expiry	Commitments, guarantees given in favour of lenders	Significant contractual clauses	
Callari (CT)	Callari S.r.l.	36.0	23,250	0	Proj. financing	Refunded	(*)	(**)	
Ordonà (FG)	Ordonà S.r.l.	34.0	24,176	0	Proj. financing	Refunded	(*)	(**)	
Castel di Lucio (ME)	Minerva S.r.l.	23.0	19,113	0	Shareholders loan	Refunded	(Itg)	(Itg)	
Licodia (CT)	Parco Eolico Licodia Eubea S.r.l.	22.1	18,428	0	Shareholders loan	Refunded	(Itg)	(Itg)	
San Marco in Lamis (FG)	Renergy San Marco S.r.l.	44.2	31,864	0	Shareholders loan	Refunded	(Itg)	(Itg)	
Agrigento (AG)	Wind Power Sud S.r.l.	33.2	28,522	0	Shareholders loan	Refunded	(Itg)	(Itg)	
Albanella (SA)	Eolo S.r.l.	8.5	3,329	0	Shareholders loan	Refunded	(Itg)	(Itg)	
Ciorlano (CE)	Dotto S.r.l.	20.0	10,047	0	Shareholders loan	Refunded	(Itg)	(Itg)	
Morcone Pontelandolfo (BN)	Eolica PM S.r.l.	51.8	63,129	36,510	Proj. financing	2035	(*)	(**)	
Villacidro (VS)	Green Energy Sardegna S.r.l.	30.8	33,611	21,553	Proj. financing	2035	(*)	(**)	
Comiolica (Spain)	Comiolica S.L.	36.0	41,981	0	Proj. financing	Refunded	(*)	(**)	
Albareto (PR)	Fri-El Albareto S.r.l.	19.8	25,296	14,617	Proj. financing	2035	(*)	(**)	
Campidano (VS)	Fri-El Campidano S.r.l.	70.0	37,942	0	Proj. financing	Refunded	(*)	(**)	
Regalbuto (EN)	Anemos Wind S.r.l.	50.0	28,255	12,296	Proj. financing	2028	(*)	(**)	
Orta Nova (FG)	Enermac S.r.l.	51.0	53,446	40,649	Proj. financing	2039	(*)	(**)	
Cerignola (FG)	Naonis Wind S.r.l.	11.0	10,764	8,455	Proj. financing	2039	(*)	(**)	
San Basilio (CA)	Fri-el Guardionara	24.7	46,627	1,371	Proj. financing	2024	(*)	(**)	
Grottole (MT)	Fri-el Grottole	54.0	60,383	0	Proj. financing	Refunded	(*)	(**)	
Ricigliano (SA)	Fri-el Ricigliano	36.0	17,011	0	Proj. financing	Refunded	(*)	(**)	
Nulvi Tergu (SS)	Fri-el Anglona	29.8	13,430	0	Proj. financing	Refunded	(*)	(**)	
Krupen (1) (Bulgaria)	W.Energy Eood	3.0	1,946	0	Proj. financing	Refunded	(*)	(**)	
Krupen (2) (Bulgaria)	W.Power Eood	3.0	1,921	0	Proj. financing	Refunded	(*)	(**)	
Krupen (3) (Bulgaria)	W.Stream Eood	3.0	1,946	0	Proj. financing	Refunded	(*)	(**)	
Krupen (4) (Bulgaria)	W.System Eood	3.0	1,946	0	Proj. financing	Refunded	(*)	(**)	
Ex Scaini	Alerion Seddanu S.r.l.	n.a.	16,492	8,195	Proj. financing	2040	(*)	(**)	
		697.6	614,855	143,646					

(*) Main commitments and guarantees given: Pledge on Company Shares. Pledge on bank accounts, mortgage and special lien

(**) Contractual clauses Debt service cover ratio (DSCR); Financial leverage (debt to equity)

(Itg) As of the bond issue date, the project financing of the project companies were purchased by the parent company Alerion Clean Power S.p.A.

These project financing loans contain covenants typical of the financial market, which place limits on the financed company in line with prevailing market practice for similar agreements. In particular, it should be noted that collateral mainly refers to: i) the special lien on movable assets; ii) the first mortgage on immovable assets; iii) the pledge on receivables and current accounts iv) the pledge on 100% of the share capital.

The following table shows the balances at 31 December 2023 relating to Current assets attributable to Group companies, financed under the project financing scheme:

(EUR thousands)	31.12.2023	Values attributable to project-financed companies	31.12.2022	Values attributable to project-financed companies
Trade receivables	22,575	7,739	27,405	11,944
Current tax assets	6,092	1,637	3,089	1,681
Other current assets	33,087	2,557	31,702	7,193
<i>of which incentive credits</i>	<i>184</i>	<i>184</i>	<i>3,030</i>	<i>1,788</i>
Financial receivables and other current financial assets	68,218	674	73,885	0
Cash and cash equivalents	343,162	58,487	226,609	63,713
CURRENT ASSETS:	473,134	71,454	362,690	84,531

The financed company assumes a number of **obligations and prohibitions**, compliance with which is essential for the purposes of the Loan Agreement. Below are the details:

- The **obligations** concern, inter alia, the opening of the Project Account and the VAT Account, the provision of own means, the stipulation of the Agreement with the Grid Manager and of the Insurance Policies, the appointment of the Works Manager, the safeguarding of the Plant, the notification of any Event of Forfeiture or Event of Termination or Event of Withdrawal, the full compliance with the Decree in the Energy Account, the compliance with the Minimum Level of Inventory, the recognition of the right of first refusal to the Lending Bank, in the event of refinancing.
- The **prohibitions** concern, inter alia, the repayment of the Shareholders' Loan (except with the prior written consent of the Lending Bank, in the event that this does not allow the maintenance of a Debt to Equity ratio at least equal to the contractually defined one), the cessation or modification of the nature of the activities carried out, the creation of liens and/or encumbrances on the assets pertaining to the Project (negative pledge) and the creation of earmarked assets.

The following table shows the **Financial Covenants** related to *project* financing, for which compliance is already due at year-end, and which refer to the minimum levels that the Debt Service Reserve Account must comply with, which must not be lower than the sum of the principal repayment instalment, commission and interest expense between the different semi-annual calculation dates. As at 31 December 2023, the latest calculation date, the covenants shown in the table below have been met.

It should be noted that the project financing held by Alerion Seddanus S.r.l.* was reclassified entirely under current financial liabilities as a result of the amendment of one of the conditions of the loan agreement and subject to a request for consent by the company to which the lending institution responded positively.

Project finance:

DSCR (Debt Service Cover Ratio)

Project finance Green Energy Sardegna	1.05
Project finance Eolica PM	1.05
Project finance Friel Albareto	1.05
Project finance Campidano	1.05
Project finance Anemos wind	1.05
Project finance Enermac	1.05
Project finance Naonis	1.05
Project finance Guardionara	1.05
Project finance Seddanus*	1.15

COMPLIANCE WITH THE FINANCIAL COVENANTS OF THE BONDS:

Please note that with reference to the "**2019 -2025 Bond**", if on each Calculation Date the ratio of Derivative Net Accounting Financial Indebtedness to Derivative Net Equity is greater than 2.5, the Company undertakes not to incur any further Derivative Net Accounting Financial Indebtedness unless on the next Calculation Date such ratio is equal to or less than 2.5; "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2019. It should be noted that, the definition and calculation of the Net Derivative Accounting Financial Indebtedness and Net Derivative Equity will be carried out on the basis of the international accounting standards in force at the date of disbursement of each individual Bond and already adopted by the company for the preparation of the 2019 annual financial report.

Please note that with reference to "**Bond 2021 -2027**", "**Bond 2022 -2028**" and "**Bond 2023 -2029**", if on each Calculation Date the ratio of the Net Derivative Accounting Financial Indebtedness to the Net Derivative Equity is greater than 3, the Company undertakes not to incur any further Net Derivative Accounting Financial Indebtedness unless on the next Calculation Date such ratio is equal to or less than 3; "Calculation Date" means the date of 31 December of

each year of the term of the Loan, commencing on 31 December following each of the issues identified above. It should be noted that the definition and calculation of the Derivative Net Accounting Financial Indebtedness and Derivative Net Equity will be performed on the basis of the international accounting standards in force at the date of the issue of each individual Bond and already adopted by the company for the preparation of the annual financial report for each financial year in which the issue took place.

Conclusions on Meeting the Financial Covenants of the Bonds as at 31 December 2023

At the date of this annual financial report, based on the analyses performed, the financial covenants for the Company's bonds were met.

Lease payables and lease liabilities amounting to 15,550 thousand refer to the present value of the portion of future lease payments due after 12 months, recognised in accordance with the lease accounting model required by IFRS 16.

Loans from non-controlling investors refer to loans granted by minority shareholders in connection with the development of wind farms.

This item mainly refers to SIMEST's investment, made in the form of a mixed share capital increase and shareholder financing, aimed at supporting Alerion:

- for 9,951 thousand, net of accessory costs of EUR 100 thousand, to support Alerion's development in Spain, through its subsidiary
- and for EUR 7,461 thousand, net of accessory costs, to support the Group's initiatives in Romania, through the subsidiary Alerion Renewable RO S.r.l. Following the capital increase in the holding of the activities in Romania on 6 December 2023, SIMEST holds a 49% stake in Alerion Renewable S.r.l., a company of which Alerion Clean Power S.p.A. retains control with 51% of the share capital.

Considering that, in substance, the two SIMEST transactions qualify as a financing transaction and considering the presence of a "put" option exercisable by the counterparty, the Group considered SIMEST as a lender and, for the purposes of consolidating Comiolica S.L. and the subsidiary Alerion Renewable RO, did not present non-controlling interests in the consolidated financial statements.

24. CURRENT FINANCIAL LIABILITIES

(EUR thousands)	31.12.2023	31.12.2022	Change
Loans and borrowings and bank facilities	29,708	34,075	(4,367)
Bonds issued	3,721	3,124	597
Operating lease liabilities	1,137	1,144	(7)
Loans from non-controlling investors	440	255	185
Total current financial liabilities	35,006	38,598	(3,592)

Loans and borrowings and bank facilities amounted to EUR 29,708 thousand, equal to EUR 34,075 thousand as of 31 December 2022, which decreased mainly due to the repayment in December 2023 of project financing loans held by Campidano and Grottole for a total of EUR 10,134 thousand.

This item, amounting to Euro 29,708 thousand, includes the short-term portions of project financing loans relating to the plants of: i) Eolica PM S.r.l. for Euro 2,853 thousand; ii) Anemos Wind for Euro 3,513 thousand; iii) Green Energy Sardegna S.r.l. for Euro 1,658 thousand; iv) Fri-El Albareto S.r.l. for Euro

1,211 thousand; v) Fri-El Guardionara S.r.l. for a total amount of euro 1,370 thousand; vi) Enermac and Naonis for a total amount of euro 3,905 thousand; and vii) Alerion Seddanus S.r.l. for a total amount of euro 8,195 thousand in addition to the short-term portion of the mortgage loan held by Fri-el Anzi for euro 2,000 thousand. It should be noted that the project financing held by Anemos Wind, unlike the previous 2022 closing, is classified as current and non-current financial liabilities as contractually defined.

In addition, the item includes the current portion of the corporate loan with Bankinter obtained by Alerion Clean Power S.p.A. and amounting to EUR 285 thousand, the current portion of the loan with Mediocredito obtained by Alerion Clean Power S.p.A. and amounting to EUR 844 thousand, and the new bank loan signed with Credit Agricole on 25 October 2023 for EUR 3,500 thousand.

The item **Bonds issued** as of 31 December 2023 in the amount of EUR 3,721 thousand refers to the value of interest accrued in the year in relation to the bond loan stipulated on 19 December 2019 with duration 2019-2025, the bond loan stipulated with duration 2021-2027 issued on 3 November 2021, the bond loan stipulated on 17 May 2022 with duration 2022-2028 and the bond loan stipulated on 12 December 2023 with duration 2023-2029. The change with respect to 31 December 2022 refers to interest accrued during the year and not yet paid and to the portion related to the new bond loan entered into at the end of 2023.

Lease payables and liabilities, which amounted to EUR 1,137 thousand (EUR 1,144 thousand as of 31 December 2022), refer to the present value of the portion of future lease payments due within 12 months, recognised in accordance with the accounting model required by IFRS 16.

25.DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2023, derivative instruments on the Financial Statements, recorded as assets, amounted to a total of EUR 13,251 thousand (EUR 11,807 thousand as of 31 December 2022), of which the current portion, amounting to EUR 9,439 thousand, represented cash flows due within one year, while the non-current portion, amounting to EUR 3,812 thousand, included future cash flows until the end of the derivative contract corresponding to the repayment of the project financing. As of 31 December 2023, derivative instruments on the balance sheet, recorded as liabilities, amounted to a total of EUR 353 thousand (null and void as of 31 December 2022), of which the current portion, amounting to EUR 352 thousand, included future cash flows until the end of the derivative contract corresponding to the repayment of the project financing.

As at 31 December 2023, the following financing transactions were outstanding, for which cash flow hedges were in place:

Counterparty (Company) (amounts in thousands of euros)	Project financing hedged with IRS	Notional Derivative	Fair value of derivative instruments as at 31 December 2023	Share at CFH	Change in Consolidation Scope	Early termination and redemption of derivative instruments	Share at CE	Fair value of derivative instruments as at 31 December 2022
Banco BPM (Fucini)	3,521	3,551	352	(186)	0	0	0	538
Banco BPM (Anemos Wind)	12,296	8,760	248	(272)	0	0	0	520
Banco BPM (Campidano)	0	0	0	(72)	0	0	0	72
Banco BPM (Campidano # 2)	0	0	0	(54)	0	0	0	53
Unicredit (Green Energy Sardegna)	21,553	16,482	1,118	(837)	0	0	0	1,954
Unicredit (Eolica PM)	36,510	27,836	2,087	(1,434)	0	0	0	3,521
Unicredit (Enermac)	40,649	31,099	906	(1,937)	0	0	(110)	2,953
Unicredit (Naonis Wind)	8,455	6,378	203	(399)	0	0	(27)	629
Crédit Agricole Italia (Alerion Clean Power)	24,762	12,500	(342)	(340)	0	0	(2)	0
Unicredit (Grottole)	0	0	0	(36)	0	0	4	32
Unicredit (Guardionara)**	1,371	1,227	23	(90)	113	0	0	0
Unicredit (Fri-el Albareto)	14,617	11,362	941	(594)	0	0	0	1,535
Derivative Instruments on Project Financing	163,734	119,195	5,536	(6,251)	113	0	(135)	11,807

Counterparty (Company) (amounts in thousands of euros)	Commodity Swaps	Notional Derived (GWh)	Fair value of derivative instruments as at 31 December 2023	Share at CFH	Variation of Consolidation Scope	Early termination and redemption of derivative instruments	Share at CE	Fair value of derivative instruments as at 31 December 2022
Unicredit (Alerion Clean Power)	0	150	7,363	(1,014)	0	0	8,3770	0
Commodity Swap Derivative Instruments	0	150	7,363	(1,014)	0	0	8,377	0
Derivative Instruments Attributable to Fully Consolidated Equity Investments			12,899	(7,265)	113	0	8,242	(11,807)
<i>related tax effect</i>			(3,361)	1,798	(29)	0	(2,306)	(2,824)
Derivative instruments attributable to fully consolidated participations net of the related tax effect			9,538	(5,467)	84	0	5,936	8,983

Counterparty (Company) (amounts in Euro/000)	Project financing hedged with IRS	Notional Derivative	Fair value of derivative instruments as at 31 December 2023	Share at CFH	Change of Consolidation Scope	Early termination and redemption of derivative instruments	Share at CE	Fair value of derivative instruments as at 31 December 2022
Unicredit (Andromeda)*	0	0	0	(110)	0	0	0	110
Unicredit (Guardionara)**	0	0	0	58	(113)	0	0	55
Derivative instruments attributable to equity-accounted investments	0	0	0	(52)	(113)	0	0	165
<i>related tax effect</i>			0	12	29	0	0	(41)
Derivative instruments attributable to investments accounted for using the equity method net of tax effect			0	(40)	(84)	0	0	124

(*) investments accounted for using the equity method in accordance with IFRS 11

(**) investment accounted for using the equity method in accordance with IFRS 11 until 31 December 2022 and consolidated on a line-by-line basis as from 1 January 2023

The Group enters into *interest rate swap* contracts to manage the risk arising from interest rate fluctuations on *project* financing loans entered into with various pools of banks, and at the request of those banks (a condition for entering into *project financing* transactions), converting the lines of financing dedicated to investments from floating rates to fixed rates. As of year-end, contracts with a notional value of about EUR 119,195 were in place, which fix the interest at an average IRS rate of about 4% for a period of 15 years on average.

As already reported in the Financial Risk section, it should be noted that the Group also entered into *commodity swap* contracts on the price of electricity in order to manage price risk, contain the volatility induced by changes in electricity market prices on its margins and consequently stabilise the related cash flows generated by the sale of the electricity produced by its plants. These contracts provide for the conversion from a variable price (Single National Price "PUN") to a fixed price, calculated on a predetermined notional amount.

The fair value of the *Interest Rate Swap* and *Commodity Swap* instruments on energy prices resulting as at 31 December 2023 is estimated at EUR 12,899 thousand (EUR 11,807 thousand as at 31 December 2022) for the fully consolidated companies. The method applied to calculate fair value is the Discount Cash Flow Model. These derivative instruments are designated as hedging instruments for future cash flows and were effective; consequently, changes in fair value were recognised in an equity reserve. The ineffective part, on the other hand, was recognised in the Income Statement.

The change in the fair value of interest rate swaps to hedge project financing loans of the fully-consolidated companies in 2023 was negative for EUR 6,273 thousand, recognized in equity, amounting to EUR 6,251 thousand, the decrease in which was mainly due to the volatility that hit the financial markets in 2023 with a rapid increase in interest rates that brought the fair value of derivative instruments to positive values, which in fact discounted the difference between the IRS rate curve and the forward rate curve.

The increase in the liability for derivative instruments measured at Fair Value related to *Commodity Swap* instruments on energy prices amounted to EUR 7,363 thousand in the year. The change was mainly recognised in the income statement in the amount of 8,377. It should be noted that the hedging reserve related to commodity swap contracts as of 31 December 2023 amounted to EUR 7,363 thousand, gross of the tax effect, and was entirely attributable to contracts entered into in 2023 to hedge production in the first quarter of 2024.

It should be noted that the change in the fair value of derivative instruments held by companies accounted for under the equity method was negative for EUR 165 thousand compared to December 2022, recognised mainly in the statement of comprehensive income, net of the tax effect. Liabilities for derivative instruments attributable to equity-accounted investments were extinguished as at 31 December 2023 due to the change in the scope of consolidation.

As at 31 December 2023, the Group's derivatives portfolio qualifying for hedge accounting is shown in the table below:

Counterparty (*) data as at 31 December 2023 (amounts in thousands of euro)	Notional amount	Fair value as at 31 December 2023	Inception Date	Effective date	Termination Date	Fixed Rate	Variable rate
Interest Rate Derivatives							
Banco BPM (Fucini)	3,551	352	18/01/2022	30/06/2022	30/06/2032	0.47%	Euribor 6M
Banco BPM (Anemos Wind)	8,760	248	12/05/2022	30/06/2022	31/12/2028	1.39%	Euribor 6M
Unicredit (Green Energy Sardegna)	16,482	1,118	30/10/2018	31/12/2018	29/06/2035	1.23%	Euribor 6M
Banco BPM (Campidano)	0	0	15/11/2019	19/11/2019	31/12/2023	-0.17%	Euribor 6M
Banco BPM (Campidano) #2	0	0	17/01/2020	31/12/2019	31/12/2023	-0.16%	Euribor 6M
Unicredit (Enermac)	31,099	906	22/12/2023	30/06/2022	29/06/2035	1.93%	Euribor 6M
Unicredit (Naonis Wind)	6,378	203	22/12/2023	30/06/2022	29/06/2035	1.90%	Euribor 6M
Unicredit (Eolica PM)	27,836	2,087	21/12/2018	21/12/2018	29/06/2035	1.11%	Euribor 6M
Crédit Agricole Italia (Alerion Clean Power)	12,500	(342)	06/11/2023	23/10/2023	28/12/2028	3.33%	Euribor 6M
Unicredit (Grottole)	0	0	24/11/2017	31/12/2019	Refunded	0.19%	Euribor 6M
Unicredit (Guardionara)	1,227	23	06/07/2016	30/12/2016	30/06/2024	0.12%	Euribor 6M
Unicredit (Fri-el Albareto)	11,362	941	15/02/2019	28/06/2019	29/06/2035	0.95%	Euribor 6M
Interest Rate Derivatives	119,195	5,536					
Counterparty (*) data as at 31 December 2023 (amounts in thousands of euro)	Notional (GWh)	Fair value as at 31 December 2023	Inception Date	Effective date	Termination Date	Fixed Price	Variable Price
Commodities Derivatives							
Unicredit (Alerion Clean Power)	0	0	23/05/2023	01/10/2023	Refunded	143	
Unicredit (Alerion Clean Power)	150	7,363	23/05/2023	01/01/2024	31/03/2024	157	Single National Price (PUN)
Unicredit (Alerion Clean Power)	0	0	03/08/2022	01/01/2023	Refunded	457	
Unicredit (Alerion Clean Power)	0	0	03/08/2022	01/01/2023	Refunded	460	
Commodities Derivatives	150	7,363					
Derivative Instruments Attributable to Fully Consolidated Equity Investments		12,899					

(*) It is specified that in the case of loans granted by a pool of banks, the term "Counterparty" identifies the pool's agent bank
Note: Following the sale of the investment in Andromeda Wind S.r.l., the related derivative exits the Alerion Group scope

The net fair value of the interest rate swaps and commodity swaps on energy prices attributable to the fully-consolidated companies in existence at 31 December 2023 is estimated to be a positive amount of EUR 12,899 thousand (at 31 December 2022 it was a positive amount of EUR 11,807 thousand). This value is shown under assets for derivative instruments in the amount of EUR 13,251 thousand and partly under payables for derivative instruments in the amount of EUR 352 thousand.

Net of the related tax effect, the Group's Hedging reserve, which amounted to EUR 15,143 thousand as of 31 December 2022, totalled EUR 9,636 thousand as of 31 December 2023.

Hedging Reserve Movements

Company	Hedging reserve** as at 31 December 2023	Hedging reserve as at 31 December 2022	Other changes	Differential regulations	Fair Value Adjustment
Banco BPM (Fucini)	352	538	0	(109)	(77)
Banco BPM (Anemos Wind)	248	520	0	(194)	(78)
Banco BPM (Fri el Campidano)	0	72	0	(86)	14
Banco BPM (Fri el Campidano # 2)	0	54	0	(86)	32
Unicredit (Enermac)	1,016	2,953	0	(817)	(1,120)
Unicredit (Naonis Wind)	230	629	0	(180)	(219)
Unicredit (Green Energy Sardegna)	1,118	1,955	0	(372)	(465)
(*) Unicredit (Andromeda)	0	110	(110)	0	0
(* * *) Unicredit (Guardionara)	23	55	58	(98)	8
Unicredit (Eolica PM)	2,087	3,521	0	(660)	(774)
Crédit Agricole Italia (Alerion Clean Power)	(340)	0	0	(19)	(321)
Unicredit (Grottole)	0	36	0	(31)	(5)
Unicredit (Alerion Clean Power)	7,363	8,377	0	(8,377)	7,363
Unicredit (Fri el Albareto)	941	1,535	0	(288)	(306)
Hedging reserve before tax	13,038	20,355	(52)	(11,316)	4,051
Change in deferred tax liabilities	(3,402)	(5,212)	12	3,044	(1,246)
Net Hedging Reserve	9,636	15,143	(40)	(8,272)	2,805

(*) investments accounted for using the equity method in accordance with IFRS 11

(**) CFH (Hedging Reserve)

The hedging reserve, net of tax effect, decreased by EUR 5,507 thousand at 31 December 2023 compared to 31 December 2022, with a negative impact on consolidated equity, mainly due to the settlement of IRS coupons expired in the period and the change in the reserve related to the commodity swap on the sale price of electricity.

It should be noted that the hedging reserve related to commodity swap contracts, which at 31 December 2022 amounted to EUR 8,377 thousand before tax, was released to the income statement in the first quarter of 2023, at the same time as the hedged electricity production occurred. As at 31 December 2023, the open reserve before tax on new hedges amounted to EUR 7,363 thousand.

Financial assets and liabilities that have not been hedged

Currently, the Group has not hedged the following types of financial instruments:

- financial debts represented in particular by the debt to the banking institutions Bankinter and Mediocredito in the parent company totalling EUR 2,643,000;
- bank deposits, on demand and short-term (maximum maturity three months), used for temporary cash use.

26. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

They amounted to EUR 1,390 thousand (EUR 1,180 thousand as of 31 December 2022) and include the actuarial value of the Group's actual debt to all employees determined by applying the criteria set forth in IAS 19.

(EUR thousands)	31.12.2023	31.12.2022	Change
POST-EMPLOYMENT BENEFITS	1,390	1,180	210
Total post-employment benefits and other employee benefits	1,390	1,180	210

The actuarial assumptions used to define the fund are summarised below:

Table_Economic and Financial Actuarial Assumptions

<i>Date of calculation</i>	31/12/2023
<i>Mortality rate</i>	IPS55 tables
<i>Disability rates</i>	INPS-2000 tables
<i>Staff turnover rate</i>	2.00%
<i>Discount rate*</i>	3.71%
<i>Rate of salary increase</i>	1.00%
<i>Rate of advances</i>	1.00%
<i>Inflation rate</i>	2.50%

Group employees as at 31 December 2023 totalled 169. The composition is detailed below:

	As at 31.12.22	Increases	Decreases	As at 31.12.23	Average value of the period
Executives	4	0	0	4	4
Middle managers and Office workers	77	53	(32)	98	92
Blue-collar employees	50	24	(7)	67	59
Total employees	131	77	(39)	169	155

Information on the average age of staff and their training is given below:

	Average age		Graduates	
	to 31.12.2022	to 31.12.2023	to 31.12.2022	to 31.12.2023
Executives	50	51	4	4
Middle managers and Office workers	38	38	50	71
Blue-collar employees	33	34	0	0
Mean value	40.3	36.5	54	75

27. PROVISIONS FOR FUTURE RISKS AND CHARGES

(EUR thousands)	31.12.2023	31.12.2022	Change
Provision for taxes and tax litigation	2,925	6,404	(3,479)
Provision for litigation risks	147	37,705	(37,558)
Provisions for other risks	10,767	11,570	(803)
Total provisions for future risks and charges	13,839	55,679	(41,840)

Changes in **Provisions for future risks and charges** are shown below:

(EUR thousands)	Taxes and tax litigation	Litigation risks	Provisions for other risks	Total
As at 31 December 2022	6,404	37,705	11,570	55,679
Provisions	70	127	1,357	1,554
(Uses/releases)	(3,549)	(37,685)	(2,160)	(43,394)
As at 31 December 2023	2,925	147	10,767	13,839

The item **Taxes and Tax Litigation** includes accruals related to the higher ICI/IMU property tax recalculated mainly on the basis of the yields redetermined by the Agenzia del Territorio for EUR 2,925 thousand, which was equal to EUR 6,404 thousand as of 31 December 2022.

The **provision for litigation risks** is recognised to cover legal expenses related to pending litigation and reflects the updated estimate of litigation risks as at 31 December 2023.

The change mainly refers to the provision previously recognised for the lawsuit brought by the company to declare the invalidity of certain commodity derivative contracts hedging the electricity price risk. This provision was reclassified under trade payables following the ruling issued by the Court of Milan on 8 February 2024. The parties agreed to enter into a settlement agreement that settled all pending issues in relation to the derivative contracts, which are to be deemed fulfilled.

The item **Provisions for other risks** mainly includes:

- plant decommissioning costs of EUR 4,311 thousand (as at 31 December 2022, EUR 4,625 thousand). In relation to the provisions of IAS 16 and IAS 37 concerning the recognition of site restoration costs on which wind farms operate, the recognised provision for charges was reduced by EUR 783 thousand, as a balancing entry to lower property, plant and equipment, in connection with the increase in discount rates;
- the EUR 4,030 thousand provision for the Spanish operating company Comiolica (equal to EUR 4,820 thousand as of 31 December 2022) is calculated on the yield envisaged by Spanish legislation on wind power generation plants and reflected in the income statement under other revenue and income for the portion pertaining to the year.

A more detailed description of legal disputes can be found in Note 41 "LEGAL DISPUTES".

28. COMMITMENTS AND GUARANTEES

The contractual commitments undertaken by the Alerion Group and the guarantees given to third parties and resulting as at 31 December 2023 are summarised below:

- Guarantees issued in favour of third parties totalling euro 322,929 thousand, of which:
 - 15,841 thousand euros for environmental restoration obligations;
 - 307,088 thousand for other obligations;
- Pledge on the shares of the following companies: Enermac S.r.l., Naonis Wind S.r.l., Anemos Wind S.r.l., Fri-EL Albareto S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l. e FRI-EL Guardionara S.r.l.; Seddanus S.r.l. guaranteeing financing in project finance;
- Commitments entered into in connection with the sale of participations, to secure any contingent liabilities or non-existence of assets with respect to the Statement of financial position figures of the sale.

Commitments and guarantees received from third parties include:

- Guarantees received against the collection of fees related to the sale of electricity for a total of EUR 293,943 thousand.

INCOME STATEMENT

29. OPERATING REVENUE

Operating revenue for the financial year 2023 totalled EUR 163,921 thousand (EUR 263,308 thousand in 2022), down from the previous year, due to the decrease in average sales prices.

Operating revenue for the year 2023 is broken down as follows:

- revenue from the sale of electricity in the amount of EUR 159,615 thousand (EUR 234,431 thousand in 2022);
- incentive tariff revenues of EUR 4,306 thousand (EUR 28,877 thousand in 2022).

Average transfer price

In 2023, the average transfer price for fully consolidated wind power plants incentivised according to the Feed-in Tariff (FIP), formerly "green certificates", was EUR 128.8 per MWh, compared to EUR 298.3 per MWh in the same period in 2022. In particular:

- the average electricity transfer price in 2023 was EUR 128.8 per MWh, compared to EUR 255.5 per MWh in 2022;
- the average Feed-in Premium in 2023 was zero (EUR 42.9 per MWh in 2022).

The Villacidro, Morcone-Pontelandolfo and Albareto wind farms, on the other hand, benefit from a guaranteed minimum auction price (under Ministerial Decree 23/06/2016) amounting to EUR 66 per MWh.

The average selling price in 2023 for the Krupen plant in Bulgaria was approximately 96.26 euro per MWh. In particular, in Bulgaria the incentive system, which was previously fixed, has become variable since June 2019: the electricity produced is sold on the free market through traders at the best trading price and then the Authority pays an additional premium for each MWh produced, which is determined every six months.

It should be noted that during the period, the Group also entered into commodity swap contracts on the price of electricity in order to manage price risk, contain the volatility induced by fluctuations in electricity market prices on its margins, and consequently stabilise the related cash flows generated by the sale of the electricity produced by its plants. These contracts provide for the conversion from a variable price (Single National Price "PUN") to a fixed price, calculated on a predetermined notional amount. As of year-end, contracts for a notional amount of approximately 300 GWh have been signed, to be traded in the last quarter of 2023 and the first quarter of 2024. In 2023, income from the release of hedges for the first quarter of 2023 settled in cash in advance in December 2022 was recognised as revenue.

30. OTHER REVENUES AND INCOME

Other revenues and income amounted to EUR 37,784 thousand (EUR 10,437 thousand in 2022), a sharp increase over the previous year. The change is mainly attributable to the capital gain realised on the sale of the investee Andromeda Wind S.r.l., equal to about EUR 14 million, following the completion of the acquisition, as part of the transaction with RWE Renewables Italia S.r.l., of the remaining 51% of Fri-El Anzi S.r.l. and Fri-El Guardionara S.r.l., owners of two wind farms, located respectively in the municipality of Anzi (PZ), with an installed capacity of 16 MW, and in the municipality of San Basilio (CA), with an installed capacity of 24.7 MW. The agreement with RWE included the sale of the minority stake in Andromeda Wind S.r.l., owner of a 26 MW wind farm. The accounting effects of the transaction with RWE became apparent in the first part of 2023, based on the agreements between the parties.

- administrative and technical consulting services rendered to companies whose equity investments are accounted for using the equity method in the amount of EUR 1,715 thousand (EUR 1,330 thousand in 2022);
- income from the release of funds previously recorded in the amount of EUR 3,688 thousand, in 2022 it amounted to EUR 862 thousand. They mainly refer to the resetting of taxes calculated on the cadastral rents of wind farms;
- insurance indemnities for non-production in the amount of EUR 4,534 thousand, which are recognised in the income statement at the time the settlement is determined (EUR 1,401 thousand in 2022);
- grants pursuant to Law No. 488/92 and the P.O.R. grant, obtained for the construction of the Albanella, Agrigento, Campidano, Ricigliano, Grottole and Anglona wind farms, respectively, for a total of EUR 1,550 thousand, the increase over the previous year was due to the change in the scope of consolidation, with the line-by-line consolidation of the investments in Guardionara and Fri-el Anzi (EUR 1,291 thousand in 2022).

31. OPERATING COSTS

(EUR thousands)	2023	2022	Change
Operating costs			
Personnel	10,248	6,190	4,058
Board of Directors and Corporate Costs	2,430	2,120	310
Consultations and collaborations	8,327	6,506	1,821
Insurance	4,706	3,455	1,251
Maintenance	14,496	16,052	(1,556)
Royalties and Leases	4,114	5,337	(1,223)
IMU (property tax)	806	1,145	(339)
Other Production Costs and Imbalances	593	572	21
Other operating costs	6,679	6,698	(19)
Other Operating Costs	42,151	41,885	266
Accruals to provisions for risks	145	550	(405)
Accruals to provisions for risks	145	550	(405)
Total operating costs	52,544	48,625	3,919

Operating costs for 2023 increased compared to the previous year by a total of EUR 3,919 thousand, in particular reflecting the increase in the item "Personnel" for EUR 4,058 thousand, up as a result of the strengthening of the Group's organisational structure, following the internalisation of operating and maintenance activities of operating plants, through the acquisition of Alerion Service S.r.l., finalised in May last year (2022), and to the process of continuous expansion of the Group's activities both in Italy and abroad, the contribution of which is fully reflected in the 2023 income statement.

Board of Directors and corporate costs in 2023 amounted to EUR 2,430 thousand, an increase of EUR 310 thousand compared to the cost recognised in 2022 of EUR 2,120 thousand.

The item **Consulting and collaborations** amounted to EUR 8,327 thousand, an increase of EUR 1,821 thousand compared to the previous year. The change is mainly attributable to costs for tax and legal advice in support of development activities in Italy and Romania.

Maintenance costs of euro 14,496 thousand decreased compared to the previous year (euro 16,052 thousand in 2022) as a result of efficiency and cost reduction activities for the maintenance and operation of the Group's plant fleet. Assets include the costs of ordinary and extraordinary maintenance of operating plants currently within the Group's consolidated scope.

A breakdown of personnel expenses is given below:

(EUR thousands)	2023	2022	Change
Wages, salaries and social security contributions	7,643	4,412	3,231
Social security contributions	1,971	1,257	714
Post-employment benefits	343	192	151
Other personnel expenses	291	329	(38)
Total personnel expenses	10,248	6,190	4,058

32. AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(EUR thousands)	2023	2022	Change
Amortisation of intangible assets	15,594	11,551	4,043
Depreciation of property, plant and equipment	35,788	31,434	4,354
Impairment losses/reversals of impairment losses	25,052	0	25,052
Total amortisation, depreciation and impairment losses	76,434	42,985	33,449

The item Amortisation, depreciation and impairment losses increased with respect to the previous year, amounting to EUR 51,382 thousand, and is attributable to the depreciation of the Group's operating plants (as of 31 December 2022, it amounted to EUR 42,985 thousand). The change is mainly attributable to the change in the full scope of consolidation following the acquisition of 100% of the shares of Guardionara and Anzi in the first quarter of 2023.

It should be noted that the depreciation of assets recognised in accordance with IFRS 16 as Land or Buildings amounted to EUR 1,366,000 as at 31 December 2023.

The item Impairment losses/reversals of impairment losses refers to the aforementioned acquisitions, Guardionara and Anzi, which were definitively accounted for in accordance with IFRS 3, with the recognition of the above-mentioned capital gains, allocated to the item "Rights and Concessions". The impairment analyses conducted, given the significantly different market conditions from those prevailing at the valuation date, resulted in a valuation adjustment of EUR 25,052 thousand, gross of the related tax effect. For more details, please refer to "Note 6" on the disclosure prepared for the annual impairment test.

33. NET FINANCIAL COSTS

The following table shows the detailed items that make up the result of financial operations:

(EUR thousands)	2023	2022	Change
Financial income:			
interest from banks	4,174	28	4,146
income from derivative instruments	2,905	798	2,107
financial income from third parties	4,651	1,542	3,109
other financial income	40	11	29
Total financial income	11,770	2,379	9,391
Financial costs:			
interests on Bond	(15,493)	(12,709)	(2,784)
interests and financial costs	(12,103)	(7,322)	(4,781)
other financial costs	(1,153)	(830)	(323)
Total financial costs:	(28,749)	(20,861)	(7,888)
Total financial income and costs	(16,979)	(18,482)	1,503

Financial income

Financial income amounted to EUR 11,770 thousand in 2023, an increase of EUR 9,391 thousand compared to 2022, and mainly included interest accrued on the group's financial assets that represent temporary uses of cash: i) bond instruments with an average maturity of about five years with leading financial counterparties, up EUR 2,260 thousand, and ii) current account balances temporarily used in "time deposit contracts", up EUR 4,146 thousand.

"Income from derivative instruments" of EUR 2,905 thousand mainly included IRS coupons income from project financing contracts, which increased compared to 2022 as a result of the rise in interest rates that occurred during the year, and changes in the fair value of derivative instruments that did not qualify as hedges at the measurement date.

It should be noted that the Group's objective is to limit the fluctuation of financial costs that have an impact on the economic result, containing the risk arising from the potential rise in interest rates. To this end, the Group makes use, on average, of derivative contracts entered into with third parties (*Interest Rate Swaps*) aimed at predetermining or limiting the change in cash flows due to market fluctuations in the aforementioned interest rates, with reference to medium- and long-term debt. At each evaluation date, compliance with the conditions of effectiveness of the hedges put in place is verified.

Financial costs

Financial costs amounted to EUR 28,749 thousand (EUR 20,861 thousand as of 31 December 2022) and included **short-term bank interest and charges** of EUR 12,103 thousand, which mainly related to interest accrued on the utilisation of project financing and **interest accrued on the bond loan** of EUR 15,493 thousand. **Other financial costs** of EUR 1,153 thousand include financial costs related to leasing liabilities recognised in accordance with IFRS 16 and expenses related to foreign exchange differences accrued during the year.

The overall increase in Financial costs compared to 2022 is mainly due to the issue of the new bond in the second half of 2023 maturing in 2029 and the full-year contribution of the May 2022 bond issue.

34. NET GAINS ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net gains on equity investments was positive for EUR 23,686 thousand, while it was positive for EUR 107 thousand in 2022 and mainly related to the transaction finalised with RWE, the effects of which have been reported in Note 4 related to the business combination, to which reference should be made, which illustrates the effects arising from the change in the scope of consolidation following the acquisition of 100% of the shares of Guardionara and Anzi in the first quarter of 2023, previously held by the group with a minority interest of 49%.

35. INCOME TAXES

The breakdown of the item **Income taxes** is shown in the table below:

Thousands of Euros	2023	2022	Change
Current taxes	(24,070)	(98,158)	74,088
Deferred tax assets relating to the emergence and reversal of temporary differences	(2,190)	(6,914)	4,724
Deferred tax liabilities related to the emergence and reversal of temporary differences	11,779	6,814	4,965
Income Taxes in the Consolidated Income Statement	(14,481)	(98,258)	83,777

It should be noted that the item current taxes, amounting to EUR 24,070 thousand in 2023, is significantly lower than in 2022. In the previous year, taxes included the effects of the "high energy prices" measures introduced by the government, specifically: i) the extraordinary solidarity levy (the so-called "Extra Profits Levy") on companies operating in the energy sector, in the amount of EUR 25,934 thousand, and the temporary solidarity levy, determined by applying a 50% rate on the portion of total income earned in 2022 that exceeds the average total income of the previous four years, in the amount of EUR 28,800 thousand.

Deferred tax assets and deferred tax liabilities

The composition of deferred tax assets and liabilities at 31 December 2023 is as follows:

Values in thousands	Consolidated Statement of financial position			Consolidated Income Statement	Other comprehensive income and other changes	Consolidated Income Statement
	31/12/2023	31/12/2022	Change	2023		2022
(A) Deferred tax liabilities						
Discounting of Post-employee benefits	8	8	0	0	0	0
Deferred taxes on temporary differences related to non-taxable dividends and amortisation and depreciation	(3,396)	(2,991)	(405)	(405)	0	904
Deferred tax assets on temporary differences recognised due to application of IFRS 16 Financial Leases	(2,831)	(3,091)	260	260	0	(207)
Deferred taxes on temporary differences recognised on intra-group eliminations	(144)	(144)	0	0	0	0
Business combination (IFRS3)	(40,419)	(27,480)	(12,939)	9,609	(22,548)	1,721
Derivative Instruments	(2,351)	(4,062)	1,711	0	1,711	4,397
Adaptation to Group Accounting Standards	(1,776)	(3,380)	1,604	2,315	(711)	(1)
Total (A)	(50,909)	(41,140)	(9,769)	11,779	(21,548)	6,814
(B) Deferred tax assets						
Deferred tax assets on temporary differences on the recognition of accruals to provisions for risks, amortisation, depreciation and impairment losses	12,332	12,753	(421)	(421)	0	(175)
Derivative Instruments	1,112	1,300	(188)	(249)	61	2,337
Consolidation adjustments for the purpose of adjusting the financial statements to the IFRS principles used by the group	(2,717)	(683)	(2,034)	(1,309)	(725)	(1,418)
Deferred tax assets on temporary differences related to interest surpluses	(75)	(75)	0	0	0	(7,775)
Deferred tax assets on temporary differences recognised due to application of IFRS 16 Operating leases	303	270	33	33	0	36
Deferred tax assets on temporary differences recognised on intragroup eliminations	931	993	(62)	(62)	0	(60)
Losses available for offset against future taxable profits	9	9	0	0	0	(103)
Other deductible temporary differences	19,756	19,938	(182)	(182)	0	244
Total (B)	31,651	34,505	(2,854)	(2,190)	(664)	(6,914)
Net Deferred Tax Assets	(19,258)	(6,635)	(12,623)	9,589	(22,212)	(100)
Current taxes				(24,070)		(98,158)
Total taxes for the year				(14,481)		(98,258)

Deferred tax assets and deferred tax liabilities

The net difference from 31 December 2022 of EUR 12,623 thousand was recognised, partly directly in negative changes in equity for EUR 22,212 thousand and partly in the consolidated income statement for a total of EUR 9,589 thousand.

Deferred tax liabilities are recognised mainly on the recognition of intangible assets following business combinations, on non-taxable dividends and amortisation, and on the application of IFRS 16 (Leases).

Deferred tax assets are mainly recognised:

- as the tax benefit of future higher deductible amortisation on asset revaluations made in the statutory financial statements as at 31 December 2020, in order to align the tax burden in the consolidated financial statements with that of the statutory financial statements;
- on temporary differences due to the recognition of accruals to provisions for risks in Alerion Clean Power S.p.A. and Alerion Real Estate S.r.l. in liquidation.
- on the excess of interest expense over ROL, for which there is a reasonable certainty of absorption in subsequent tax periods pursuant to Art. 96 of the TUIR (Italian Consolidated Income Tax Law).
- on temporary differences, recognised on intercompany eliminations and mainly related to financial costs on intercompany loans, capitalised in the statutory financial statements of subsidiaries.

The Group has adopted the provisions set out in Deferred Taxation of Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 from 1 January 2023. These amendments restricted the scope of the exemption to the initial recognition of deferred taxes by excluding transactions that give rise to equal and opposite temporary differences (e.g., recognition of leases or decommissioning liabilities). An entity shall recognise deferred tax assets and liabilities relating to leases and decommissioning obligations from the beginning of the earliest comparative period presented, recognising any cumulative effect at that date as an adjustment to retained earnings or other components of equity. For all other transactions, an entity applies the amendments to IAS 12 to transactions occurring after the beginning of the earliest period presented.

Previously, the Group recognised deferred taxes related to leases and decommissioning obligations in accordance with the 'integrally linked' method, resulting in a similar result to that obtained by applying the amendments to IAS 12, except that deferred tax assets or liabilities were presented on a net basis. In accordance with the amendments to IAS 12, the Group has separately recognised a deferred tax asset related to its lease liabilities and a deferred tax liability related to the right-of-use asset. However, this had no impact on the statement of financial position as the balances can be offset according to paragraph 74 of IAS 12. Due to the change in accounting policy, no effects were recognised in retained earnings as at 1 January 2022.

Current taxes

The reconciliation between the theoretical and actual tax burden is shown below:

(Thousands of Euros)	Italy	Abroad	Total
Consolidated pre-tax income	77,439	5,040	82,479
Theoretical tax	23,975	1,431	25,406
Permanent differences	(16,760)	(172)	(16,932)
Temporary differences	15,986	0	15,986
Utilisation of past tax losses	(2)	0	(2)
ACE Deduction	(412)	0	(412)
Other Changes in Tax Consolidation	(523)	0	(523)
Effective tax	22,264	1,259	23,523
Effective tax %	28.8%	25.0%	28.5%
Deferred taxes	1,010	0	1,010
Total current and deferred taxes (IRES and IRAP)	23,274	1,259	24,533
Other taxes	560	0	561
Consolidation adjustments	(10,368)	(245)	(10,613)
Financial year taxes	13,467	1,014	14,481

36. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the parent by the weighted average number of shares outstanding during the year, net of treasury shares purchased by Alerion Clean Power S.p.A. in 2023.

Earnings and share information for the calculation of basic and diluted earnings per share are presented below:

Summary results

Thousands of Euros	2023	2022
Profit for the period attributable to ordinary shareholders from continuing operations	67,998	73,193
Profit attributable to non-controlling interests	1,178	2,153
Net profit (loss) for the period attributable to the owners of the parent	66,820	71,040

Number of shares outstanding

	2023	2022
No. of shares outstanding	54,229,403	54,229,403
Treasury shares on the date	522,973	289,437
Weighted average of outstanding shares	53,839,778	53,992,533

Earnings per share

(Euro)	2023	2022
Result per share	1.24	1.32

37. INDUSTRY SEGMENTS PERFORMANCE REPORT

IFRS 8 requires that operating segments, subject to segment reporting, be identified on the basis of the elements regularly used by management for performance analysis. The Group's business is focused on the wind power sector.

Also in consideration of management reporting, the following tables present the reporting of **Operating** and **Holding Activities**.

The breakdown of revenues by geographic area is shown below, although the Group's operations are mainly concentrated in Italy and only residually abroad, respectively the Krupen plant (located in Bulgaria), the Comiolica plant (located in Spain) and the photovoltaic plants in Romania.

Fields of activity: Revenue table

Revenues by Geographical Area	Financial year ended 31 December 2023		Financial year ended 31 December 2022	
	2023	% of total	2022	% of total
(values in thousands of euro)				
Italy (Islands)	58,872	36%	116,076	43%
Italy (Mainland)	88,884	54%	123,541	47%
Spain	7,127	4%	16,368	6%
Bulgaria	2,967	2%	5,647	2%
Romania	6,071	4%	1,676	2%
Operating Revenue	163,921	100%	263,308	100%

Fields of activity: Statement of financial position

(Thousands of euro)	Operational activities		Holding		Consolidated	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
NON-CURRENT ASSETS:						
Intangible assets	265,019	197,791	0	-	265,019	197,791
Property, plant and equipment	582,663	531,461	9,108	11,919	591,771	543,380
Financial receivables, shareholdings and other non-current financial assets	37,629	70,874	14,423	3,373	52,052	74,247
Other non-current assets	21,169	22,928	11,728	12,792	32,897	35,720
TOTAL NON-CURRENT ASSETS	906,480	823,054	35,259	28,084	941,739	851,138
CURRENT ASSETS:						
Inventory	10,561	8,284	0	-	10,561	8,284
Financial receivables, shareholdings and other current financial assets	2,693	2,063	74,964	73,986	77,657	76,049
Other current assets	46,381	52,199	15,373	9,997	61,754	62,196
Cash and cash equivalents	83,540	95,921	259,622	130,688	343,162	226,609
TOTAL CURRENT ASSETS	143,175	158,467	349,959	214,671	493,134	373,138
TOTAL ASSETS	1,049,655	981,521	385,218	242,755	1,434,873	1,224,276
EQUITY	170,745	144,190	155,980	160,808	326,725	304,998
NON-CURRENT LIABILITIES:						
Non-current financial liabilities	136,209	137,442	708,334	512,084	844,543	649,526
Other non-current liabilities	73,727	68,851	8,260	45,027	81,987	113,878
TOTAL NON-CURRENT LIABILITIES	209,936	206,293	716,594	557,111	926,530	763,404
CURRENT LIABILITIES:						
Current financial debt	25,742	32,948	9,265	5,651	35,006	38,598
Other current liabilities	100,162	83,828	46,450	33,448	146,612	117,276
TOTAL CURRENT LIABILITIES	125,904	116,776	55,715	39,099	181,618	155,874
Inter-segment financing	543,070	514,262	(543,070)	(514,262)	0	0
TOTAL LIABILITIES	878,910	837,331	229,239	81,948	1,108,148	919,278
TOTAL EQUITY AND LIABILITIES	1,049,655	981,521	385,218	242,755	1,434,873	1,224,276

Fields of activity: Income statement

(Thousands of euro)	Operational activities		Holding		Consolidated	
	2023	2022	2023	2022	2023	2022
Revenue	163,921	263,308	0	-	163,921	263,308
Other revenue and income	15,132	5,399	22,652	5,038	37,784	10,437
TOTAL REVENUE AND INCOME	179,053	268,707	22,652	5,038	201,705	273,745
Operating costs	44,616	53,673	7,929	(5,048)	52,544	48,625
Share of net profit of investments accounted for using the equity method	3,045	7,691	0	-	3,045	7,691
Amortisation, depreciation and impairment losses	75,816	42,255	618	730	76,434	42,985
OPERATING PROFIT (EBIT)	61,667	180,470	14,106	9,356	75,772	189,826
Financial net gains on equity investments	6,879	(13,581)	(172)	(4,794)	6,707	(18,375)
PROFIT BEFORE TAX	68,546	166,889	13,934	4,562	82,479	171,451
Income taxes					(14,481)	263,308
PROFIT FOR THE YEAR FROM OPERATING ACTIVITIES					67,988	67,988
PROFIT FOR THE YEAR					67,998	73,193
Profit attributable to non-controlling interests					1,178	2,153
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT					66,820	71,040

Operational Activities:

Revenues from electricity production amounted to EUR 163,921 thousand (EUR 263,308 thousand in 2022), a decrease of 37.7% overall compared to the previous year, due to the decrease in average electricity selling prices that occurred during the year, to which one must add the reduction in the per unit value of the incentive in Italy. Below are details of the disposal prices for the Group's assets:

Average transfer price

In 2023, the average transfer price for fully consolidated wind power plants incentivised according to the Feed-in Tariff (FIP), formerly "green certificates", was EUR 128.8 per MWh, compared to EUR 298.3 per MWh in the same period in 2022. In particular:

- the average electricity transfer price in 2023 was EUR 128.8 per MWh, compared to EUR 255.5 per MWh in 2022;
- the average Feed-in Premium in 2023 was zero (EUR 42.9 per MWh in 2022).

The Villacidro, Morcone-Pontelandolfo and Albareto wind farms, on the other hand, benefit from a guaranteed minimum auction price (under Ministerial Decree 23/06/2016) amounting to EUR 66 per MWh.

It should be noted that during the period, the Group also entered into commodity swap contracts on the price of electricity in order to manage price risk, contain the volatility induced by fluctuations in electricity market prices on its margins, and consequently stabilise the related cash flows generated by the sale of the electricity produced by its plants. These contracts provide for the conversion from a variable price (Single National Price "PUN") to a fixed price, calculated on a predetermined notional amount.

In 2023, income from the release of hedges for the first quarter of 2023 settled in cash in advance in December 2022 was recognised as revenue. As of year-end, contracts for a notional amount of approximately 300 GWh have been signed for the last quarter of 2023 and the first quarter of 2024.

Operating Profit (EBIT) as at 31 December 2023 was EUR 61,667 thousand (EUR 180,470 thousand as at 31 December 2022) after amortisation, depreciation and impairment losses of EUR 75,816 thousand (EUR 42,255 thousand as at 31 December 2022)

Property, plant and equipment and Intangible assets as at 31 December 2023 amounted to Euro 847,682 thousand, while the change compared to 31 December 2022 was Euro 128,430 thousand, net of amortisation and depreciation for the year was mainly due to the change in the scope of consolidation following the aforementioned transaction with RWE and the continuation of development activities mainly in Italy and Romania in Romania.

Holding:

As at 31 December 2023, the Holding business mainly includes the results of the Holding business and the results of the Consulting business, which are considered marginal compared to the predominant electricity production business.

38. Financial Risk Management Policy

Financial risk management is an integral part of managing the Group's activities. It is carried out centrally by the parent company, which defines the risk categories and, for each type of transaction and/or instrument, indicates the operating methods and limits.

All instruments at fair value are classified as Level 2 as they are measured at Mark to Model based on observable market parameters.

Below is the breakdown of financial assets and liabilities required by IFRS 7 within the categories required by IFRS 9:

Figures as at 31/12/23 in euro thousands	<u>Notes</u>	<u>Financial Instrument Assets at Fair Value by Designation</u>	<u>Held to collect</u>	<u>Held to collect and sell</u>	<u>Other</u>	<u>Total</u>
Current financial assets:						
Cash and cash equivalents	22	0	0	0	343,162	343,162
Financial receivables and other current financial assets	21	0	1,218	67,000	0	68,218
Derivative financial instruments	25	9,439	0	0	0	9,439
Trade receivables	11	0	22,575	0	0	22,575
Non-current financial assets:						
Financial receivables and other non-current financial assets	20	0	14,994	0	0	14,994
Derivative financial instruments	25	3,812	0	0	0	3,812
Figures as at 31/12/23 in euro thousands	<u>Notes</u>		<u>Liabilities for financial instruments held for trading</u>	<u>Liabilities for financial instruments at fair value by designation</u>	<u>Liabilities at amortised cost</u>	<u>Total</u>
Current financial debt:						
Bank loans and borrowings	24	0	0	0	(29,708)	(29,708)
Operating lease liabilities	24	0	0	0	(1,137)	(1,137)
Payables to bondholders for interest	24	0	0	0	(3,721)	(3,721)
Shareholder loan - non-controlling investors	24	0	0	0	(255)	(255)
Other Financial Payables	24	0	0	0	(185)	(185)
Trade Payables	15	0	0	0	(95,689)	(95,689)
Non-current financial liabilities:						
Bank loans and borrowings	23	0	0	0	(146,937)	(146,937)
Operating lease liabilities	23	0	0	0	(15,550)	(15,550)
Bonds issued	23	0	0	0	(664,241)	(664,241)
Shareholder loan - non-controlling investors	23	0	0	0	(17,463)	(17,463)
Derivative financial instruments	25	0	0	(352)	0	(352)

Figures as at 31/12/22 in euro thousands	Notes	Financial Instrument Assets at Fair Value by Designation	Held to collect	Held to collect and sell	Other	Total
(A) - Financial Assets						
Current financial assets:						
Cash and cash equivalents	22	0	0	0	226,609	226,609
Financial receivables and other current financial assets	21	0	1,081	62,817	9,987	73,885
Derivative financial instruments	25	2,164	0	0	0	2,164
Trade receivables	11	0	27,405	0	0	27,405
Non-current financial assets:						
Financial receivables and other non-current financial assets	20	0	8,005	0	0	8,005
Derivative financial instruments	25	9,643	0	0	0	9,643
Figures as at 31/12/22 in euro thousands	Notes		Liabilities for financial instruments held for trading	Liabilities for financial instruments at fair value by designation	Liabilities at amortised cost	Total
(B) - Financial Liabilities						
Current financial liabilities:						
Bank loans and borrowings	24	0	0	0	(34,075)	(34,075)
Operating lease liabilities	24	0	0	0	(1,144)	(1,144)
Payables to bondholders for interest	24	0	0	0	(3,124)	(3,124)
Shareholder loan - non-controlling investors	24	0	0	0	(255)	(255)
Trade Payables	15	0	0	0	(45,571)	(45,571)
Non-current financial liabilities:						
Bank loans and borrowings	23	0	0	0	(127,736)	(127,736)
Operating lease liabilities	23	0	0	0	(15,978)	(15,978)
Bonds issued	23	0	0	0	(495,426)	(495,426)
Shareholder loan - non-controlling investors	23	0	0	0	(10,386)	(10,386)

Fair value and calculation models used

The following table shows the amounts corresponding to the fair value of the classes of financial instruments broken down on the basis of the methods and calculation models used to determine them.

Figures as at 31/12/23 in euro thousands	Book value		Fair Value	
	Current Portion	Non-Current Portion	Cost	Discounted Cash Flow
(A) - Financial Assets				
Financial receivables and other financial assets	68,218	0	1,218	67,000
Derivatives	9,439	3,812	0	13,251
TOTAL ASSETS	77,657	3,812	1,218	80,251

Figures as at 31/12/23 in euro thousands	Book value		Fair Value	
	Current Portion	Non-Current Portion	Discounted Cash Flow	
(B) - Financial Liabilities				
Bank loans and borrowings	0	(29,708)	(146,937)	(179,629)
Bonds issued	0	(3,721)	(664,241)	(716,003)
Derivatives	0	0	(352)	(352)
TOTAL LIABILITIES	0	(33,429)	(811,530)	(895,984)

Figures as at 31/12/22 in euro thousands	Book value		Fair Value	
	Current Portion	Non-Current Portion	Cost	Discounted Cash Flow
(A) - Financial Assets				
Financial receivables and other financial assets	73,885	0	11,068	62,817
Derivatives	2,164	9,643	0	11,807
TOTAL ASSETS	76,049	9,643	11,068	74,624

Figures as at 31/12/22 in euro thousands	Book value		Fair Value	
	Current Portion	Non-Current Portion	Discounted Cash Flow	
(B) - Financial Liabilities				
Bank loans and borrowings	0	(34,075)	(127,736)	(181,681)
Bonds issued	0	(3,124)	(495,426)	(550,150)
TOTAL LIABILITIES	0	(37,199)	(623,162)	(731,831)

The fair value of equity investments recognised at cost was not calculated because they are investments in equity instruments that do not have a quoted market price in an active market, as required by IFRS 7.

The fair value of financial liabilities and interest rate swap contracts was determined using the forward curve for future cash flows and a riskless discount curve + spread derived from the spot Euribor - Swap

curve at 31 December 2023 and 31 December 2022. With regard to financial liabilities, the discounted cash flow method was applied to the portion of debt outstanding at year-end.

Type of risks covered

In connection with its transactions in financial instruments, the Group is exposed to the following risks. From a procedural point of view, the Board of Directors assesses each transaction of a significant amount in advance, periodically verifies the Group's risk exposure and defines market risk management policies. To this end, Alerion Clean Power S.p.A. acts directly on the market and carries out an activity of control and coordination of the financial risks of Group companies; the choice of financial counterparties is oriented towards those with a high credit standing, while ensuring a limited concentration of exposure to them.

Credit risk

The nature of the Group's receivables is mainly attributable to trade receivables arising from the supply of electricity and the sale of shareholdings.

With regard to financial transfer transactions, the company normally deals only with known and reliable counterparties. The balance of receivables is monitored during the year so that the amount of exposure to losses is not significant. These loans are also generally secured by collateral, and in the event of default by the counterparty, the maximum risk is equal to the Financial Statement value of the corresponding asset.

Exposure to credit risk is increasingly linked to the commercial activity of selling electricity; due to the nature of the market, exposure is limited to a few commercial counterparties with a high credit standing, whose positions are periodically monitored for compliance with payment terms.

The table below summarises the balances of trade receivables from third parties only, as none of the other financial assets described above were past due or impaired at year-end:

Figures as at 31/12/23 in euro thousands							
(thousands of Euros)	Receivables Net trade	Overdue receivables gross				Total Expired	Depreciation Individual
		Within 4 months	from 5 to 8 months	from 9 to 12 months	after 12 months		
Receivables from customers	22,320	0	0	0	273	273	(273)
Trade receivables from subsidiaries	255	0	0	0	0	0	0
Trade receivables	22,575	0	0	0	273	273	(273)

Figures as at 31/12/22 in euro thousands							
(thousands of Euros)	Receivables Net trade	Overdue receivables gross				Total Expired	Depreciation Individual
		Within 4 months	from 5 to 8 months	from 9 to 12 months	after 12 months		
Receivables from customers	27,186	0	0	0	273	273	(273)
Trade receivables from subsidiaries	219	0	0	0	0	0	0
Trade receivables	27,405	0	0	0	273	273	(273)

Concentration risk

The Alerion Group's trade receivables as of 31 December 2023 amounted to EUR 22,575 thousand (EUR 27,405 thousand as of 31 December 2022) and mainly consisted of receivables accrued on the sale of energy produced in December 2023.

The Alerion Group's trade receivables as of 31 December 2023, as represented in the table below, refer for 83% to receivables arising from the sale of electricity and ancillary services to the sale of electricity.

Trade receivables as at 31 December 2023	Thousands of Euros	%
Receivables from energy sales and ancillary services	18,683	83%
Other trade receivables	3,892	17%
Total trade receivables	22,575	100%

Through its subsidiaries operating in the production and sale of electricity, the Group annually enters into bilateral contracts for the withdrawal of energy produced with leading counterparties operating on the electricity market as traders. In this regard, it should be noted that:

- the duration of the contracts is 12 months;
- contracts usually include collateral issued by the counterparty at the time of signing;
- invoicing is usually settled at 30-45 days;
- The price is not predetermined at the time of signing. There are no contractual provisions for inflationary elements or other types of hedging.
- The agreed price is equal to the zonal price minus a trade fee.

At the date of approval of the Consolidated Annual Financial Report as at 31 December 2023, trade receivables related to the sale of energy outstanding as at 31 December 2023 had been fully collected.

Liquidity risk

Liquidity risk can manifest itself in the difficulty of finding, at market economic conditions, the financial resources needed to meet contractual commitments.

It may arise from the insufficiency of available resources to meet financial obligations on the pre-established terms and deadlines in the event of a sudden revocation of revocable financing facilities or from the possibility that the company may have to meet its financial liabilities before their natural maturity.

It should be noted that on 12 December 2023, the company carried out a new issue with the "Bond Issue 2023-2029" with a term of 6 years, for a total nominal amount of EUR 170 million at a fixed annual nominal interest rate of 6.75%, to be partly allocated to the financing of future investments.

The new issue is in addition to the previous ones that took place respectively i) on 19 December 2019 with the "Bond issue 2019-2025" for a total amount of EUR 200 million, also with a duration of 6 years, at the annual nominal fixed rate of 3.125% and ii) on 3 November 2021 with the "Bond issue 2021-2027" for a total amount of EUR 200 million, also with a duration of 6 years, at a nominal fixed annual interest rate of 2.25% iii) on 17 May 2022, the company carried out a new issue with the "Bond Issue 2022-2028", with a term of 6 years, for a total nominal amount of EUR 100 million at a nominal fixed annual interest rate of 3.5%, to be used in part to finance future investments. It should be noted that the terms of the aforementioned bond issues meet the criteria of the "Green Bond Framework" adopted by the Company.

In any case, the Parent Company has cash and margins available on bank credit facilities adequate to meet temporary cash needs.

For the operating companies, the Group's financial management activities are centralised at Alerion Clean Power S.p.A., which negotiated financing lines on behalf of its subsidiaries in the form of *project financing* to meet the financial needs associated with the implementation of investment projects in the renewable energy production sector, particularly in the wind power sector, as well as short-term credit lines from leading banks. In addition, the Parent Company may grant loans to investee companies, in support of their development plans and in accordance with its own portfolio investment return objectives, and which are subordinated with respect to the repayment of medium/long-term project financing bank loans, if any.

The liquidity risk arising from individual investment projects is governed by maintaining an adequate level of cash and/or easily liquidated short-term securities as well as short-term credit lines. In addition, the Group has available margins on bank credit lines adequate to meet temporary cash requirements and deliberate investments, as well as the theoretical risk of repayment of on-demand credit lines, through the Group's centralised financial management.

The maturity analysis shown here was carried out by estimating future cash flows, the amounts of which were entered taking into account the first date on which payment may be required. The assumptions underlying the *maturity analysis* are:

- cash flows are not discounted;
- cash flows are posted in the reference *time band* based on the first due date (*worst case scenario*) under the terms of the contract;
- all instruments held at the end of the financial year for which payments have already been contractually designated are included; future commitments that are planned but not yet recorded in the Financial Statements are not included;
- when the amount payable is not fixed (e.g. future interest repayments), cash flows are valued at market conditions at the reporting date (forward rates current at year-end);
- cash flows include both the interest and principal portion until maturity of financial liabilities recognised at year-end;
- with regard to interest rate derivatives, the flows shown in the table were determined by assuming the periodic differentials between the fixed leg and the variable leg; the latter is estimated on the basis of forward rates at year-end.

Liquidity Analysis 2023 values in euro thousands

Notes	Instruments	Book Values	on demand	within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	beyond 5 years	Total cash Flow
23 24	Bank loans and borrowings	(176,645)	0	(11,610)	(10,765)	(21,538)	(19,050)	(19,574)	(26,964)	(98,465)	(207,966)
23 24	Operating lease liabilities	(16,687)	0	0	(1,137)	(1,137)	(1,137)	(1,137)	(1,137)	(17,055)	(22,740)
23 24	Bonds issued	(667,962)	0	(3,500)	(22,225)	(225,725)	(19,475)	(219,475)	(114,975)	(181,475)	(786,850)
23 24	Shareholder loan - non-controlling investors	(17,718)	0	0	0	0	0	(10,258)	0	(7,460)	(17,718)
23 24	Other Financial Payables	(185)	0	(185)	0	0	0	0	0	0	(185)
25	Derivatives	(352)	0	(352)	0	0	0	0	0	0	(352)
15	Trade payables	(95,689)	0	(95,689)	0	0	0	0	0	0	(95,689)
	Total	(975,238)	0	(111,336)	(34,127)	(248,400)	(39,662)	(250,444)	(143,076)	(304,455)	(1,131,500)

Liquidity Analysis 2022 values in euro thousands

Notes	Instruments	Book values	on demand	Within 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	beyond 5 years	Total cash Flow
23 24	Bank loans and borrowings	(161,811)	0	(15,950)	(13,275)	(19,537)	(19,077)	(16,555)	(16,941)	(116,745)	(218,080)
23 24	Operating lease liabilities	(17,122)	0	0	(1,144)	(1,144)	(1,144)	(1,144)	(1,144)	(18,304)	(24,024)
23 24	Bonds issued	(498,550)	0	(3,500)	(10,750)	(14,250)	(214,250)	(8,000)	(208,000)	(103,500)	(562,250)
23 24	Shareholder loan - non-controlling investors	(10,641)	0	0	0	0	0	0	(10,641)	0	(10,641)
15	Trade payables	(45,571)	0	(45,571)	0	0	0	0	0	0	(45,571)
	Total	(733,695)	0	(65,021)	(25,169)	(34,931)	(234,471)	(25,699)	(236,726)	(238,549)	(860,566)

As of 31 December 2023, following the recent bond issue, about 12.9% of the financial outflows related to the Group's financial liabilities will occur within the financial year, in line with 2022 when the ratio of financial outflows within the financial year represented about 10.5% of total cash flows; therefore, it is deemed that this risk may not have a significant impact on the Group's overall economic and financial structure.

Refinancing risk

It should be noted that the Group has issued, as of 19 December 2019, 4 bonds with the following characteristics:

Please note that with reference to the "**2019 -2025 Bond**", if on each Calculation Date the ratio of Derivative Net Accounting Financial Indebtedness to Derivative Net Equity is greater than 2.5, the Company undertakes not to incur any further Derivative Net Accounting Financial Indebtedness unless on the next Calculation Date such ratio is equal to or less than 2.5; "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December 2019. It should be noted that, the definition and calculation of the Net Derivative Accounting Financial Indebtedness and Net Derivative Equity will be carried out on the basis of the international accounting standards in force at the date of disbursement of each individual Bond and already adopted by the company for the preparation of the 2019 annual financial report.

Please note that with reference to "**Bond 2021 -2027**", "**Bond 2022 -2028**" and "**Bond 2023 -2029**", if on each Calculation Date the ratio of the Net Derivative Accounting Financial Indebtedness to the Net Derivative Equity is greater than 3, the Company undertakes not to incur any further Net Derivative Accounting Financial Indebtedness unless on the next Calculation Date such ratio is equal to or less than 3; "Calculation Date" means the date of 31 December of each year of the term of the Loan, commencing on 31 December following each of the issues identified above. It should be noted that the definition and calculation of the Derivative Net Accounting Financial Indebtedness and Derivative Net Equity will be performed on the basis of the international accounting standards in force at the date of the issue of each individual Bond and already adopted by the company for the preparation of the annual financial report for each financial year in which the issue took place.

No significant impact of the current macroeconomic environment on refinancing risks is expected, also considering the recent issuance on 12 December 2023.

Interest-rate risk

The Group is primarily exposed to financial risk arising from changes in interest rates. This risk stems mainly from variable-rate financial debts arising from project financing contracts that expose the Group to a cash flow risk linked to the volatility of the Euribor curve.

The management's objective is to limit the fluctuation of financial costs that have an impact on the economic result by containing the risk of a potential rise in interest rates. With this in mind, the Group pursues its objectives through the use of derivative contracts entered into with third parties (*Interest Rate Swaps*) aimed at predetermining or limiting the change in cash flows due to market fluctuations in the aforementioned interest rates, with reference to medium- and long-term debt. The use of these instruments is regulated according to established practices inspired by criteria consistent with the Group's risk management strategies.

Hedge accounting is performed from the date the derivative contract is entered into until the date of its extinction or expiry, documenting, with a specific report (hedging documentation), the risk being hedged and its purpose, as well as periodically verifying its effectiveness.

In particular, the cash flow hedge method provided for by IFRS 9 is adopted; according to this method, as illustrated in the section on "Valuation Criteria", the effective portion of the change in the value of the derivative moves a reserve in Equity, which is used to adjust the value of the hedged interest in the income statement as it occurs.

In the case of companies that have entered into hedging derivatives prior to joining the Group, these derivatives are recognised at fair value at the date of acquisition, as required by IFRS 3, and the portion of effectiveness to be recognised in the equity reserve is determined by deducting the subsequent change in fair value from the residual portion of the fair value outstanding at the date of acquisition (designation).

In the event that a hedging derivative is subject (due to changes in the expected future plans for the underlying liability or in the Group's hedging objectives) to reshaping, the prior reserve outstanding at the date of modification is released over time consistently with the hedged flows and, in parallel, the new (reshaped) transaction generates the recognition of a new reserve that is determined by stripping the subsequent change in fair value of the residual portion of the *fair value* outstanding at the date of modification of the instrument.

The fair value of interest rate swap contracts is obtained by discounting cash flows, determined as the differential between fixed and contractually estimated variable rates. The objective of the effectiveness assessment is to demonstrate the high correlation between the technical-financial characteristics of the hedged liabilities (maturity, amount, etc.) and those of the hedging instrument by performing retrospective and prospective tests, using the Dollar off-set and curve shift methodologies, respectively.

In particular, these tests are performed by identifying an ideal hedging derivative that replicates the utilisation and amortisation schedule of the hedged liability, in relation to both actual and future utilisations provided that these are highly probable (updating these values at each reference date on the basis of new information available), and has, with reference to the same maturities, a fixed rate that is unambiguous and consistent with the market levels applicable to the Group at the date of designation.

The hedge accounting method is abandoned when the hedging instrument matures, is terminated early or no longer qualifies as a hedge. At that time, the accumulated gains or losses of the hedging instrument recognised in equity are transferred to the Income Statement for the period for the portion pertaining to the year (while the remaining portion will be released as the hedged flows become manifest in the future) or released immediately to the Income Statement if the hedged future flows cease to be highly probable.

Changes in the fair value of derivative instruments that do not qualify as hedges are recognised in the income statement in the year in which they occur; all derivatives outstanding at 31 December 2023, are classified as hedges, although they sometimes generate ineffectiveness components linked to the cases described above (IFRS 3, remodelling, lower utilisation, etc.). The Group does not enter into derivative contracts for trading purposes.

The interest rate risk, mainly originated by payables to banks and linked to the volatility of the Euribor curve, is limited to 31 December 2023 as a result of the aforementioned bond issues made by the company starting from 19 December 2019.

Commodity price risk

The Group is primarily exposed to the volatility risk of electricity sales prices, i.e. the price risk related to the variability of future sales revenues generated by fluctuations in the sales prices of this commodity.

Generally speaking, the risk management strategy pursued by the Group with reference to energy risk management is aimed at containing the volatility induced by variations in electricity market prices on its margins and the consequent stabilisation of the related cash flows generated by the sale of the electricity produced by its generation plants from renewable sources.

The Group trades commodity derivatives ("commodity swaps") in order to mitigate the price risk attributable to a specific risk component embedded in the sale prices of the electricity generated. The underlying risk management objective is, therefore, to protect the value of future electricity sales from unfavourable movements in the risk component embedded in the sales prices contracted with its customer base.

Ultimately, the objective of the Group's accounting-designated hedging relationships is to set the value of the hedged risk component associated with highly probable future sales of electricity at certain market levels, through commodity swap trading.

Specifically, only the risk component linked to the trend of the reference price for the Italian wholesale electricity market (Single National Price "PUN") is hedged. This price represents, in substance, the main source of variability of the sale prices of electricity produced by the Group, the value of which is parametrised to the average of the prices recorded in the production areas of its plants (Zone Prices).

These Commodity Swap contracts provide for the monthly exchange of a differential between a fixed price and a variable price indexed to the average of the benchmark price (Single National Price "PUN") recorded in the reference month, applied to a given monthly volume of electricity (notional).

The individual derivatives traded by the Group are designated as Hedging *Instruments* in their entirety and therefore considering the entire change in fair value generated by them for the purpose of accounting measurement of the effectiveness of the hedging relationship.

In the event that a hedging derivative is subject (due to changes in the expected future plans for the underlying liability or in the Group's hedging objectives) to reshaping, the prior reserve outstanding at the date of modification is released over time consistently with the hedged flows and, in parallel, the new (reshaped) transaction generates the recognition of a new reserve that is determined by stripping the subsequent change in fair *value* of the residual portion of the *fair value* outstanding at the date of modification of the instrument.

The fair value of Commodity Swap contracts is obtained by discounting cash flows, determined as the differential between fixed prices and variable prices indexed to the average benchmark price (Single National Price "PUN") recorded in the reference month, applied to a given monthly volume of electricity (notional).

The objective of the effectiveness assessment is to demonstrate the high economic correlation between the technical and financial characteristics of the hedged liabilities and those of the hedging instrument (i.e. quantity, maturity, price benchmarks) and is assessed prospectively on a qualitative basis at each designation date and with reference to the relevant time horizon.

Specifically, as part of the designation process of a hedging relationship, it is verified that a total volume of Hedging Instruments is not designated in excess of the expected sales volumes based on the expected generation from the Group's production assets, **and**, at the same time, the existence of the effectiveness requirements specifically provided for by IFRS 9 is verified, namely:

- there is an economic relationship between the Hedging Instrument and the Hedged Item: the relevant contractual terms (quantities, maturities, price benchmarks) of the designated hedging derivatives are substantially aligned with those of the hedged future sales transactions;
- the effects of credit risk are not dominant with respect to the underlying changes in fair value: hedging derivatives are currently negotiated by the Group with a primary player in the energy market and with time horizons not exceeding 12 months; consequently, the effects of credit risk can be reasonably assumed not to be dominant with respect to the changes in fair value of the hedging relationships designated in the accounts;
- the Hedge Ratio subject to accounting designation is aligned with that considered for risk management purposes: current risk management practices, in the absence of assessments

based on statistical regression coefficients, provide for the definition of a constant Hedge Ratio of 1:1.

In addition to the qualitative demonstration of the prospective effectiveness of the designated hedging relationships and with the objective of demonstrating the reliability of the hedged purchase forecasts, on a quarterly basis a monitoring of the actual volumes of energy produced and sold recorded in the final balance is carried out and its capacity is verified with respect to the volumes previously hedged and designated in hedge accounting.

Sensitivity analysis

Financial instruments exposed to interest rate risk were subject to a sensitivity analysis as at 31 December 2023. Using short- and medium-term interest rates, 3-month and 6-month, respectively, for an asymmetric sensitivity analysis using a +100/-25 bps change in rates to reflect the current market condition of reference interest rates.

The assumptions underlying the model are as follows, as already specified in the liquidity analysis, for the purposes of the analysis below:

- for bank current account exposures and loans from minority shareholders, the amount of financial costs/income is restated by applying the change of +100/-25 bps multiplied by the values recorded in the Financial Statements and a time interval equal to the financial year;
- for loans with a repayment schedule, the change in financial costs is determined by applying the change of +100/-25 bps to the loan's borrowing rate at each *re-fixing* date multiplied by the principal outstanding during the year;
- the change in the *fair value of interest rate swap* contracts at year-end is calculated by applying the change of +100/-25 bps to the *Euribor-Swap* curve at year-end. The ineffectiveness rate of cash flow hedges was calculated on the basis of the ineffectiveness recognised at the end of the financial year. Account was also taken of the settlement of the differentials of the derivative instrument on each reporting date of the underlying interest rate.

figures as at 31 December 2023 values in euro thousands	Economic Result		Equity Reserve	
	+ 100bp Euribor	(25bp) Euribor	+ 100bp Euribor	(25bp) Euribor
Instruments				
Bank loans and borrowings	(1,766)	442		
Bonds issued	(6,680)	1,670		
Shareholder loan - non-controlling investors	(177)	44		
IRS derivative instruments	133	(33)	3,643	(960)
Bank accounts assets	3,432	(858)		
Total	(5,058)	1,265	3,643	(960)

figures as at 31 December 2022 values in euro thousands	Economic Result		Equity Reserve	
	+ 100bp Euribor	(25bp) Euribor	+ 100bp Euribor	(25bp) Euribor
Instruments				
Bank loans and borrowings	(1,618)	405	0	0
Bonds issued	(4,986)	1,246	0	0
Shareholder loan - non-controlling investors	(106)	27	0	0
IRS derivative instruments	118	(30)	4,096	(1,091)
Bank accounts assets	2,266	(567)		0
Total	(4,326)	1,081	4,096	(1,091)

39. DETAILS OF RELATED PARTY AND INTERCOMPANY TRANSACTIONS AS AT 31 DECEMBER 2023

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as the subsequent Related Party Transaction Regulation No. 17221 of 12 March 2010 and subsequent amendments, it is hereby specified that there are no related party transactions of an atypical or unusual nature, unrelated to normal business operations or such as to prejudice the Group's economic and financial situation.

Transactions entered into with related parties are part of normal business operations, within the scope of the typical activity of each party concerned, and are regulated at arm's length.

In the consolidated financial statements as at 31 December 2023, all significant balances and transactions between Group companies were eliminated, as well as profits and losses from intra-group trade and financial transactions not yet realised with third parties.

The following table shows the balances related to transactions with related parties, which mainly refer to administrative and technical consultancy services rendered to third party companies and investments accounted for using the equity method, amounting in total to EUR 6,043 thousand in 2023 recognised in the item other revenue and income (EUR 3,137 thousand as of 31 December 2022) and EUR 208 thousand recognised in the item "Net gains on equity investments".

In relation to the requirements of international accounting standard IAS 24 on "Related Party Disclosures" and the additional information required by Consob Communication No. 6064293 of 28 July 2006, the following are the schedules of related party and intercompany transactions and the impact that transactions or positions with related parties have on the Alerion Group's financial position, results of operations and cash flows:

(values in thousands of euro)

Revenue Costs Assets Liabilities

Entities with significant influence on the Group:

Investments accounted for using the equity method:

Ecoenergia Campania S.r.l.	107	0	462	21
New Green Molise S.r.l.	1,736	100	8,040	0
Bioenergia S.r.l.	10	0	177	0
Generai Srl	12	0	344	0
Parco Eolico Santa Croce del Sannio House S.r.l.	6	3	77	3
Tre Torri Energia S.r.l.	22	0	503	0
Energo Windprod S.r.l.	1	0	109	0
Vulturu Power Park S.r.l.	1	0	108	0
Vulturu Wind Farm S.r.l.	0	0	191	0
Alerion Clean Power RO Srl	0	0	5,746	48

Total Investments accounted for using the Equity Method

1,895 103 15,756 72

Related parties:

FRI EL Green Power Group	4,379	2,322	5,665	4,171
Wind Development Srl	0	118	0	1,547
Simest S.p.A.	0	423	0	17,625

Total related parties

4,379 2,863 5,665 23,343

Total

6,264 2,966 21,421 23,415

It should be noted that revenues from the FRI-EL Group, amounting to EUR 4,379 thousand, are mainly attributable to (i) the recharging of employees in Alerion Servizi Tecnici e Sviluppo S.r.l. and (ii) the management and maintenance services of the wind farms in Alerion Service.

Costs payable to the FRI-EL Group, amounting to euro 2,322 thousand, mainly relate to i) fees for asset management services of euro 1,114 thousand; ii) fees for ordinary plant maintenance of euro 7 thousand; iii) costs for use of third party assets of euro 143 thousand; and iv) administrative services of euro 275 thousand. Contracts for the first type of services consist of the management of commercial services and electricity sales, day-to-day technical management of wind farm operations, remote control and analysis of data sent remotely from wind farms, and supervision in the area of security.

<i>(values in thousands of euro)</i>	Related parties				Total
	Investments accounted for using the equity method	FRI EL Green Power Group	Wind Development S.r.l.	Simest S.p.A.	
Trade receivables	202	2,330	0	0	2,532
<i>total trade receivables</i>	22,575	22,575	22,575	22,575	22,575
incidence	0.9%	10.3%	0%	0%	11.2%
Other receivables	4,428	1,363	0	0	5,791
<i>total other current assets</i>	33,087	33,087	33,087	33,087	33,087
incidence	13.4%	4.1%	0%	0%	17.5%
Current financial receivables	230	0	0	0	230
<i>total current financial receivables</i>	68,218	68,218	68,218	68,218	68,218
incidence	0.3%	0%	0%	0%	0.3%
Non-current financial receivables	10,896	1,972	0	0	12,868
<i>total non-current financial receivables</i>	14,994	14,994	14,994	14,994	14,994
incidence	72.7%	13.2%	0%	0%	85.8%
Non-current financial liabilities	0	0	0	17,412	17,412
<i>total non-current financial liabilities</i>	844,191	844,191	844,191	844,191	844,191
incidence	0%	0%	0%	2.1%	2.1%
Other non-current liabilities	0	0	1,440	0	1,440
<i>total other non-current liabilities</i>	15,849	15,849	15,849	15,849	15,849
incidence	0%	0%	9.1%	0%	9.1%
Current financial liabilities	0	0	0	213	213
<i>total current financial liabilities</i>	35,006	35,006	35,006	35,006	35,006
incidence	0%	0%	0%	0.6%	0.5%
Trade payables	46	96	107	0	248
<i>total trade payables</i>	95,689	95,689	95,689	95,689	95,689
incidence	0.0%	0.1%	0.1%	0%	0.3%
Current tax liabilities	0	0	0	0	0
<i>total current tax liabilities</i>	34,446	34,446	34,446	34,446	34,446
incidence	0%	0%	0%	0%	0%
Other current liabilities	26	4,076	0	0	4,101
<i>total other current liabilities</i>	16,477	16,477	16,477	16,477	16,477
incidence	0.2%	24.7%	0%	0%	24.9%
Provisions for future risks and charges	0	0	0	0	0
<i>Total provisions for future risks and charges</i>	13,839	13,839	13,839	13,839	13,839
incidence	0%	0%	0%	0%	0%
Electricity sales	0	0	0	0	0
<i>total electricity sales</i>	159,615	159,615	159,615	159,615	159,615
incidence	0%	0%	0%	0%	0%
Other revenue and income	1,665	4,379	0	0	6,043
<i>total other revenue and income</i>	37,784	37,784	37,784	37,784	37,784
incidence	4.4%	11.6%	0%	0%	16.0%
Other operating costs	103	2,209	118	0	2,431
<i>total other operating costs</i>	42,151	42,151	42,151	42,151	42,151
incidence	0.2%	5.2%	0.3%	0%	5.8%
Net financial costs	23	(113)	0	(423)	(513)
<i>total net financial costs</i>	(16,979)	(16,979)	(16,979)	(16,979)	(16,979)
incidence	(0.1%)	0.7%	0%	2.5%	(3.0%)
Net gains on equity investments	208	0	0	0	208
<i>total net gains on equity investments</i>	23,686	23,686	23,686	23,686	23,686
incidence	0.9%	0%	0%	0%	0.9%

40. REMUNERATION PAID TO MANAGEMENT AND CONTROL BODIES, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Following Consob Resolution No. 18079 of 20 January 2012, which repealed Appendix 3C, information on the remuneration to members of the management and control bodies, general managers and managers with strategic responsibilities is contained in the Report on Remuneration, pursuant to Article 123 ter T.U.F. (Consolidated Law on Finance).

41. LEGAL DISPUTES

Outstanding legal disputes as at 31 December 2023 are set out below.

Parent company legal disputes

SIC - Società Italiana Cauzioni S.p.A now Atradius

A civil lawsuit was brought before the Court of Rome involving Alerion and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate"), as third parties summoned by SIC - Società Italiana Cauzioni S.p.A. now Atradius, in their capacity as policyholders in the proceedings brought by AGIED S.r.l. against INPDAP and SIC.

The policies had been issued to guarantee AGIED S.r.l.'s obligations to indemnify the monetary losses that INPDAP might suffer as a result of AGIED S.r.l.'s wilful acts in the tasks envisaged in the agreement signed between AGIED and INPDAP for the management of part of INPDAP's real estate.

The subject-matter of this action is the ascertainment and declaration of extinction, due to expiry of the time limit, of those surety policies. In particular, AGIED S.r.l. asked the Court to declare that INPDAP was not entitled to enforce the aforementioned policies and that SIC was therefore not obliged to pay anything to INPDAP.

Alerion and Alerion Real Estate were co-obligated with SIC for the performance of the obligations under the policies as holders of shares in AGIED. These shares were transferred by deed of 24 May 1999, following which SIC, by letter of 9 June 1999, declared Alerion and Alerion Real Estate released from the co-obligation undertaking with respect to events occurring after the date of transfer of the shares.

SIC, which agreed with AGIED's conclusions, however, sued Alerion and Alerion Real Estate in 2005, since the liability for the alleged damages claimed by INPDAP could not be placed in time due to the vagueness of the claims.

It should be noted that in relation to the policies cited by ATRADIUS, the then SIC had released the co-obligors Alerion and Alerion Real Estate by a specific letter with reference to events occurring after the date of transfer of shares of 24 May 1999. This assumption makes it possible to note the absolute extraneousness of the companies from that judgement since they were released from any coobligation by SIC and therefore not to consider the existence of any risk borne by both companies.

On 1 December 2014, the Court of First Instance condemned only SIC (as at the Registration Document Date, ATRADIUS) and found that the defaults materialised after 31 December 2000, therefore after the release of the co-obligated companies, thus allowing the Court to state that it had implicitly excluded the standing of Alerion and Alerion Real Estate. Therefore, Alerion's position is to be considered satisfactory.

AGIED and ATRADIUS (formerly SIC) autonomously appealed against the first instance judgment before the Court of Appeal, since the proceedings were pending for challenges to the same judgment, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joinder of the judgments.

In its ruling of 9 May 2022, the Court of Appeal of Rome rejected the opposing claims and upheld the companies' defences, considering the companies' declaration of release from the obligations of the aforementioned policy. Atradius appealed the judgment in cassation.

Alerion Real Estate S.r.l. in Liquidation and Alerion S.p.A. filed a counter-appeal with the Court of Cassation against Atradius' appeal, requesting that it be dismissed as inadmissible on the ground that it was directed to contesting the merits of both the judgment of the Court of Appeal of Rome and the first instance judgment of the Court of First Instance of Rome (so-called "double conforming"). The parties entered an appearance within the time limit. The first hearing is pending.

Commodities litigation

The company brought a lawsuit seeking to declare certain commodity derivative contracts null and void and, therefore, to declare that nothing more is owed by the company under those contracts and that the amounts already paid by it must be returned. The company believes that the arguments underlying the nullity claim are worthy of acceptance. Nevertheless, purely for the sake of prudence, the item "Provisions for future risks and charges" (in the amount of EUR 37.6 million) still takes into account the amount that the company would have to pay to its counterparties if, despite the legal claims brought, the validity of the aforementioned derivative contracts were to be confirmed.

The judge ordered the preliminary investigation by appointing a court-appointed expert witness. At the hearing on 22 June 2023, the case went to decision. The Technical Consultant filed a report on 11 May 2023, which was unexpectedly unfavourable to the Company. On 8 February 2024, the judgment issued by the Court of Milan on the same date was notified, rejecting the claims made by the plaintiff and ordering the Company to pay the amount due to the defendant. Both parties agreed to enter into a settlement agreement that settled all pending issues in relation to the derivative contracts, which are to be deemed fulfilled.

Legal disputes on other group companies

IRES litigation - deductibility of interest expenses

The Agenzia delle Entrate - Direzione Provinciale di Agrigento (Agrigento Provincial Tax Office) issued four separate notices of assessment to the Company for a total of EUR 1.3 million, plus interest and penalties relating to the years 2008, 2009, 2010 and 2011 concerning a tax advantage consisting in the deductibility of interest expense accrued on the loan taken out following a corporate reorganisation transaction under the MLBO (Merger Leveraged Buy Out) scheme.

In August 2015, the Agrigento Tax Court of First Instance (hereinafter "CGT") dismissed the appeals filed by the Company against these notices of assessment.

The company then appealed, claiming the illegitimacy of the rulings of the Agrigento CGT, challenged for lack of grounds and non-existence of the tax claim. In April 2016, the CGT of second instance in Palermo rejected the appeals.

In December 2016, the Provincial Directorate of Agrigento only partially accepted an annulment measure, whereby the amounts assessed, by way of taxes and penalties, against the subsidiary were redetermined.

The amount assessed is now, following the annulment measure, EUR 0.7 million, plus penalties and statutory interest, down from the original amount of EUR 1.3 million, plus penalties and interest.

The reasons, which induced the Provincial Directorate of Agrigento to make such a ruling, are to be found in the fact that the economic reasons underlying the Leveraged Buy Out (LBO) transaction, which had seen

the entry of the shareholder Alerion into the WPS shareholding structure through a reverse merger with a Newco used for the purpose, were only partially applicable.

According to the lawyers assisting the company, the result obtained with the annulment measure, albeit partial, strengthens the company's position in dealing with the appeal in the Supreme Court.

The company therefore decided to lodge an appeal. This was notified to the Supreme Court of Cassation on 5 December 2016.

It should also be noted that i) in May 2017, Equitalia (Italian tax collection agency) accepted the request to pay in 48 instalments 2 tax bills issued for a total of EUR 0.4 million with reference to the years 2010 and 2011 and ii) in December 2017, Equitalia accepted the request to pay in 72 instalments 2 tax bills issued for a total of EUR 0.9 million with reference to the years 2008 and 2009. The instalment payments ended in December 2023.

It should be noted that Alerion's exposure in the event of a possible loss would in any case be limited to 50%, by virtue of the commitment made by the previous shareholders, Moncada and Campione, at the time of the sale and purchase of the company shares, to bear 50% of the risk.

The lawyers following the litigation, however, deem the risk of losing the case as only possible, but not probable. Therefore, no provision was made in the Financial Statements for risks arising from the aforementioned litigation. Payments made up to 31 December 2023 were therefore shown under other receivables and were assessed as recoverable.

IRES litigation - IRAP - depreciation

It should be noted that some Group companies are in litigation with the Agenzia delle Entrate (Italian Tax Authority) in relation to the depreciation rates of their wind farms.

In particular, the Agenzia delle Entrate served on the companies Callari S.r.l., Minerva S.r.l., Ordona Energia S.r.l., Parco Eolico Licodia Eubea S.r.l. and Renergy San Marco S.r.l, notices of assessment disallowing the portion of amortisation, depreciation and impairment losses (exceeding the 4% rate) deducted for IRES and IRAP purposes in 2013, 2014, 2015 and, limited to Callari S.r.l., in 2016.

The Company, based on the assessment of the tax experts assisting it and supported by the judgments rendered between the parties, decided not to change the tax treatment of the item for the years subject to depreciation and subsequent years and to challenge these assessments in court.

All assessment notices were annulled with rulings in favour of the companies in first and second instance. The second instance judgments were appealed by the other party before the Court of Cassation.

The Companies availed themselves of the option to settle the disputes pending before the Court of Cassation on a facilitated basis pursuant to Article 1, paragraphs 186 et seq. Law No. 197/2022, subject to the payment of a total of EUR 0.1 million (equal to 5% of the higher ascertained taxes), based on the assessment of the defendants' counsel, who pointed out the objective economic convenience of the out-of-court settlement, which entailed an outlay of less than 2% of the overall risk of the disputes (considering higher taxes, penalties and interest). The disputes before the Court of Cassation are still pending, awaiting the declaration of extinction due to the cessation of the matter in dispute.

Land registry litigation pre-Law 208/2015

It should be noted that for the years prior to 2016, cases are still pending with the Agenzia delle Entrate concerning assessments on property yields. The companies set aside provisions totalling EUR 1.2 million.

Land registry litigation post Law 208/2015

In the year 2016, the Group's operating companies submitted the deeds for the cadastral update of the wind turbines pursuant to paragraphs 21 and 22 of Article 1 of Law 208/2015 (Stability Law 2016, so-called "Legge degli Imbullonati (Law of the Bolted)"). As of the 2016 financial year, the property tax was therefore calculated on the basis of the newly redetermined yield.

In early 2017, however, cadastral assessment notices were served on some Group companies, whereby the cadastral rents of wind turbines were increased as a result of the inclusion of the tower and other components in the calculation base. The companies have lodged appeals and, as at the Prospectus Date, these disputes are still pending.

With Circular No. Letter 28E of 16 October 2023, the Agenzia delle Entrate provided clarifications on the determination of the cadastral yield, with particular regard to the eligibility for direct assessment of the value of the support tower. In this regard, in light of the orientation expressed by the most recent case law, the Agency excluded the value of the tower from the cadastral estimate.

In the light of the above, the Agency invited the territorial structures to reconsider the disputes and abandon the claim for the higher income assessed referring to the wind tower.

Taking into account the well-established orientation of the Supreme Court of Cassation and the recent Circular 28E mentioned above, with reference to cadastral disputes, the risk of losing the case in relation to the higher amount of the cadastral yields deriving from the inclusion by the Tax Authorities of the tower in their calculation is now considered remote, while the risk relating to further elements of the adjustments made by the Tax Authorities to the cadastral yields, given the still varied orientation of the case law on the matter, can be estimated, at least prudentially, as still probable. The outcome of the property tax disputes is obviously dependent on that of cadastral disputes, so the related tax risk is related and similar to the latter. Provisions were made and adjusted: as at 31 December 2023, there were provisions of EUR 1.8 million.

COSAP litigation

In November 2018, the Province of Foggia approved a new regulation for the application of the fee for the occupation of public spaces and areas (COSAP) and the concomitant repeal of the Regulation for the occupation of public spaces and areas and for the application of the related tax (TOSAP).

With the application of the new Regulation, the Province of Foggia communicated to the companies Renergy San Marco S.r.l. and Ordon Energia S.r.l. the notices of payment of the COSAP for the 2019 financial year calculated on the occupation of the subsoil of the provincial roads with its cable ducts. Compared to the previous TOSAP regulation, which provided for the payment of a fee per linear kilometre, with the new COSAP regulation a fee is charged on the occupied surface area. As a result, the new fees were excessively higher than the Tosap.

The companies Ordon Energia S.r.l. and Renergy San Marco S.r.l. appealed before the Regional Administrative Court of Puglia, which rejected the appeals, and the companies appealed the rulings before the Council of State.

In the civil proceedings before the Court of Foggia, the judge ordered a Technical Consultancy Office to quantify the amount of the COSAP fee, as of the date of this prospectus, the respective expert reports have been filed, which have a lower fee than the claims made by the Province. At the hearing held on 16 February 2022, settlement proposals were made adhering to the fees quantified by the expert report. The judgment is pending.

In January 2022, the companies voluntarily paid the contribution for the financial years 2019 and 2020 limited to the annual fee quantified in the expert reports. There is a provision for risks set aside equal to the excess between the contribution claimed and the contribution paid totalling EUR 0.1 million.

In April 2023, the two court cases were concluded with the settlement agreement between the parties, and nothing more is due than what was paid in January 2022.

CUP litigation

In May 2021, the Province of Foggia approved, with effect from 1 January, a new Regulation for the application of the Single Property Fee (CUP) and the simultaneous repeal of the COSAP Regulation. This regulation envisages the application of a standard unit tariff that would lead to a reduction of the fees for the use of the subsoil compared to COSAP. However, a safeguard clause was introduced in the same regulation, allowing local authorities to regulate this fee in such a way as to ensure that the revenue is not less than that from previous taxes (COSAP). The companies Ordonia Energia S.r.l. and Renergy San Marco S.r.l. challenged the Regulation before the Regional Administrative Court of Puglia, which will be extinguished due to inactivity as the Regulation was annulled in another judgement, later confirmed by the Council of State.

In 2023, the two companies challenged the regulatory provision approved by the Province of Foggia before the Puglia Regional Administrative Court on the grounds that it was inconsistent with the aforementioned Council of State ruling, and paid the CUP contribution to the extent deemed appropriate. The companies set aside EUR 0.1 million equal to the higher contribution claimed.

Article 15-bis of Decree-Law No. 4 of 27 January 2022 ("Support Decree ter")

The introductory appeal was notified in September 2022 and had as its object the annulment of the implementing resolutions issued by ARERA, in the part in which Article 15 of Decree-Law No. 4/2022 introduced an extraordinary measure (the so-called "two-way mechanism"), applicable to certain types of renewable plants (incentivised photovoltaic plants and renewable plants - including wind power - not incentivised and in operation since 2010).

By decision No. 357/2023, the Regional Administrative Court of Milan upheld pilot judgment R.G. 1770/2022 - brought by an operator that is not part of the Fri-El/Alerion perimeter - and to the effect annulled ARERA's application acts, finding that: (i) although the contrary nature of the provision to the EU Regulation was not the subject of independent censure, it constituted a useful hermeneutical canon for the assessment of the conformity of Article 15 bis with Community law as a whole; (ii) Article 15 bis, at least from the point of view of literal interpretation, is contrary to Community and national law, since it does not allow the "coverage of operating and investment costs" to be ensured, nor does it affect only the "infra-marginal profits" actually made; (iii) an interpretation of Article 15 bis in conformity with constitutional and Community law is in any event possible.

The aforesaid ruling was suspended by the Council of State with Order No. 1126 of 22 March 2023 (hearing on the merits to be held on 5 December 2023), rendered in appeal R.G. 10025/2022: the appellate court - while not agreeing with the rulings of the court of first instance concerning the extension of ARERA's regulatory power - held that any assessment of the compatibility of the provisions sub iudice with the

European legislation that had come into force (e.g., EU Regulation 1854/2022) was not prejudiced, where contained in specific grounds of complaint.

In the light of these developments, the Milan Regional Administrative Court saw the need to assess the conformity of Article 15 bis of Decree-Law 4/2022 with the EU Regulation and set for 21 June 2023 a hearing for the discussion of the appeals still pending.

In particular, the Regional Administrative Court of Milan, in the context of judgment R.G. 1764/2022, issued Order No. 1744/2023 of 7 July 2023, in which it found a potential conflict between Article 15 bis and the European Union legislation and, as a result, submitted the following questions to the Court of Justice of the European Union.

The case was registered by the Court of Justice of the European Union under case number C - 423/23; the case is still pending and a hearing will be scheduled for the first half of 2024.

Only after the decision of the Court of Justice of the European Union will the pending judgements before the Regional Administrative Court of Milan also be settled. We expect a decision by the Regional Administrative Court by the end of 2024.

Taking note of the pending before the Court of Justice of the European Union of case C - 423/23, the Council of State postponed the discussion of appeal R.G. 10025/2022 to a date to be determined.

Article 37 of Decree-Law No. 21 of 21 March 2022

Certain companies of the Group ("The Companies") appealed to the Regional Administrative Court of Lazio for the annulment, subject to precautionary suspension, of the Circular of 17 June 2022 of the Agenzia delle Entrate (Italian Revenue Agency) with which indications were given on the fulfilment of the extraordinary payment terms, pursuant to Article 37 of the Decree-Law of 21 March 2022 (Ukraine Bis Decree).

Article 37 introduced "an extraordinary solidarity levy" on revenues earned between 1 October 2021 and 30 April 2022 that exceed the threshold set by the same provision.

At the same time as the appeal, the implementation measure of the Agenzia delle Entrate of 17 June 2022 was also challenged, in which indications were given as to the "fulfilments, including declaratory ones, and the methods of payment of the extraordinary contribution, pursuant to Article 37 of Decree-Law No. 21 of 21 March 2022."

The Regional Administrative Court issued a ruling declining jurisdiction. The ruling was appealed by the Companies to the Council of State, which upheld and confirmed the competence of the Regional Administrative Court to decide on the legitimacy of the measure issued by the Agenzia delle Entrate and the disputes pursuant to Article 37 of Law Decree 21/2022.

In April 2023, the companies filed a tax appeal against the tacit refusal of the request for reimbursement of the contribution paid. The introductory appeal was notified in September 2022 and had as its object the annulment of the measure of the Director of the Agenzia delle Entrate prot. no. 221978 of 17 June 2022, by which it implemented Article 37 of Legislative Decree no. 21/2022, imposing on all energy market operators the payment of the so-called solidarity contribution provided for in the primary regulation.

Subsequent to the filing of the original application and the publication of EU Regulation No 2022/1854 of 6 October 2022, the Company, by way of additional grounds notified on 29 November 2022, expanded the

scope of the action, complaining of the direct conflict of Article 37 of Law Decree 21/2022 and the implementing measures with the same EU Regulation.

In early 2023, a public hearing was held for the discussion of the merits of the judgments, at the outcome of which the Regional Administrative Court ordered the suspension pursuant to the combined provisions of Articles 79 and 295 of the Code of Civil Procedure for the following reasons:

i. in disputes concerning the same contested acts, several cassation appeals have been lodged on grounds of jurisdiction pursuant to Article 362(1) of the Code of Civil Procedure, and that the question of jurisdiction has priority, from a logical-legal point of view, over all the others raised in the proceedings, ordered awaiting the decision on the question of jurisdiction by the United Sections of the Court of Cassation;

ii. the Tax Court of First Instance, hearing the same issues in substantially similar disputes, having regard to the prospect of multiple profiles of constitutional illegitimacy of the rules governing the matter, raised before the Constitutional Court the question of the legitimacy of those rules for violation of Articles 3, 23, 41, 42, 53, 117 of the Constitution and, mediately, of Article 1 of the First Protocol to the European Convention on Human Rights.

In a judgment published on 19 October 2023, collection number 29035/2023, the United Sections established the jurisdiction of the administrative court to settle disputes - such as the present one - concerning the measures implementing Article 37 of Decree-Law No. 21/2022 as administrative acts with a general content, which are unquestionably contestable before the Administrative court, by virtue of the provision in Art. 7, paragraphs 1 and 4 of the Administrative Process Code.

We expect the merits of the judgments to be decided by the Rome Regional Administrative Court by the end of 2024. It is not excluded that the Rome Regional Administrative Court may raise the issue of the constitutionality of Article 37 of Decree-Law No. 21/2022.

Article 1 paragraphs 115 -121 Budget Law 2023 No. 197/2022

Introduced by Article 1 paragraph 115 of Law 127 of 29 December 2022, the contribution is determined by applying a rate of 50 per cent to the portion of total income earned in the tax period prior to 1 January 2023, as determined for IRES purposes, that exceeds, by at least 10 per cent, the average total income earned in the previous four tax periods. In any event, it is payable up to a quota equal to 25 per cent of the value of the net assets at the end of the financial year preceding the one in progress on 1 January 2022.

The introductory appeals filed by the companies of the Group were notified in April 2023 and concerned the annulment of the measures taken by the Agenzia delle Entrate for the application of Article 1, paragraphs 115 et seq. of Law No. 197 of 28 December 2022, in order to request their reform, after granting precautionary measures.

The Rome Regional Administrative Court initially rejected the application for precautionary protection; the companies appealed for precautionary protection before the Council of State, which ordered the Rome Regional Administrative Court, pursuant to Article 55, para. 10 of the Code of the Administrative Process, to set the public hearing for the discussion of the merits of the judgments as soon as possible.

The Rome Regional Administrative Court has set a hearing for 21 November 2023 for only a few pilot judgments - including one involving a company assisted by DLA Piper.

Following this hearing, the Rome Regional Administrative Court, by order no. 733/2024 of 16 January 2024, raised the issue of the constitutional legitimacy of Article 1, paragraphs 115 et seq. of Law no. 197 of 28 December 2022 with reference to Articles 3, 53 and 117 of the Constitution, and in particular:

1. The Regional Administrative Court found that there was a conflict between the national rule and the constraints arising from EU law and, specifically, EU Regulation 1854/2022;
2. The Regional Administrative Court held that the above-mentioned provisions were not suitable for identifying and determining precisely the extra profits realised that the rule intended to tax for the purpose of equalisation, with the consequent breach also of Articles 3 and 53 of the Constitution and, therefore, of the principles of equality and ability to pay.

The Constitutional Court is expected to decide by the end of the year.

One-way compensation mechanism or price cap - L. 197/2022

Paragraphs 30-38 of Article 1 of Law 127 of 29 December 2022 provide that, in implementation of Council Regulation (EU) 2022/1854 of 6 October 2022, as of 1 December 2022 and until 30 June 2023, a cap will be applied on market revenues obtained from the production of electricity through a one-way compensation mechanism. It is envisaged that the Gestore dei Servizi Elettrici (GSE) will collect from producers the difference between the pre-established reference price of EUR 180 per MW/h and the market price, which is equal to the monthly average of the hourly zone market price, calculated as a weighted average for non-programmable plants on the basis of the individual plant's production profile.

Other minor disputes

In addition, there are other smaller disputes pending at the Group level for which the Company has decided to set aside the necessary funds.

In view of the status of the lawsuits and taking into account the opinions of its legal advisors, the amount of the provision for risks in the Financial Statements is deemed adequate.

42. INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD [DETAIL]

For each company, the current and non-current assets, liabilities, expenses and revenues recognised in the consolidated financial statements as at 31 December 2023 are shown below.

Ecoenergia Campania S.r.l.

With reference to the *joint venture* in Ecoenergia Campania S.r.l., a company that owns a wind farm in Lacedonia, in the province of Avellino, with an installed capacity of 15 MW, we provide current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of and for the year ended 31 December 2023, in accordance with the equity method:

Ecoenergia Campania S.r.l. (EUR thousands)

	31.12.2023	31.12.2022
Non-Current Assets	6,648	7,422
Current Assets	3,588	4,767
<i>of which Cash and cash equivalents</i>	<i>2,822</i>	<i>3,595</i>
Total assets	10,236	12,189
Equity	5,372	6,409
Non-current liabilities	377	397
Current liabilities	4,487	5,383
Total liabilities and equity	10,236	12,189
	2023	2022
Revenue	3,378	7,119
Costs	(2,087)	(4,796)
<i>of which Amortisation, depreciation and impairment losses</i>	<i>(751)</i>	<i>(754)</i>
<i>of which Interest Expense</i>	<i>12</i>	<i>(4)</i>
<i>of which Income Taxes</i>	<i>(558)</i>	<i>(2,930)</i>
Profit for the period	1,291	2,323
Dividends distributed	(2,328)	(2,914)
	31.12.2023	31.12.2022
Net assets	5,372	6,409
Percentage held in participation	50%	50%
Book value of the shareholding	2,686	3,205

New Green Molise S.r.l.

New Green Molise S.r.l. is a company that owns a wind farm in San Martino in Pensilis, in the province of Campobasso, with an installed capacity of 58 MW. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

New Green Molise S.r.l.	(EUR thousands)	
	31.12.2023	31.12.2022
Non-Current Assets	54,255	58,715
Current Assets	15,271	13,949
<i>of which Cash and cash equivalents</i>	<i>13,880</i>	<i>10,893</i>
Total assets	69,526	72,664
Equity	39,439	39,554
Non-current liabilities	10,467	10,112
<i>of which Non-current financial liabilities</i>	<i>10,074</i>	<i>9,550</i>
Current liabilities	19,620	22,998
<i>of which Current financial liabilities</i>	<i>974</i>	<i>1,847</i>
Total liabilities and equity	69,526	72,664
	2023	2022
Revenue	13,733	30,220
Costs	(9,456)	(25,683)
<i>of which Amortisation, depreciation and impairment losses</i>	<i>(4,138)</i>	<i>(4,120)</i>
<i>of which Interest Expense</i>	<i>(210)</i>	<i>(2,244)</i>
<i>of which Income Taxes</i>	<i>(2,098)</i>	<i>(15,836)</i>
Profit for the period	4,277	4,537
Comprehensive income statement		
Effective portion of gains/(losses) on cash flow hedging instruments related to companies whose investments are accounted for using the equity method	0	1,748
<i>Related tax</i>	<i>0</i>	<i>(420)</i>
Total Other comprehensive income that could be reclassified to profit or loss, net of tax effect	0	1,328
Dividends distributed	(4,392)	(11,636)
	31.12.2023	31.12.2022
Net assets	39,439	39,554
Percentage held in participation	50%	50%
Book value of the shareholding	19,720	19,777

Generai S.r.l.

Generai S.r.l. is a company that owns a project under development for the construction in the municipality of Cerignola (FG) of a wind power plant with a total capacity of 29.4 MW. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Generai S.r.l.	(EUR thousands)	
	31.12.2023	31.12.2022
Non-Current Assets	1,926	1,872
Current Assets	237	21
<i>of which Cash and cash equivalents</i>	<i>211</i>	<i>19</i>
Total assets	2,163	1,893
Equity	1,770	1,769
Non-current liabilities	339	70
<i>of which Non-current financial liabilities</i>	<i>339</i>	<i>70</i>
Current liabilities	54	54
<i>of which Current financial liabilities</i>	<i>43</i>	<i>50</i>
Total liabilities and equity	2,163	1,893
	2023	2022
Costs	(18)	(9)
<i>of which Interest Expense</i>	<i>(8)</i>	<i>(5)</i>
<i>of which Income Taxes</i>	<i>5</i>	<i>3</i>
Profit for the period	(18)	(9)
Dividends distributed	19	15
	31.12.2023	31.12.2022
Net assets	1,770	1,769
Percentage held in participation	50%	50%
Book value of the shareholding	884	884

Bioenergia S.r.l.

Bioenergia S.r.l. is a company that owns a project under development for the construction, in the municipalities of Orta Nova and Cerignola (FG), of a wind power plant with a total capacity of 30 MW. Alerion owns 50% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Bioenergia S.r.l.	(EUR thousands)	
	31.12.2023	31.12.2022
Non-Current Assets	2,041	1,828
Current Assets	96	23
<i>of which Cash and cash equivalents</i>	<i>54</i>	<i>12</i>
Total assets	2,137	1,851
Equity	1,769	1,769
Non-current liabilities	247	64
<i>of which Non-current financial liabilities</i>	<i>172</i>	<i>62</i>
Current liabilities	121	18
<i>of which Current financial liabilities</i>	<i>-</i>	<i>18</i>
Total liabilities and equity	2,137	1,851
	2023	2022
Costs	(70)	(8)
<i>of which Interest Expense</i>	<i>(5)</i>	<i>(3)</i>
<i>of which Income Taxes</i>	<i>23</i>	<i>3</i>
Profit for the period	(70)	(8)
Dividends distributed	71	15
	31.12.2023	31.12.2022
Net assets	1,769	1,769
Percentage held in participation	50%	50%
Book value of the shareholding	885	885

Tre Torri Energia S.r.l.

Tre Torri Energia S.r.l. is a company with a project under development to build plants for electricity production from photovoltaic sources. Alerion owns 49% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Tre Torri Energia S.r.l.	31.12.2023	31.12.2022
Non-Current Assets	512	0
Current Assets	107	0
<i>of which Cash and cash equivalents</i>	24	0
Total assets	619	0
Equity	109	0
Non-current liabilities	510	0
<i>of which Non-current financial liabilities</i>	503	0
Total liabilities and equity	619	0
	2023	2022
Revenue	22	0
Costs	(45)	0
Profit for the period	(23)	0
	31.12.2023	31.12.2022
Net assets	109	0
Percentage held in participation	49%	0
Book value of the shareholding	53	0

Energo Windprod S.r.l.

Energo Windprod S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 45% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Energo Windprod S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	7,998	0
Current Assets	250	0
<i>of which Cash and cash equivalents</i>	<i>38</i>	<i>0</i>
Total assets	8,248	0
Equity	6,391	0
Non-current liabilities	109	0
<i>of which Non-current financial liabilities</i>	<i>109</i>	<i>0</i>
Current liabilities	1,748	0
<i>of which Current financial liabilities</i>	<i>1,624</i>	<i>0</i>
Total liabilities and equity	8,248	0
	2023	2022
Costs	(6)	0
Profit for the period	(6)	0
	31.12.2023	31.12.2022
Net assets	6,391	0
Percentage held in participation	45%	0
Book value of the shareholding	2,876	0

Vulturu Power Park S.r.l.

Vulturu Power Park S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 45% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Vulturu Power Park S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	9,192	0
Current Assets	290	0
<i>of which Cash and cash equivalents</i>	<i>6</i>	<i>0</i>
Total assets	9,482	0
Equity	7,063	0
Non-current liabilities	107	0
<i>of which Non-current financial liabilities</i>	<i>107</i>	<i>0</i>
Current liabilities	2,312	0
<i>of which Current financial liabilities</i>	<i>2,302</i>	<i>0</i>
Total liabilities and equity	9,482	0
	2023	2022
Costs	(7)	0
Profit for the period	(7)	0
	31.12.2023	31.12.2022
Net assets	7,063	0
Percentage held in participation	45%	0
Book value of the shareholding	3,178	0

Vulturu Wind Farm S.r.l.

Vulturu Wind Farm S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 45% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Vulturu Wind Farm S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	8,703	0
Current Assets	295	0
<i>of which Cash and cash equivalents</i>	<i>9</i>	<i>0</i>
Total assets	8,998	0
Equity	6,391	0
Non-current liabilities	190	0
<i>of which Non-current financial liabilities</i>	<i>190</i>	<i>0</i>
Current liabilities	2,417	0
<i>of which Current financial liabilities</i>	<i>2,407</i>	<i>0</i>
Total liabilities and equity	8,998	0
	2023	2022
Costs	(7)	0
Profit for the period	(7)	0
	31.12.2023	31.12.2022
Net assets	6,391	0
Percentage held in participation	45%	0
Book value of the shareholding	2,876	0

Alerion Clean Power RO S.r.l.

Alerion Clean Power RO S.r.l. is a pure holding company for project companies necessary for business development in Romania. The company holds interests in the companies Mitoc Partners S.r.l., Phoenix Catalist S.r.l., Phoenix Ceres S.r.l., Phoenix Genesis S.r.l. and Phoenix Nest S.r.l., each of which owns a project under development for the construction of a wind-powered electricity generation plant in Romania.

Alerion owns 49% of the shares of the company Alerion Clean Power RO S.r.l. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Alerion Clean Power RO S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	6,286	0
Current Assets	226	0
<i>of which Cash and cash equivalents</i>	<i>24</i>	<i>0</i>
Total assets	6,512	0
Equity	(577)	0
Non-current liabilities	5,786	0
<i>of which Non-current financial liabilities</i>	<i>5,786</i>	<i>0</i>
Current liabilities	1,303	0
<i>of which Current financial liabilities</i>	<i>82</i>	<i>0</i>
Total liabilities and equity	6,512	0
	31.12.2023	31.12.2022
Net assets	(577)	0
Percentage held in participation	49%	0
Book value of the shareholding	(283)	0

At 31 December 2023, the negative net value of the consolidated equity of Alerion Clean Power RO S.r.l. was entirely written off.

Mitoc Partners S.r.l.

Mitoc Partners S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 36.75% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Mitoc Partners S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	1,204	0
Current Assets	87	0
Total assets	1,291	0
Equity	317	0
Non-current liabilities	881	0
<i>of which Non-current financial liabilities</i>	881	0
Current liabilities	93	0
Total liabilities and equity	1,291	0
	2023	2022
Costs	(223)	0
Profit for the period	(223)	0
	31.12.2023	31.12.2022
Net assets	317	0
Percentage held in participation	36.75%	0
Book value of the shareholding	116	0

Phoenix Catalyst S.r.l.

Phoenix Catalyst S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 36.75% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Phoenix Catalyst S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	492	0
Current Assets	12	0
Total assets	504	0
Equity	411	0
Non-current liabilities	79	0
<i>of which Non-current financial liabilities</i>	<i>79</i>	<i>0</i>
Current liabilities	13	0
Total liabilities and equity	504	0
	2023	2022
Costs	(6)	0
Profit for the period	(6)	0
	31.12.2023	31.12.2022
Net assets	411	0
Percentage held in participation	36.75%	0
Book value of the shareholding	151	0

Phoenix Ceres S.r.l.

Phoenix Ceres S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 36.75% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Phoenix Ceres S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	492	0
Current Assets	12	0
Total assets	504	0
Equity	411	0
Non-current liabilities	78	0
<i>of which Non-current financial liabilities</i>	<i>78</i>	<i>0</i>
Current liabilities	15	0
Total liabilities and equity	504	0
	2023	2022
Costs	(6)	0
Profit for the period	(6)	0
	31.12.2023	31.12.2022
Net assets	411	0
Percentage held in participation	36.75%	0
Book value of the shareholding	151	0

Phoenix Genesis S.r.l.

Phoenix Genesis S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 36.75% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Phoenix Genesis S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	492	0
Current Assets	11	0
Total assets	503	0
Equity	410	0
Non-current liabilities	75	0
<i>of which Non-current financial liabilities</i>	<i>75</i>	<i>0</i>
Current liabilities	18	0
Total liabilities and equity	503	0
	2023	2022
Costs	(7)	0
Profit for the period	(7)	0
	31.12.2023	31.12.2022
Net assets	410	0
Percentage held in participation	36.75%	0
Book value of the shareholding	151	0

Phoenix Nest S.r.l.

Phoenix Nest S.r.l. is a company that owns a project under development to build a wind power plant in Romania. Alerion owns 36.75% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Phoenix Nest S.r.l.

	31.12.2023	31.12.2022
Non-Current Assets	421	0
Current Assets	22	0
Total assets	443	0
Equity	144	0
Non-current liabilities	286	0
<i>of which Non-current financial liabilities</i>	<i>286</i>	<i>0</i>
Current liabilities	13	0
Total liabilities and equity	443	0
	2023	2022
Costs	(5)	0
Profit for the period	(5)	0
	31.12.2023	31.12.2022
Net assets	144	0
Percentage held in participation	36.75%	0
Book value of the shareholding	53	0

Parco Eolico Santa Croce del Sannio House S.r.l.

Parco Eolico Santa Croce del Sannio House S.r.l. is a company owning a project under development for the construction, in the municipality of Manfredonia (FG), of a wind power plant with a total capacity of 29.6 MW. Alerion owns 50% of the company's shares. The following table shows current and non-current assets and liabilities, and costs and revenues related to the investee, recognised in the Alerion Group's consolidated financial statements as of 31 December 2023, according to the equity method valuation of the investment:

Parco Eolico Santa croce del Sannio House S.r.l. (EUR thousands)	31.12.2023	31.12.2022
	3	2
Non-Current Assets	197	190
Current Assets	72	26
<i>of which Cash and cash equivalents</i>	<i>60</i>	<i>8</i>
Total assets	269	216
Equity	175	184
Non-current liabilities	77	20
<i>of which Non-current financial liabilities</i>	<i>72</i>	<i>20</i>
Current liabilities	17	12
<i>of which Current financial liabilities</i>	<i>11</i>	<i>10</i>
Total liabilities and equity	269	216
	2023	2022
Revenue	6	9
Costs	(15)	(12)
<i>of which Interest Expense</i>	<i>(1)</i>	<i>0</i>
<i>of which Income Taxes</i>	<i>3</i>	<i>0</i>
Profit for the period	(9)	(3)
Dividends distributed		0
	31.12.2023	31.12.2022
	3	2
Net assets	175	184
Percentage held in participation	50%	50%
Book value of the shareholding	88	92

It should be noted that as of the date of this report, the above companies have complied with the financial covenants of their respective project financing contracts.

Compania Eoliana S.A.

Compania Eoliana S.A., in which Alerion holds a 49.75% stake, owns development projects in Romania that are no longer viable. In view of this, the value of the equity investment and the related shareholder loan was fully written down in the 2016 financial year.

43. DISCLOSURE PURSUANT TO ARTICLE 149-DUODECIES OF THE CONSOB ISSUERS' REGULATION

The following table shows the fees for the year 2023 for audit and non-audit services rendered by the audit firm and entities belonging to its network.

<i>(values in thousands of euro)</i>	Subject who supplied the service	2023 accrual amounts
Parent Company Audit	KPMG S.p.A.	143
Auditing of subsidiaries	KPMG S.p.A. and KPMG abroad	377
Audit of companies valued using the equity method	KPMG S.p.A.	35
Other services parent company (1)	KPMG S.p.A.	119
Other services (unbundling)	KPMG S.p.A.	25
Total		700

¹: Procedures for the verification of the financial parameters provided for in the "Regulation of the bond loan Alerion Clean Power S.p.A. 2019-2025", the "Regulation of the bond loan Alerion Clean Power S.p.A. 2021-2027" and the "Regulation of the bond loan Alerion Clean Power S.p.A. 2022-2028". Green Bond issue consultancy 23-29. Translation services.

Certification of the Consolidated Financial Statements as at 31 December 2023

pursuant to Article 154-bis, paragraph 5, of Legislative Decree No. 58 of 24 February 1998 and Article 81-ter of Consob Regulation No. 11971 of 14 May 1999

1. The undersigned Josef Gostner and Stefano Francavilla, in their capacity as, respectively, Chief Executive Officer and Manager in charge of financial reporting of Alerion Clean Power S.p.A., attest, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998:

- the suitability in relation to the characteristics of the enterprise;
- the effective application of administrative and accounting procedures for the preparation of the Consolidated Financial Statements during the financial year 2023.

2. It is further attested that:

2.1 The Consolidated Financial Statements as at 31 December 2023:

- has been drawn up in accordance with the applicable International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- corresponds to the entries in the books and records;
- provides a true and fair view of the assets and liabilities, profit and loss, and financial position of the issuer and the group of companies included in the consolidation.

2.2 The Report on Operations includes a reliable analysis of the development and results of operations as well as the situation of the issuer and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 12 March 2024

The Chief Executive Officer

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla



KPMG S.p.A.
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(The accompanying translated consolidated financial statements of the Alerion Clean Power Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Alerion Clean Power Group (the "group"), which comprise the statement of financial position as at 31 December 2023, the income statement and comprehensive income statement, cash flows statement and the statement of changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Alerion Clean Power Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Alerion Clean Power S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of intangible assets with a finite useful life and property, plant and equipment

Notes to the consolidated financial statements: note 6 "Impairment test of property, plant and equipment and intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2023 include intangible assets with a finite useful life of €265 million and property, plant and equipment of €591.8 million.</p> <p>The directors tested intangible assets with a finite useful life totalling €224.8 million and property, plant and equipment totalling €447.1 million for impairment by checking that their carrying amount did not exceed their recoverable amount.</p> <p>They did not test assets relating to the companies in their pre-operating phase or companies acquired by the group during the year, since their carrying amounts had already been assessed upon their initial recognition during the year.</p> <p>Annually or more frequently, if necessary, the directors test intangible assets with a finite useful life and property, plant and equipment for impairment allocated to the different cash-generating units (CGUs) relating to operating companies, by comparing their carrying amount to their value in use, calculated using the discounted cash flow model.</p> <p>In line with a specific internal policy, the directors test intangible assets with a finite useful and property, plant and equipment for impairment even when they do not identify any impairment indicators.</p> <p>The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none">the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates. In this context, the key assumptions are those about the assets' useful lives and estimated recoverable amounts, expected electricity prices, forecast electricity production and the evolution of the regulatory framework;the financial parameters used to calculate the discount rate of the expected cash flows. <p>For the above reasons and due to the materiality of the relevant captions, we believe that the</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">understanding the process adopted to prepare the impairment test approved by the parent's board of directors and the key controls implemented by the group;checking the accuracy of the CGUs' scope and of the allocation of the carrying amounts and assets and liabilities to the individual CGUs;checking whether how the directors carried out impairment tests complied with the IFRS;understanding the process adopted for preparing the forecasts, on which basis the expected cash flows used for impairment testing have been estimated;analysing the reasonableness of the assumptions used by the group to prepare the forecasts;checking any discrepancies between the previous year forecast and actual financial figures, in order to check the accuracy of the estimation process;checking the mathematical accuracy of the model used to calculate value in use;checking the sensitivity analysis presented in the notes in relation to the main key assumptions used for impairment testing;assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of intangible assets with an indefinite useful life and property, plant and equipment. <p>We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.</p>



recoverability of intangible assets with a finite useful life and property, plant and equipment is a key audit matter.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we



Alerion Clean Power Group

Independent auditors' report

31 December 2023

conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2023 to be included in the annual financial report.



Alerion Clean Power Group
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We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 26 March 2024

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director

Separate financial statements of Alerion Clean Power S.p.A. **2023**

STATEMENT OF FINANCIAL POSITION

Assets

<i>(Euro)</i>	Notes	31.12.2023	of which Related parties	31.12.2022	of which Related parties
NON-CURRENT ASSETS					
Intangible assets					
Intangible assets	4	23,633		29,552	
Property, plant and equipment	5	3,631,393		3,961,540	
Investments in subsidiaries	6	387,366,726		307,610,492	
Investments in joint ventures and associates	7	17,505,854		45,646,134	
Financial receivables and other non-current financial assets	17	418,296,608	418,532,457	236,140,582	236,279,498
Deferred tax assets	33	9,433,976		10,060,973	
TOTAL NON-CURRENT ASSETS		836,258,190		603,449,273	
CURRENT ASSETS					
Trade receivables	8	7,611,465	7,611,462	22,889,427	22,889,427
Current tax assets	9	4,060,199		-	
Other current assets	10	67,768,289	65,604,395	46,168,782	44,114,917
Financial receivables and other current financial assets	18	77,227,742	10,148,963	106,018,549	33,135,269
Cash and cash equivalents	20	127,302,770		96,421,137	
Derivative financial instruments	19	7,373,383		-	
TOTAL CURRENT ASSETS		291,343,848		271,497,895	
TOTAL ASSETS		1,127,602,038		874,947,168	

STATEMENT OF FINANCIAL POSITION

Liabilities and Equity

<i>(Euro)</i>	Notes	31.12.2023	of which Related parties	31.12.2022	of which Related parties
EQUITY	15	314,229,269		286,722,780	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	21	690,252,629		501,592,356	
Derivative financial instruments	23	351,568	-		-
Post-employment benefits and other employee benefits	24	786,873		654,086	
Deferred tax liabilities	33	1,379,189		277,688	
Provisions for future risks and charges	25	151,761		37,725,338	
Other non-current liabilities	11	2,249,100	-	2,570,400	-
TOTAL NON-CURRENT LIABILITIES		695,171,120		542,819,868	
CURRENT LIABILITIES					
Current financial liabilities	22	54,585,426	52,699,630	6,265,073	1,055,417
Trade payables	12	49,909,927	11,275,142	2,948,598	721,353
Current tax liabilities	13	-		23,849,198	
Other current liabilities	14	13,706,296	5,275,707	12,341,651	10,824,893
TOTAL CURRENT LIABILITIES		118,201,649		45,404,520	
TOTAL LIABILITIES		813,372,769		588,224,388	
TOTAL EQUITY AND LIABILITIES		1,127,602,038		874,947,168	

INCOME STATEMENT

<i>(Euro)</i>	Notes	2023	of which Related parties	2022	of which Related parties
Net gains on equity investments	27	84,229,252	74,549,814	92,452,555	92,480,347
Other revenue and income	28	6,781,753	5,017,970	20,673,217	20,568,955
TOTAL REVENUE AND INCOME		91,011,005		113,125,772	
Operating costs					
Personnel expenses	29	2,964,425		2,451,067	
Other operating costs	30	17,652,610	12,320,215	5,277,164	616,464
Accruals to provisions for risks	31	998,811		20,284	
Total operating costs		21,615,846		7,748,515	
Amortisation, depreciation and impairment losses					
Amortisation and depreciation		386,943		280,868	
Total amortisation, depreciation and impairment losses		386,943		280,868	
OPERATING PROFIT		69,008,216		105,096,389	
Financial income		15,879,649		18,116,743	
Financial costs		(18,093,996)		(22,579,886)	
Net financial costs	32	(2,214,347)		(4,463,143)	
PROFIT (LOSS) BEFORE TAX		66,793,869		100,633,246	
Income taxes					
Current		919,765		(6,611,487)	
Deferred		(683,315)		343,924	
Total income taxes	33	236,450		(6,267,563)	
PROFIT FOR THE YEAR		67,030,319		94,365,683	

COMPREHENSIVE INCOME STATEMENT

<i>(Euro)</i>	2023	2022
PROFIT FOR THE YEAR (A)	67,030,319	94,365,683
Net gains (losses) from fair value measurement of financial assets measured at fair value through other comprehensive income	4,137,938	(1,235,209)
Related tax	(1,154,485)	344,623
Total Other comprehensive income that could be reclassified to profit or loss, net of tax effect (b1)	2,983,453	(890,586)
Net actuarial gains (losses) on defined benefit plans (IAS 19)	(51,993)	10,387
Related tax	14,506	(2,898)
Total other comprehensive income not subsequently reclassified to profit or loss, net of tax effect (b2)	(37,487)	7,489
COMPREHENSIVE INCOME (A) + (B)	69,976,285	93,482,586

CASH FLOW STATEMENT

(Euro)	Notes	2023	of which Related parties	2022	of which Related parties
A. Cash flows from operating activities					
Profit for the year		67,030,319		94,365,683	
Amortisation, depreciation and impairment losses		386,943		280,868	
Financial income and expense	32	2,229,348		4,420,480	
Net gains on equity investments	27	(84,229,252)	(74,549,814)	(92,452,555)	(92,480,347)
Share-based payments	15	601,804		508,978	
Increase (decrease) in post-employment benefits	24	90,523		87,259	
Increase (decrease) in provisions for risks and charges	25	(656,189)		20,284	
Increase (decrease) in deferred tax liabilities	33	683,315		(343,924)	
(Increase) decrease in trade receivables and other assets	8 - 9 - 10	20,718,433	(6,211,513)	(29,619,131)	(3,890,249)
Increase (decrease) in trade payables and other liabilities	12 - 13 - 14	26,036,478	5,004,603	37,191,861	6,507,905
Income tax paid	33	(39,803,939)		(10,351,800)	
Total cash flows generated by operating activities		(6,912,217)		4,108,003	
B. Cash flows from investing activities					
(Investments) disposals of intangible assets	4	-		(29,584)	
(Investments) disposals of property, plant and equipment	5	(59,080)		(128,145)	
(Investments) disposals of equity investments	6 - 7	(26,170,556)		(6,401,801)	
Total cash flows used in investing activities		(26,229,636)		(6,559,530)	
C. Cash flows from financing activities					
Increase (decrease) in bonds issued	21 - 22	167,751,387		98,583,368	
(Increase) decrease in financial assets	17 - 18	(118,619,995)	(210,910,866)	(21,234,590)	(32,307,613)
Dividends received		29,835,013		111,271,442	
Increase (decrease) in bank loans and borrowings	21 - 22	23,244,080		(20,634,787)	
Increase (decrease) in other financial liabilities/assets	18	10,000,000		(73,000,000)	
Dividends paid	15	(35,003,775)		(23,737,725)	
Purchase of Treasury Shares	15	(7,787,317)		(2,168,777)	
Financial expense paid		(5,395,907)		(18,287,516)	
Total cash flows generated by (used in) financing activities		64,023,486		50,791,415	
D. Cash flows for the year (A+B+C)		30,881,633		48,339,888	
E. Opening cash and cash equivalents		96,421,137		48,081,249	
F. Closing cash and cash equivalents (D+E)		127,302,770		96,421,137	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2023

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Retained earnings reserves	Profit for the year	Total equity
Balance as of January 01, 2023	161,137,410	(5,315,342)	21,400,391	5,289,079	5,673,903	2,257,727	1,913,929	94,365,683	286,722,780
Allocation of previous year's profit	-	-	-	4,718,284	-	-	89,647,399	(94,365,683)	-
Profit for the year	-	-	-	-	-	-	-	67,030,319	67,030,319
Other comprehensive income (loss)	-	-	-	-	-	2,945,966	-	-	2,945,966
Comprehensive income	-	-	-	-	-	2,945,966	-	67,030,319	69,976,285
Dividends approved and/or distributed	-	-	-	-	-	-	(35,039,310)	-	(35,039,310)
Purchase of treasury shares	-	(7,787,317)	-	-	-	-	-	-	(7,787,317)
Share-based incentive plan reserve	-	521,511	-	-	-	50,412	29,881	-	601,804
Derivatives	-	-	-	-	-	(244,973)	-	-	(244,973)
Balance at December 31, 2023	161,137,410	(12,581,148)	21,400,391	10,007,363	5,673,903	5,009,132	56,551,899	67,030,319	314,229,269

(**) "Other reserves" includes the IFRS FTA reserve.

STATEMENT OF CHANGES IN EQUITY - 2022

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Retained earnings reserves	Profit for the year	Total equity
Balance as of January 01, 2022	161,137,410	(3,146,565)	21,400,391	4,738,653	5,673,903	2,631,846	15,217,596	11,008,540	218,661,774
Allocation of previous year's profit	-	-	-	550,426	-	-	10,458,114	(11,008,540)	-
Profit for the year	-	-	-	-	-	-	-	94,365,683	94,365,683
Other comprehensive income (loss)	-	-	-	-	-	(883,097)	-	-	(883,097)
Comprehensive income	-	-	-	-	-	(883,097)	-	94,365,683	93,482,586
Dividends approved and/or distributed	-	-	-	-	-	-	(23,761,781)	-	(23,761,781)
Purchase of treasury shares	-	(2,168,777)	-	-	-	-	-	-	(2,168,777)
Share-based incentive plan reserve	-	-	-	-	-	508,978	-	-	508,978
Balance at December 31, 2022	161,137,410	(5,315,342)	21,400,391	5,289,079	5,673,903	2,257,727	1,913,929	94,365,683	286,722,780

(**) "Other reserves" includes the IFRS FTA reserve.

For comments on the individual items, please refer to Note 15 "Equity" below.

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

The parent company Alerion Clean Power S.p.A. (hereinafter "Parent" or "Alerion" or "ACP") is a legal entity organised under the laws of the Italian Republic. The ordinary shares of Alerion are listed on the electronic circuit of the Milan Stock Exchange - Euronext Milan. The registered office of the Alerion Group (hereinafter referred to as "Group" or "Alerion Group") is in Milan, at Via Renato Fucini 4.

The publication of Alerion's financial statements for the year ending 31 December 2023 was authorised by resolution of the directors on 12 March 2024.

2. BASIS OF PREPARATION

These financial statements are prepared in accordance with the IFRSs issued *by the International Accounting Standards Board* and endorsed by the European Union and in force as of 31 December 2023 as well as on the basis of the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005. These IFRSs also include all revised International Accounting Standards (referred to as 'IAS') and all interpretations of the International Financial Reporting Interpretation Committee ('IFRIC'), previously referred to as the Standing Interpretations Committee ('SIC').

However, these financial statements comply with the provisions of Articles 2423 et seq. of the Civil Code, as shown in these Notes, which have been prepared in accordance with Article 2427 of the Civil Code and constitute, pursuant to and for the purposes of said Article 2423, an integral part of the financial statements. The amounts in the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity are expressed in euro units, while those in the notes are in thousands, unless otherwise indicated. With regard to the methods used to convert accounting data expressed in eurocents into units of euro, all amounts in the Statement of Financial Position and Income Statement were converted by rounding to the lower unit of euro in the event that the eurocents were less than 50, and to the higher unit in the event that the eurocents were 50 or more.

2.1 LEGAL OBLIGATIONS ARISING FROM GROUP MEMBERSHIP

The company has prepared consolidated financial statements because, together with the subsidiaries indicated in the specifications, it exceeds the limits dictated by Article 27 of Legislative Decree No. 127 of 9/4/1991 (as amended by Law No. 52 of 6/2/1996).

2.2 FINANCIAL STATEMENT FORMATS ADOPTED

In compliance with the provisions of Consob Resolution No. 15519 of 27 July 2006, below are the indications of the format adopted with respect to the format indicated in IAS 1 for the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, as well as the method used to represent cash flows in the statement of cash flows with respect to those indicated in IAS 7.

In the income statement, it was decided to present an analysis of costs using a classification based on the nature of the costs; while in the statement of financial position, it was decided to present current and non-current assets, and current and non-current liabilities, as separate classifications, in accordance with IAS 1. Changes in equity during the period are shown in a column format reconciling the opening and closing balances of each equity item. The cash flow statement represents cash flows by classifying them into

operating, investing and financing activities. In particular, cash flows from operating activities are reported, as required by IAS 7, using the indirect method, whereby the profit or loss for the year is adjusted by the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities.

Lastly, it should be noted that, in compliance with the above resolution, in the statement of financial position, income statement and cash flow statement, the amounts of positions or transactions with related parties and income components (positive and/or negative) deriving from events or transactions whose occurrence is non-recurring, or from those transactions or events that do not recur frequently in the ordinary course of business, have been highlighted in specific sub-items, if of a significant amount.

2.3 DISCRETIONARY VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements and related notes in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. Estimates were used to determine any impairment of assets and in particular of equity investments (impairment test), accruals to provisions for risks and charges, allowances for bad debts and other provisions for impairment, amortisation, depreciation and impairment losses, employee benefits (including the measurement of the fair value of warrants in accordance with IFRS 2) and taxes. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the income statement.

2.4 SUMMARY OF THE MAIN ACCOUNTING POLICIES

This section summarises the most significant evaluation criteria adopted by Alerion.

Intangible assets with a finite life

In accordance with the provisions of IAS 38, intangible assets include costs, including incidental expenses, incurred for the acquisition of assets and resources, without physical substance, to be used in the production of goods or the provision of services, to be leased to third parties, or to be used for administrative purposes, provided that the cost can be reliably measured and the asset is clearly identifiable and controlled by the company that owns it. Goodwill, when acquired for consideration, is also recorded.

Separately acquired intangible assets are recognised at cost borne, and expenses incurred subsequent to initial acquisition are added to the cost of intangible assets to the extent that these expenses are capable of generating future economic benefits. Intangible assets acquired through business combinations are capitalised at fair value at the date of acquisition.

Non-current assets with a finite useful life are systematically depreciated on a straight-line basis over each period to take into account their remaining useful life. The carrying value is reviewed annually for impairment whenever there is an indication that the asset may be impaired, in accordance with IAS 36 "*Impairment Test*". Any impairments are deducted from the value of the asset.

When they are incurred, research costs are charged to the income statement. Development costs incurred in connection with a specific project are capitalised when their future recovery is deemed reasonably certain and after verification of all conditions required by IAS 38. Subsequent to the initial recognition of development costs, they are measured at cost, decreased by amortisation or any write-downs. Capitalised development costs are amortised on the basis of their future usefulness over the period in which the expected future revenues will arise from the same project.

The carrying value of development costs is reviewed annually for impairment or, more frequently, whenever there is an indication of impairment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

<u>Depreciation rate</u>	<u>Rate</u>
Industrial patents and intellectual property rights	from 5% to 10%
Other intangible assets	from 7,5% to 15%

Property, plant and equipment

Property, plant and equipment are shown in the Financial Statements at historical cost and are systematically depreciated in relation to their residual possibility of utilisation, with the exception of land and assets held for sale, which are not depreciated but written down if their fair value is lower than their cost in the Financial Statements.

The depreciation process takes place on a straight-line basis at rates deemed representative of the estimated useful life reviewed annually; for assets acquired during the year, rates are applied pro-rata temporis, taking into account the actual use of the asset during the year. Costs incurred for improvements are only charged as an increase to the assets concerned when they produce actual increases in their value.

Ordinary maintenance costs are charged to the Income Statement in the year in which they are incurred, while extraordinary maintenance costs, if they result in a significant increase in productivity or useful life, are added to the value of the assets to which they relate and are depreciated over the remaining useful life of the asset. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

<u>Depreciation rate</u>	<u>Rate</u>
Buildings	8.33%
Other assets	from 12% to 20%

Impairment of assets (impairment test)

IAS 36 requires the assessment of the existence of impairment of tangible, intangible and financial assets in the presence of indicators that this may exist. In the case of goodwill and other intangible assets with an indefinite life or assets not yet available for use, this assessment must be performed at least annually.

The recoverability of recorded values is verified by comparing the book value recorded in the Financial Statements with the higher of the net sales price, if an active market exists, and the value in use of the asset.

The value of use is generally defined on the basis of the discounting of the expected cash flows from the use of the asset, or from an aggregation of assets (cash generating units) as well as the value that is expected from disposal at the end of useful life. The cash-generating units have been identified consistently with the Group's organisational and business structure, as homogeneous aggregations that generate independent cash inflows from the continuous use of the assets attributable to them.

Impairment losses incurred by continuing operations are recognised in the income statement in the cost categories consistent with the function of the asset that resulted in the impairment loss. At each year-end, the Group also assesses whether there are any indicators of a decrease in previously recognised impairment losses and, if such indicators exist, makes a new estimate of recoverable amount. The value of an asset previously written down may only be reinstated if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. In this case, the

carrying amount of the asset is increased to the recoverable amount, but the value thus increased may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Any reversal is recognised as income in the income statement; after a reversal of an impairment loss is recognised, the depreciation charge for the asset is adjusted in future periods to allocate the adjusted carrying amount, net of any residual value, on a straight-line basis over its remaining useful life.

Financial instruments

Financial instruments include other investments (excluding investments in subsidiaries, joint ventures and associates), non-current loans and receivables, trade and other receivables originated by the company, and other current financial assets such as cash and cash equivalents. Cash and cash equivalents are bank and post office deposits, readily negotiable securities representing temporary investments of cash and financial receivables due within three months. This also includes financial payables, trade and other payables and other financial liabilities as well as derivative instruments.

The Company has adopted IFRS 9 "Financial Instruments". IFRS 9 requires the classification and measurement of financial assets based on the business model by which these assets are managed, taking into account the characteristics of their cash flows. In this regard, the Company classifies financial assets on the basis of how the Group manages them in order to achieve its objectives and the contractual cash flow characteristics of these financial assets. The following should be noted:

As of 1 January 2018, IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets based on the business model by which these assets are managed, taking into account the characteristics of their cash flows. In this regard, it should be noted that:

- the Company's financial assets that have been assigned business models whose objective is the holding of assets for the purpose of collecting contractual cash flows ("held-to-collect") have been measured at amortised cost;
- the Company's financial assets that have been assigned business models whose objective is pursued through both the collection of contractual cash flows and the sale of financial assets according to the holding and expected turnover of the financial assets ("held-to-collect and sell") have been classified as financial assets measured at fair value with an impact on the statement of comprehensive income;
- financial assets that have been assigned a different business model from the above ("other") have been classified as financial assets at fair value through profit or loss.

The categories under IAS 39, namely, held-to-maturity assets, loans and receivables, and available-for-sale assets, are eliminated.

As a result of the entry into force of the new standard, the Company analysed the financial assets existing as at 1 January 2019 in the new categories provided, based on the business model and contractual cash flow characteristics expected for these financial assets.

The analysis of the business model was conducted by mapping the financial assets on the basis of how the Group manages them in order to achieve its objectives.

For the purposes of classifying financial assets into the new categories under IFRS 9, the analysis of the business model was accompanied by an analysis of contractual flows (the "SPPI test"). In this regard, the Company assessed whether the characteristics of the contractual cash flows allow for measurement at amortised cost ("held-to-collect") or at fair value with impact on the statement of comprehensive income ("held-to-collect and sell").

All financial assets are initially recognised at cost, which corresponds to fair value increased by purchase-related expenses. The Company determines the classification of its financial assets after initial recognition and, where appropriate and permitted, revises this classification at the end of each financial year.

Impairment of financial assets

With reference to the "expected loss" impairment model required by IFRS 9 and the items in the financial statements, the Company applies the following methodological approach:

- The Expected Credit Loss ("ECL") is determined by multiplying the value of the exposure by the probability of default of the counterparty (relative to the corresponding time horizon) and by a fixed loss given default equal to 60%; it should be noted that the value of the exposure was set equal to the current recognised value and therefore no discount factors were applied (since, being calculated at the same rate, the rise factor would have been the same);
- The probability of default of the counterparty is calculated on the basis of the relevant CDS spread (for transactions with a time horizon of up to 6 months, however, the 6-month CDS spread was used) based on the following formula:

$$PD=1-e^{-spread \cdot 60\% \cdot duration}$$

- For items consisting of current accounts, which are not characterised by a predefined maturity, the time horizon of application of the ECL is defined as follows:
 - o "Free" current accounts: expected duration of one month (on the assumption that any problems with the counterparty would be intercepted within this time frame, with the consequent shifting of the related cash to other institutions);
 - o Current accounts related to Project Financing: identification of a "stable" component as project-linked (with application, in the absence of significant credit deterioration, of the ECL over a one-year horizon) versus a residual circulating component (with an associated horizon of three months).

Investments in subsidiaries, associates and jointly controlled companies

Investments in subsidiaries, associates and jointly controlled entities are accounted for using the cost method, in accordance with IAS 27. The initial cost is equal to the costs incurred for the purchase or incorporation or is defined by expert opinion in the case of acquisitions by contribution.

When there is an indication that the investment may be impaired, its recoverable amount is estimated, according to the methodology outlined in IAS 36 "Impairment of Assets", in order to determine any loss to be recognised in the income statement.

Other investments

Investments other than those held in subsidiaries, associates and jointly controlled entities are recognised at the date of first acquisition at purchase cost, increased by any directly attributable transaction costs. The Company values these instruments at market value (fair value) and changes are recorded in a specific equity reserve. This change (FVOCI) is also reported among the items that cannot be reclassified to other comprehensive income in the income statement; therefore, only any dividends received will be recognised in the Group's income statement. IFRS 9 also provides for an alternative treatment that allows fair value changes to be recognised in profit or loss (FVTPL). The choice of accounting treatment (FVTPL or FVOCI), to be assessed on an investment-by-investment basis, is to be considered irrevocable once adopted. Any exceptions in the first entry will be highlighted in the commentary note to the entry.

Financial receivables

Loans are initially recognised at cost, which corresponds to the fair value of the consideration received net of incidental loan acquisition costs. After initial recognition, loans are measured at amortised cost using the effective interest rate method. The amortised cost is calculated taking into account the issuance costs and any discounts or premiums expected at the time of settlement. Any gain or loss is recognised in the income statement when the liability is extinguished or, in the case of impairment, over the amortisation period.

Trade receivables and other receivables

Trade receivables, which generally have maturities in the short term, are recognised at the nominal amount stated on the invoice, net of the allowance for doubtful accounts determined in accordance with the "expected loss" impairment model required by IFRS 9. This impairment model is supplemented by any additional write-downs recorded as a result of specific doubtful conditions on individual loan positions, at the time of their identification.

When, due to the payment terms granted, a financial transaction takes place, receivables are measured using the amortised cost method by discounting the nominal value to be received, and recognising the discount as financial income in the period of its maturity.

Receivables in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank and postal sight deposits and investments in securities made in the course of treasury management activities, which have a short-term maturity, are highly liquid and subject to an insignificant risk of changes in value.

They are entered at nominal value.

Loans payable

All loans are initially recognised at the fair value of the consideration received net of incidental loan acquisition costs.

After initial recognition, loans are measured at amortised cost using the effective interest rate method.

Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Provisions for risks and charges

Provisions for risks and charges are made when the Company has a present obligation (legal or constructive) as a result of a past event, an outflow of resources to meet that obligation is probable, and a reliable estimate of the amount can be made.

When the Company believes that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, the cost of any provision is presented in the income statement net of the amount recognised for the indemnity.

If the discount effect on the value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When the discounting is performed, the increase in the allocation due to the passage of time is reported as a financial expense.

Share-based payments

The Group implements share-based payment transactions settled with equity instruments as part of the remuneration policy adopted for the Chief Executive Officer and key management personnel.

The most recent long-term incentive plans provide for the allocation to recipients, who may be: Executive Directors and/or Executives with Strategic Responsibilities, and/or employees and/or contractors with strategically important roles of an incentive consisting of an equity component and a monetary component. The purpose of the Plan is to grant shares free of charge if certain performance targets are achieved at the end of a vesting period.

In order to regulate the equity component through the free assignment of Group shares, a share buy-back programme was approved to service these plans. For further details on incentive plans based on shares, please refer to the note on "Share-based Payments".

The Group recognises the services rendered by beneficiaries as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, based on the fair value of the equity instruments at the grant date. This fair value is based on the observable market price of the Group's shares, taking into account the terms and conditions under which the shares were granted (except for vesting conditions excluded from fair value measurement).

The cost for these share-based payment transactions settled with equity instruments is recognised in the income statement, with a balancing entry in a specific equity item, over the period in which the service and performance conditions are satisfied (vesting period).

The total recognised cost is adjusted at each year-end up to the vesting date to reflect the best estimate available to the Group of the number of equity instruments for which the service conditions and non-market performance conditions are expected to be satisfied, so that the amount recognised at the end is based on the actual number of equity instruments that will satisfy the service conditions and non-market performance conditions at the vesting date.

Liabilities for Employee Benefits

Implementing the provisions of IAS 19, employee benefits to be paid out subsequent to the termination of employment (Staff Severance Provision) are subject to actuarial valuations that must take into account a number of variables (such as mortality, expected future salary changes, expected inflation rate, etc.). The amendment to IAS 19 "Employee Benefits" requires all actuarial gains or losses to be recognised immediately in the "Other comprehensive income" so that the entire net amount of the defined benefit provision is recognised in the statement of financial position. The amendment also stipulated that changes between one year and the next in the defined benefit provision must be broken down into three components: cost components related to service during the year must be recognised in the income statement as "service costs"; net financial costs calculated by applying the appropriate discount rate to the net balance of the defined benefit provision at the beginning of the year must be recognised in the income statement as such; and actuarial gains and losses arising from the remeasurement of the liability must be recognised in "Other comprehensive income".

Trade and other payables

Payables are valued at nominal value.

When, due to the payment terms agreed upon, a financial transaction takes place, payables measured using the amortised cost method are discounted to their nominal value to be paid, with the discount being recognised as a financial expense.

Payables in foreign currencies are aligned with the year-end exchange rate, and gains or losses arising from the adjustment are recognised in the income statement under the item where the transaction was originally recognised.

INCOME STATEMENT

Revenue and income

Revenues are recognised on the basis of the accounting model provided for in IFRS 15, which provides for, as fundamental steps:

- identification of the contract with the customer;
- identification of the performance obligations contained in the contract;
- the determination of the price;
- the allocation of price to the performance obligations of the contract;
- the criteria for recognising revenue when the entity meets each performance obligation, which may occur at a point in time or over time.

Revenues are recognised to the extent that it is probable that economic benefits will accrue to Alerion and the amount can be reliably determined. Revenues are shown net of discounts, vouchers and returns. The following specific revenue recognition criteria must always be met before revenue is recognised in the income statement.

In particular:

- dividends are recognised when the right of the shareholders to receive payment arises (date of the assignment resolution of the shareholders' meeting);
- realised gains on equity investments are recognised when the sale of equity investments is realised and the significant risks and rewards of ownership have been transferred;
- value adjustments of financial assets represent the adjustment to market value of listed equities held for trading. The market value is given by the stock market prices at year-end or on the periodic statement date;
- revenues from the provision of services are recognised on the basis of the satisfaction of each performance obligation as required by IFRS 15, i.e. upon completion of the transfer of the promised good or service to the customer when the customer obtains control of the good or service, which may occur at a point in time or over time.

All revenues are measured at the fair value of their consideration; when the financial effect related to the deferral of collection is significant and the collection dates can be reliably estimated, the related financial component is recognised under net financial costs.

Financial income and costs

Financial income and costs are recognised on an accrual basis, according to the passage of time, using the effective rate.

Costs

Operating costs and other operating expenses are recognised in the financial statements when they are incurred on an accrual basis and related to revenues, when they do not produce future economic benefits or when they do not qualify for recognition as assets in income statement.

When the deferred payment agreement includes a financial component, the consideration is discounted and the difference between the nominal value and the fair value is recognised in the income statement as a financial cost.

Income taxes

Current income taxes are recognised on the basis of estimated taxable income in accordance with applicable rates and regulations, taking into account applicable exemptions and tax credits.

Deferred taxes are recognised when it is probable that sufficient taxable income will be available in future years to utilise the deferred tax asset.

Deferred taxes are recognised for all taxable temporary differences, except where such liabilities arise from the initial recognition of goodwill.

Deferred taxes asset and liabilities are calculated on the temporary differences between the value attributed to assets and liabilities in the Financial Statements and the corresponding values recognised for tax purposes, on the basis of the rates in force at the time in which the temporary variances are applied. When results are recognised directly in equity, current taxes, deferred tax assets and deferred tax liabilities are also recognised in equity.

It should be noted that, with the submission of the Income Form SC 2021, relating to the financial year 2020, the consolidating company Alerion Clean Power S.p.A. extended the national tax consolidation scope to the subsidiaries Fri-El Basento S.r.l., FW Holding S.r.l., Fri-El Grottole S.r.l., Fri-El Ricigliano S.r.l., Naonis Wind S.r.l. and Fucini 4 S.r.l.

The option will allow participating group companies to offset their respective tax results with a clear benefit not only for the companies, but also for the Group leader as a whole.

The companies adhering to the national tax consolidation scheme have signed an agreement in order to regulate and specify the mutual fulfilments, obligations and responsibilities from adhering to this scheme. In particular, specific provisions are aimed at ensuring that participation in the national consolidation does not result in economic and financial disadvantages for the consolidated companies compared to the situation that those companies would have been in if they had not participated in that regime, or if, having met the requirements, they had exercised the option for group taxation with their subsidiaries.

Value Added Tax

Revenues, expenses and assets are recognised net of value-added taxes except where:

- such tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement;
- refers to trade receivables and payables shown including the value of the tax.

The net amount of indirect sales taxes that can be recovered from or paid to the Treasury is included in the Financial Statements under trade receivables or trade payables, depending on the sign of the balance.

Earnings per share

Basic earnings per share are calculated by dividing the Company's economic result by the weighted average number of shares outstanding during the year, net of treasury shares purchased by Alerion Clean Power S.p.A. during the year. For the purpose of calculating the diluted earnings per share, the weighted average number of outstanding shares, net of treasury shares purchased by Alerion Clean Power S.p.A. during the year, is modified by assuming the conversion of all potential shares having a dilutive effect (assignment of new issues to beneficiaries of stock option plans).

The profit for the year is also adjusted for the after-tax effects of the conversion.

Changes in International Accounting Standards

Alerion's financial statements are prepared and comply with the international accounting standards and related interpretations approved by the IASB and endorsed in accordance with the procedure set forth in Article 6 of EC Regulation No. 1606 of 19 July 2002.

The financial statements as at 31 December 2023 have been prepared in accordance with the historical cost criterion, with the exception of the other participations, which are recorded at fair value.

AMENDMENTS AND NEW PRINCIPLES AND INTERPRETATIONS

The following new standards and amendments effective from 1 January 2023 have been adopted by the Group for the preparation of these Consolidated Financial Statements.

In May 2017, the IASB issued IFRS 17 - *Insurance Contracts*, which establishes standards for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020, the IASB issued amendments to IFRS 17 with the aim of helping companies implement IFRS 17 and making it easier for companies to explain their financial results. The new principle and amendments take effect on 1 January 2023. The adoption of these amendments has had no effect.

In February 2021, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosures on accounting standards*, which require companies to disclose material information on accounting standards rather than significant accounting standards and provide guidance on how to apply the concept of materiality to disclosures on accounting standards. The changes took effect on 1 January 2023. Certain information on accounting standards has been updated following the adoption of these changes.

In February 2021, the IASB issued amendments to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates*, clarifying how companies should distinguish between changes in accounting principles and changes in accounting estimates. The changes took effect on 1 January 2023. The adoption of these amendments has had no effect.

In May 2021, the IASB issued amendments to IAS 12 - *Income Taxes: Deferred taxes on assets and liabilities arising from a single transaction*, which clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations. The changes took effect on 1 January 2023. The adoption of these amendments has had no effect.

In December 2021, the IASB issued amendments to IFRS 17 - *Insurance Contracts: Initial application of IFRS 17 and IFRS 9 - Comparative information*, which provides a transition option relating to comparative information on financial assets presented upon initial application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, thereby improving the usefulness of comparative information for financial statements users. The change will take effect on 1 January 2023. The adoption of these amendments has had no effect.

In June 2020, the IASB issued amendments to IFRS 4 - *Insurance Contracts*, which postpone the expiry date of the temporary exemption from the application of IFRS 9 to financial years beginning on or after 1 January 2023. The adoption of these amendments has had no effect.

In May 2023, the IASB issued amendments to IAS 12 - *Income Taxes: International Tax Reform - Second Pillar Model Rules*, to clarify the application of IAS 12 - *Income Taxes* to income taxes arising from tax laws enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) (second pillar income tax) model rules. The changes introduce: (i) a temporary mandatory exception to deferred tax accounting arising from the jurisdictional implementation of the Second Pillar model rules, which became effective immediately after the amendment was issued, and (ii) disclosure requirements for affected entities, to help users of financial statements better understand an entity's exposure to Pillar 2 income taxes arising from such legislation, particularly prior to the effective date of the Pillar 2 model rules, which apply for annual periods beginning on or after 1 January 2023, but not for interim periods ending on or before 31 December 2023. The rules of the Second Pillar model introduce a minimum effective taxation of 15 per cent on a jurisdictional basis for multinational enterprise groups and large domestic groups with annual revenues of at least EUR 750 million in their consolidated accounts in at least two of the previous four financial years. The adoption of these amendments has had no effect.

IFRS ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS AT 31 DECEMBER 2023

In October 2022, the IASB issued amendments to IAS 1 - *Presentation of Financial Statements: Non-current liabilities with covenants*, which clarify how conditions that an entity must meet within 12 months of the reporting period affect the classification of a liability. The changes will take effect on 1 January 2024. No significant impacts are expected from the adoption of these amendments.

In May 2023, the IASB issued amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments: Additional information: Supplier financing* arrangements, which introduce new disclosure requirements to improve the transparency and usefulness of information provided by entities on supplier financing arrangements and are intended to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The changes took effect on 1 January 2024; No significant impacts are expected from the adoption of these amendments.

In August 2023, the IASB issued amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability*, to clarify how an entity should apply a consistent approach to assess whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to be used and the information to be provided. The changes will take effect on 1 January 2025. No significant impacts are expected from the adoption of these amendments.

IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

As at the date of these Financial Statements, moreover, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the following accounting standards and amendments. The Company will adopt these new standards and amendments, based on their expected date of application, and will assess their potential impact on the Annual Report when they are endorsed by the European Union.

- On 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents are intended to clarify how to classify debts and other short-term or long-term liabilities. The amendments enter into force on 1 January 2024; earlier application is however permitted. The directors are currently evaluating the potential effects of the introduction of this amendment on the financial statements.
- On 22 September 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The changes will apply from 1 January 2024, but earlier application is permitted. The directors do not expect a significant effect on the financial statements from the adoption of this amendment.

3. POLICY OF FINANCIAL RISK MANAGEMENT

Financial risk management is an integral part of the management of the Parent Company's activities, which, on behalf of all Group companies, defines the risk categories and for each type of transaction and/or instrument indicates the operating methods and limits.

All instruments at fair value are classified as Level 2 as they are measured at Mark to Model based on observable market parameters.

In fact, in view of its nature as a holding company, the Parent Company habitually operates with financial instruments; in particular, the Parent Company's core business involves investing in securities representing the capital of companies, both listed on regulated and unlisted markets. Investments are made on a medium- to long-term basis, as well as for trading purposes, in accordance with the Articles of Association and the laws and regulations in force. The Parent Company may also grant loans to or negotiate loans on behalf of investee companies, in order to support their development plans in accordance with its own portfolio investment return objectives.

Below is the breakdown of financial assets and liabilities required by IFRS 7 within the categories required by IFRS 9:

(€'000)

A- Financial assets at 31 December 2023	Note	HTC	HTCS	Other
Current financial assets:				
Cash and cash equivalents	20			127,303
Financial receivables and other current financial assets	18	10,227	67,000	-
Trade receivables	8	7,611		
Non-current financial assets:				
Financial receivables and other non-current financial assets	17	418,297		
Total A - Assets		436,135	67,000	127,303

(€'000)

B - Financial liabilities at 31 December 2023	Note	Amortised cost		
Current financial liabilities:				
Accrued interest on bonds issued	22	(3,721)		
Lease liabilities	23	(321)		
Bank loans and borrowings	22	(4,690)		
Liabilities to subsidiaries - cash pooling	22	(44,745)		
Liabilities to subsidiaries and associates	22	(1,109)		
Trade payables	12	(49,910)		
Non-current financial liabilities:				
Bank loans and borrowings	21	(22,776)		
Lease liabilities	21	(3,236)		
Derivatives	22	(352)		
Bonds issued	21	(664,241)		
Total B - Liabilities		(795,100)	-	-

(€'000)

A- Financial assets at 31 December 2022	Note	HTC	HTCS	Other
Current financial assets:				
Cash and cash equivalents	20			96,421
Financial receivables and other current financial assets	18	33,214	62,817	9,987
Trade receivables	8	22,889		
Non-current financial assets:				
Financial receivables and other non-current financial assets	17	236,141		
Total A - Assets		292,244	62,817	106,408

(€'000)

B - Financial liabilities at 31 December 2022	Note	Amortised cost		
Current financial liabilities:				
Accrued interest on bonds issued	22	(3,124)		
Lease liabilities	23	(327)		
Bank loans and borrowings	12	(1,758)		
Liabilities to associates		-		
Liabilities to subsidiaries and associates	14	(1,055)		
Trade payables	12	(2,949)		
Non-current financial liabilities:				
Bank loans and borrowings	21	(2,637)		
Lease liabilities	21	(3,529)		
Bonds issued	21	(495,426)		
Total B - Liabilities		(510,806)	-	-

Fair value and calculation models used

The following table shows the amounts corresponding to the fair value of the classes of financial instruments broken down on the basis of the methods and calculation models used to determine them.

The fair value of equity investments recognised at cost was not calculated because they are investments in equity instruments that do not have a quoted market price in an active market.

<i>(€'000)</i>	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>Current</i>	<i>Non-current</i>	<i>Cost</i>	<i>Discounted cash flow</i>
A- Financial assets at 31 December 2023				
Financial receivables and other current financial assets	67,000	-	-	67,000
Total A - Assets	67,000	-	-	67,000

<i>(€'000)</i>	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>Current</i>	<i>Non-current</i>	<i>Cost</i>	<i>Discounted cash flow</i>
B - Financial liabilities at 31 December 2023				
Bank loans and borrowings	(4,690)	(22,776)		
Bonds issued	(3,721)	(664,241)		
Total B - Liabilities	(8,411)	(687,017)	-	-

<i>(€'000)</i>	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>Current</i>	<i>Non-current</i>	<i>Cost</i>	<i>Discounted cash flow</i>
A- Financial assets at 31 December 2022				
Financial receivables and other current financial assets	72,804	-	9,987	62,817
Total A - Assets	72,804	-	9,987	62,817

<i>(€'000)</i>	<i>Carrying amount</i>		<i>Fair value</i>	
	<i>Current</i>	<i>Non-current</i>	<i>Cost</i>	<i>Discounted cash flow</i>
B - Financial liabilities at 31 December 2022				
Bank loans and borrowings	(2,637)	(1,758)		
Bonds issued	(3,124)	(495,426)		
Total B - Liabilities	(5,761)	(497,184)	-	-

Type of risks covered

In connection with its transactions in financial instruments, the Parent Company is exposed to the following risks. From a procedural point of view, the Board of Directors assesses each transaction of a significant amount in advance, periodically verifies the Parent Company's risk exposure and defines market risk management policies.

Please refer to the section "Principal Risks and Uncertainties" in the **Report on Operations** regarding additional risks that may affect the investees belonging to the Alerion Group.

1. Commodity price risk

The Group is primarily exposed to the price volatility risk related to electricity, i.e. the price risk related to the variability of future revenues from electricity sales due to fluctuations in the sales prices of this commodity.

Generally speaking, the risk management strategy pursued by the Group with reference to energy risk management is aimed at containing the volatility induced by variations in electricity market prices on its margins and the consequent stabilisation of the related cash flows generated by the sale of the electricity produced by its generation plants from renewable sources.

The Group trades commodity derivatives ("commodity swaps") in order to mitigate the price risk attributable to a specific risk component embedded in the sale prices of the electricity generated. The underlying risk management objective is, therefore, to protect the value of future electricity sales from unfavourable movements in the risk component embedded in the sales prices contracted with its customer base.

Ultimately, the objective of the Group's accounting-designated hedging relationships is to set the value of the risk component associated with highly probable revenues from electricity sales, through commodity swap trading.

2. Credit risk

The nature of the Parent Company's receivables derives mainly from financial assets and services rendered to subsidiaries.

The credit risk concerning financial assets is mainly represented by the interest-bearing loans outstanding with subsidiaries: the parent company grants the cash necessary for the development and sustainability of the investments made in the wind power sector by the investee SPVs. The centralised management of the finance and treasury function makes it possible to reduce exposure to credit risk through constant monitoring of compliance with the financial constraints set out in the project finance models adopted by the project company (SPV) to develop individual investment plans.

The table below summarises the balances of trade receivables from third parties and subsidiaries, as none of the other financial assets described above were past due or impaired at year-end:

(€'000)	31 December 2023	Net trade receivables	Gross past-due amount				Total past due	Individual impairment losses
			within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties		218	-	-	-	218	218	(218)
Subsidiaries		7,611	-	-	-	-	-	-
Total		7,829	-	-	-	218	218	(218)

(€'000)	31 December 2022	Net trade receivables	Gross past-due amount				Total past due	Individual impairment losses
			within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties		218	-	-	-	218	218	(218)
Subsidiaries		22,889	-	-	-	-	-	-
Total		23,107	-	-	-	218	218	(218)

3. Liquidity risk

Liquidity risk can manifest itself in the difficulty of finding, at market economic conditions, the financial resources needed to meet contractual commitments.

It may arise from the insufficiency of available resources to meet financial obligations on the pre-established terms and deadlines in the event of a sudden revocation of revocable financing facilities or from the possibility that the company may have to meet its financial liabilities before their natural maturity.

As a result of the bond issue, the Parent Company's financial structure is concentrated almost exclusively on long-term maturities. There were no short-term credit lines held by Alerion Clean Power S.p.A. as of 31 December 2023.

The Parent Company has cash and margins available on bank credit lines adequate to meet temporary cash needs and deliberate investments, as well as the theoretical risk of repayment of on-demand credit lines, through the Group's financial management.

The maturity analysis shown here was carried out by estimating future cash flows, the amounts of which were entered taking into account the first date on which payment may be required. The assumptions underlying the *maturity analysis* are:

- cash flows are not discounted;
- cash flows are posted in the reference *time band* based on the first due date (*worst case scenario*) under the terms of the contract;
- all instruments held at the end of the financial year for which payments have already been contractually designated are included; future commitments that are planned but not yet recorded in the Financial Statements are not included;
- when the amount payable is not fixed (e.g. future interest repayments), cash flows are valued at market conditions at the reporting date (forward rates current at year-end);
- cash flows include both the interest and principal portion until maturity of financial liabilities recognised at year-end.

Liquidity analysis - 2023

(€'000)	Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
Bonds issued	21-22	(667,962)		(2,783)	(938)	(200,000)		(200,000)	(100,000)	(170,000)	(673,721)
Liabilities to subsidiaries and related parties	11	(45,854)		(45,854)							(45,854)
Bank loans and borrowings	21-22	(27,466)	(43)	(2,191)	(2,190)	(4,381)	(4,161)	(3,500)	(11,000)		(27,466)
Derivatives	22	(352)		(352)							(352)
Trade payables	12	(49,910)		(49,910)							(49,910)
Total		(791,543)	(43)	(101,089)	(3,128)	(204,381)	(4,161)	(203,500)	(111,000)	(170,000)	(797,302)

Liquidity analysis - 2022

(€'000)	Note	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
Bonds issued	21-22	(498,550)		(7,125)	(7,125)	(14,250)	(214,250)	(8,000)	(208,000)	(101,314)	(560,064)
Liabilities to subsidiaries and related parties	11	(1,055)		(1,055)							(1,055)
Bank loans and borrowings	21-22	(4,396)	(98)	(885)	(883)	(1,190)	(896)	(665)	-	-	(4,617)
Trade payables	12	(2,949)		(2,949)							(2,949)
Total		(506,950)	(98)	(12,014)	(8,008)	(15,440)	(215,146)	(8,665)	(208,000)	(101,314)	(568,685)

4. Interest-rate risk

The interest rate risk to which the Parent Company is exposed is mainly originated by payables to banks and linked to the volatility of the Euribor curve, and as at 31 December 2023 it is therefore mainly limited to the loan to Crédit Agricole for EUR 25,000 thousand, net of accessory costs. However, the Company normalised this risk by signing an interest rate swap derivative contract with this loan as the underlying.

It should be noted that there is no interest rate risk with respect to the Bonds.

Sensitivity analysis

Financial instruments exposed to interest rate risk were subject to sensitivity analysis at the date of the financial statements. The assumptions underlying the model are as follows:

- for bank current account exposures and loans from subsidiaries, the amount of financial costs/income is restated by applying the change of +100/-25 bps multiplied by the values recorded in the Financial Statements and a time interval equal to the financial year;
- for loans with a repayment schedule, the change in financial costs is determined by applying the change of +100/-25 bps to the loan's borrowing rate at each refixing date multiplied by the principal outstanding during the year.

Sensitivity analysis - 2023 (€'000)	2023 profit or loss		2022 profit or loss	
	+100bp Euribor	-25bp Euribor	+100bp Euribor	-25bp Euribor
Bonds issued	(6,700)	1,675	(5,000)	1,250
Liabilities to subsidiaries and related parties	(459)	115	(11)	3
Derivatives	(4)	1	-	-
Bank loans and borrowings	(275)	69	(44)	11
Loans to subsidiaries	4,283	(1,070)	2,694	(673)
Total	(3,153)	789	(2,361)	590

4. INTANGIBLE ASSETS

Intangible assets with a finite life amounted to EUR 24 thousand as of 31 December 2023 (EUR 30 thousand as of 31 December 2022) and mainly related to expenses incurred for the acquisition of software.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to EUR 3,631 thousand as at 31 December 2023 (EUR 3,962 thousand as at 31 December 2022), composed as follows:

<i>(€'000)</i>	Buildings	Other assets	Total property, plant and equipment
Gross carrying amount at 01.01.2023	4,057	331	4,388
Accumulated depreciation	(268)	(158)	(426)
Carrying amount at 01.01.2023	3,789	173	3,962
Increases:			
Increases	-	59	59
Other increases	-	17	17
Total increases	-	76	76
Decreases:			
Depreciation	(338)	(43)	(381)
Transfers of assets	-	(4)	(4)
Other decreases	-	(22)	(22)
Total decreases	(338)	(69)	(407)
Gross carrying amount at 31.12.2023	4,057	403	4,438
Accumulated depreciation	(606)	(223)	(807)
Carrying amount at 31.12.2023	3,451	180	3,631

The item "Buildings" refers to the recognition of EUR 4,057 thousand, in accordance with IFRS 16, of the building in Via Fucini 4, Milan, for which the Company has an office lease agreement. Depreciation for the year amounted to EUR 338,000.

The item "Other assets" refers to telephone equipment, furniture and electronic office machines. The change from the previous year mainly relates to i) the purchase of electronic machines during the year in the amount of EUR 55 thousand, ii) the adjustment of values referring to assets recognised in accordance with IFRS 16 for a negative net book value of EUR 17 thousand, and iii) depreciation for the year in the amount of EUR 43 thousand.

6. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries amounted to EUR 387,367 thousand as at 31 December 2023 (EUR 307,610 thousand as at 31 December 2022). Below are the details:

('000)	31.12.2023			31.12.2022		
	No. of shares/quotas	Nominal amount	Carrying amount	No. of shares/quotas	Nominal amount	Carrying amount
Alerion Servizi Tecnici e Sviluppo S.r.l.	100%	100	713	100%	100	713
Alerion Bioenergy S.r.l. in liquidation	100%	10	-	100%	10	-
Alerion Real Estate S.r.l. in liquidation	100%	90	673	100%	90	673
FRI-EL Albareto S.r.l.	100%	10	5,200	100%	10	5,200
Green Energy Sardegna S.r.l.	100%	10	7,700	100%	10	7,700
Eolica PM S.r.l.	100%	20	17,950	100%	20	17,950
Callari S.r.l.	100%	1,000	9,982	100%	1,000	9,982
Dotto S.r.l.	100%	10	7,724	100%	10	7,724
Alerion Spain S.L.	51%	100	2,608	51%	100	1,608
Eolo S.r.l.	100%	750	3,418	100%	750	3,418
Krupen Wind S.r.l.	100%	10	166	100%	10	166
Minerva S.r.l.	100%	14	10,079	100%	14	10,079
Ordona Energia S.r.l.	100%	435	7,965	100%	435	7,965
Parco Eolico Licodia Eubea S.r.l.	80%	100	5,508	80%	100	5,508
Renergy San Marco S.r.l.	100%	108	18,690	100%	108	18,690
Wind Power Sud S.r.l.	100%	10	31,789	100%	10	31,789
FRI-EL Ichnusa S.r.l.	100%	10	57,737	100%	10	59,719
Anemos Wind S.r.l.	100%	50	3,500	100%	50	3,500
FW Holding S.r.l.	100%	100	71,557	100%	100	70,000
FRI-EL Nulvi Holding S.r.l.	90%	3,000	19,800	90%	3,000	19,800
Alerion Iberia S.L.	100%	50	150	100%	50	100
Naonis Wind S.r.l.	100%	20	2,411	100%	20	2,411
Emermac S.r.l.	100%	40	14,885	100%	40	14,885
Fucini 4 S.r.l.	100%	10	2,010	100%	10	2,010
Alerion Investments S.r.l.	100%	10	10	100%	10	10
Alerion Service S.r.l.	100%	100	6,000	100%	100	6,000
FRI-EL Anzi Srl *	100%	50	26,831	0%	-	-
FRI-EL Guardionara Srl *	100%	10	34,965	0%	-	-
Alerion Seddanus Srl *	100%	10	3,500	0%	-	-
FRI-EL Solar Srl *	100%	10	5,936	0%	-	-
Alerion UK Ltd	100%	1 GBP	-	100%	1 GBP	-
Alerion Clean Power RO S.r.l.	0%	0	-	100%	50.000 RON	10
Alerion Romania S.A. in liquidation	95%	100 RON	-	95%	100 RON	-
Alerion Renewable RO Srl *	51%	10.000 RON	7,908	0%	-	-
Alerion Energy RO Srl *	100%	10.000 RON	2	0%	-	-
Alerion Ireland Ltd *	100%	1	-	0%	-	-
Alerion Bulgaria A.D.	92.5%	50 LEV	-	92.5%	50 LEV	-
Total investments in subsidiaries			387,367			307,610

* Incorporated in 2023

The increase in the item "Investments in subsidiaries" is mainly due to i) the purchase from RWE Renewables Italia S.r.l., as already indicated under "Significant events during the year", of 51% of the companies FRI-EL Anzi S.r.l. for euro 18,831 thousand and FRI-EL Guardionara S.r.l. for euro 25,465 thousand, ii) the purchase from FRI-EL S.p.A. of 100% of the share capital of FRI-EL Solar S.r.l., as already indicated under "Significant events during the year", for EUR 5,936 thousand, iii) the purchase of 75% from FRI-EL S.p.A. and 25% from Pro-Invest S.r.l. 100% of the share capital of the company Alerion Seddanus S.r.l. for EUR 3,500 thousand, as already indicated in the section "Scope of Consolidation".

It should also be noted that the investment in Alerion Clean Power RO S.r.l. was reclassified under investments in joint ventures and associated companies following the sale of 51% to FRI-EL Hydro S.r.l.

The transaction involved an initial capital increase by the company through the waiver of the repayment of the shareholder loan of EUR 7,000 thousand disbursed at the time and the subsequent sale of 51%. The value of the equity investment was therefore adjusted to the transfer value, and the economic effect of this was recognised under net gains on equity investments.

The list of subsidiaries at the end of the financial year, with the information required by Article 2427, No. 5) of the Civil Code, is shown below.

Alerion Servizi Tecnici e Sviluppo S.r.l.

Alerion Servizi Tecnici e Sviluppo S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	100
Investment percentage	100%
2023 profit	102
Equity at 31 December 2023 (including the profit for the year)	5,379
Carrying amount	713
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(1,663)

Alerion Servizi Tecnici e Sviluppo S.r.l. is the operating company of the Alerion Group active in the engineering and construction of wind power plants on behalf of third parties, leveraging the development and construction experience gained by the Group over the years.

During 2023, the subsidiary continued to manage both its own development projects and those followed through its subsidiaries.

The carrying value of the investment at 31 December 2023 was EUR 713 thousand, net of an impairment provision of EUR 3,857 thousand.

Alerion Bioenergy S.r.l. in liquidation

Alerion Bioenergy S.r.l.	<i>(€'000)</i>
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 loss	(5)
Equity at 31 December 2023 (including the loss for the year)	(44)
Carrying amount	-

During the financial year 2023, the Company continued the liquidation activities decided on 12 April 2017. It should be noted that the item "Provisions for future risks and charges" includes a provision to cover the accumulated losses of the investee company in the amount of EUR 51 thousand.

Alerion Real Estate S.r.l. in liquidation

Alerion Real Estate S.r.l. in liquidation	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	90
Investment percentage	100%
2023 profit	7
Equity at 31 December 2023 (including the profit for the year)	648
Carrying amount	673

During the financial year 2023, the Company continued the liquidation activities decided on 27 December 2006. The carrying value of the investment at 31 December 2023 was EUR 673 thousand, net of an impairment provision of EUR 317 thousand.

FRI-EL Albareto S.r.l.

FRI-EL Albareto S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 profit	3,175
Equity at 31 December 2023 (including the profit for the year)	6,321
Carrying amount	5,200

FRI-EL Albareto S.r.l. is a company that owns a wind farm with an installed capacity of 19.8 MW in Emilia-Romagna, in the municipality of Albareto. On 27 June 2019, the construction phase of the plant was completed and it was therefore commissioned. The company signed a project financing contract, for a total of EUR 22.9 million, with a pool of banks composed of Unicredit S.p.A. and Natixis - Milan Branch, which acted as Structuring MLA and Hedging Banks, and Unicredit S.p.A. also as Agent Bank.

The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

Electricity production in 2023 was 51,924 MWh, compared to 43,124 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 5,200 thousand.

Green Energy Sardegna S.r.l.

Green Energy Sardegna S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 profit	3,415
Equity at 31 December 2023 (including the profit for the year)	7,419
Carrying amount	7,700

Green Energy Sardegna S.r.l. is a company that owns a wind farm in Sardinia, in the municipalities of Villacidro and San Gavino Monreale, with an installed capacity of 30.8 MW. On 31 January 2019, the construction phase of the plant was completed and it was therefore commissioned.

The company signed a project financing agreement for an amount of EUR 33 million, signed with UniCredit S.p.A. and Natixis - Milan Branch, which acted as Structuring MLA and Hedging Banks, and UniCredit S.p.A. also as Agent Bank.

The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

Electricity production in 2023 was 65,920 MWh, compared to 63,063 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 7,700 thousand.

Eolica PM S.r.l.

Eolica PM S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	20
Investment percentage	100%
2023 profit	9,615
Equity at 31 December 2023 (including the profit for the year)	14,876
Carrying amount	17,950

Eolica P.M. S.r.l. is a company that owns a wind farm with an installed capacity of 51.8 MW in Campania, in the municipalities of Morcone and Pontelandolfo. On 1 August 2019, the construction phase of the plant was completed and it was therefore put into operation.

The company signed a project financing agreement for a total of EUR 53.2 million with a pool of banks consisting of UniCredit S.p.A. and Natixis - Milan Branch, which acted as Structuring MLA and Hedging Banks, and UniCredit also as Agent Bank.

The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

Electricity production in 2023 was 147,833 MWh, compared to 130,475 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 17,950 thousand.

Callari S.r.l.

Callari S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	1,000
Investment percentage	100%
2023 profit	2,458
Equity at 31 December 2023 (including the profit for the year)	8,660
Carrying amount	9,982

Callari S.r.l. is a company that owns a wind farm in the province of Catania, with an installed capacity of 36 MW. In 2023, the company continued its activity of generating electricity from wind power, which it started in February 2009, producing 52,792 MWh, compared to 50,674 MWh in 2022. The carrying value of the investment as at 31 December 2023 was EUR 9,982 thousand.

Dotto S.r.l.

Dotto S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 profit	878
Equity at 31 December 2023 (including the profit for the year)	7,980
Carrying amount	7,724

Dotto S.r.l. is a company that owns a wind farm in the municipality of Ciorlano (CE), with an installed capacity of 20 MW. The company continued to generate electricity from wind power in 2023, producing 18,291 MWh compared to 16,582 MWh in 2022. The carrying value of the investment at 31 December 2023 was EUR 7,724 thousand, net of an impairment provision of EUR 8,955 thousand.

Eolo S.r.l.

Eolo S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	750
Investment percentage	100%
2023 profit	357
Equity at 31 December 2023 (including the profit for the year)	921
Carrying amount	3,418

Eolo S.r.l. is a company that owns a wind farm located in the municipality of Albanella (SA), with an installed capacity of 8.5 MW. The company continued to generate electricity from wind power in 2023, producing 9,636 MWh compared to 9,210 MWh in 2022.

It should be noted that the Company ended the incentive period in February 2016.

The carrying value of the investment at 31 December 2023 is EUR 3,418 thousand, net of an impairment provision of EUR 1,031 thousand.

Minerva S.r.l.

Minerva S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	14
Investment percentage	100%
2023 profit	838
Equity at 31 December 2023 (including the profit for the year)	5,965
Carrying amount	10,079

Minerva S.r.l. is a company that owns a wind farm located in the municipality of Castel di Lucio (ME), with an installed capacity of 23 MW and started up in June 2010.

The Company continued to generate electricity from wind power in 2023, producing 30,670 MWh compared to 32,691 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 10,079 thousand, net of an impairment provision of EUR 7,634 thousand.

Ordona Energia S.r.l.

Ordona Energia S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	435
Investment percentage	100%
2023 profit	1,765
Equity at 31 December 2023 (including the profit for the year)	10,203
Carrying amount	7,965

Ordona Energia S.r.l. is a company that owns a wind farm in Ordona (FG), with an installed capacity of 34 MW and started up in May 2009.

The company continued to generate electricity from wind power in 2023, producing 57,309 MWh compared to 58,611 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 7,965 thousand.

Parco Eolico Licodia Eubea S.r.l.

Parco Eolico Licodia Eubea S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	100
Investment percentage	80%
2023 profit	537
Equity at 31 December 2023 (including the profit for the year)	4,995
Carrying amount	5,508

Parco Eolico Licodia Eubea S.r.l. is a company owning a wind farm located in the municipality of Licodia Eubea (CT), with an installed capacity of 22 MW, and started up in September 2010. The remaining 20% of the capital is held by the shareholder Nova Energia S.r.l.

The company continued to generate electricity from wind power in 2023, producing 32,155 MWh compared to 31,165 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 5,508 thousand, net of an impairment provision of EUR 8,161 thousand.

Renergy San Marco S.r.l.

Renergy San Marco S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	108
Investment percentage	100%
2023 profit	2,655
Equity at 31 December 2023 (including the profit for the year)	19,328
Carrying amount	18,690

Renergy San Marco S.r.l. is a company that owns a wind farm in the municipality of San Marco in Lamis (FG), with an installed capacity of 44.2 MW, which started up in July 2009.

The company continued to generate electricity from wind power in 2023, producing 58,338 MWh compared to 62,662 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 18,690 thousand.

Wind Power Sud S.r.l.

Wind Power Sud S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 profit	1,132
Equity at 31 December 2023 (including the profit for the year)	28,342
Carrying amount	31,789

Wind Power Sud S.r.l. is a company that owns a wind farm in the municipalities of Agrigento and Naro (AG), with an installed capacity of 33.2 MW.

The company continued to generate electricity from wind power in 2023, producing 49,827 MWh compared to 45,808 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 31,789 thousand, net of an impairment provision of EUR 650 thousand.

FRI-EL Ichnusa S.r.l.

FRI-EL Ichnusa S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 profit	9,738
Equity at 31 December 2023 (including the profit for the year)	32,761
Carrying amount	57,737
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	36,923

Fri-El Ichnusa S.r.l. is a holding company that owns 100% of Fri-El Campidano S.r.l., a company that owns a wind farm in the municipality of Campidano (SU), with an installed capacity of 70 MW. The company was acquired on 1 August 2019 for EUR 59,719 thousand, which corresponds to the carrying value of the investment as at 31 December 2023.

Anemos Wind S.r.l.

Anemos Wind S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	50
Investment percentage	100%
2023 profit	3,324
Equity at 31 December 2023 (including the profit for the year)	8,123
Carrying amount	3,500

Anemos Wind S.r.l. is a company that owns a wind farm in Regalbuto (EN), with an installed capacity of 50 MW.

Electricity production in 2023 was 59,910 MWh, compared to 54,249 MWh in 2022.

The company was acquired on 14 November 2019 through a bankruptcy auction for EUR 3,500 thousand, which corresponds to the carrying value of the shareholding as at 31 December 2023.

In 2022, the company signed a project finance agreement with Banco BPM S.p.A. for a total countervalue of EUR 18,500 thousand, which was disbursed at the same time. The loan matures on 31 December 2028 and carries an interest rate equal to the 6-month Euribor plus a spread of 1.550%. On 12 May 2022, the Company entered into an interest rate swap derivative contract with Banco BPM, with an effective date of 30 June 2022 and a termination date of 31 December 2028, aimed at stabilising Euribor interest rate fluctuations by providing that the Company pays a fixed rate of 1.389%.

The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

Krupen Wind S.r.l.

Krupen Wind S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 profit	759
Equity at 31 December 2023 (including the profit for the year)	784
Carrying amount	166
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	7,469

Krupen Wind S.r.l., incorporated on 11 January 2013, is a company operating in the sector of energy production from renewable sources and is the owner through 51% control of four vehicle companies acquired on 19 December 2013 of a wind farm in operation in Krupen (Bulgaria), with a total installed capacity of 12 MW.

The carrying value of the investment as at 31 December 2023 was EUR 166 thousand.

Alerion Spain S.L.

Alerion Spain S.L.	(€'000)
<i>Registered office: Barcelona, Calle Angli 31 - Spagna</i>	
Quota capital	100
Investment percentage	51%
2023 loss	(788)
Equity at 31 December 2023 (including the loss for the year)	1,098
Carrying amount	2,608
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	4,874

Alerion Spain S.L. is a company under Spanish law, incorporated on 16 January 2019 and 51% owned by Alerion Clean Power S.p.A., which acts as the holding company of a special purpose vehicle that owns a wind farm in the municipality of Aliaga (Teruel, Spain), with an installed capacity of 36 MW.

FW Holding S.r.l.

FW Holding S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	100
Investment percentage	100%
2023 profit	12,147
Equity at 31 December 2023 (including the profit for the year)	47,851
Carrying amount	71,557
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	57,452

On 27 February 2020, the Company approved the acquisition of the entire share capital of FW Holding S.r.l., which owns stakes in FRI-EL Ricigliano S.r.l., owner of a wind farm in operation in the Municipality of Ricigliano with an installed capacity of 36 MW, and in FRI-EL Basento S.r.l., which in turn owns FRI-EL Grottole S.r.l., owner of a wind farm in operation in the Municipality of Grottole (MT) with an installed capacity of 54 MW. The acquisition was completed through the purchase of the stakes held by Winco Energreen S.p.A. and Fri-El Green Power S.p.A. in FW Holding S.r.l., each representing 50% of the company's share capital. The historical cost of the investment is EUR 71,557 thousand.

FRI-EL Nulvi Holding S.r.l.

FRI-EL Nulvi Holding S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	3,000
Investment percentage	90%
2023 profit	3,148
Equity at 31 December 2023 (including the profit for the year)	20,367
Carrying amount	19,800
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	20,467

On 27 February 2020, the Company approved the acquisition of a 90% stake in the share capital of Fri-El Nulvi Holding S.r.l. (hereinafter "Nulvi"), which owns a stake in FRI-EL Anglona S.r.l., owner of an operating wind farm with a total installed capacity of 29.75 MW and located in the municipalities of Nulvi and Tergu (SS). In particular, Alerion acquired a 60% stake in the share capital of Nulvi from Fri-El Green Power S.p.A. and a further 30% stake in the share capital from BBL S.r.l. The acquisition cost of the shareholding was EUR 19,800 thousand.

Alerion Iberia S.L.

Alerion Iberia S.L.	(€'000)
<i>Registered office: Barcelona, Calle Angli 31 - Spagna</i>	
Quota capital	50
Investment percentage	100%
2023 loss	(46)
Equity at 31 December 2023 (including the loss for the year)	30
Carrying amount	150

On 29 April 2020, Alerion Clean Power S.p.A. incorporated Alerion Iberia S.L. with a share capital of EUR 50 thousand.

Naonis Wind S.r.l.

Naonis Wind S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	20
Investment percentage	100%
2023 profit	640
Equity at 31 December 2023 (including the profit for the year)	3,266
Carrying amount	2,411

On 22 October 2020, the Company acquired 100% of the share capital of Naonis Wind S.r.l., a company that holds the authorisation for the construction and operation of a wind power plant located in the municipality of Cerignola (FG), hamlet "Tre Santi - Posta Crusca", with a total capacity of 11 MW.

On 14 April 2022, the company signed a project finance agreement with Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A. for a total countervalue of EUR 11,300 thousand. The loan carries an interest rate of 6-month Euribor plus a spread of 1.80%. On 24 May 2022, the Company entered into an interest rate swap derivative contract with Unicredit S.p.A., with an effective date of 30 June 2022 and a termination date of 30 December 2039, aimed at stabilising Euribor interest rate fluctuations by providing that the Company pays a fixed rate of 1.896%. The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

The carrying value of the investment was EUR 2,411 thousand.

The company continued to generate electricity from wind power in 2023, producing 22,455 MWh compared to 7,125 MWh in 2022.

Enermac S.r.l.

Enermac S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	40
Investment percentage	100%
2023 profit	3,419
Equity at 31 December 2023 (including the profit for the year)	6,685
Carrying amount	14,885

On 15 December 2020, the Company acquired from the subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l. 100% of the share capital of Enermac S.r.l., a company that holds the authorisation for the construction and operation of two wind farms located in the municipality of Orta Nova (FG), in the hamlets of "La Ficora" and "Tre Confini", with an installed capacity of 27.2 MW and 23.8 MW, respectively.

On 14 April 2022, the Company signed a project finance agreement with Unicredit S.p.A. and Cassa Depositi e Prestiti S.p.A. for a total countervalue of EUR 54,300 thousand. The loan carries an interest rate of 6-month Euribor plus a spread of 1.80%. On 16 May 2022, the Company entered into an interest rate swap derivative contract with Unicredit S.p.A., with an effective date of 30 June 2022 and a termination date of 31 December 2039, aimed at stabilising Euribor interest rate fluctuations by providing that the Company pays a fixed rate of 1.925%. The results achieved made it possible to meet the payment of the Project Finance instalments according to the repayment schedule.

The carrying value of the investment was EUR 14,885 thousand.

The company continued to generate electricity from wind power in 2023, producing 104,052 MWh compared to 34,963 MWh in 2022.

Alerion Romania S.A. in liquidation

Alerion Romania S.A. in liquidation	(€'000)
<i>Registered office: Oradea, Cetatii square n.1, Bihor County, Romania</i>	
Quota capital	100 RON
Investment percentage	95%
2023 profit	-
Equity at 31 December 2023 (including the profit for the year)	(1,408)
Carrying amount	-
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(308)

Alerion Romania S.A. is a company under Romanian law, 95% owned by Alerion Clean Power S.p.A. The company has been in liquidation since 2014, and closure activities took place during the year. Although the investee company had a negative net worth as at 31 December 2023, there is no obligation to replenish it in accordance with the laws in force in Romania.

It should be noted, however, that the carrying value of the investment as of 31 December 2023 was fully written down in prior years and that Alerion Clean Power S.p.A. has a financial receivable, also fully

written down, of EUR 2,993 thousand from the subsidiary, which, if waived, would reconstitute the value of equity.

Alerion Bulgaria OOD S.A.

Alerion Bulgaria OOD S.A.	(€'000)
<i>Registered office: Sofia, 6th Septemvri str. 6A, Bulgaria</i>	
Quota capital	90 LEV
Investment percentage	92.50%
2023 loss	(23)
Equity at 31 December 2023 (including the loss for the year)	(94)
Carrying amount	-

Alerion Bulgaria OOD S.A. is a company under Bulgarian law 92.5% owned by Alerion Clean Power S.p.A. Despite the fact that the investee company had a negative net worth as at 31 December 2023, there is no obligation to replenish it in accordance with the laws in force in Bulgaria.

It should be noted, however, that the carrying value of the investment at 31 December 2023 was fully written down in previous years and that Alerion Clean Power S.p.A. [sic]

Fucini 4 S.r.l.

Fucini 4 S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 loss	(44)
Equity at 31 December 2023 (including the loss for the year)	2,024
Carrying amount	2,010

Fucini 4 S.r.l. is a company under the laws of Italy, incorporated on 13 July 2021 by Alerion Clean Power S.p.A. for the purpose of purchasing, renovating and maintaining the Group's headquarters building located in Milan, via Fucini 4.

On 14 January 2022, the company signed a mortgage loan contract with Banco BPM S.p.A. for an amount of EUR 3,850,000 with a variable rate equal to 6-month Euribor plus a spread of 1.6 basis points. At the same time, a fixed-rate IRS swap contract was entered into with Banco BPM S.p.A., in order to hedge the Company against fluctuations in the variable rate underlying the loan.

Alerion Investments S.r.l.

Alerion Investments S.r.l.	(€'000)
<i>Registered office: Milan, Via Fucini 4</i>	
Quota capital	10
Investment percentage	100%
2023 profit	454
Equity at 31 December 2023 (including the profit for the year)	464
Carrying amount	10

Alerion Investments S.r.l. is a company under Italian law, incorporated by the Company with a share capital of EUR 10 thousand on 2 August 2022, for the purpose of using financial resources in debt or equity instruments in the share capital of other companies in order to maximise their remuneration. By express provision of the By-laws, Alerion Investments S.r.l. will not engage in transactions involving the collection or investment of financial resources from the public, nor in the issuance of guarantees in favour of third parties.

Alerion UK Ltd

Alerion UK Ltd	(€'000)
<i>Registered office: Gateway Hjouse, Old Hall Road, Bromborough, Wirral, Regno Unito</i>	
Quota capital	1 GBP
Investment percentage	100%
2023 loss	(705)
Equity at 31 December 2023 (including the loss for the year)	(926)
Carrying amount	-

Alerion UK Ltd was incorporated on 29 July 2022 by the Company by the payment of £ 1. The company's purpose is to promote both wind and photovoltaic development initiatives related to the UK.

Alerion Service S.r.l.

Alerion Service S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	100
Investment percentage	100%
2023 profit	716
Equity at 31 December 2023 (including the profit for the year)	6,266
Carrying amount	6,000
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(76)

On 25 May 2022, the Company acquired from FRI-EL Service S.r.l. the subsidiary Alerion Service S.r.l., a company established in 2022 in order to receive the contribution of FRI-EL Service S.r.l.'s business unit active in wind farm maintenance services. The company was acquired at a countervalue of EUR 6,000 thousand, which corresponds to the carrying value of the investment.

FRI-EL Anzi S.r.l.

FRI-EL Anzi S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	50
Investment percentage	100%
2023 profit	2,677
Equity at 31 December 2023 (including the profit for the year)	9,057
Carrying amount	26,831

FRI-EL Anzi S.r.l. is a company owning a wind farm in the municipality of Anzi (PZ), locality Cupolicchio - Acqua La Pila, with an installed capacity of 16 MW, which started operation in 2011.

As indicated under "Significant events during the year", on 21 April 2023, the Company acquired 51% of the share capital of FRI-EL Anzi S.r.l. from RWE Renewables Italia S.r.l., bringing its stake from 49% to 100%.

The company was acquired at a countervalue of EUR 18,831 thousand, which increased the value of the investment from EUR 8,000 thousand to EUR 26,831 thousand.

In 2023, the company continued to generate electricity from wind power, producing 35,879 MWh (29,692 MWh in 2022).

FRI-EL Guardionara S.r.l.

FRI-EL Guardionara S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 profit	3,367
Equity at 31 December 2023 (including the profit for the year)	13,665
Carrying amount	34,965

FRI-EL Guardionara S.r.l. is a company that owns a wind farm in the municipalities of San Basilio and Siurgus Donigala (CA), with an installed capacity of 24.7 MW, which started operations in June 2010.

As indicated under "Significant events during the year", on 21 April 2023, the Company acquired 51% of the share capital of FRI-EL Guardionara S.r.l. from RWE Renewables Italia S.r.l., bringing its stake from 49% to 100%.

The company was acquired at a countervalue of EUR 25,465 thousand, which increased the value of the investment from EUR 9,500 thousand to EUR 34,965 thousand.

In 2023, the company continued to generate electricity from wind power, producing 40,610 MWh (36,734 MWh in 2022).

Alerion Seddanus S.r.l.

Alerion Seddanus S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 loss	(50)
Equity at 31 December 2023 (including the loss for the year)	71
Carrying amount	3,500

As already mentioned in the section "Scope of consolidation", on 30 March 2023, the Company acquired from FRI-EL S.p.A. and Pro-Invest S.r.l. respectively 75% and 25% of the share capital of Alerion Seddanus S.r.l.

The company was acquired at a countervalue of EUR 3,500 thousand, which corresponds to the carrying value of the investment.

Alerion Seddanus S.r.l. is carrying out the necessary design and analysis activities for the development and construction of two photovoltaic parks in the municipality of Villacidro (SU), with a capacity of 6.754 MWp for each project.

FRI-EL Solar S.r.l.

FRI-EL Solar S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2023 profit	122
Equity at 31 December 2023 (including the profit for the year)	4,511
Carrying amount	5,936
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	37

As indicated under "Significant events during the year", on 27 October 2023, the Company acquired 100% of the share capital of FRI-EL Solar S.r.l. from FRI-EL S.p.A.

The company was acquired at a countervalue of EUR 5,936 thousand, which corresponds to the carrying value of the investment.

FRI-EL Solar S.r.l. owns a share representing 49% of the share capital of the company Tre Torri Energia S.r.l. which, in turn, owns the projects for the construction and subsequent operation of the photovoltaic farms named PV Licodia Eubea, PV Grottole, PV Argentone, PV San Felice and PV Tre Torri.

The share representing the remaining 51% of the share capital of Tre Torri Energia is owned by the company Enerwind S.r.l., which acts as developer.

FRI-EL Solar S.r.l. also owns 100% of the share capital of the companies Aresol S.r.l. and Ecosolis S.r.l., incorporated by deed dated 3 November 2023 and having as their corporate purpose the development of projects for the construction of plants for electricity production from renewable sources, in particular photovoltaic, as well as their construction and subsequent management.

Alerion Renewable RO S.r.l.

Alerion Renewable RO S.r.l.	(€'000)
<i>Registered office: Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3</i>	
Quota capital	75.769.740 RON
Investment percentage	51%
2023 profit	23
Equity at 31 December 2023 (including the profit for the year)	15,251
Carrying amount	7,908
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(800)

Alerion Renewable RO S.r.l. is a company incorporated on 25 July 2023, whose share capital is 51% owned by Alerion Clean Power S.p.A. The subsidiary's main activity is that of holding company for some of the Group's Romanian subsidiaries under development.

Alerion Energy RO S.r.l.

Alerion Energy RO S.r.l.	(€'000)
<i>Registered office: Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3</i>	
Quota capital	10.000 RON
Investment percentage	100%
2023 loss	(853)
Equity at 31 December 2023 (including the loss for the year)	(851)
Carrying amount	2
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(2,295)

Alerion Energy RO S.r.l. is a company incorporated on 26 July 2023, whose share capital is wholly owned by Alerion Clean Power S.p.A. The subsidiary's main activity is that of holding company for a number of the Group's Romanian subsidiaries, some of which are operational with a total installed capacity of 80 MW, and some of which are under development.

Alerion Ireland Ltd

Alerion Ireland Ltd	(€'000)
<i>Registered office: Office 428, WATERFRONT, 1 HORGAN'S QUAY, CORK, Ireland</i>	
Quota capital	1
Investment percentage	100%
2023 loss	(54)
Equity at 31 December 2023 (including the loss for the year)	(54)
Carrying amount	-

Alerion Ireland Ltd was incorporated on 20 July 2023 by the Company by the payment of EUR 1. The company's purpose is to promote both wind and photovoltaic development initiatives related to Ireland.

Impairment Test

In accordance with the requirements of International Accounting Standard IAS 36, an impairment test was performed, which was approved by the Board of Directors on 12 March 2024, to determine that investments in subsidiaries and investments accounted for using the equity method were recognised in the Financial Statements as of 31 December 2023 at a value not exceeding their recoverable amount.

The Company assesses at each year-end whether there is an indication that the investments may be impaired. If there is any indication of this, the entity shall estimate the recoverable amount of those assets. In accordance with a specific internal policy, the directors may conduct impairment tests of investments in subsidiaries, joint ventures and associates even in the absence of impairment indicators.

In assessing whether there was an indication that the investments in question might be impaired, indications from information sources both internal and external to the Group were considered. In particular, potential impairment indicators were identified in the medium- to long-term price scenarios and in the

difference between the carrying value of investments and the corresponding share of equity. The values subject to impairment testing do not include equity investments acquired or established by the Company during the year, the value of which was recognised at fair value at the date of acquisition, and equity investments related to non-operating businesses but belonging to the segment called Holding in the segment reporting prepared for the consolidated financial statements. Please refer to the section "Investments in Subsidiaries" for a list of the companies acquired during the year; in particular, for the investments not included in the annual impairment test, the positive result obtained by comparing the carrying value with the corresponding portion of equity held is shown.

Climate Risk

The Alerion Group mitigates the potential impacts of climate risk by adopting appropriate measures such as (i) planning the installation of new sites in diversified geographic areas, monitoring the trend of anemometric data to improve meteorological forecasting and scheduling plant shutdowns according to periods of less windy weather, and (ii) limiting the potential risks of damage to plants due to adverse weather events that cannot be controlled or planned through insurance policies and maintenance contracts. In preparing the impairment test, in line with the impairment methodology adopted by the Group, the potential climate risk impacts were reflected in the determination of the prospective cash flows, taking into account, for example, the potential lower yields related to reduced electricity production due to the adverse weather conditions experienced (basing these projections, among other things, on the historical averages of productivity of the individual wind farms) and the operating costs related to the stipulation of insurance policies.

In accordance with IAS 36 - Impairment of Assets, the recoverable value of investments was checked. This value was estimated by determining their economic value, based on the cash flows that these companies are able to generate. Based on the strategic and organisational choices adopted by the Group, when testing these activities, reference was made to individual projects/plants, each of which can be identified with a company. These companies represent the smallest identifiable cash-generating units, as the assets subject to impairment testing are not capable of generating cash inflows independent of those arising from the other assets or groups of assets belonging to the individual companies. The results of the impairment analyses, carried out at the level of individual CGUs, were grouped by reference area (Geographical Areas) consistently with the Group's organisational and business structure.

Values subject to impairment testing do not include investments in non-operational companies or those that were acquired by the Group during the year and whose value was not tested during the year, as they were recognised at fair value at the date of acquisition upon first-time consolidation, and for which no indicators of possible impairment have emerged.

The economic value of the various operating companies was estimated using a cash flow schedule determined on the basis of the expected economic life of the various assets net of debt outstanding at the valuation date. It should be noted that the methodology used to determine the residual value at the end of the explicit valuation period, included in the estimate of the economic value of each CGU, was changed by using instead the expected value from the disposal of the residual asset at 31 December 2022.

Given the particular type of business, which envisages investments with medium-term returns and cash flows over a long-term horizon, the plan period exceeds 5 years. In particular, to determine the recoverable amount of wind power plants, the present value of operating cash flows was estimated based on the duration of the individual concessions of the various projects, averaging 29 years from the start of production.

Cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of the individual farms;

- expected sales prices extrapolated from market projections of the electricity price curve. With regard to incentives, however, the regulatory requirements for the sector were taken into account;
- production costs derived from historical analyses or from the standard costs achieved by comparable initiatives;
- Disposal value determined as the expected value from the disposal of the residual asset based on the provisions of the relevant standard (IAS 36).

The individual plans of the operating companies were approved by the Sole Director of the relevant operating companies or by their Board of Directors, as applicable.

The resulting cash flows, calculated net of taxation, were then discounted at a rate representing the Weighted Average Cost Of Capital (WACC) for Italy 6.09% (5.93% as of 31 December 2022), for Spain 5.68% (5.53% as of 31 December 2022), and for Bulgaria 7.60% (6.77% as of 31 December 2022), also calculated net of taxation.

It should be noted that the estimate of the latent taxation on the implicit capital gains of participations was carried out by the Company's management under the assumption that the requirements of the "Participation exemption" tax facility were met.

Based on the outcome of the impairment test, it was assessed that the carrying value was consistent with the values resulting from the analyses performed. Therefore, no write-down was deemed necessary.

Shareholdings in subsidiaries grouped by areas of reference in line with the Group's organisational and business structure	Book value recorded under equity investments in subsidiaries	Headroom
(value in thousands of euros)		
data as at 31 December 2023		
Wind power plants operating in Italy		
North	5,200	34,430
Centre-South	100,649	186,069
South	70,783	103,206
Sicily	60,858	73,756
Sardinia	120,202	94,937
Total	357,692	492,398
Wind farms operating abroad		
Spain	2,608	35,673
Bulgaria	166	9,358
Total	2,774	45,031
Investments in subsidiaries subject to impairment test	360,466	537,429
Total value of investments in subsidiaries in the Financial Statements	387,367	
Value not tested	26,901	
Interests in joint ventures and associated companies grouped according to areas consistent with the organisational and business structure of the Group	Carrying amount as at 31 December 2023	Headroom

Centre-South	2,406	6,763
South	14,240	32,894
Total	16,646	39,657

Investments in subsidiaries subject to impairment test	16,646	39,657
Total value of investments in subsidiaries	17,506	
Value not tested	860	

Sensitivity analysis

The result of the impairment test is derived from information available to date and reasonable estimates on the development of, among other things, windiness, electricity prices, production costs and interest rates. In this context, a sensitivity analysis was performed on the recoverable value of this investment under the assumption of a reduction in electricity selling prices and an increase in the discount rate. In particular, in relation to the volatility of electricity prices, which has characterised the electricity market in recent years, the following sensitivity analyses were carried out with respect to the "base case", both with electricity prices 5% lower and with a discount rate increased by 0.5 basis points.

In particular, it is noted that:

- assuming a 5% reduction in electricity prices over the entire plan period, the carrying value of these assets would not change;
- following a 0.5 percentage point increase in the discount rate, the carrying value of these assets would not change;
- following a 5% decrease in overall production compared to the historical average, the carrying value of these assets would not change.

It should also be noted that the recoverable amount would be equal to the reference book value, understood as headroom of zero, under the following assumptions; i) reduction in energy prices, increase in the discount rate, and iii) reduction in production for the individual CGUs divided into the reference areas used:

Interests in joint ventures and associated companies grouped according to areas consistent with the organisational and business structure of the Group	Average price change reducing headroom to zero	WACC rate reducing headroom to zero	Average change in output reducing headroom to zero
Wind power plants operating in Italy	Price Variation EE	Variation Wacc	Production Var
North	-63%	23%	-61%
Centre-South	-44%	19%	-43%
South	-60%	27%	-54%
Sicily	-38%	22%	-36%
Sardinia	-53%	22%	-52%
Italy average	-52%	23%	-49%
Wind power plants operating abroad			
Spain	-67%	27%	-66%
Bulgaria	*	*	*

Abroad average	-67%	27%	-66%
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Investments accounted for using the equity method

Centre-South	-77%	118%	-75%
South	-75%	67%	-69%
Mean value	-76%	92%	-72%
*The value of the shareholding in the subsidiary in Bulgaria is not sufficiently relevant and would therefore require a change in the valuation ratios out of scale			

The Directors will, however, systematically monitor the performance of the aforementioned external and uncontrollable variables for any adjustments to the estimates of the recoverability of the carrying value of the investment in the separate financial statements.

The valuation and estimation processes related to the valuation of the recoverable amount of investments were based on the most recent budgets and multi-year plans that consider internal and market assumptions defined by taking into account both external and internal variables. In any case, it should be noted that a reduction in electricity prices would be partially mitigated in the following year by the redetermination in increase of the feed-in tariff recognised by the Gestore dei Servizi Elettrici S.p.A., if any, due to the structure of the formula for determining the tariff.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates, which are stated at cost, amounted to EUR 17,506 thousand at 31 December 2023 (EUR 45,646 thousand at 31 December 2022). Below are the details:

(€'000)	31.12.2023			31.12.2022		
	No. of shares/quotas	Nominal amount	Carrying amount	No. of shares/quotas	Nominal amount	Carrying amount
New Green Molise S.r.l.	50%	10	14,240	50%	10	14,240
Ecoenergia Campania S.r.l.	50%	100	2,406	50%	100	2,406
Alerion Clean Power RO S.r.l.	49%	50.000 RON	860	0%	0	0
Andromeda Wind S.r.l.	0%	0	-	49%	465	11,500
FRI-EL Anzi S.r.l.	0%	0	-	49%	50	8,000
FRI-EL Guardionara S.r.l.	0%	0	-	49%	10	9,500
Total investments in joint ventures and associates			17,506			45,646

As indicated above and under "Significant Events During the Year", following the purchase of 51% of the share capital of FRI-EL Anzi S.r.l. and FRI-EL Guardionara S.r.l., bringing the shareholdings from 49% to 100%; at the same time, the shareholdings were reclassified under equity investments in subsidiaries. At the same time, the Company sold to RWE Renewables Italia S.r.l. 49% of the share capital it owned in Andromeda Wind S.r.l., at a countervalue of EUR 26,483 thousand. The economic effects of this disposal were recognised in net gains on equity investments.

As previously mentioned, following the sale of 51% of the share capital of Alerion Clean Power RO S.r.l. to FRI-EL Hydro Power S.r.l., the investment was reclassified under investments in joint ventures and associated companies.

The investments in the remaining joint ventures New Green Molise S.r.l. and Ecoenergia Campania S.r.l. were tested for impairment as described in the "Impairment test" section of the previous note.

The list of affiliated participations at the end of the financial year, with the information required by Article 2427, No. 5) of the Civil Code, is shown below.

New Green Molise S.r.l.

New Green Molise S.r.l.	(€'000)
<i>Registered office: Napoli, Via Diocleziano 107</i>	
Quota capital	10
Investment percentage	50%
2023 profit	4,610
Equity at 31 December 2023 (including the profit for the year)	35,897
Portion attributable to the company	17,949
Carrying amount	14,240

New Green Molise S.r.l. is a company that owns a wind farm located in the municipality of San Martino in Pensilis (CB), with an installed capacity of 58 MW and started up in October 2010.

The company had a Project Financing loan agreement in place since 2010 of EUR 93.4 million with Intesa San Paolo S.p.A. (formerly Banca Infrastrutture Innovazione e Sviluppo S.p.A.), UniCredit S.p.A. (formerly Unicredit Medio Credito Centrale S.p.A.), Banca Popolare dell'Emilia Romagna sc (formerly Meliorbanca S.p.A.), UBI S.c.p.A. (formerly Centrobanca Banca di Credito Finanziario e Mobiliare S.p.A.) and in 2013 repaid early a portion of this loan in the amount of EUR 9.3 million. On 30 June 2022, New Green Molise S.r.l. extinguished the project finance loan and the related derivative contract early.

The company continued to generate electricity from wind power in 2023, producing 108,908 MWh compared to 98,624 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 14,240 thousand.

Ecoenergia Campania S.r.l.

Ecoenergia Campania S.r.l.	(€'000)
<i>Registered office: Cervinara, Via Cardito 14</i>	
Quota capital	100
Investment percentage	50%
2023 profit	1,297
Equity at 31 December 2023 (including the profit for the year)	5,183
Portion attributable to the company	2,592
Carrying amount	2,406

Ecoenergia Campania S.r.l. is a company that owns a wind farm in Lacedonia, in the province of Avellino, with an installed capacity of 15 MW. The Company continued to generate electricity from wind power in 2023, producing 26,079 MWh compared to 23,082 MWh in 2022.

The carrying value of the investment as at 31 December 2023 was EUR 2,406 thousand.

Alerion Clean Power RO S.r.l.

Alerion Clean Power RO S.r.l.	<i>(€'000)</i>
<i>Registered office: Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3</i>	
Quota capital	34.700.000 RON
Investment percentage	49%
2023 loss	(3,165)
Equity at 31 December 2023 (including the loss for the year)	(576)
Portion attributable to the company	(282)
Carrying amount	860
Equity of the subsidiaries at 31 December 2023 (including the profit for the year)	(1,157)

Alerion Clean Power RO S.r.l. is a company incorporated on 25 May 2021, whose share capital is 49% owned by Alerion Clean Power S.p.A. The subsidiary's main activity is that of holding company for a number of the Group's Romanian subsidiaries and as a promoter of wind development initiatives related to Romania.

8. TRADE RECEIVABLES

Trade receivables amounted to EUR 7,611 thousand (EUR 22,889 thousand as at 31 December 2022) and consisted of:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Subsidiaries	7,598	22,889	(15,291)
Joint venture	13	-	13
Total trade receivables	7,611	22,889	(15,278)

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

Trade receivables from other companies' are shown net of an impairment provision of EUR 218 thousand (EUR 218 thousand as at 31 December 2022).

Trade receivables are non-interest-bearing and generally have a maturity of 30-45 days.

9. CURRENT TAX ASSETS

As at 31 December 2023, current tax assets amounted to EUR 4,060 thousand (not present as at 31 December 2022), broken down as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
IRES	3,647	-	3,647
IRAP	229	-	229
Other tax assets	184	-	184
Total tax assets	4,060	-	4,060

10. OTHER CURRENT ASSETS

Other current assets amounted to EUR 67,768 thousand as at 31 December 2023 (EUR 46,169 thousand as at 31 December 2022) and consisted of:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Tax assets	922	1,171	(249)
Other assets with subsidiaries and related parties	64,244	44,068	20,176
Other assets	2,602	930	1,672
Total other current assets	67,768	46,169	21,599

Receivables from tax authorities consist mainly of tax credits for VAT.

Receivables from subsidiaries and affiliated companies consist mainly of i) receivables for dividends resolved but not yet paid by subsidiaries; ii) receivables arising in connection with the Group's tax consolidation.

11. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities amounted to EUR 2,249 thousand (EUR 2,570 as at 31 December 2022) and mainly refer to payables for the purchase of equity investments with a maturity of more than 12 months.

12. TRADE PAYABLES

Trade payables as at 31 December 2023 amounted to EUR 49,910 thousand (EUR 2,949 thousand as at 31 December 2022) and consisted of:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Third parties	38,635	2,128	36,507
FGP Group	1	7	(6)
Subsidiaries	11,274	814	10,460
Total trade payables	49,910	2,949	46,961

Trade debts do not bear interest and are normally settled at 60 days.

For terms and conditions relating to related parties, see the note "Details of Related Party and Intragroup Transactions as at 31 December 2023".

13. CURRENT TAX LIABILITIES

There were no current tax liabilities as at 31 December 2023 (EUR 23,849 thousand as at 31 December 2022).

14. OTHER CURRENT LIABILITIES

Other current liabilities amounted to EUR 13,706 thousand (EUR 12,342 thousand as of 31 December 2022), and were composed as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Deferred remuneration and fees	863	842	21
Taxes	309	208	101
Social security charges payable	295	224	71
Liabilities for the acquisition of equity investments	1,050	-	1,050
Sundry liabilities to subsidiaries and related parties	11,072	11,006	66
Other sundry liabilities	117	62	55
Total other current liabilities	13,706	12,342	1,364

Other payables to subsidiaries and affiliated companies consist mainly of payables arising in connection with the Group's tax consolidation and Group VAT.

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

15. EQUITY

The company's equity as of 31 December 2023 amounted to EUR 314,229 thousand, an increase of EUR 27,506 thousand compared to the equity of EUR 286,723 thousand as of 31 December 2022.

The main changes that occurred relate to:

- increase of EUR 67,030 thousand for the profit for the year 2023;
- decrease of EUR 37 thousand due to actuarial gains/losses from defined benefit plans (IAS 19) recognised in the statement of comprehensive income;
- increase of EUR 2,983 thousand due to gains/losses resulting from the *fair value* measurement of bonds, recorded as financial assets, and recognised directly in the statement of comprehensive income net of the tax effect;
- decrease for the purchase of treasury shares in the amount of EUR 7,787 thousand;
- a decrease of EUR 245 thousand following the fair value measurement of the variable interest rate derivative instrument related to the loan taken out with Crédit Agricole, as detailed below;
- increase of EUR 602 thousand for the recognition of the effects for the year 2023 of the 2021-2022 share-based incentive plan (stock grant) and the 2023-2025 plan. In accordance with IFRS 2, this reserve refers to long-term incentive plans (stock grant plan) that provide for the assignment to executive directors and/or managers with strategic responsibilities, and/or employees and/or contractors with strategically important roles, of an incentive represented by a share component. The purpose of the Plans is to grant shares free of charge if certain performance targets are achieved at the end of a vesting period. The maximum total number of shares allocated to the beneficiaries (obtained upon achievement of the overperformance under the terms and conditions set forth in the reference regulation) is 43,145 shares for the 2021-2022 plan and 34,332 shares for the 2023-2025 plan, resulting from the allocation of treasury shares. The Company recognises the services rendered by beneficiaries as personnel expenses and indirectly estimates their value, and the corresponding increase in equity, based on the fair value of the equity instruments at the grant date, as required by the accounting standard. On 27 April 2023, the 43,146 shares of the 2021-2022 plan were assigned to their respective beneficiaries, taking them from the treasury shares in portfolio; at the same time, the treasury share reserve was adjusted by EUR 522 thousand and the IFRS 2 reserve was adjusted to close out the previous entries, recording an effect on the result reserve of EUR 30 thousand;
- decrease of EUR 35,039 thousand following the partial distribution of available reserves. It should be noted that the Company's Shareholders' Meeting, held on 20 April 2023, approved the proposal to distribute a dividend to be paid starting from 09 May 2023 with ex-dividend date on 10 May 2023 of coupon no. 12, through the partial use of reserves, of EUR 0.65 per outstanding ordinary share (net of treasury shares), gross or net of withholding taxes, depending on the applicable tax regime. The dividend was paid on the terms and in the manner decided by the Shareholders' Meeting.

Details of the individual items are given below:

- Alerion's share capital amounted to EUR 161,137 thousand as of 31 December 2023 (unchanged from 31 December 2022) and consisted of 54,229,403 ordinary shares;
- other capital reserves amounted to EUR 5,674 thousand, unchanged from 31 December 2022, and included the reserve from the merger by incorporation of Alerion Energie Rinnovabili S.p.A. and the reserve from the sale of treasury shares.
As a result of the merger by incorporation of Alerion Energie Rinnovabili S.p.A. into Alerion Clean Power S.p.A., which took place in December 2019, a negative reserve emerged as a result of the

cancellation of the equity investment already held by the merging company against the countervalue of the merged company's merger capital, amounting to EUR 44,799 thousand. The negative reserve thus generated was used for the voluntary reduction of share capital in the amount of EUR 46,042 thousand, at the same time as the approval of the merger plan. This resulted in a positive reserve of EUR 1,243 thousand, unchanged as at 31 December 2023.

The reserve for the sale of treasury shares, amounting to EUR 4,431 thousand, was established in the 2020 financial year following the exchange of 1,123,227 treasury shares against 13.3% of the share capital of the three companies Andromeda Wind S.r.l., FRI-EL Anzi Holding S.r.l. and FRI-EL Guardionara S.r.l.;

- The treasury share reserve as of 31 December 2023 was negative for EUR 12,581 thousand (negative for EUR 5,315 thousand as of 31 December 2022) and refers to the purchase countervalue of the 522,973 treasury shares held by the company. The reserve changed from its value at 31 December 2022 due to i) the purchase of treasury shares during the year for a countervalue of EUR 7,787 thousand, ii) following the allocation of 43,146 shares to the beneficiaries of the 2021-2022 share-based incentive plan for a countervalue of EUR 522 thousand;
- the share premium amounted to EUR 21,400 thousand, unchanged with respect to 31 December 2022, and related to: i) the premium of EUR 0.02 per share on the capital increase that took place in 2003; ii) the premium of EUR 0.55 per share on the capital increase that took place in 2008, net of adjustments for costs incurred, functional to the capital increases; iii) the difference between the value related to the purchase of treasury shares cancelled in 2012 and their par value, plus purchase commissions;
- the legal reserve amounted to EUR 10,007 thousand at 31 December 2023, an increase compared to 31 December 2022 as a result of the allocation to the legal reserve of a portion of the 2022 result amounting to EUR 4,718 thousand;
- other reserves amounted to EUR 5,009 thousand as of 31 December 2023 and included the effects of the adoption of IFRS. Compared to 31 December 2022, the reserve (i) decreased by EUR 37 thousand due to actuarial gains/losses from defined benefit plans (IAS 19) recognised in the statement of comprehensive income, (ii) increased by EUR 2,983 thousand due to gains/losses resulting from the *fair value* measurement of bonds iii) decreased by EUR 245 thousand due to the effect of *fair value* measurement of the interest rate derivative contract, iv) increased by a total of EUR 50 thousand due to the effect of share-based incentive plans;
- the retained earnings reserves amounted to EUR 56,552 thousand as of 31 December 2023 (EUR 1,914 thousand as of 31 December 2022) and included the results for the year accumulated in previous years.

The reconciliation of equity as at 31 December 2023 and 31 December 2022 is shown in the Parent Company's financial statements.

Below is a table showing the individual items of equity broken down according to their availability, origin and use, as required by Article 2427, No. 7-bis of the Civil Code:

(€'000)	Utilisations in previous years			
	Amount	Possible use	Available portion	to cover losses for other reasons
Share capital	161,137	-	-	
Equity-related reserves:				
Share premium	21,400	A, B, C (*)	21,400	
Negative goodwill	1,243	A, B, C		
Other equity-related reserves	4,431	A, B		
Income-related reserves:				
Legal reserve	10,007	B		
Other distributable reserves	1,008	A, B, C	1,008	
Other non-distributable reserves	3,688	B		
Treasury share reserve	(12,581)	-	-	
IFRS 2 reserve	559	-	-	
Derivatives	(245)	-	-	
Retained earnings	56,552	A, B, C	56,552	
Total	247,199		78,960	-

(*) As allowed by article 2431 of the Italian Civil Code, the share premium can only be distributed in full if the legal reserve has reached the threshold set by article 2430.

Legend:

A: for capital increases

B: to cover losses

C: for distributions to shareholders

16. ACCOUNTING FINANCIAL INDEBTEDNESS OF ONGOING OPERATIONS

Accounting financial indebtedness as of 31 December 2023 was negative EUR 114,989 thousand (negative EUR 69,277 thousand as of 31 December 2022) and is composed as follows:

<i>(Euro)</i>	31.12.2023	31.12.2022
Cash and cash equivalents		
Cash equivalents	127.302.770	96.421.137
Total cash and cash equivalents	127.302.770	96.421.137
Financial receivables and other current financial assets		
Loans to subsidiaries, associates and joint ventures	10.148.963	33.135.267
Derivatives	7.373.383	-
Other financial assets	67.078.779	72.883.281
Total financial receivables and other current financial assets	84.601.125	106.018.548
Liquidity	211.903.895	202.439.685
Current financial liabilities		
Bank loans and borrowings	(59.940)	(98.426)
Liabilities to subsidiaries - shareholder loans	(1.108.726)	(1.055.418)
Liabilities to subsidiaries - cash pooling	(44.744.809)	-
Lease liabilities	(320.539)	(327.253)
Total current financial debt	(46.234.014)	(1.481.097)
Current portion of non-current financial debt		
Accrued interest on bonds	(3.721.301)	(3.123.973)
Current portion of non-current bank loans and borrowings	(4.630.111)	(1.660.003)
Total current portion of non-current financial debt	(8.351.412)	(4.783.976)
CURRENT FINANCIAL INDEBTEDNESS	(54.585.426)	(6.265.073)
NET CURRENT FINANCIAL INDEBTEDNESS	157.318.469	196.174.612
Non-current financial liabilities		
Bank loans and borrowings	(22.775.643)	(2.637.347)
Bonds	(664.241.041)	(495.425.694)
Derivatives	(351.568)	-
Lease liabilities	(3.235.945)	(3.529.316)
Total non-current financial debt	(690.604.197)	(501.592.357)
NON-CURRENT FINANCIAL INDEBTEDNESS	(690.604.197)	(501.592.357)
FINANCIAL INDEBTEDNESS*	(533.285.728)	(305.417.745)
Financial receivables and other non-current financial assets	418.296.608	236.140.584
ACCOUNTING FINANCIAL INDEBTEDNESS	(114.989.120)	(69.277.161)

* Financial indebtedness calculated as per the ESMA32-382-1138 Guidelines

Please refer to the relevant notes above for comments on the individual items.

17. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT FINANCIAL ASSETS

Financial receivables and other non-current financial assets amounted to EUR 418,297 thousand as of 31 December 2023 (EUR 236,140 thousand as of 31 December 2022), broken down as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Financial receivables and other non-current financial assets			
Loans to subsidiaries	390,726	233,204	157,522
Loans to joint ventures	9,403	2,936	6,467
Other non-current financial assets	18,168	-	18,168
Financial receivables and other non-current financial assets	418,297	236,140	182,157

Financial receivables from subsidiaries and Financial receivables from joint ventures mainly refer to the non-current amount financed by the Company to its subsidiaries and interests in joint ventures at the end of the financial year, remunerated at a market rate.

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

18. FINANCIAL RECEIVABLES AND OTHER CURRENT FINANCIAL ASSETS

Current financial receivables amounted to EUR 77,228 thousand as of 31 December 2023 (EUR 106,019 thousand as of 31 December 2022) and are composed as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Loans to subsidiaries	10,149	33,135	(22,986)
Bonds	67,000	62,817	4,183
Time deposits	-	9,987	(9,987)
Other assets	79	80	(1)
Total	77,228	106,019	(28,791)

Financial receivables from subsidiaries refer to the current portion of shareholders' loans granted to subsidiaries at the end of the financial year.

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

The item "Bonds" refers to the Company's investment of cash and cash equivalents in bond instruments issued by leading counterparties, in order to ensure a return on cash in line with market rates.

19. DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)

They amounted to EUR 7,373 thousand (not present at 31 December 2022) and are broken down as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Non-current derivatives	-	-	-
Current derivatives	7,373	-	7,373
Total non-current and current derivatives	7,373	-	7,373

They mainly refer to the fair value valuation of commodity swap derivative contracts signed during the year and referring to the year 2024 in the amount of EUR 7,373 thousand.

20. CASH AND CASH EQUIVALENTS

These amounted to EUR 127,303 thousand as at 31 December 2023 (EUR 96,421 thousand as at 31 December 2022), and were composed as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Demand deposits	87,299	96,414	(9,115)
Time deposits	40,000	-	40,000
Cash and cash equivalents on hand	4	7	(3)
Total cash and cash equivalents	127,303	96,421	30,882

The balance represents cash and cash equivalents at the end of the financial year.

The item Time Deposit refers to investments in cash remuneration instruments with a maturity of less than three months after year-end.

21. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities as at 31 December 2023 amounted to EUR 690,253 thousand (EUR 501,592 thousand as at 31 December 2022) and were composed as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Bank loans and borrowings	22,776	2,637	20,139
Lease liabilities	3,236	3,529	(293)
Bonds issued	664,241	495,426	168,815
Total non-current financial liabilities	690,253	501,592	188,661

Bonds issued refer to:

- the 2019-2025 bond loan (the so-called "Green bond") in the amount of EUR 198,485 thousand, referring to the bond issue that the Company carried out on 19 December 2019, following the

resolution of the Board of Directors of 23 September of the same year, for a total countervalue of EUR 200 million, with a 6-year maturity, at a minimum gross annual nominal rate of 3.125%;

- the 2021-2027 bond issue amounting to EUR 198,226 thousand and referring to the bond issue that the Company carried out on 3 November 2021, following the resolution passed by the Board of Directors on 8 October of the same year, for a total countervalue of EUR 200 million, with a term of 6 years and a minimum gross annual nominal rate of 2.25%;
- the 2022-2028 bond issue amounting to EUR 98,715 thousand and referring to the bond issue that the Company carried out on 15 May 2022, following the resolution passed by the Board of Directors on 21 April of the same year, for a total countervalue of EUR 100 million, with a term of 6 years and a minimum gross annual nominal rate of 3.5%.
- the bond issue 2023-2029 amounting to EUR 167,762 thousand and referring to the bond issue that the Company carried out on 10 November 2023, following the resolution passed by the Board of Directors on 21 April of the same year, for a total countervalue of EUR 170 million, with a term of 6 years and a minimum gross annual nominal rate of 6.75%

Bank loans and borrowings amounted to EUR 22,776 thousand, increased by EUR 20,139 thousand, mainly as a result of the signing of a loan agreement with Crédit Agricole on 18 October 2023 for EUR 25,000 thousand, net of accessory charges of EUR 246 thousand. The loan is backed by a derivative contract with the same counterparty, aimed at stabilising the change in cash flows due to market changes in interest rates (interest rate swap).

The "Lease liabilities IFRS16" amounting to EUR 3,236 thousand, refer, as indicated above, to the recognition of the building in Via Fucini 4, Milan following the signing of the office lease agreement in 2022.

22. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amounted to EUR 54,585 thousand as at 31 December 2023 (EUR 6,265 thousand as at 31 December 2022), and were composed as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Bank loans and borrowings	4,689	1,759	2,930
Loans from subsidiaries - cash pooling	44,745	-	44,745
Loans from subsidiaries and related parties	1,109	1,055	54
Lease liabilities	321	327	(6)
Accrued interest on bonds	3,721	3,124	597
Total current financial liabilities	54,585	6,265	48,320

Payables to subsidiaries for cash pooling indicates the Company's payables to its subsidiaries with which it has signed centralised treasury management contracts during 2023. The contracts provide for the transfer of the daily current account balance from the subsidiary to the parent company in order to optimise the Group's cash. The subsidiaries' stocks at the company are remunerated at a market rate.

Bank loans and borrowings amounted to EUR 4,689 thousand as at 31 December 2023. The increase is mainly attributable, as described above, to the current portion of the loan that the Company signed with Crédit Agricole on 25 October 2023.

Bonds issued amounted to EUR 3,721 thousand as at 31 December 2023 and corresponds to the nominal interest accrued and not paid in the year from the 2019-2025, 2021-2027, 2022-2028, 2023-2029 bonds (see note "Non-current financial liabilities").

23. DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)

They amounted to EUR 352 thousand as at 31 December 2023 (not present as at 31 December 2022), and are broken down as follows:

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Non-current derivatives	352	-	352
Current derivatives	-	-	-
Total non-current and current derivatives	352	-	352

The item Derivative financial instruments refers to the fair value valuation of the derivative contract entered into with Crédit Agricole, aimed at limiting the change in cash flows due to market fluctuations in interest rates (interest rate swap), as indicated above.

24. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

The item Post-employment benefits includes the actuarial value of the Group's actual liability to all employees determined by applying the criteria set forth in IAS 19 and amounts to 787 thousand at 31 December 2023 (EUR 654 thousand at 31 December 2022):

<i>(€'000)</i>	31.12.2023	31.12.2022	Change
Post-employment benefits	787	654	133
Total post-employment benefits and other employee benefits	787	654	133

The actuarial and economic-financial assumptions used to define the fund are summarised below:

Actuarial and financial assumptions used to apply IAS 19

<i>Calculation date</i>	31/12/2023
<i>Mortality rate</i>	IPS55 tables
<i>Disability rate</i>	INPS-2000 tables
<i>Turnover rate</i>	2.00%
<i>Discount rate*</i>	3.17%
<i>Salary increase rate</i>	1.00%
<i>Advance payment rate</i>	1.00%
<i>Inflation rate</i>	2.50%

**Prices at 31 December 2022 of the benchmark index iBoxx Corporate EUR with a 10+ duration and a AA rating*

As of 31 December 2023, Alerion Clean Power S.p.A. had 34 employees; a breakdown is provided below:

	31.12.2022	Increases	Decreases	31.12.2023	Average
Managers	3	0	0	3	3.0
Junior managers and white collars	27	8	(4)	31	30.0
Blue collars	0	0	0	0	0.0
Total employees	30	8	(4)	34	33.0

25. PROVISIONS FOR FUTURE RISKS AND CHARGES

Provisions for risks and charges amounted to EUR 152 thousand as of 31 December 2023 (EUR 37,725 thousand as of 31 December 2022), composed as follows:

(€'000)	31.12.2022	Accruals	Releases/utilisations	Other	31.12.2023
Provision for legal disputes	37,680	109	(1,688)	(36,000)	101
Provision for investee losses	45	6	-	-	51
Total provisions for future risks and charges	37,725	115	(1,688)	(36,000)	152

The Provision for coverage of investee losses amounts to EUR 51 thousand and refers to the coverage of losses incurred in excess of the value of equity of the investee company Alerion Bioenergy S.r.l. in liquidation (see par. Investments in Subsidiaries).

The Provision for litigation risks mainly refers to the provision previously recognised for the lawsuit brought by the company to declare the invalidity of certain commodity derivative contracts hedging the electricity price risk. As at 31 December 2023, the provision was reclassified under trade payables following the judgement issued by the Court of Milan on 8 February 2024. The parties agreed to enter into a settlement agreement that settled all pending issues in relation to the derivative contracts, which are to be deemed fulfilled.

26. COMMITMENTS AND GUARANTEES

Contractual commitments undertaken by the Parent Company and guarantees given to third parties are summarised below:

- sureties issued by the Company in favour of third parties in the interest of the investees totalling Euro 128,038 thousand;
- sureties issued by third parties in favour of third parties in the interest of the Company totalling Euro 27,059 thousand;
- sureties issued by the Company in favour of third parties in the interest of third parties totalling Euro 96 thousand;
- sureties received from third parties in the interest of third parties for which the Company is guaranteed for a total of Euro 124 thousand.

INCOME STATEMENT

27. NET GAINS ON EQUITY INVESTMENTS

Net gains on equity investments amounted to EUR 84,229 thousand (EUR 92,453 thousand in 2022), broken down as follows:

<i>(€'000)</i>	2023	2022	Change
Dividends from investees	62,857	80,966	(18,109)
Net financial income from subsidiaries	7,451	11,515	(4,064)
Net financial income from joint ventures	4,241	-	4,241
Other income from equity investments	12,303	-	12,303
Impairment losses on equity investments	(2,603)	(26)	(2,577)
Other financial expense	(20)	(2)	(18)
Net gains from equity investments	84,229	92,453	(8,224)

Dividends from subsidiaries' amounted to EUR 62,857 thousand and consisted of dividends declared by subsidiaries during the year.

For terms and conditions for related party transactions, please refer to the note "Details of related party and intragroup transactions as at 31 December 2023".

Net financial income from subsidiaries' amounted to EUR 7,451 thousand (EUR 11,320 thousand in 2022) and mainly consisted of net interest income accrued during the year from associates and investee companies.

Net financial income from joint ventures' amounted to EUR 4,241 thousand (EUR 195 thousand in 2022) and mainly consisted of net interest income accrued during the year from joint venture companies.

The item "Net gains on equity investments" includes the economic effects of the previously mentioned transactions i) the sale of 49% of the share capital of Andromeda Wind S.r.l. to RWE Renewables Italia S.r.l. and ii) the sale of 51% of the share capital of Alerion Clean Power RO S.r.l. to FRI-EL Hydro S.r.l.

The item "Write-downs of equity investments" refers to the adjustment of the value of the equity investment in Alerion Clean Power RO S.r.l. at the time of the aforementioned transaction with FRI-EL Hydro S.r.l. to the sale price.

28. OTHER REVENUE AND INCOME

Other revenue and income amounted to EUR 6,782 thousand in 2023 (EUR 20,673 thousand in 2022), broken down as follows:

<i>(€'000)</i>	2023	2022	Change
Other revenues from subsidiaries	5,018	20,569	(15,551)
Other revenues	1,764	104	1,660
Total other revenues	6,782	20,673	(13,891)

mainly refer to fees accrued to subsidiaries for services rendered of an administrative, corporate and financial nature in the amount of EUR 3,144 thousand, ii) the waiver of fees in favour of ACP by ACP employees holding corporate offices in group companies in the amount of EUR 880 thousand.

29. PERSONNEL EXPENSES

Personnel expenses amounted to EUR 2,964 thousand in 2023 (EUR 2,451 thousand in 2022) and are broken down as follows:

<i>(€'000)</i>	2023	2022	Change
Wages and salaries	2,757	2,265	492
Post-employment benefits	116	94	22
Other personnel expenses	91	92	(1)
Total personnel expenses	2,964	2,451	513

The higher personnel expenses are attributable to the net increase in the workforce in 2023.

30. OTHER OPERATING COSTS

Other operating costs amounted to EUR 17,653 thousand in 2023 (EUR 5,278 thousand in 2022), broken down as follows:

<i>(€'000)</i>	2023	2022	Change
Services:			
Directors' fees	1,609	1,387	222
Statutory auditors' fees	217	202	15
Consultants and collaborators' fees	14,017	2,154	11,863
Company management, requirements and financial reporting	378	374	4
Office maintenance, utilities and other costs	538	198	340
Other costs	290	485	(195)
Total services	17,049	4,800	12,249
Use of third party assets	341	214	127
Other operating costs	263	264	(1)
Total other operating costs	17,653	5,278	12,375

Other operating costs increased mainly due to the recharging by subsidiaries of the economic effects of derivative instruments settled during the year in the amount of EUR 11,254 thousand.

For more details on costs with investee companies, please refer to the note "Details of Transactions with Related Parties and Intercompany as at 31 December 2023".

31. ACCRUALS TO PROVISIONS FOR RISKS

They amount to EUR 999 thousand (EUR 20 thousand in 2022) and are composed as follows:

<i>(€'000)</i>	2023	2022	Change
Provisions for risks	109	5	104
Bad debt provision	890	15	875
Total provisions for risks	999	20	979

The item Provisions for bad debts refers to adjustments in the amounts of Other current assets to their estimated realisable value.

32. NET FINANCIAL COSTS

Net financial costs amounted to EUR 2,214 thousand in 2023 (EUR 4,463 thousand in 2022) and are composed as follows:

(€'000)	2023	2022	Change
Financial income:			
Bank interest	1,798	13	1,785
Income from financial investments	3,746	1,265	2,481
Fair value increases on derivatives	7,363	-	7,363
Other financial income	2,972	16,838	(13,866)
Total financial income	15,879	18,116	(2,237)
Financial expense:			
Short-term bank interest and charges	(1,072)	(324)	(748)
Long-term bank interest and charges	(453)	(122)	(331)
Interest on bonds	(16,092)	(14,047)	(2,045)
Fair value losses on derivatives	(2)	-	(2)
Other financial costs	(474)	(8,086)	7,612
Total financial costs	(18,093)	(22,579)	4,486
Net financial costs	(2,214)	(4,463)	2,249

Financial income decreased overall by EUR 2,237 thousand mainly as a result of i) lower income realised during the year following the settlement of maturity positions of Commodity Swap derivative contracts for EUR 13,866 thousand, ii) only partially offset by the fair value valuation of Commodity Swap derivative contracts entered into during the year and referring to the 2024 financial year for EUR 7,363 thousand, iii) to a higher remuneration of the Company's current accounts and income from the use of cash in time deposit contracts and bond instruments for a total of EUR 4,266 thousand.

Financial costs decreased by EUR 4,486 thousand mainly due to i) the elimination of the economic effect recognised in the previous year of the fair value measurement at 31 December 2022 of Commodity Swap derivative contracts for EUR 7,800 thousand, ii) to higher charges to bondholders following the issuance of a bond on 12 December 2023 and maturing in December 2029, as previously mentioned, for EUR 612 thousand and the accrual for the entire year of interest on the 2022-2028 bond for EUR 3,756 thousand.

33. INCOME TAXES

Income taxes for the year were positive and amounted to EUR 236 thousand (negative EUR 6,267 thousand in 2022), composed as follows:

(€'000)	2023	2022	Change
Current taxes	920	(6,611)	7,531
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	(684)	344	(1,028)
Total income taxes	236	(6,267)	6,503

Current taxes

The following table shows the reconciliation between the theoretical and actual tax burden:

(€'000)	IRES		IRAP		Total	
	Tax	%	Tax	%	Tax	%
2023						
Tax base	66,794		(9,612)			
Theoretical tax	(16,031)	24.0	0	0.00	(16,031)	24.0
increases						
- temporary differences	(416)	0.6	0	0.0	(416)	0.6
- other increases	(1,360)	2.0	(71)	(0.7)	(1,360)	2.0
decreases:						
- reversal of temporary differences	10,016	(15.0)	0	0.0	10,016	(15.0)
- other decreases	8,711	(13.0)	143	1.5	8,711	(13.0)
Effective tax	920	-	0	-	920	-

(€'000)	IRES		IRAP		Total	
	Tax	%	Tax	%	Tax	%
2022						
Tax base	100,633		105,096			
Theoretical tax	(24,152)	24.0	(5,854)	5.57	(30,006)	29.6
increases						
- temporary differences	(529)	0.5	0	0.0	(529)	0.5
- other increases	(25)	0.0	5,280	(5.0)	5,255	(5.0)
decreases:						
- reversal of temporary differences	120	(0.1)	0	0.0	120	(0.1)
- other decreases	18,537	(18.4)	0	0.0	18,537	(18.4)
Effective tax	(6,049)	6.0	(574)	0.6	(6,623)	6.6

Deferred tax assets and liabilities

The composition of deferred tax assets and liabilities in 2023 and 2022 is as follows:

(€'000)	Statement of financial position		Equity	Profit or loss	
	31.12.2023	31.12.2022		2023	2022
Deferred tax liabilities					
Fair value of bonds	(843)	(147)	(696)	0	0
IAS 19	(7)	(7)	0		
Dividends taxable in future years	(529)	(124)		(405)	364
	(1,379)	(278)	(696)	(405)	364
Deferred tax assets					
Accruals for risks	8,639	9,037	-	(397)	(12)
Directors' fees	189	101	-	88	(9)
Bad debt provision	232	232	-	-	-
IFRS/IAS accounting standards adjustments	227	563	(348)	12	-
Depreciation	2	2	-	-	-
Other accruals	145	126	-	19	1
	9,434	10,061	0	(278)	(20)
Deferred taxes			-	(683)	344

34. DETAILS OF RELATED PARTY AND INTERCOMPANY TRANSACTIONS AS AT 31 DECEMBER 2023

In compliance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, as well as the subsequent Related Party Transaction Regulation No. 17221 of 12 March 2010 and subsequent amendments, it is hereby specified that there are no related party transactions of an atypical or unusual nature, unrelated to normal business operations or such as to prejudice Alerion Clean Power S.p.A.'s economic and financial situation.

Transactions entered into with related parties are part of normal business operations, within the scope of the typical activity of each party concerned, and are regulated at arm's length.

Related parties were updated on the basis of an annual analysis that took into account changes in international accounting standards and mandatory regulations.

In relation to the requirements of the international accounting standard IAS 24 concerning "Related Party Disclosures" and the additional information required by Consob Communication No. 6064293 of 28 July 2006, the following are the tables of related party and intercompany transactions and the impact that transactions or positions with related parties have on Alerion Clean Power S.p.A.'s financial position, results of operations, and cash flows:

(€'000)	Revenues	Costs	Assets	Liabilities
Subsidiaries:				
Alerion Servizi Tecnici e Sviluppo Srl	807	72	13,443	680
Callari Srl	5,246	1,108	14,388	2,352
Eolica PM Srl	15,122	-	10,833	-
Green Energy Sardegna Srl	6,946	-	8,178	-
FRI-EL Albareto Srl	3,998	-	6,166	-
Dotto Srl	1,062	373	1,138	2,411
FRI-EL Ichnusa Srl	194	-	4,175	-
Minerva Srl	4,700	614	16,289	4,275
Ordonia Energia Srl	6,160	1,052	19,933	2,433
Parco Eolico Licodia Eubea Srl	3,661	-	13,907	3,115
Reenergy San Marco Srl	6,007	174	11,945	2,412
Wind Power Sud Srl	204	998	54	12,089
FRI-EL Campidano Srl	262	400	12,561	400
Eolo Srl	151	255	152	2,171
Anemos Wind Srl	1,012	1,127	3,431	1,127
Enermac Srl	5,047	-	15,265	-
Alerion Spain Sl	605	-	12,095	-
Naonis Wind Srl	680	-	1,565	1,500
Krupen Wind Srl	15	-	1,710	18
FW Holding Srl	5	1	742	29
FRI-EL Nulvi Holding Srl	-	-	147	2
FRI-EL Grottole Srl	209	2,036	2,844	11,274
FRI-EL Ricigliano Srl	106	1,499	1,032	13,468
FRI-EL Basento Srl	5	2	79	55
FRI-EL Anglona Srl	5	1,101	992	5,378
FRI-EL Anzi S.r.l.	3,240	671	3,240	671
FRI-EL Guardionara S.r.l.	2,548	716	2,548	716
Alerion Seddanus Srl	270	-	5,670	-
Brunale Srl	5	-	5	10
Alerion Real Estate Spa	50	53	473	1,109
Wind Power 2 Eood	-	-	52	-
Wind Stream Eood	13	-	113	-
Draghiescu Partners Srl	9	-	21	-
Fravort Srl	10	-	-	-
Tremalzo Srl	165	-	317	-
Green Fotovoltaic Parc Srl	10	-	-	-
Solar Live Energy Srl	10	-	-	-
Inspire Parc Solar Srl	10	-	-	-
Conti Green Projects Srl	231	-	25,207	-
Fucini 4 S.r.l.	135	608	2,571	231
Cevedale S.r.l.	10	-	-	-
Cavignon S.r.l.	10	-	-	-
Alerion RO Todiresti S.r.l.	10	-	10	-
Vigolana S.r.l.	10	-	2	-
Presenella S.r.l.	13	-	15	-
Vermiglio S.r.l.	13	-	5	-
Alerion Service Srl	30	-	6,829	-
Alerion UK Ltd.	47	-	1,505	-
Alerion Investments Srl	1,110	-	121,178	249
Rienza S.r.l.	10	-	-	-
Passirio S.r.l.	10	-	-	-
Plose S.r.l.	10	-	-	-
Fradusta S.r.l.	11	-	1	-
Litegosa S.r.l.	11	-	1	-
Lagorai S.r.l.	10	-	-	-
Alerion Romania Sa	2,574	-	-	-
Alerion Bioenergy Srl	-	-	13	5
Alerion Clean Power RO Srl	2,403	-	-	-
Alerion Renewable RO S.r.l.	188	-	11,496	-
Alerion Energy RO S.r.l.	1,235	-	110,399	-
Alerion Service RO S.r.l.	8	-	148	-
AMBIEZ SRL	11	-	3	-
SASS MAOR SRL	11	-	3	-
Alerion Ireland LTD	-	-	55	-
FRI-EL Solar S.r.l.	18	-	3,218	-
Total subsidiaries	76,678	12,860	468,162	68,180
Equity-accounted investees:				
New Green Molise Srl	2,565	-	8,087	-
Bioenergia S.r.l.	5	-	5	-
Parco Eolico Santa Croce del Sannio House S.r.l.	5	-	5	-
Generai Srl	5	-	5	-
Ecoenergia Campania Srl	1,236	-	415	18
Alerion Clean Power RO Srl	-	-	5,735	-
Total equity-accounted investees	3,816	-	14,252	18
Related parties:				
Golfclub Appiano Srl	-	1	-	-
FRI-EL SpA	-	-	15,876	788
Proinvest Srl	-	-	-	263
FRI-EL Green Power Spa	-	384	426	-
Alerion Arlena S.r.l.	-	-	300	-
Miscano Wind S.r.l.	-	-	20	-
Ag Invest Srl	-	-	1,972	-
FRI-EL Hydro Power Srl	-	-	890	-
Looptec New Media Srl	-	1	-	1
Total related parties	-	386	19,484	1,052
Total	80,494	13,246	501,898	69,250

Below are summary tables with the additional information required by Consob Communication No. 6064293 of 28 July 2006:

Effects of related-party and intercompany transactions on the financial position, results of operations and cash flows of Alerion Clean Power S.p.A:

(Euro)	Subsidiaries	Equity-accounted investees	Related parties	Total
Trade receivables	7,583,722	27,740	-	7,611,462
<i>total trade receivables</i>	<i>7,611,465</i>	<i>7,611,465</i>	<i>7,611,465</i>	<i>7,611,465</i>
percentage	100%	0%	0%	100%
Other assets	59,697,241	4,591,682	1,315,472	65,604,395
<i>other current assets</i>	<i>67,768,289</i>	<i>67,768,289</i>	<i>67,768,289</i>	<i>67,768,289</i>
percentage	88%	7%	2%	97%
Financial receivables and other non-current financial assets	390,961,892	9,402,502	18,168,063	418,532,457
<i>total financial receivables and other non-current financial assets</i>	<i>418,296,608</i>	<i>418,296,608</i>	<i>418,296,608</i>	<i>418,296,608</i>
percentage	93%	2%	4%	100%
Current financial assets	9,918,963	230,000	-	10,148,963
<i>total current financial assets</i>	<i>77,227,742</i>	<i>77,227,742</i>	<i>77,227,742</i>	<i>77,227,742</i>
percentage	13%	0%	0%	13%
Financial receivables and other current financial assets	52,699,630	-	-	52,699,630
<i>total financial receivables and other current financial assets</i>	<i>54,585,426</i>	<i>54,585,426</i>	<i>54,585,426</i>	<i>54,585,426</i>
percentage	97%	0%	0%	97%
Trade payables	11,252,687	21,000	1,455	11,275,142
<i>total trade payables</i>	<i>49,909,927</i>	<i>49,909,927</i>	<i>49,909,927</i>	<i>49,909,927</i>
percentage	23%	0%	0%	23%
Other current liabilities	4,225,707	-	1,050,000	5,275,707
<i>total other current liabilities</i>	<i>13,706,296</i>	<i>13,706,296</i>	<i>13,706,296</i>	<i>13,706,296</i>
percentage	31%	0%	8%	38%
Net gains on equity investments	70,993,809	3,555,523	482	74,549,814
<i>total net gains on equity investments</i>	<i>84,229,252</i>	<i>84,229,252</i>	<i>84,229,252</i>	<i>84,229,252</i>
percentage	84%	4%	0%	89%
Other revenue and income	4,760,025	257,945	-	5,017,970
<i>total other revenue and income</i>	<i>6,781,753</i>	<i>6,781,753</i>	<i>6,781,753</i>	<i>6,781,753</i>
percentage	70%	4%	0%	74%
Other operating costs	11,934,671	-	385,544	12,320,215
<i>total other operating costs</i>	<i>17,652,610</i>	<i>17,652,610</i>	<i>17,652,610</i>	<i>17,652,610</i>
percentage	68%	0%	2%	70%

35. LEGAL DISPUTES

Outstanding legal disputes as at 31 December 2023 are set out below.

SIC - Società Italiana Cauzioni S.p.A now Atradius

A civil lawsuit has been filed before the Court of Rome involving Alerion and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate"), as third parties sued by SIC - Società Italiana Cauzioni S.p.A now Atradius, in their capacity as policyholders in the proceedings brought by AGIED S.r.l. against INPDAP and SIC.

The policies had been issued to guarantee AGIED S.r.l.'s obligations to indemnify the monetary losses that INPDAP might suffer as a result of AGIED S.r.l.'s wilful acts in the tasks envisaged in the agreement signed between AGIED and INPDAP for the management of part of INPDAP's real estate.

The subject-matter of this action is the ascertainment and declaration of extinction, due to expiry of the time limit, of those surety policies. In particular, AGIED S.r.l. asked the Court to declare that INPDAP was

not entitled to enforce the aforementioned policies and that SIC was therefore not obliged to pay anything to INPDAP.

Alerion and Alerion Real Estate were co-obligated with SIC for the performance of the obligations under the policies as holders of shares in AGIED. These shares were transferred by deed of 24 May 1999, following which SIC, by letter of 9 June 1999, declared Alerion and Alerion Real Estate released from the co-obligation undertaking with respect to events occurring after the date of transfer of the shares.

SIC, which agreed with AGIED's conclusions, however, sued Alerion and Alerion Real Estate in 2005, since the liability for the alleged damages claimed by INPDAP could not be placed in time due to the vagueness of the claims.

It should be noted that in relation to the policies cited by ATRADIUS, the then SIC had released the co-obligors Alerion and Alerion Real Estate by a specific letter with reference to events occurring after the date of transfer of shares of 24 May 1999. This assumption makes it possible to note the absolute extraneousness of the companies from that judgement since they were released from any coobligation by SIC and therefore not to consider the existence of any risk borne by both companies.

On 1 December 2014, the Court of First Instance condemned only SIC (as at the Registration Document Date, ATRADIUS) and found that the defaults materialised after 31 December 2000, therefore after the release of the co-obligated companies, thus allowing the Court to state that it had implicitly excluded the standing of Alerion and Alerion Real Estate. Therefore, Alerion's position is to be considered satisfactory.

AGIED and ATRADIUS (formerly SIC) autonomously appealed against the first instance judgment before the Court of Appeal, since the proceedings were pending for challenges to the same judgment, Alerion Real Estate S.r.l. in Liquidation and Alerion S.p.A. obtained the joinder of the judgments.

In its ruling of 9 May 2022, the Court of Appeal of Rome rejected the opposing claims and upheld the companies' defences, considering the companies' declaration of release from the obligations of the aforementioned policy. Atradius appealed the judgment in cassation.

Alerion Real Estate S.r.l. in Liquidation and Alerion S.p.A. filed a counter-appeal with the Court of Cassation against Atradius' appeal, requesting that it be dismissed as inadmissible on the ground that it was directed to contesting the merits of both the judgment of the Court of Appeal of Rome and the first instance judgment of the Court of First Instance of Rome (so-called "double conforming"). The parties entered an appearance within the time limit. The first hearing is pending.

Commodities litigation

The company brought a lawsuit seeking to declare certain commodity derivative contracts null and void and, therefore, to declare that nothing more is owed by the company under those contracts and that the amounts already paid by it must be returned. The company believes that the arguments underlying the nullity claim are worthy of acceptance. Nevertheless, purely for the sake of prudence, the item "Provisions for future risks and charges" (in the amount of EUR 37.6 million) still takes into account the amount that the company would have to pay to its counterparties if, despite the legal claims brought, the validity of the aforementioned derivative contracts were to be confirmed.

The judge ordered the preliminary investigation by appointing a court-appointed expert witness. At the hearing on 22 June 2023, the case went to decision. The Technical Consultant filed a report on 11 May 2023, which was unexpectedly unfavourable to the Company. On 8 February 2024, the judgment issued by the Court of Milan on the same date was notified, rejecting the claims made by the plaintiff and ordering

the Company to pay the amount due to the defendant. The company is considering appealing the judgment before the Court of Appeal.

36. OTHER INFORMATION

36.1 Remuneration paid to management and control bodies, the general manager and key management personnel

Following Consob Resolution No. 18079 of 20 January 2012, which repealed Appendix 3C, information on the shareholdings held by the management and control bodies, general managers and managers with strategic responsibilities is contained in the Report on Remuneration, pursuant to Article 123 ter T.U.F. (Consolidated Law on Finance).

36.2 Disclosure pursuant to Article 149-duodecies of the Consob Regulation on Issuers

The following table shows the fees for the year 2023 for audit and non-audit services rendered by the audit firm and entities belonging to its network.

<i>(€'000)</i>	Service provider	2023 fees
Audit	KPMG S.p.A.	143
Unbundling	KPMG S.p.A.	1
Other services - parent ¹	KPMG S.p.A.	119
Total		263

²: Checks of the spreadsheet for the calculation of the financial covenants required by the regulation of the 2019-2025 Alerion Clean Power S.p.A. bonds, the regulation of the 2021-2027 Alerion Clean Power S.p.A. bonds and the regulation of the 2022-2028 Alerion Clean Power S.p.A. bonds. Consultancy services for the issue of the 2023-2029 green bonds. Translation services

36.3 Information pursuant to Article 2497 of the Italian Civil Code "Management and coordination activities"

As of 7 May 2021, Fri-El Green Power S.p.A. will no longer exercise management and coordination activities pursuant to Article 2497 et seq. of the Italian Civil Code, and will therefore continue to exercise its prerogatives as controlling shareholder of the Company.

Statement on the separate financial statements at 31 December 2023

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as chief executive officer, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state:
 - that the administrative and accounting procedures are adequate given the group's characteristics;
 - that they were actually applied during the year to prepare the consolidated financial statements.
2. Moreover, they state that:
 - 2.1 The separated financial statements at 31 December 2023:
 - have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - are consistent with the accounting records and entries;
 - are suitable to give a true and fair view of the issuer's financial position, financial performance and cash flows;
 - 2.2 The directors' report includes a reliable analysis of the issuer's financial performance and financial financial position, together with information about the key risks and uncertainties to which it is exposed.

Milan, 12 March 2024

Chief executive officer
Josef Gostner

Manager in charge of financial reporting
Stefano Francavilla

Alerion Clean Power S.p.A.

Sede legale: Via Renato Fucini 4 (MI)

Capitale Sociale: Euro 161.137.410 = interamente versato

Registro delle Imprese di Milano Monza e Brianza e codice fiscale

n. 02996890584

Relazione del Collegio Sindacale all'Assemblea dei soci ai sensi dell'art.

153 D. Lgs. 58/98 e dell'art. 2429, comma 2, del c.c.

Signori Azionisti,

1. Premessa: fonti normative, regolamentari e deontologiche

Nel corso dell'esercizio sociale conclusosi lo scorso 31 dicembre 2023 il Collegio Sindacale di Alerion Clean Power S.p.A. (nel seguito, *Alerion* o la *Società* e, assieme alle società partecipate, il *Gruppo*) ha assolto ai compiti di vigilanza previsti dalla legge, come da indicazioni dei principi di comportamento del Collegio Sindacale di società quotate, raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, alle norme specifiche per le società quotate in Borsa, nonché al contenuto della Comunicazioni Consob susseguite fino ad oggi.

Nel corso dell'anno, il Collegio Sindacale ha vigilato:

- sull'osservanza della legge e dello statuto vigente;
- sul rispetto dei principi di corretta amministrazione;
- sull'adeguatezza della struttura organizzativa della Società, del processo di informativa finanziaria, del sistema di controllo interno e del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo nel rappresentare correttamente i fatti di gestione;



- sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento redatti da società di gestione di mercati regolamentati, cui la Società, mediante informativa al pubblico, dichiara di attenersi;
- sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998 (nel seguito, *TUF*).

2. Verifica dei requisiti di indipendenza del Collegio Sindacale

Durante la riunione del 21 febbraio 2024 il Collegio Sindacale ha verificato, con esito positivo per tutti i componenti, il possesso dei requisiti di indipendenza così come definiti dall'art. 148, comma 3, del TUF, oltre che l'assenza di cause di ineleggibilità, incompatibilità e decadenza, il possesso di requisiti di onorabilità, di professionalità, di competenza ed esperienza per svolgere il proprio compito. Il Collegio Sindacale dà inoltre atto che i propri componenti hanno rispettato il limite al cumulo degli incarichi stabilito dal Regolamento Emittenti Consob e dallo statuto.

3. Attività di vigilanza sull'osservanza della legge e dello statuto

Il Collegio Sindacale nel corso dell'esercizio 2023 ha tenuto 10 riunioni.

I componenti dell'Organo di Controllo hanno partecipato alle riunioni del Consiglio di Amministrazione e hanno ottenuto dagli Amministratori, con la periodicità richiesta dalla legge, le informazioni sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle società controllate.

Il Collegio Sindacale, come già anticipato, esercitando la sua funzione di controllo, è intervenuto alle 13 riunioni del Consiglio di Amministrazione

nonché all'unica riunione assembleare tenutasi il 20 aprile 2023 e dà atto che l'amministrazione della Società si è svolta nel rispetto delle norme di legge, di statuto e alle deliberazioni assembleari, nonché in maniera conforme ai principi di corretta amministrazione. I membri del Collegio Sindacale hanno altresì partecipato a tutte le riunioni del Comitato Remunerazione e Nomine (nel seguito, **CRN**), del Comitato Controllo, Rischi e Sostenibilità (nel seguito, **CCRS**) e del Comitato Parti Correlate (nel seguito **CPC**).

In particolare, il CCRS, ai sensi della raccomandazione 35 del Codice di Corporate Governance delle società quotate (nel seguito, **Codice di Corporate Governance**) è composto da quattro amministratori indipendenti e non esecutivi; il CRN, ai sensi della raccomandazione 26 del Codice di Corporate Governance, è composto da tre amministratori indipendenti e non esecutivi. Il CPC ai sensi del regolamento del CPC approvato dal Consiglio di Amministrazione il 23 settembre 2021, nonché del Regolamento Consob n. 17221/2010, è composto da tre amministratori indipendenti.

La Società ha altresì previsto, conformemente alle previsioni del Codice di Corporate Governance, la figura del *lead independent director* nella persona del Dr. Carlo Delladio.

Durante l'esercizio 2023, il CRN si è riunito 9 volte, il CPC si è riunito 10 volte e il CCRS si è riunito 15 volte.

L'Assemblea dei Soci, in data 20 aprile 2023, ha autorizzato l'acquisto di azioni proprie ai sensi dell'art. 2357 c.c., determinando in 18 mesi la durata del relativo mandato. La Società si è avvalsa della facoltà di effettuare operazioni su propri titoli nel corso dell'esercizio e possiede, al 31 dicembre 2023, n. 522.973.437 azioni proprie pari al 0,96437% del capitale sociale.



Nel corso dell'esercizio la Società ha ricevuto una comunicazione da parte della Consob avente per oggetto una serie di informazioni ai sensi dell'Art.-115 del D.lgs 59/98.

In particolare:

- 1) le analisi svolte in merito all'impairment test delle attività materiali e delle attività immateriali a vita utile definita nel bilancio consolidato al 31 dicembre 2022 di Alerion riferite alle CGU Ciorlano, Monte Petراس, Licodia Eubea, Campidano e Ortanova;
- 2) indicazioni in merito all'attivazione di eventuali clausole di cross-default derivanti dal mancato rispetto, alla data di riferimento del bilancio consolidato al 31 dicembre 2022 del parametro "Debt to equity ratio" del contratto di project financing in capo ad Anemos Wind S.r.l.
- 3) elementi informativi in merito al grado di concentrazione del rischio di credito del gruppo Alerion al 31 dicembre 2022;
- 4) le informazioni in merito alle "analisi di sensitività" effettuate sulle attività immateriali al 30 giugno 2023 e le considerazioni sull'impatto del Piano Industriale 2024-2028 ai fini dell'identificazione di eventuali indicatori di impairment
- 5) elementi informativi in merito all'operazione con RWE Renewables Italia S.r.l. di acquisizione del 51% delle società Fri-El Anzi S.r.l. e di Fri-El Guardionara S.r.l. e contestuale vendita della quota di minoranza in Andromeda Wind S.r.l.;
- 6) indicazioni sulla sostenibilità finanziaria del Piano Industriale 2024-2028;
- 7) elementi informativi in merito alla contabilizzazione dell'acquisizione di quattro società romene titolari di tre parchi fotovoltaici e un parco eolico

avvenuta nel corso del primo semestre 2023

8) le informazioni richieste nel punto 3., con riferimento grado di concentrazione del rischio di credito del gruppo Alerion al 30 giugno 2023

9) elementi informativi in merito ai principali contratti di vendita di energia elettrica stipulati dal gruppo Alerion alla data di riferimento del bilancio semestrale 2023.

Il Collegio Sindacale ha vigilato sulla puntuale e tempestiva risposta inviata alla Consob in data 19 settembre 2023.

4. Attività di vigilanza sul rispetto dei principi di corretta amministrazione.

Il Collegio Sindacale ha constatato che la Società non ha effettuato operazioni atipiche o inusuali con società del Gruppo, parti correlate o terzi.

Il Collegio Sindacale da atto che le scelte gestionali sono state ispirate al principio di corretta informazione e di sorveglianza essendo gli amministratori consapevoli degli effetti delle operazioni compiute.

Il Collegio Sindacale precisa che la Società ha adottato fin dal 12 novembre 2010, ai sensi dell'art. 4 del Regolamento adottato con delibera Consob n. 17221 del 12 marzo 2010 e successive modifiche ed integrazioni, non ultima la delibera n. 21624 del 10 dicembre 2020, la Procedura per le Operazioni con Parti Correlate (nel seguito, **Procedura OPC**), il cui ultimo aggiornamento è del 24 giugno 2021.

La Procedura OPC, unitamente alla procedura per la gestione e la comunicazione di documenti ed informazioni riguardanti la Società con particolare riferimento alle informazioni privilegiate, alla procedura in materia di *internal dealing* e alla procedura sulla gestione delle segnalazioni



(*Whistleblowing*) sono disponibili sulla pagina *web* della Società.

Il Collegio Sindacale ha vigilato sulla conformità delle procedure adottate ai principi indicati nei Regolamenti, nonché sulla loro osservanza.

Nel corso dell'esercizio la Società ha avviato ovvero proseguito le seguenti operazioni di rilievo:

- costituzione di due sub-holding e due società operative in Romania, intensificando le proprie attività di sviluppo sul territorio soprattutto nel settore fotovoltaico;
- acquisto di un progetto di sviluppo eolico nel Regno Unito;
- costituzione di una società in Irlanda per l'avvio di progetti di sviluppo nel settore dell'energie rinnovabili;
- emissione di un prestito obbligazionario per € 170 milioni.

5. Attività di vigilanza sull'adeguatezza dell'assetto organizzativo

In vista del rinnovo del Consiglio di Amministrazione avvenuto con l'Assemblea dei soci del 20 aprile 2023, nel corso della riunione del Collegio Sindacale del 27 marzo 2023 il Collegio, ha preso visione e verificato favorevolmente il rispetto della normativa applicabile.

Inoltre, durante la riunione del Consiglio di Amministrazione del 12 maggio 2023 il Collegio si è espresso a favore della determinazione dei compensi per i Consiglieri delegati Josef Gostner, Stefano Francavilla, Georg Vaja, Patrick Pircher e Pietro Mauriello.

Nell'ambito del Consiglio di Amministrazione, al 31 dicembre 2023, si riscontra la presenza di quattro amministratori esecutivi e sei Amministratori non esecutivi, di cui quattro sono stati qualificati dal Consiglio di Amministrazione come indipendenti, sia ai sensi delle previsioni del Codice

di Autodisciplina, come anche ai sensi delle disposizioni del TUF.

Il Consiglio di Amministrazione, nella riunione tenutasi in data 29 febbraio 2024 ha confermato, all'unanimità, la verifica sulla sussistenza dei requisiti di indipendenza in capo ai propri componenti.

Il Collegio Sindacale ha acquisito conoscenza e vigilato, per quanto di sua competenza, sull'adeguatezza della struttura organizzativa della Società, costantemente aggiornata anche in relazione all'ingresso nel Gruppo di nuove società, e sul rispetto dei principi di corretta amministrazione, ciò tramite osservazioni dirette, raccolta di informazioni dai vari responsabili di funzione e dal Dirigente Preposto, l'esame di documenti aziendali e incontri con la Società di Revisione, ai fini del reciproco scambio di dati ed informazioni rilevanti.

E' stato sottoscritto in data 19 luglio 2022, oggetto di estensione in data 14 dicembre 2023 un contratto con PWC S.p.A. come Advisor avente per oggetto lo svolgimento delle attività attribuite alla funzione di Internal Audit della Società, con il quale la funzione di Internal Audit è svolta in *outsourcing* dal Dr. Giuseppe Garzillo, *partner* di PWC S.p.A., quale responsabile Internal Audit della Società.

Nello specifico, sulla base del predetto incarico, le attività affidate in *outsourcing* a PWC S.p.A. sono le seguenti:

- valutazione del rischio potenziale attraverso un Risk Assessment;
- predisposizione del piano di Audit;



- analisi e valutazione dei processi aziendali;
- verifica dell'effettiva operatività dei controlli;
- analisi delle anomalie e definizione degli interventi;
- Controlli in osservanza alla L. 262/2005 e L. 272/2009;
- valutazione di adeguatezza del sistema dei controlli;
- elaborazione dei rapporti periodici di audit;
- comunicazione degli esiti delle verifiche condotte ai responsabili delle funzioni sottoposte a verifica, all'Alta Direzione e agli Organi Sociali;
- monitoraggio dell'effettiva implementazione delle azioni correttive;
- verifica a distanza di tempo dell'efficacia delle azioni correttive implementate;
- supporto nella revisione della relazione sul governo societario e gli assetti proprietari;
- redazione, aggiornamento e revisione delle *policy* e procedure aziendali.

Nel corso dell'esercizio appena conclusosi, Il Collegio Sindacale ha promosso incontri periodici con i principali esponenti delle varie funzioni aziendali per verificare che la struttura organizzativa fosse orientata sia al perseguimento degli obiettivi di natura aziendale che al rafforzamento del sistema del controllo interno.

Il Collegio Sindacale non ha osservazioni da svolgere circa la generale adeguatezza della struttura organizzativa a perseguire con efficienza gli

obiettivi aziendali.

6. Attività di vigilanza sull'adeguatezza del sistema di controllo interno

Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno, acquisendo le informazioni sia da riscontri diretti che dall'informativa resa, dal Responsabile della Funzione di Internal Audit e dall'Organismo di Vigilanza, nonché dalla partecipazione alle riunioni dei Comitati endoconsiliari.

Il Collegio ha altresì monitorato l'attività di controllo da parte dell'Internal Audit in osservanza alla L. 262/2005 finalizzata al rilascio della dichiarazione da parte del Dirigente Preposto.

La Società ha adottato fin dal 2016 il Modello di Organizzazione, Gestione e Controllo (nel seguito, **Modello**) redatto ai sensi e per gli effetti del D. Lgs. 231/2001, nonché il Codice Etico, aggiornato in data 9 marzo 2023.

Nel corso degli anni, il Modello ha subito aggiornamenti, così da adeguarlo ai riscontri applicativi nonché al quadro normativo di riferimento.

Il Modello e il Codice Etico sono reperibili sulla pagina web della Società.

Durante le due riunioni tenute con l'Organismo di Vigilanza in data 26 luglio 2023 e 30 novembre 2023 e nelle relazioni emesse in data 6 marzo 2023 e in data 25 luglio 2023 dall'Organismo di Vigilanza, il Collegio Sindacale ha acquisito informazioni sull'attività di vigilanza, sul funzionamento e sull'osservanza del Modello e sul suo aggiornamento, prendendo atto dell'assenza di violazioni o di fatti di rilievo.

7. Attività di vigilanza sull'adeguatezza del sistema amministrativo contabile e sull'attività di revisione legale dei conti

Il Collegio Sindacale ha valutato e verificato l'adeguatezza del sistema

amministrativo-contabile, nonché l'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle rispettive funzioni ed in particolare dal Dirigente Preposto, così come mediante l'esame di documenti aziendali e l'analisi dei risultati del lavoro svolto dal soggetto incaricato della revisione legale dei conti e dalla funzione di *Internal Audit*.

Nel rispetto di quanto previsto dall'art. 150 TUF, il Collegio Sindacale ha tenuto 4 riunioni con il soggetto incaricato della revisione legale dei conti.

Nel corso di tali riunioni il Collegio Sindacale ha, *inter alia*, monitorato l'esecuzione del piano di *audit*, discusso le questioni principali emerse dalla revisione e preso atto dell'assenza di aspetti per i quali fosse necessario procedere a specifici approfondimenti o riferire in questa sede.

Il Collegio Sindacale ha, inoltre, riscontrato l'adeguatezza della procedura adottata dalla Società al fine di rispettare le disposizioni del Regolamento di Consob recante norme di attuazione del TUF in materia di mercati riferito agli emittenti che controllano società costituite e regolate da legislazioni *extra* UE. Nella qualità di Comitato per il controllo interno e la revisione contabile *ex* art. 19 del D. Lgs. 39/2010 integrato dal D. Lgs. 135/2016 (nel seguito, **Decreto Revisione**), il Collegio Sindacale ha in particolare:

- vigilato sull'adeguatezza del sistema amministrativo-contabile;
- monitorato il processo di formazione e diffusione dell'informativa finanziaria e l'attività di revisione legale dei conti;
- verificato e supervisionato l'indipendenza della Società di Revisione nominata, a norma del TUF e del Decreto Revisione, dall'Assemblea dei Soci del 5 settembre 2019 per la durata di nove esercizi (2020-

2028);

- discusso con la Società di Revisione le misure adottate, per mitigare i rischi per l'indipendenza, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione all'ente sottoposto a revisione per i quali più avanti verranno fornite informazioni più dettagliate;
- scambiato informazioni con la Società di Revisione e adempiuto agli ulteriori obblighi previsti dalla normativa;
- informato l'Organo di Amministrazione dell'esito della revisione legale e trasmesso al medesimo la relazione aggiuntiva di cui all'art. 11 del Regolamento europeo n. 537 del 16 aprile 2014;
- controllato l'efficacia dei sistemi di controllo interno della qualità;
- monitorato la revisione legale del bilancio d'esercizio e del bilancio consolidato;
- acquisito e tenuto conto della Relazione di Trasparenza della Società di Revisione.

Nel corso del 2023, la Società di Revisione ha svolto nell'interesse della Società e delle sue controllate prevalentemente attività di revisione legale; per l'analitica descrizione ed i relativi corrispettivi si rimanda all'apposito prospetto riportato, *ex art. 149 duodecies* del Regolamento Emittenti di Consob, in seno alle note illustrative del bilancio di esercizio e del bilancio consolidato della Società.

Il Collegio Sindacale ha continuato il costante monitoraggio degli incarichi affidati dalla Società alla Società di Revisione, al fine di garantire il rispetto del limite del 70% della media dei corrispettivi versati negli ultimi tre esercizi



per la revisione legale come previsto dal Regolamento n. 537/14.

Nel corso dell'esercizio sono stati conferiti i seguenti incarichi aggiuntivi:

- Incarico per lo svolgimento dell'esame limitato del documento denominato "Annual Report" incluso nel documento "Alerion Green Bond Report" - Comunicazione per variazione perimetro di attività e calcolo dei parametri finanziari GREEN BOND per un corrispettivo complessivo di 25.500 euro.
- Attività previste nell'ambito della procedura di emissione del Prestito Obbligazionario 2023 per un corrispettivo di 65.000 euro.

8. Proposte in ordine al Bilancio di esercizio e alla sua approvazione e alle materie di competenza del Collegio Sindacale

Bilancio Consolidato e Relazione sulla Gestione

Il Progetto di Bilancio Consolidato della Società per l'esercizio 2023, composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e Note Illustrative, che viene messo a Vostra disposizione, presenta un utile dell'esercizio di Euro 68,0 milioni. Esso è stato comunicato al Collegio Sindacale nei termini di legge, unitamente alla Relazione sulla Gestione, e risulta redatto secondo gli *International Financial Reporting Standards* (IFRS) e i provvedimenti emanati in attuazione dell'art. 9 D. Lgs. n. 38/2005.

Il Collegio Sindacale dà atto che, sulla base dei controlli effettuati, la Società di Revisione, con relazione emessa in data 26 Marzo 2024, ha attestato che il Bilancio Consolidato del Gruppo Alerion Clean Power S.p.A. al 31 dicembre

2023 è conforme agli IFRS adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 D. Lgs. n. 38/2005 e che *"...fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2023, del risultato economico, dei flussi di cassa per l'esercizio chiuso a tale data"*.

La determinazione dell'area di consolidamento delle partecipazioni e delle procedure a tale fine adottate rispondono alle prescrizioni degli IFRS.

In osservanza alle disposizioni del Regolamento Europeo 2019 n. 815, la Società ha redatto il Bilancio Consolidato nel formato XHTML, marcando alcune informazioni contenute nel bilancio con le specifiche Inline XBRL e la Società di Revisione ne ha verificato la predisposizione e la marcatura in conformità al detto regolamento.

La struttura del Bilancio Consolidato è, quindi, da ritenersi tecnicamente corretta e, nell'insieme, conforme alla specifica normativa.

La Relazione sulla Gestione illustra in maniera esaustiva sia la situazione della Società che del Gruppo, l'andamento della gestione nel suo complesso e nei vari settori di interesse, nonché le variazioni verificatesi, rispetto al precedente esercizio, nelle principali voci della Situazione Patrimoniale Finanziaria e del Conto Economico.

La Relazione sulla Gestione evidenzia, inoltre, i principali indicatori di *performance* economico-finanziaria, i rischi finanziari e gli altri rischi derivanti dall'attività. La stessa, inoltre, espone i fatti più rilevanti avvenuti nel corso dell'esercizio e dopo la chiusura dello stesso, fornisce indicazioni sulla prevedibile evoluzione dell'attività per l'esercizio in corso e riassume le informazioni riguardanti gli assetti proprietari e di controllo (*ex art. 123 bis*



TUF), rinviando per i dettagli all'apposita relazione sul governo societario.

La Relazione, pertanto, appare completa rispetto alle prescrizioni di legge e regolamentari.

Uniformandosi ai più recenti indirizzi degli organi di vigilanza, le procedure di *impairment*, effettuate dalla Società in conformità al principio IAS 36, hanno formato oggetto di esplicita e puntuale approvazione da parte del Consiglio di Amministrazione prima di quella del progetto di Bilancio.

La Società di Revisione ha, infine, consegnato la relazione aggiuntiva ai sensi dell'art.11 del Regolamento europeo n. 537 del 16 aprile 2014, comprensiva della conferma annuale dell'indipendenza ai sensi del Decreto Revisione, senza la segnalazione di carenze significative.

Nel complesso, il Collegio Sindacale ritiene che i documenti sottopostiVi forniscano una informativa chiara e completa, alla luce dei principi di verità e correttezza stabiliti dalla Legge.

Il Bilancio di sostenibilità

Ai sensi del D. Lgs. n. 254/2016, la Società non ha redatto la Dichiarazione consolidata di carattere non finanziario in quanto non obbligata.

Tuttavia, nel corso dell'esercizio la Società ha avviato l'attività propedeutica a predisporre il bilancio di sostenibilità il cui obbligo decorrerà con riferimento all'esercizio in chiusura al 31 dicembre 2025.

Il Bilancio di esercizio individuale

Il Progetto di Bilancio di esercizio di Alerion, composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e Note Illustrative, che viene messo a Vostra disposizione, presenta un utile di

esercizio di 67,0 milioni di Euro e un patrimonio netto pari a 314,2 milioni di Euro.

In relazione allo stesso, il Collegio Sindacale dà atto che lo stesso è stato comunicato nei termini di Legge; l'Organo di Controllo ha verificato l'osservanza delle norme che regolano la sua impostazione e formazione, sia mediante i controlli da noi esercitati a norma dell'art. 149 TUF, sia avvalendosi delle informazioni fornite dalla Società di Revisione che, anche per il Bilancio di esercizio di Alerion, ha attestato con relazione emessa in data 26 Marzo 2024 che *"... il bilancio di esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 Dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data"*.

9. Modalità di concreta attuazione delle regole di governo societario

La Società ha aderito alle previsioni del Codice di Corporate Governance e il Collegio Sindacale ha vigilato sulle modalità di concreta attuazione delle regole di governo societario previste dal codice di comportamento. Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi fatti significativi tali da richiederne la segnalazione agli organi di controllo o la menzione nella presente relazione.

10. Attività di vigilanza sui rapporti con società controllate e controllanti

Il Collegio Sindacale è stato informato che la Società ha provveduto ad impartire alle società controllate le istruzioni previste dalla normativa di riferimento.

Gli organi di controllo delle società controllate hanno altresì confermato, per



quanto di competenza, il rispetto della legge, dello statuto e dei principi di corretta amministrazione, nonché l'adeguatezza dell'assetto organizzativo e del controllo interno.

11. Attività di vigilanza sulle operazioni con parti correlate

Il Collegio Sindacale ha preso atto che la Società ha effettuato, in maniera ordinaria e ricorrente, operazioni con società del Gruppo e con altre parti correlate, relative a rapporti di tipo commerciale, finanziario, servizi di consulenza, assistenza amministrativa e finanziaria, relativamente alle quali gli Amministratori, come detto, hanno reso debita informativa sia nella Relazione sulla Gestione che, in particolare, nella nota illustrativa del Progetto di Bilancio Consolidato e nella nota illustrativa del Progetto di Bilancio di esercizio, attestandone la corrispondenza alle normali condizioni di mercato.

12. Omissioni e fatti censurabili rilevati. Pareri resi e iniziative intraprese

Nel corso dell'esercizio 2023, il Collegio Sindacale non ha ricevuto alcuna denuncia *ex art. 2408 c.c.*; parimenti non sono pervenuti esposti.

* * *

Tutto quanto sopra premesso ed osservato, il Collegio Sindacale dichiara che, sotto i profili di propria competenza, nulla osta all'approvazione del Bilancio dell'esercizio chiuso al 31 dicembre 2023 ed alla proposta in merito alla destinazione del risultato dell'esercizio, che risulta conforme alle previsioni di legge, nonché a quanto previsto dallo statuto.

Signori Azionisti,

con l'approvazione del bilancio al 31 dicembre 2023 scade il mandato

conferito al Collegio Sindacale e, ringraziando per la fiducia accordata, Vi invitiamo a deliberare in proposito.

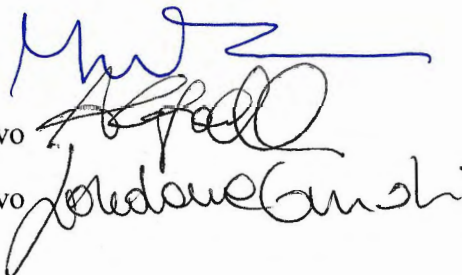
Milano, 26 Marzo 2024

PER IL COLLEGIO SINDACALE

Dr. Francesco Schiavone Panni – Presidente

Dr. Alessandro Cafarelli – Sindaco effettivo

Dr.ssa Loredana Conidi – Sindaco effettivo



The image shows three handwritten signatures in blue ink. The first signature is for Francesco Schiavone Panni, the second for Alessandro Cafarelli, and the third for Loredana Conidi. The signatures are written in a cursive style.



KPMG S.p.A.
Revisione e organizzazione contabile
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PEC kpmgspa@pec.kpmg.it

(The accompanying translated separate financial statements of Alerion Clean Power S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Alerion Clean Power S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2023, the income statement and the comprehensive income statement, the cash flows statement and the statement of changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Alerion Clean Power S.p.A. as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates

Notes to the separate financial statements: note 6 "Investments in subsidiaries" and note 7 "Investments in joint ventures and associates"

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2023 include investments in subsidiaries of €387.4 million and investments in joint ventures and associates of €17.5 million.</p> <p>The company tests the carrying amounts of these equity investments for impairment at least annually and whenever there are indicators of impairment, by comparing them to the related recoverable amounts.</p> <p>It did not test its investments in the subsidiaries Alerion Renewable RO S.r.l., FRI-EL Solar S.r.l. and Alerion Seddanus for impairment, since their carrying amounts, totalling €7.9 million, €5.9 million and €3.5 million, respectively, at 31 December 2023, had already been assessed upon their initial recognition during the year.</p> <p>The directors estimated the recoverable amount of the other equity investments tested for impairment based on the value in use of the various cash-generating units (CGUs) relating to the directly or indirectly operating companies, calculated using the discounted cash flow model.</p> <p>In line with a specific internal policy, the directors test investments in subsidiaries, associates and joint ventures for impairment even when they do not identify any impairment indicators.</p> <p>The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none">the expected cash flows, calculated by taking into account the general economic performance and that of the company's sector, the actual cash flows for recent years and the projected growth rates;the financial parameters used to calculate the discount rate of the expected cash flows. <p>For the above reasons and due to the materiality of the relevant captions, we believe that the recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none">understanding the process adopted to prepare the impairment test approved by the company's board of directors and the key controls implemented by the company;checking whether how the directors carried out impairment tests complied with the IFRS;understanding the process adopted for preparing the subsidiaries', associates' and joint ventures' forecasts, on which basis the expected cash flows used for impairment testing have been estimated;analysing the reasonableness of the assumptions used to prepare the forecasts;checking any discrepancies between the previous year forecast and actual financial figures, in order to check the accuracy of the estimation process;checking the mathematical accuracy of the model used to calculate value in use;checking the sensitivity analysis made by the directors and presented in the notes in relation to the main key assumptions used for impairment testing;assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates. <p>We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.</p>



Alerion Clean Power S.p.A.
Independent auditors' report
31 December 2023

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



Alerion Clean Power S.p.A.
Independent auditors' report
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the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.



Alerion Clean Power S.p.A.
Independent auditors' report
31 December 2023

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 26 March 2024

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director

Annex A

List of equity investments held as of 31 December 2023 by Alerion Clean Power S.p.A. and statement of changes during the year:

	31.12.2022					31.12.2023	
	%	Amount	Increases	Decreases	Impairment losses	%	Amount
Investments in consolidated subsidiaries							
Alerion Servizi Tecnici e Sviluppo S.r.l.	100	712,776	-	-	-	100	712,776
FRI-EL Albareto S.r.l.	100	5,200,000	-	-	-	100	5,200,000
Green Energy Sardegna S.r.l.	100	7,700,000	-	-	-	100	7,700,000
Eolica PM S.r.l.	100	17,950,000	-	-	-	100	17,950,000
Alerion Bioenergy S.r.l.	100	-	-	-	-	100	-
Alerion Real Estate S.r.l. in liquidation	100	672,804	-	-	-	100	672,804
Callari S.r.l.	100	9,981,674	-	-	-	100	9,981,674
Eolo S.r.l.	100	3,418,283	-	-	-	100	3,418,283
Dotto S.r.l.	100	7,724,022	-	-	-	100	7,724,022
Krupen Wind S.r.l.	100	165,580	-	-	-	100	165,580
Minerva S.r.l.	100	10,078,964	-	-	-	100	10,078,964
Renergy San Marco S.r.l.	100	18,690,328	-	-	-	100	18,690,328
Ordona Energia S.r.l.	100	7,965,000	-	-	-	100	7,965,000
Parco Eolico Licodia Eubea S.r.l.	80	5,508,035	-	-	-	80	5,508,035
Wind Power Sud S.r.l.	100	31,789,340	-	-	-	100	31,789,340
Alerion Spain S.L.	51	1,608,037	1,000,000	-	-	51	2,608,037
FRI-EL Ichnusa S.r.l.	100	59,719,206	-	(1,982,301)	-	100	57,736,905
Anemos Wind S.r.l.	100	3,500,000	-	-	-	100	3,500,000
FW Holding S.r.l.	100	70,000,000	1,556,640	-	-	100	71,556,640
FRI-EL Nulvi Holding S.r.l.	90	19,800,000	-	-	-	90	19,800,000
Alerion Iberia S.L.	100	100,000	50,000	-	-	100	150,000
Naonis Wind S.r.l.	100	2,411,075	-	-	-	100	2,411,075
Enermac S.r.l.	100	14,885,126	-	-	-	100	14,885,126
Fucini 4 S.r.l.	100	2,010,000	-	-	-	100	2,010,000
Alerion Investments S.r.l.	100	10,000	-	-	-	100	10,000
Alerion Service S.r.l.	100	6,000,000	-	-	-	100	6,000,000
FRI-EL Anzi S.r.l.	-	-	26,831,240	-	-	100	26,831,240
FRI-EL Guardionara S.r.l.	-	-	34,964,808	-	-	100	34,964,808
Alerion Seddanus Srl	100	-	3,500,021	-	-	100	3,500,021
FRI-EL Solar Srl	100	-	5,936,451	-	-	100	5,936,451
Alerion UK Ltd	100	1	1	-	-	100	2
Alerion Clean Power RO S.r.l.	100	10,240	-	(10,240)	-	-	-
Alerion Romania S.A.	95	-	-	-	-	95	-
Alerion Renewable RO Srl	-	-	7,907,581	-	-	51	7,907,581
Alerion Energy RO Srl	-	-	2,032	-	-	100	2,032
Alerion Ireland Ltd	-	-	1	-	-	100	1
Alerion Bulgaria A.D.	92.5	-	-	-	-	92.5	-
Total		307,610,491	81,748,775	(1,992,541)	-		387,366,725
Interests in joint ventures							
Ecoenergia Campania S.r.l.	50	2,405,706	-	-	-	50	2,405,706
Alerion Clean Power RO S.r.l.	100	-	7,010,240	(3,575,222)	(2,575,297)	49	859,721
Andromeda Wind S.r.l.	49	11,500,000	-	(11,500,000)	-	-	-
FRI-EL Anzi S.r.l.	49	8,000,000	-	(8,000,000)	-	-	-
FRI-EL Guardionara S.r.l.	49	9,500,000	-	(9,500,000)	-	-	-
New Green Molise S.r.l.	50	14,240,428	-	-	-	50	14,240,428
Total		45,646,134	7,010,240	(32,575,222)	(2,575,297)		17,505,855
Total		353,256,625	88,759,015	(34,567,763)	(2,575,297)		404,872,580