AQUILA EUROPEAN RENEWABLES PLC

Quarterly Factsheet | Q2 2023

Key Statistics

Listing:	**London Stock Exchange**
Ticker:	**AERI**
ISIN/WKN	**GB00BK6RLF66**
Investment Advisor:	**Aquila Capital Investment-gesellschaft mbH**
2023 target dividend in EUR cts/share[1]:	**5.51**

Key Performance Figures[2]

as at 30 June 2023

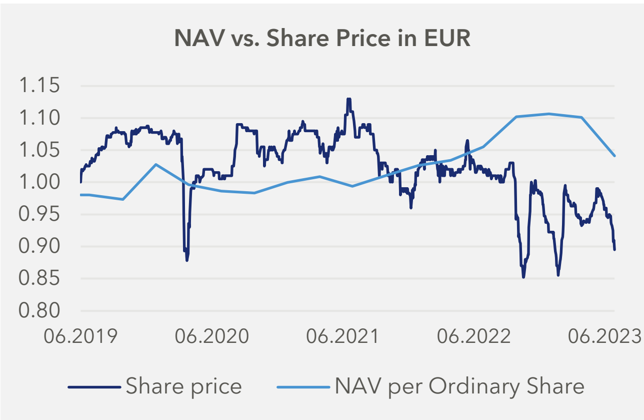
Share price in EUR	NAV per share in EUR (unaudited)	NAV in mEUR (unaudited)	GAV in mEUR (unaudited)
0.8950	**1.0409**	**403.3**	**598.9**
No. of shares on issue in millions	Market capitalisation in mEUR	Discount to NAV per share in %	Total shareholder return over quarter in %[3]
387.4	**346.7**	**-14.0%**	**-2.5%**
Total shareholder return since IPO in %[3,4]	NAV total return over quarter in %[3]	NAV total return since IPO in %[3,4]	Dividend (YTD) approved for 2023 in EUR cts/share[5]
6.6%	**-4.2%**	**23.7%**	**2.7550**
Dividend (Q2) approved in EUR cts/share	Dividend (Q2) declaration date	Dividend (Q2) record date	Dividend (Q2) payment date
1.3775	**07.08.2023**	**18.08.2023**	**08.09.2023**

Investment Strategy and Objective

Aquila European Renewables PLC's (the Company) objective is to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland.

Through diversification of generation technologies, the seasonal production patterns of these asset types complement each other to balance cash flow, while geographic diversification serves to reduce exposure to any one single energy market.

In addition, a balance is maintained between government supported revenues, fixed price power purchase agreements (PPAs) and market power price risk.



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AQUILA CAPITAL

Overview

The Company has completed a significant transformation of its portfolio, both in terms of growth in operating capacity, as well as achieving a more balanced mix between both wind and solar PV technologies. The result is a more efficient balance sheet and a diversified operating portfolio which offers strong cash flow to support a progressive dividend, which remains well covered despite recent downward revisions in power prices. The Company also maintains a modest gearing level, currently at 32.7%. Given that backdrop, combined with the sustained share price discount to NAV, the Board reacted decisively, announcing a EUR 20.0 million share buyback programme in February 2023 which has recently been extended. In addition the Company is pursuing a variety of other initiatives to ensure the value of the underlying portfolio is fully reflected in the share price.

Dividends

- Target dividend guidance for 2023 of 5.51 cents per Ordinary Share (+5% vs. 2022).[1]
- Dividend approved for Q2 2023 of 1.3775 cents per Ordinary Share.

Financial and Operational Highlights[6]

- During Q2 2023, the Company acquired a further 5.9m shares (average price of 95.5 cents per Ordinary Share) under the existing share buyback programme, resulting in a completion of the 20m euro programme announced in February 2023. Given recent share price volatility and the sustained discount to NAV, the Board authorised an increase to the share buyback programme in July 2023.
- The Company's NAV as at 30 June 2023 was 403.3m euros or 104.1 cents per Ordinary Share (31 March 2023: 432.9m euros or 110.1 cents per Ordinary Share). Over Q2 2023, this represents a NAV total return of -4.2% (-6.0 cents per Ordinary Share plus a dividend of 1.3775 cents per Ordinary Share).

- Key drivers of the NAV movement in Q2 2023 were:
  - Decrease in power price curves across the whole portfolio as a result of lower commodity prices, reflecting a reduction in demand caused by mild temperatures in Europe and elevated filling levels of gas storage reservoirs (-8.1 cents per Ordinary Share).
  - Following completion of due diligence, asset life extensions have been applied to one Danish wind asset (+4 years) and two Portuguese solar PV assets (+10 years) (+1.2 cents per Ordinary Share).
  - Portfolio discount rate slightly decreased from 7.3% to 7.2% mainly due to the ongoing derisking of the assets which were under construction and have subsequently been commissioned.
- Total portfolio production was 11.5% below budget over the quarter, primarily due to below average wind speeds in Norway, Denmark and Greece, as well as lower hydropower production in Portugal due to lower than estimated precipitation. Combined with lower than expected realised power prices, revenue was below budget for the quarter. The Investment Adviser remains comfortable with the dividend cover guidance sensitivities outlined in the investor presentation released in February 2023. Further details of 1H23 dividend cover and outlook will be provided in the Company's interim results, due for release in September 2023.
- Total weighted average technical availability for the quarter improved to 97.8% (Q1 2023: 95.7%).
- As announced last quarter, technical availability at The Rock has improved significantly to 91.9% (Q1 2023: 72.0%) as a result of the resolution of the icing issues experienced in Q1 2023.
- As at 30 June 2023, AER had surplus capital of 30.3m euros (cash plus RCF).[7]
- As at 30 June 2023, the Company had total debt of 195.6m euros (including RCF, drawn to 69.3m euros), of which 63.1% was fixed rate (97.8% of project-level debt is fixed rate whilst the RCF is floating rate). The Company's euro-denominated debt, including the RCF, had a total weighted average interest rate of 3.6%.
- The Company's Spanish solar PV portfolio, and in particular Jaén, has been impacted by curtailments at the request of the transmission agent and operator (TSO) during the month of June, which had a minor impact on revenue during the quarter. Curtailments have been requested by the TSO as a result of oversaturation of the grid from elevated solar PV production in the summer months. The Investment Adviser is in the process of introducing compliance software across its Spanish solar PV portfolio to mitigate the impact of curtailments, expected to be completed by Q3 2023.
- The Greek wind farm, Desfina, has not been impacted by the recent wildfires affecting the country. Local authorities have set water trucks on standby in the event of a fire incident.
- The Company and its advisers continue to progress the various initiatives outlined in the RNS dated 30 May 2023, including ongoing asset life extensions, share buybacks, debt financing opportunities, a secondary listing, as well as actively monitoring a number of investment opportunities.

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- A sensitivity of NAV against discount rates, inflation and power prices is shown below:

Assumption		Impact on NAV per Ordinary Share
Discount rate	+0.5%	-5 cents
	-0.5%	+6 cents
Inflation	+0.5%	+5 cents
	-0.5%	-5 cents
Power price	+10.0%	+11 cents
	-10.0%	-11 cents

CO_2 Equivalent Avoidance

- A total of 65.0k tonnes of CO_2eq was avoided in the second quarter of 2023.[8]
- The renewable energy production in Q2 2023 would be equivalent to the average energy consumption of approximately 65.8k households in the EU.

Market Development

- In the second quarter of 2023, power price levels across European geographies traded at a discount to the previous quarter due to a persistent downward trajectory in commodity prices (most notably gas), reflecting the reduction in demand caused by mild temperatures in Europe and elevated levels of gas storage reservoirs.
- The Nordics electricity system spot price averaged 56.0 EUR / MWh in Q2 2023 against 85.1 EUR / MWh in Q1 2023, a decrease of 34.0%.
- Spot prices in Iberia on average traded at 80.9 EUR / MWh in Q2 2023, when compared to 97.6 EUR / MWh in Q1 2023, a decline of 17.0%.
- As at 30 June 2023, power price forecasts for 2023 were revised down considerably in the Nordics and Iberia from the levels forecasted in Q1 2023 (-25.8% and -36.2%, respectively).
- Power price forecasts over the next 5 years in both regions were revised down by 12.3% and 25.8%, respectively, from the levels forecasted in the first quarter, as prices normalise from the peaks reached in 2022.
- The valuation methodology continues to assume an average of at least two power price curves from independent market analysts over the lifetime of each asset.

Regulatory Update

- In Denmark, a windfall revenue clawback for renewable inframarginal generators, transposing the EU's 180.0 EUR / MWh revenue clawback mechanism into national regulation, came into force on 27 April 2023, with retrospective effect from 1 December 2022 to 30 June 2023.
- The cap had no impact on the Company as power prices did not reach that threshold during the period.
- On 6 July, the European Parliament reached an agreement on an amending regulation to reform the EU electricity market design, expected to be implemented by September 2023. There were no material changes to the European Commission's earlier proposal in March. It is expected that these proposals will incentivise further expansion of renewables in Europe. On 19 July 2023, the EU Parliament dropped a proposal to cap power plants' windfall revenues in the event of another energy crisis.

Portfolio Map

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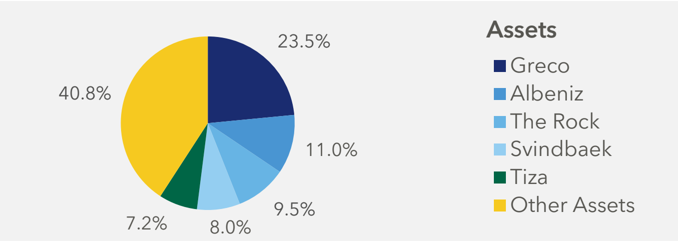
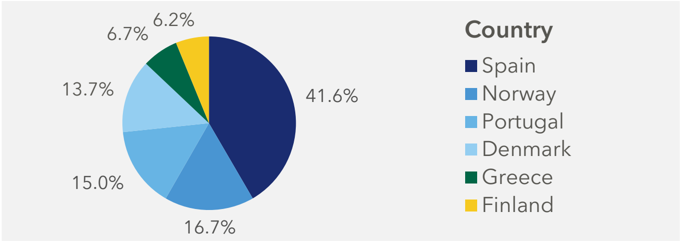
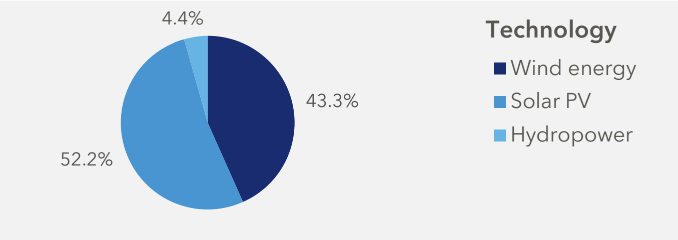
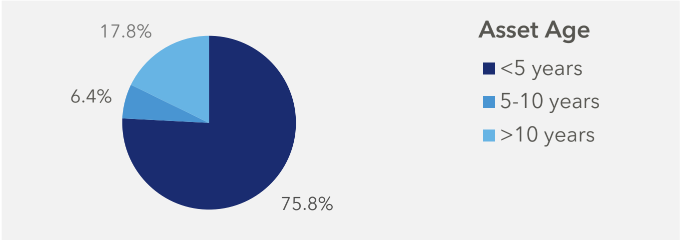
Portfolio Breakdown Based on Fair Value[9] as at 30 June 2023









AIFM

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Investment Advisor

Aquila Capital Investmentgesellschaft mbH (ACI) is the investment advisor and asset manager for the Company and is authorised and regulated by BaFin.

Notes

1. Subject to the portfolio performing in line with expectations.
2. All calculations which use Ordinary Shares exclude shares held in treasury.
3. Calculation includes dividends paid during the period.
4. Total shareholder return is based on an opening share price of EUR 1.00 and NAV total return is based on an opening NAV after launch expenses of EUR 0.98 per Ordinary Share.
5. Cumulative with respect to Q1 2023 - Q2 2023 in EUR cts/share.
6. Production and revenue performance as well as technical availability are subject to further change.
7. Cash on hand includes cash positions of Aquila European Renewables Plc and its wholly owned subsidiary, Tesseract Holdings Limited.
8. The CO_2 equivalent avoidance is an approximation and does not necessarily reflect the exact impact of the renewable energy projects. The cited sources of information are believed to be reliable and accurate, however, the completeness, accuracy, validity and timeliness of the information provided cannot be guaranteed and Aquila Capital accepts no liability for any damages that may arise directly or indirectly from the use of this information.
9. Allocation is based on fair value of the assets, equal to 467.5m euros (excluding cash and any other fund level items), unless stated otherwise.

Disclaimer

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