

Press Release

Athens, September 21st, 2023

TERNA ENERGY Group: 1H 2023 financial results

Installed capacity increased by 35% at 1,225 MW – Net Profit of € 23.1 million – 2,500 MW in operation, under construction and ready to build

TERNA Energy (Bloomberg: TENERGY GA / RIC: TENr.AT) announces 1H 2023 financial results.

Group's installed capacity increased to 1,225 MW at the end of September (vs 905 MW at the end of 2022) following the completion of Kafireas project at the end of the third quarter. It is noted that by the end of June, 59% of the wind turbines (i.e. 204.4 MW) had been connected, with the total connected capacity amounting to 1,095.7 MW. The project with a total capacity of 327 MW, is now the largest complex of wind parks in TERNA Energy's portfolio and in Greece, with the total investment amounting to € 550 million.

During the first half of 2023 weak wind conditions prevailed compared to a very strong performance in the respective period of last year period. More specifically, the load factor of the total portfolio stood at 27.6% compared to 32.0% in 1H 2022, resulting to a reduction of the production by 9.7% as the new installed capacity had marginal contribution during 1H 2023. The weak wind conditions observed (compared to very strong conditions during the corresponding period last year) are in line with the stochastic nature of wind parks' production, and it are accounted for in every forecast model, without affecting the long-term performance of the projects. **It is also noted that after a weak July in terms of wind conditions, there has been a noticeable improvement in the conditions so far, which in conjunction with the increased installed capacity is expected to allow the recovery by the end of the year the lower performance witnessed in the first half.**

Following all the above, TERNA Energy Group's total revenues from continued operations totaled € 145.6 million, vs € 155.9 million in 2022, as a result of the decreased RES production. On the other hand, there was a positive contribution from the gradual increase in revenues from waste management following the launch of the project in Peloponnese.

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Key financial figures – Continued Ops

€ m	1H 2023	1H 2022
Total revenues	145.6	155.9
Revenues from RES	105.4	122.4
adj. EBITDA	74.7	93.5
adj. Net income	23.8	43.6
Net Debt	770.9	669.3 ⁽¹⁾

Key operating KPIs

	1H 2023	1H 2022
Load factor	27.6%	32.0%
RES generation (GWh)	1,089	1,206

The adjusted operating earnings before interest, taxes, and depreciation (adj. EBITDA)¹ from continued ops of the Group amounted to € 74.7 million in 1H 2023 compared to € 93.5 during the respective last year period, as a result of decreased revenues from energy sales. It is noted that operating profitability (EBITDA) in 1H 2022 totaled € 80.4 million, affected by a provision (non-cash) of € 13.1 million related to the share bonus scheme, versus € 74.3 million in 1H 2023.

Net financial expenses amounted to € 20.3 million vs € 16.0 million in the corresponding last year period. Pre-tax profits totaled € 29.8 million vs € 44.0 million in 1H 2022.

Net profits from continued operations for 1H 2023 amounted to € 23.1 million compared to € 30.7 million for 1H 2022, while on an adjusted basis¹ totaled € 23.8 million compared to € 43.6 million in 1H 2022.

Groups' net operating cash flow from continued operations amounted to € 55.0 million at the end of 1H 2023 vs € 56.9 million for 1H 2022, while Capex for the period totaled € 125.6 million and was almost exclusively directed to the new projects of the company.

The Group's net debt position (debt minus cash, cash equivalent and restricted cash for debt obligations) on 30/06/2023 amounted to € 770.9 million compared to € 669.3 million on 31/12/2022, and cash reserves that are not subject to any restriction other than the restrictions for borrowing obligations amounted to € 393.2 million.

¹ EBITDA adjustments: cost of € 0.4m for share bonus scheme in 1H 2023 (vs € 13.1m in 1H 2022). Net profit adjustments: loss of € 0.3m from financial instruments measured at fair value in 1H 2023.

The Group's leverage (net debt/adj.EBITDA) increased to 5.3x compared to 4.1x on 31/12/2022 as a result of the investments, and the fact that the profitability of the projects that are under construction during 1H 2023 is not yet accounted for. It is worth noting that almost 90% of the funds had been invested in the Kafireas project by the end of 1H 2023 with the project contributing only marginally to the Group's revenue. With the initiation of full operation of the project, the leverage ratio is expected to normalize.

In the near term, TERNA Energy Group expects a significant increase in revenues and operating profitability following the initiation of operation of the Kafireas wind park before the end of the third quarter of this year. The commissioning marks an increase in installed capacity of approximately 35% and is expected to have a respective positive impact on operating profitability (annualized). Furthermore, the waste management project in Peloponnese is in full commercial operation and together with the other concessions/PPP projects (Epirus waste management, E-Ticketing) will further strengthen the Group's performance in long term basis.

In the medium term, the Group continues uninterrupted its investment plan, having now under construction the large pumping and energy storage project in Amfilochia. Still gradually from the end of this year and within 2024, it is planned to start the construction of new parks (mainly photovoltaic) in Greece and SE Europe of more than 550 MW, while projects both in Greece and abroad continue to be examined on a case-by-case basis. It is noted that for a significant part of the new projects, agreements with third parties for the sale of energy (corporate PPAs) already exist or are at advanced stage. At the same time, the Group is working to further mature projects of various technologies (e.g. hydroelectric, storage, hybrid, etc.) in Greece, which are expected to be able to gradually start construction from next year. **In this context the total installed, under construction and ready to build capacity stands at 2,500 MW.** Finally, emphasis is placed on new concessions/PPP projects (waste management, digital transformation, etc.) that can further strengthen the Group's revenues on a long-term basis, offering synergies as well.

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