

ERG S.P.A.

Torre WTC
 via De Marini, 1 - 16149 Genoa
 Phone 0102401 - Fax 0102401585
 www.erg.eu

REGISTER OFFICE

via De Marini, 1
 16149 Genoa,
 Italy



Press Release

The Board of Directors of ERG S.p.A. approves the consolidated results for the first quarter of 2024

Adjusted consolidated EBITDA¹: EUR 165 million, EUR 164 million in the first quarter of 2023
Adjusted profit attributable to owners of the parent: EUR 78 million, EUR 78 million in the first quarter of 2023²
2024 Guidance confirmed, EBITDA between EUR 520 million and EUR 580 million

- **Solid first-quarter results** – Results increased slightly compared to the same period in 2023 despite a sharply declining price scenario, mainly as a result of increased output due to the contribution of new plants, repowered or greenfield developed in-house, and acquisitions made during 2023 and early 2024. The lower market scenario only partly impacts the results due to the Group's hedging policy of selling through fixed rates, PPAs and CFDs.
- **Entry into the US market** – On 24 April, the closing was finalised for the acquisition from Apex Clean Energy Holdings LLC of 75% of the portfolio consisting of one wind plant and one solar system in the US, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh. It should be noted that the results for the quarter do not yet reflect the effects of this acquisition.
- **Energisation of the third wind farm repowering started** – In April, the energisation of the Mineo-Militello-Vizzini wind farm began (101 MW), the third and largest in the Group's portfolio of plants subject to a total technological renovation, confirming the centrality of repowering in ERG's business strategy.
- **Growth and PPA** – During the quarter, the 47-MW greenfield wind power plant in Roccapalumba in Sicily was commissioned. Revenue relating to the entire generation will be sold through a twenty-year Pay-as-Produced PPA with Google, a fundamental tool in a context of strong price volatility.
- **Financial Strategy** – Fitch affirmed ERG S.p.A.'s Long-Term Issuer Default Rating (IDR) and senior unsecured rating at BBB- with a stable outlook. In an energy scenario characterised by increasing volatility, the rating reflects the solidity of the Group's business model and its portfolio.
- **ESG** – In February, for the second consecutive year, ERG was included in the CDP "A List", confirming the validity of the decarbonisation strategies implemented by the Group. In January, ERG was again included in the "Global 100 Most Sustainable Corporations in the World" of Corporate Knights, ranking in 28th place (previously 53rd), first among the Italian companies.
- **2024 Guidance** – Guidance confirmed with an estimated EBITDA in the range of EUR 520 to 580 million, capital expenditure expected in the range of EUR 550 to 600 million. Net financial indebtedness is expected to be between EUR 1,750 million and EUR 1,850 million³, including the distribution of the ordinary dividend of EUR 1 per share.
- **Gender equality achieved in the new BoD** – ERG's Shareholders' Meeting appointed the new Board of Directors for the next three years with the addition of four new female directors. Gender equality is thus achieved in the composition of the Board, which now consists of six men and six women.

¹ Starting from this press release, the adjusted economic results include the accounting impacts of IFRS 16. The comparative results for 2023 are therefore restated in line with the new approach defined by the Group.

² It should be noted that the adjusted profit attributable to owners of the parent, relating to the comparative period 2023, refers to the scope of "Continuing operations" and therefore does not include the contribution of the thermoelectric business sold in October 2023.

³ The net financial indebtedness shown is "before IFRS 16". Therefore it does not include the IFRS 16 liability, equal to EUR 172 million (actual year 2023) and EUR 210 million (guidance 2024), respectively.

Genoa, 15 May 2024 – The Board of Directors of ERG S.p.A. has approved the consolidated results for the first quarter of 2024.

Paolo Merli, Chief Executive Officer of ERG, commented:

“In the first quarter of 2024, against a backdrop of contraction and high volatility in energy prices, ERG once again demonstrated strong resilience posting solid results, slightly up on the previous year, thanks mainly to the contribution of new installed capacity, including our first repowering projects. In April, we finalised our entry into the US renewables market, which will begin to contribute financially from the second quarter. Despite a complex price scenario, for 2024 we confirm the guidance for an estimated EBITDA in the range of EUR 520-580 million and capital expenditure of EUR 550-600 million. Net financial indebtedness is expected to be between EUR 1,750 million and EUR 1,850 million, including the distribution of the ordinary dividend of EUR 1 per share.”

HIGHLIGHTS

Year 2023 ⁽¹⁾	(EUR million)	1st quarter	
		2024	2023 ⁽¹⁾
MAIN INCOME STATEMENT FIGURES			
741	Revenue	218	213
534	Adjusted EBITDA ⁽²⁾	165	164
312	Adjusted operating profit (loss)	105	106
226	Adjusted profit attributable to owners of the parent	78	78
219	Reported profit attributable to owners of the parent ⁽³⁾	77	76
72%	EBITDA Margin %	76%	77%
MAIN FINANCIAL FIGURES			
3,757	Net invested capital	3,890	3,408
2,140	Equity	2,210	2,187
1,445	Net financial indebtedness (before IFRS 16) ⁽⁴⁾	1,500	1,206
1,617	Net financial indebtedness (after IFRS 16) ⁽⁴⁾	1,680	1,363
40%	Financial leverage before IFRS 16 ⁽⁵⁾	40%	35%

(1) Starting from this press release, the adjusted economic results include the accounting impacts of IFRS 16. The comparative results for 2023 were therefore restated in line with the new approach defined by the Group.

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

(3) Reported economic indicators are calculated on the basis of the Financial Statements and include special items and related taxes. It should also be noted that the 2023 comparative figure includes the result of the thermoelectric business, sold in October 2023.

(4) Net indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.

(5) Financial leverage before IFRS 16 is calculated by comparing the net financial indebtedness before IFRS 16 with the net invested capital, not including Right of Use assets.

Year 2023			1st quarter	
			2024	2023
OPERATING DATA				
3,266	Total installed capacity at the end of the period	MW	3,358	3,036
6,139	Total electricity output	GWh	1,947	1,780
1,496	<i>Installed capacity at the end of the period – Italy</i>	MW	1,543	1,440
2,784	<i>Electricity output – Italy</i>	GWh	875	784
600	<i>Installed capacity at the end of the period – France</i>	MW	645	600
1,315	<i>Electricity output – France</i>	GWh	391	396
327	<i>Installed capacity at the end of the period – Germany</i>	MW	327	327
629	<i>Electricity output – Germany</i>	GWh	202	203
311	<i>Installed capacity at the end of the period – UK & Nordics</i>	MW	311	311
455	<i>Electricity output – UK & Nordics</i>	GWh	166	132
266	<i>Installed capacity at the end of the period – Spain</i>	MW	266	92
213	<i>Electricity output – Spain</i>	GWh	80	35
266	<i>Installed capacity in East Europe</i>	MW	266	266
742	<i>Electricity output – East Europe</i>	GWh	233	230
489	Capital expenditure ⁽⁶⁾	EUR million	154	66
636	Employees at the end of the year ⁽⁷⁾	Units	643	589
117	NET UNIT REVENUE ⁽⁸⁾	EUR/MWh	107	116
109	Italy – Wind	EUR/MWh	120	116
342	Italy – Solar	EUR/MWh	394	327
93	France – Wind	EUR/MWh	83	93
96	France – Solar	EUR/MWh	91	94
140	Germany – Wind	EUR/MWh	89	152
111	UK & Nordics – Wind	EUR/MWh	79	83
123	Spain – Solar	EUR/MWh	51	143
91	East Europe – Wind	EUR/MWh	88	99

(6) In property, plant and equipment and intangible assets. The figure for the first quarter of 2024 also includes investments related to Merger & Acquisition transactions amounting to EUR 84 million following the acquisition of a wind and solar portfolio in France totalling 73.2 MW.

(7) The comparative figure for the first quarter of 2023 does not include personnel dedicated to ensuring the operation of the CCGT cogeneration plant, sold in October 2023.

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

COMMENTS ON THE QUARTER'S PERFORMANCE

In the first quarter of 2024, **adjusted revenue** amounted to EUR 218 million, a slight increase compared to the first quarter of 2023 (EUR 213 million), mainly as a result of the contribution from the higher capacity in operation, in a context of higher wind speeds in the period. The higher output volumes were almost entirely offset by lower market prices, significantly lower than in the first quarter of 2023. The lower market scenario only partially affected the results as the Group adopts a hedging policy that provides for sales through fixed rates, Power Purchase Agreements (PPAs) under pre-established price conditions and financial agreements.

Outputs amounted to 1.9 TWh, an increase of 0.2 TWh compared to the first quarter of 2023 (+9%), due to the contribution of new wind farms developed in-house that entered into operation and acquisitions made in the second half of 2023 and at the beginning of 2024, as well as the higher wind speeds recorded in Italy and the UK & Nordics.

Adjusted EBITDA, net of special items, stood at EUR 165 million, in line with the EUR 164 million recorded in the first quarter of 2023.

ITALY

- **Wind (EUR +16 million)**: EBITDA of EUR 86 million, up from the first quarter of 2023 (EUR 70 million), mainly due to the contribution from the repowering and greenfield wind farms that entered into operation in the second half of 2023 and at the beginning of 2024, the increased wind speeds experienced in the period, and the effect on sales prices of the GRIN incentive of 42 EUR/MWh in 2024 (zero in 2023). The latter effect was substantially offset by a sharply reduced market scenario compared to the same period of 2023. Output amounted to 834 GWh in the first quarter of 2024 compared to 738 GWh in the first quarter of 2023.
- **Solar (EUR +2 million)**: EBITDA of EUR 15 million, up from the first quarter of 2023 (EUR 13 million), mainly due to the better price captured as a result of hedging carried out in line with Group policy, partly offset by the lower irradiation experienced in the period and shut-downs due to the repowering of panels. Output amounted to 41 GWh in the first quarter of 2024 compared to 46 GWh in the first quarter of 2023.

ABROAD

- **Wind (EUR -15 million)**: EBITDA of EUR 67 million, down compared to the first quarter of 2023 (EUR 81 million) mainly due to the lower prices captured, only partly offset by the higher wind speeds recorded compared to the comparative quarter and the scope effect linked to the newly acquired wind farms in France (16 GWh). Within the broader context of lower market prices, the price effect was particularly significant in Germany where products are sold under one-way CfD contracts. Output amounted to 972 GWh in the first quarter of 2024 compared to 944 GWh in the same period of 2023.
- **Solar (EUR -2 million)**: EBITDA of EUR 2 million, down compared to the first quarter of 2023 (EUR 5 million) due to lower market prices and a Q1 2023 that had benefited from particularly high hedging prices in Spain. Output amounted to 100 GWh in the first quarter of 2024 compared to 52 GWh in the same period of 2023, mainly due to the scope effect related to the new photovoltaic systems acquired in France at the beginning of 2024 and in Spain in the second half of 2023, partly offset by lower irradiation.

Overall, the scope effect related to new operating capacity amounted to EUR 6 million thanks to the full contribution of the new repowering and greenfield plants developed internally and put into operation, as well as the acquisitions made in 2023 and early 2024.

It should be noted that the total gross operating profit (EBITDA) is impacted by the electricity price hedging policies implemented in line with the Group's risk policies.

Adjusted EBIT amounted to EUR 105 million (EUR 106 million in the first quarter of 2023). Depreciation and amortisation amounted to EUR 59 million, in line with the first quarter of 2023 (EUR 58 million) and reflected the full contribution of

the new assets acquired during the period and developed internally (EUR 4 million), partly offset by the extension of the useful life of foreign wind power assets (EUR -3 million) as a result of the "Lifetime extension" programmes, which started in the second quarter of 2023.

The **Adjusted profit attributable to owners of the parent** was EUR 78 million, in line with the first quarter of 2023 (EUR 78 million⁴), and reflects, in addition to what has already been commented on, lower financial expenses of EUR 3 million due to the better remuneration of Group liquidity resulting from the trend in interest rates and higher taxes of EUR 3 million, up as a result of the ACE⁵ (Aid for Economic Growth) tax benefit ceasing to apply in Italy from 2024.

The **Reported profit attributable to owners of the parent** totalled EUR 77 million, including the net tax impacts of special items, in line with the EUR 76 million in the first quarter of 2023⁶.

In the first quarter of 2024, **capital expenditure** amounted to EUR 154 million (EUR 66 million in the first quarter of 2023) and refers mainly to **investments in property, plant and equipment and intangible assets** related to the acquisition of wind farms and photovoltaic systems in France (73 MW), Repowering on Italian farms for approximately 177 MW of new wind capacity, the construction of Greenfield farms in Italy (47 MW) France (59 MW) and the UK (47 MW) and the start of operations of the first Recharge project (13 MW).

The **net financial indebtedness before IFRS 16** totalled **EUR 1,500 million**, up (EUR +55 million) compared to 31 December 2023 (EUR 1,445 million). The change reflects the effect of the recent acquisition of a wind and solar portfolio in France (EUR 84 million⁷), the completion of the treasury share buy-back programme for EUR 37 million, and capital expenditure in the quarter (EUR 69 million) linked to the development of repowering projects in Italy and the development of wind farms in France and the UK, partly offset by the positive cash flow in the quarter (EUR 138 million⁸).

Net financial indebtedness after IFRS 16 includes the liabilities (pursuant to IFRS 16) relating to the discounting of future lease payments equal to EUR 179 million at 31 March 2024 (EUR 172 million at 31 December 2023).

4 The comparative figure for the first quarter of 2023 refers to the net profit of continuing operations attributable to owners of the parent, therefore not including the contribution of the thermoelectric business, sold on 17 October 2023.

5 Aid to Economic Growth (ACE), repealed by Article 5 of Italian Legislative Decree no. 216 of 30 December 2023.

6 It should be noted that the Reported profit attributable to owners of the parent for the first quarter of 2023 included the contribution of the thermoelectric business, sold on 17 October 2023.

7 The acquisition was finalised in January 2024.

8 It includes the adjusted EBITDA and the change in working capital.

ADDITIONAL INFORMATION

REMUNERATION OF DIRECTORS HOLDING OFFICES

The Board of Directors – following the proposal of the Nominations and Remuneration Committee and subject to the favourable opinion of the same pursuant to the Procedure for transactions with Related Parties, in relation to transactions of lesser significance, and having heard the favourable opinion of the Board of Statutory Auditors – determined, in accordance with the Company's current Remuneration Policy, the remuneration of the Chairman, the Executive Deputy Chairman, the Deputy Chairman and the Chief Executive Officer for the 2024-2026 financial years as well as, again at the proposal of the Nominations and Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, the remuneration of those members of the Strategic Committee who are not employees of the Group and do not hold positions on the Board of Directors, for the 2024-2026 financial years.

2024-2026 LONG-TERM INCENTIVE PLAN

The Board of Directors – following the proposal of the Nominations and Remuneration Committee and subject to the favourable opinion of the same pursuant to the Procedure for transactions with Related Parties, in relation to transactions of lesser significance, and having heard the favourable opinion of the Board of Statutory Auditors – has defined the conditions required for the implementation of the 2024-2026 Long-Term Incentive Plan, as approved by the previous Board of Directors on 12 March 2024, again following the proposal of the Nominations and Remuneration Committee and with the approval of the Board of Statutory Auditors, and by the Shareholders' Meeting on 23 April 2024 pursuant to Article 114-bis of the Italian Consolidated Finance Act. In this regard, reference is made to the information document prepared pursuant to Article 114-bis of the Italian Consolidated Finance Act and the Report on Remuneration Policy and Compensation Paid, prepared pursuant to Article 123-ter of the Italian Consolidated Finance Act, available on the Company's website (www.erg.eu). The Company will provide the market with information concerning the 2024-2026 Long-Term Incentive Plan when making the disclosures set forth by Article 84-bis, paragraph 5 of the Issuers' Regulation.

BASIS FOR PREPARATION

Quarterly report

This press release on the consolidated results of the ERG Group relating to the first quarter of 2024 has been prepared on a voluntary basis in compliance with the provisions of Article 82-ter of the Issuers' Regulation (CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments).

Unless otherwise indicated, the income statement, balance sheet and cash flow information has been prepared in compliance with the valuation and measurement criteria established by International Financial Reporting Standards (IFRS). The recognition and measurement criteria adopted in preparing the results for the first quarter of 2024 are the same as those adopted in preparing the 2023 Annual Financial Report to which reference is made.

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

Operating segments

Operating results are presented and commented on with reference to the various geographical segments in which ERG operates, in line with the Group's internal performance measurement methods. It should be noted that the results, shown by geographical segment, reflect the energy sales on markets by Group Energy Management, in addition to the application of effective hedges of the generation margin. The above mentioned hedges include, inter alia, the use of instruments by Energy Management to hedge the price risk. In order to give a clearer representation of business by geographic segment and, secondarily, by technology, the wind and solar results include the hedging carried out in respect of renewables.

Alternative Performance Indicators (APIs) and adjusted results

Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group. These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

In order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results". The results that include significant income statement components of an exceptional nature (special items) are also defined as "Reported results". A definition of the indicators and the reconciliation of the amounts involved are provided in the "Alternative Performance Indicators" section.

IFRS 16

Starting from this press release, the Group, in line with industry practice, also includes the effects of IFRS 16 in its adjusted economic results. The comparative data were restated in line with the new approach.

Net indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.

Consolidation of the acquisition of the wind and solar portfolio in France

With regard to the recent acquisition of wind plants and photovoltaic systems in France, which took place during the first quarter of 2024, on the date of this press release a Purchase Price Allocation exercise was carried out on the basis of available information; consistently with the indications of IFRS 3 and in consideration of the short period of time between the acquisition date and the date of preparation of this press release, this procedure shall be deemed provisional and subject to changes and adjustments.

Additional details regarding the allocation of surplus amounts and the related accounting effects will be provided in the Interim Financial Report at 30 June 2024. In this regard, note that based on the provisions of IFRS 3, the measurement of assets and liabilities may be subject, if necessary, to changes in the twelve months after the acquisition date.

This quarterly report reflects the impact of the line-by-line consolidation of the wind and solar portfolio (totalling 73.2 MW) as of 1 January 2024.

Risks and uncertainties in relation to the business outlook

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

Certification from the Manager in charge of Financial Reporting

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

This press release, issued on 15 May 2024, is available to the public on the Company's website (www.erg.eu) in the "Media/Press Releases" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com).

Contacts:

Emanuela Delucchi Chief ESG, IR & Communication Officer – tel. + 39 010 2401806 – e-mail: edelucchi@erg.eu

Anna Cavallarin Head of Media Relations – tel. + 39 010 2401804 mobile + 39 339 3985139 – e-mail: acavallarin@erg.eu

Matteo Bagnara IR – tel. + 39 010 2401423 – e-mail: ir@erg.eu

www.erg.eu - @ergnow

PERFORMANCE BY COUNTRY

Year 2023 ⁽¹⁾	(EUR million)	1st quarter		Δ
		2024	2023 ⁽¹⁾	
RICAVI ADJUSTED				
374	Italy	119	105	15
367	Abroad	98	109	(11)
124	France	33	37	(4)
89	Germany	18	31	(13)
54	UK & Nordics	20	11	9
27	Spain	4	5	(1)
73	East Europe	22	24	(2)
35	Corporate	9	8	1
(35)	Intra-country revenue	(9)	(8)	(1)
741	Total adjusted revenue	218	213	4
ADJUSTED EBITDA				
299	Italy	101	83	18
256	Abroad	69	86	(17)
81	France	22	27	(5)
68	Germany	13	28	(15)
38	UK & Nordics	15	8	7
20	Spain	2	4	(2)
49	East Europe	18	19	(1)
(21)	Corporate	(5)	(5)	0
534	Adjusted EBITDA	165	164	1
ADJUSTED AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES				
(121)	Italy	(31)	(30)	(0)
(97)	Abroad	(28)	(27)	(1)
(40)	France	(11)	(12)	0
(20)	Germany	(5)	(7)	2
(13)	UK & Nordics	(4)	(3)	(2)
(6)	Spain	(3)	(1)	(2)
(18)	East Europe	(5)	(4)	(0)
(4)	Corporate	(1)	(1)	(0)
(223)	Adjusted amortisation, depreciation and impairment losses	(59)	(58)	(1)

(1) As indicated in the introduction, starting from this press release, the adjusted economic results include the accounting impacts of IFRS 16. Therefore, the comparative results of 2023 have been restated in line with the new approach defined by the Group.

Year 2023 ⁽¹⁾	(EUR million)	1st quarter		Δ
		2024	2023 ⁽¹⁾	
RISULTATO OPERATIVO NETTO ADJUSTED				
177	Italy	70	52	18
159	Abroad	41	59	(18)
41	France	11	15	(5)
48	Germany	8	21	(13)
25	UK & Nordics	10	5	5
15	Spain	(1)	3	(4)
31	East Europe	13	14	(1)
(25)	Corporate	(6)	(6)	0
312	Adjusted EBIT	105	106	(0)
CAPITAL EXPENDITURE ⁽²⁾				
219	Italy	58	39	19
265	Abroad	95	26	69
25	France	93	11	82
3	Germany	0	0	0
45	UK & Nordics	1	16	(14)
190	Spain	0	0	0
2	East Europe	0	0	0
4	Corporate	0	0	(0)
489	Total capital expenditure	154	66	87

(1) As indicated in the introduction, starting from this press release, the adjusted economic results include the accounting impacts of IFRS 16. Therefore, the comparative results of 2023 have been restated in line with the new approach defined by the Group.

(2) They include investments in property, plant and equipment and intangible assets and M&A investments (EUR 84 million in the first quarter of 2024). It should be noted that the figures do not include the increase in Right of Use assets.

REFERENCE MARKET

PRICE SCENARIO

Year 2023		1st quarter	
		2024	2023
Base load price scenario (EUR/MWh)			
Italy			
127	Single National Price ⁽¹⁾	92	157
0	Feed-In Premium (FIP) (former Green Certificates) – Italy	42	0
41	TTF	27	55
83	CO ₂	60	87
Abroad			
97	France	63	130
95	Germany	67	115
144	Poland	94	176
112	of which Electricity	82	130
32	of which Certificates of Origin	12	47
104	Bulgaria	74	129
133	Romania	103	158
104	of which Electricity	74	129
29	of which Green Certificate	29	29
122	Northern Ireland	91	155
108	Great Britain	75	144
87	Spain	45	96
65	Sweden SE4	60	89

(1) Single National Price.

ITALY

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

ERG is active in the generation of electricity in Italy, with an installed capacity of 1,368 MW in wind and 175 MW in solar.

Year		1st quarter		Δ
		2024	2023	
2023				
Operating results				
1,496	Installed capacity (MW) ⁽¹⁾	1,543	1,440	103
1,321	Wind	1,368	1,265	103
175	Solar	175	175	0
2,784	Output (GWh)	875	784	91
2,528	Wind	834	738	96
256	Solar	41	46	(4)
Load Factor % ⁽²⁾				
24%	Wind	28%	27%	1%
17%	Solar	11%	12%	-1%
131	Net unit revenue (EUR/MWh)	133	128	4
109	Wind	120	116	4
342	Solar	394	327	67

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

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

In the **first quarter of 2024, electricity output** in Italy amounted to 875 GWh, of which 834 GWh from wind sources and 41 GWh from photovoltaic systems, an increase compared to the same period in 2023 (784 GWh of which 738 from wind sources and 46 GWh from solar sources), due to the greater wind speeds recorded and the contribution from repowered and greenfield plants commissioned between the second half of 2023 and the beginning of 2024.

Year	(EUR million)	1st quarter		Δ
		2024	2023	
2023				
Economic results				
374	Adjusted revenue	119	105	15
285	Wind	103	89	14
89	Solar	17	16	1
299	Adjusted EBITDA	101	83	18
220	Wind	86	70	16
79	Solar	15	13	2
(121)	Amortisation, depreciation and impairment losses	(31)	(30)	(0)
(75)	Wind	(19)	(18)	(1)
(47)	Solar	(11)	(12)	1
177	Adjusted EBIT	70	52	18
145	Wind	67	52	15
33	Solar	3	0	3
219	Capital expenditure in property, plant and equipment and intangible assets	58	39	19
201	Wind	49	38	11
18	Solar	2	1	1
-	Storage	7	-	7
80%	EBITDA MARGIN % ⁽¹⁾	84%	79%	5%
77%	Wind	84%	79%	5%
89%	Solar	87%	82%	5%

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

Revenue recorded in the first quarter of 2024 were up mainly due to the value of the GRIN incentive (42 EUR/MWh), the higher wind speeds recorded and the aforementioned scope effect, which more than offset the lower solar production and lower market prices.

In light of the above, for ERG the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 120 EUR/MWh (116 EUR/MWh in the first quarter of 2023).

Net revenue per unit from photovoltaic systems amounted to 394 EUR/MWh (327 EUR/MWh in the first quarter of 2023), up due to hedging set at higher prices than in the same period of 2023 and higher feed-in tariff revenue due to "incentive allocation".

Adjusted EBITDA in Italy for the **first quarter of 2024** amounted to EUR 101 million, up compared with the first quarter of 2023 (EUR 83 million), for the same reasons relating to revenue.

Capital expenditure

Capital expenditure in the **first quarter of 2024 (EUR 58 million)** mainly refers to the completion of construction of the Roccapalumba plant (47 MW) and to the repowering activities (177 MW) on the Mineo-Militello-Vizzini and Salemi-Castelvetro plants in addition to the usual maintenance aimed at further increasing the efficiency of the plants. In Solar, the Revamping of the plants has begun, aimed at ensuring greater efficiency of the same. In addition, activities relating to the Recharge Project (13 MW) were launched.

ABROAD

ERG is active abroad in the generation of electricity from wind and solar sources.

ERG is one of the ten leading operators in the wind power sector in Europe with a significant and growing presence (1,450 MW operational), mainly in France (546 MW, increased at the beginning of 2024 with the acquisition of a new 24 MW wind farm), Germany (327 MW), Poland (142 MW), UK & Nordics (311 MW), Romania (70 MW), Bulgaria (54 MW). In addition, ERG operates in France and Spain in the generation of electricity from solar sources with 364 MW of installed capacity, of which 99 MW in France and 266 MW in Spain, both increased between the end of 2023 and the beginning of 2024 with the commissioning of two photovoltaic systems in Spain (174 MW) and two newly acquired photovoltaic systems in France (20 MW).

France

Year 2023		1st quarter		Δ
		2024	2023	
	Operating results			
600	Installed capacity (MW) ⁽¹⁾	645	600	44
522	Wind	546	522	24
79	Solar	99	79	20
1,315	Output (GWh)	391	396	(5)
1,219	Wind	371	379	(8)
96	Solar	20	17	3
	Load factor % ⁽²⁾			
27%	Wind	31%	34%	-2%
14%	Solar	9%	10%	-1%
93	Net unit revenue (EUR/MWh)	84	93	(10)
93	Wind	83	93	(10)
96	Solar	91	94	(3)

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

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

In the **first quarter of 2024, electricity output** in France amounted to 391 GWh, of which 371 GWh from wind power and 20 GWh from photovoltaic systems, down slightly compared to the same period in 2023 (396 GWh) mainly due to the lower wind levels recorded compared to the particularly high wind levels seen in 2023, partly offset by the scope effect (+21 GWh) resulting from the acquisition of a new wind farm and two new photovoltaic systems.

Year 2023	(EUR million)	1st quarter		Δ
		2024	2023	
	Economic results			
124	Adjusted revenue	33	37	(4)
115	Wind	31	35	(4)
9	Solar	2	2	0
81	Adjusted EBITDA	22	27	(5)
75	Wind	22	26	(5)
6	Solar	0	1	(0)
(40)	Amortisation, depreciation and impairment losses	(11)	(12)	0
(35)	Wind	(10)	(11)	1
(4)	Solar	(1)	(1)	(0)
41	Adjusted EBIT	11	15	(5)
40	Wind	11	16	(4)
2	Solar	(1)	(0)	(0)
25	Capital expenditure in property, plant and equipment and intangible assets	93	11	82
25	Wind	57	11	46
0	Solar	36	0	36
65%	EBITDA Margin % ⁽¹⁾	67%	73%	-7%
66%	Wind	69%	75%	-6%
64%	Solar	24%	43%	-18%

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

Revenue recorded in the **first quarter of 2024** amounted to EUR 33 million, down compared to the same period of 2023 (EUR 37 million) due to the lower volumes recorded and lower prices captured, partly offset by the output resulting from the above-mentioned change in scope.

Net unit revenue from wind power in France, equal to 84 EUR/MWh, was down compared to the same period of 2023 (93 EUR/MWh) due to the contraction in market prices, which had only a limited impact as most of the wind farms benefit from the two-way incentive mechanism, while the unit net revenue of the photovoltaic systems totalled 91 EUR/MWh.

The **adjusted EBITDA** in France in the **first quarter of 2024** amounted to EUR 22 million, down compared to the first quarter of 2023 (EUR 27 million), for the same reasons linked to revenue.

Capital expenditure

Capital expenditure in France in the **first quarter of 2024 (EUR 93 million)** mainly relates to the acquisition in January 2024 of 73 MW of wind plants and photovoltaic systems (EUR 84 million), of which 44 MW already started and 29 MW at an advanced stage of construction, as well as the development and construction of new wind farms (59 MW) scheduled to come into operation between the end of 2024 and early 2025.

Germany – Wind

Year 2023		1st quarter		Δ
		2024	2023	
	Operating results			
327	Installed capacity (MW) ⁽¹⁾	327	327	-
629	Output (GWh)	202	203	(1)
22%	Load Factor % ⁽²⁾	28%	29%	0%
140	Net unit revenue (EUR/MWh)	89	152	(63)

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

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

In the **first quarter of 2024, electricity output** in Germany totalled 202 GWh, in line with the same period of 2023 (203 GWh).

Year 2023	(EUR million)	1st quarter		Δ
		2024	2023	
	Economic results			
89	Adjusted revenue	18	31	(13)
68	Adjusted EBITDA	13	28	(15)
(20)	Amortisation, depreciation and impairment losses	(5)	(7)	2
48	Adjusted EBIT	8	21	(13)
3	Capital expenditure in property, plant and equipment and intangible assets	0	0	0
76%	EBITDA Margin % ⁽¹⁾	70%	89%	-18%

(1) Rapporto del margine operativo lordo adjusted sui ricavi della gestione caratteristica.

Revenue recorded in the **first quarter of 2024** amounted to EUR 18 million, down significantly from the same period in 2023 (EUR 31 million), which had benefited from particularly high hedging prices.

Net unit revenue from wind power Germany, equal to 89 EUR/MWh, was therefore down compared to the first quarter of 2023 (152 EUR/MWh).

The **adjusted EBITDA** in Germany in the **first quarter of 2024** amounted to EUR 13 million, down compared to the first quarter of 2023 (EUR 28 million), for the same reasons linked to revenue.

Depreciation and amortisation for the period (EUR 5 million) decreased compared to the first quarter of 2023 (EUR 7 million) due to the impact of the extension of the useful life of wind assets as a result of the Lifetime Extension programmes, which started from the second quarter of 2023.

UK & Nordics - Wind

Year 2023		1st quarter		Δ
		2024	2023	
	Operating results			
311	Installed capacity (MW) ⁽¹⁾	311	311	-
455	Output (GWh)	166	132	34
18%	Load Factor % ⁽²⁾	24%	25%	0%
111	Net unit revenue (EUR/MWh)	79	83	(4)

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

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

In the **first quarter of 2024, electricity output** in the UK and Sweden amounted to 166 GWh, up from the same period in 2023 (132 GWh), mainly due to the increased wind levels during the period and the full contribution of assets that were in the commissioning or ramp-up phase of production at the beginning of 2023.

Year 2023	(EUR million)	1st quarter		Δ
		2024	2023	
Economic results				
54	Adjusted revenue	20	11	9
38	Adjusted EBITDA	15	8	7
(13)	Amortisation, depreciation and impairment losses	(4)	(3)	(2)
25	Adjusted EBIT	10	5	5
45	Capital expenditure in property, plant and equipment and intangible assets	1	16	(14)
71%	EBITDA Margin % ⁽¹⁾	71%	68%	4%

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

Revenue recorded in the first quarter of 2024 amounted to EUR 20 million, up compared to the same period of 2023 (EUR 11 million) mainly due to the increased output recorded. Net unit revenue amounted to 79 EUR/MWh, substantially in line with the first quarter of 2023 (82 EUR/MWh) thanks to the sale through PPA contracts in the UK.

Adjusted EBITDA in the UK & Nordics region in the **first quarter of 2024** was EUR 15 million, up from the same period in 2023 (EUR 8 million), for the same revenue-related reasons.

Depreciation and amortisation for the period (EUR 4 million) increased compared to the first quarter of 2023 (EUR 3 million) due to the full contribution of the wind farms in the UK & Nordics that became operational during 2023.

Capital expenditure

Capital expenditure in the UK & Nordics segment in the **first quarter of 2024** relates to the construction of a new 47 MW wind farm in Northern Ireland.

Spain – Solar

Year 2023		1st quarter		Δ
		2024	2023	
Operating results				
266	Installed capacity (MW) ⁽¹⁾	266	92	174
213	Output (GWh)	80	35	45
21%	Load Factor% ⁽²⁾	14%	18%	-4%
123	Net unit revenue (EUR/MWh)	51	143	(92)

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

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

In the **first quarter of 2024, electricity output** in Spain amounted to 80 GWh, an increase compared to the output recorded in the same period of 2023, mainly due to the scope effect (+48 GWh), partially offset by the lower irradiation in the period.

Year 2023	(EUR million)	1st quarter		Δ
		2024	2023	
Economic results				
27	Adjusted revenue	4	5	(1)
20	Adjusted EBITDA	2	4	(2)
(6)	Amortisation, depreciation and impairment losses	(3)	(1)	(2)
15	Adjusted EBIT	(1)	3	(4)
190	Capital expenditure in property, plant and equipment and intangible assets	0	0	0
74%	EBITDA Margin % (1)	44%	78%	-34%

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

Revenue recorded in the first quarter of 2024 amounted to EUR 4 million, down year-on-year (EUR 5 million) due to lower market prices compared to 2023, which had benefited from high hedging prices. As a result, net unit revenue amounted to 51 EUR/MWh, down compared to the previous year (143 EUR/MWh).

The **adjusted EBITDA** in Spain in the first quarter of 2024 amounted to EUR 2 million, down compared to the first quarter of 2023 (EUR 4 million).

Depreciation and amortisation for the period (EUR 3 million) increased compared to the first quarter of 2023 (EUR 1 million) due to the contribution of the photovoltaic systems acquired during 2023 (174 MW) and entered into operation during the second half of 2023.

East Europe (Poland, Romania and Bulgaria) – Wind

Year 2023		1st quarter		Δ
		2024	2023	
Operating results				
266	Installed capacity (MW) (1)	266	266	-
742	Output (GWh)	233	230	3
32%	Load Factor % (2)	40%	40%	0%
91	Net unit revenue (EUR/MWh)	88	99	(10)

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

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

In the first quarter of 2024, **electricity output** in East Europe amounted to 233 GWh, a slight increase compared to the same period in 2023 (230 GWh) due to improved wind conditions.

Year 2023	(EUR million)	1st quarter		Δ
		2024	2023	
Economic results				
73	Adjusted revenue	22	24	(2)
49	Adjusted EBITDA	18	19	(1)
(18)	Amortisation, depreciation and impairment losses	(5)	(4)	(0)
31	Adjusted EBIT	13	14	(1)
2	Capital expenditure in property, plant and equipment and intangible assets	0	0	0
67%	Ebitda Margin % (1)	81%	77%	4%

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

Revenue of EUR 22 million recorded in the first quarter of 2024 was down slightly compared to the same period of 2023, mainly due to the reduction in energy sale prices.

Average net unit revenue in East Europe amounted to 88 EUR/MWh, down from the first quarter of 2023 (99 EUR/MWh).

It should be noted that the measures introduced by the Romanian government to combat high energy prices (windfall tax) require the Group's plants to sell through PPAs at 450 lei/MWh (approximately 90 EUR/MWh) also in the first quarter of 2024.

Adjusted EBITDA in East Europe for the first quarter of 2024 amounted to EUR 18 million, a decrease compared to the first quarter of 2023 (EUR 19 million), for the same reasons linked to revenue.

SIGNIFICANT EVENTS DURING THE QUARTER

Date	Geographical segment	Sector	Significant event
17 January 2024	Italy	Corporate	ERG is confirmed among the Corporate Knights "Global 100". ERG ranked first among Italian companies, 28th in the 2024 ranking, a significant improvement compared to the 54th position in 2023.
24 January 2024	Italy	Corporate	TIM and ERG: kick-off for the "Missione Ambiente – Generazioni a scuola di Sostenibilità" (Mission Environment – Generations at Sustainability School) project, aimed at promoting the spread of a sustainability culture. The project will involve ten Italian cities and includes in-depth courses on sustainability, environmental protection and ecological transition for secondary schools.
29 January 2024	France	Wind Solar	Completion of the acquisition of a 73.2-MW wind and solar portfolio in France. The acquisition portfolio consists of two photovoltaic systems in operation (20.4 MW), one in an advanced state of construction (28.8 MW) and a wind farm in the commissioning phase (24 MW).
1 February 2024	Italy	Wind	ERG and Google sign a 20-year agreement for the supply of 2 TWh of renewable energy. The pay-as-produced agreement provides for the supply of renewable energy and guarantees of origin produced by the Roccapalumba wind farm, in the province of Palermo.
6 February 2024	Italy	Corporate	ERG is confirmed as being on the Carbon Disclosure Project's "A list" for the second year.
19 February 2024	Italy	Corporate	Conclusion of the share buy-back programme, launched in the fourth quarter of 2023.

23 February 2024	Italy	Wind	ERG continues to grow in Italy with the completion of the construction and start-up of the greenfield plant at Roccapalumba in Sicily (47 MW).
29 February 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. approved the Policy for Gender Equality, strengthening its commitment to Diversity & Inclusion.
1 March 2024	Italy	Solar	“Social Purpose for Solar Revamping”, the project conceived by ERG to guarantee a second life to photovoltaic panels resulting from the revamping activities of its solar systems, was presented today at Key Energy 2024.
13 March 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. has approved the Draft Financial Statements for 2023, the Report on Corporate Governance and ownership, and the consolidated non-financial statement.

SIGNIFICANT EVENTS AFTER THE QUARTER

Date	Geographical segment	Sector	Significant event
9 April 2024	Italy	Corporate	Fitch Ratings agency ("Fitch") confirmed for ERG S.p.A. a Long Term Issuer Default Rating (IDR) of BBB- with stable outlook and a senior unsecured rating of BBB-.
23 April 2024	Italy	Corporate	The Ordinary Shareholders' Meeting of ERG S.p.A. has approved the Separate Financial Statements as at 31 December 2023, resolved the payment of EUR 1 per share, appointed the new Board of Directors, confirmed Edoardo Garrone as the Chairman and approved the long-term incentive plan (2024-2026 LTI System).
24 April 2024	Italy	Wind	ERG finalises the third Repowering project with the start-up of the 101-MW wind farm at Mineo-Militello-Vizzini in Sicily.
24 April 2024	United States	Wind Solar	ERG officially enters the US renewables market thanks to the launch of a strategic partnership with APEX Clean Energy (see press release above of 21 December 2023).

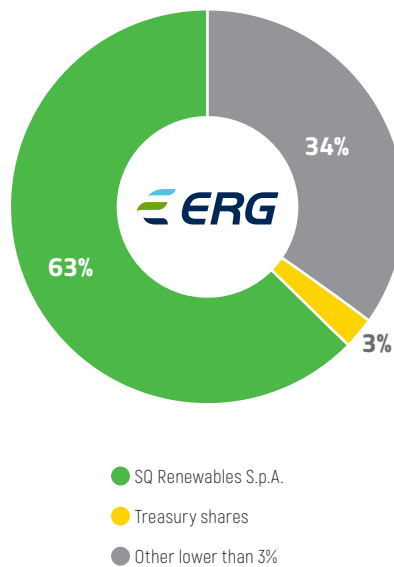
SHARE BUY-BACK PROGRAMME

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

The share buy-back programme was completed on 12 February 2024; since the start of the programme, 3,758,000 ordinary shares (maximum number of shares that can be purchased) have been repurchased at a weighted average price of EUR 26.0 per share. Considering the shares already in its portfolio prior to the start of the programme, ERG S.p.A. holds 4,540,080 treasury shares, equal to 3.0203% of the related share capital.

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

Below is the company's shareholding structure at the reporting date of 31 March 2024:



BUSINESS OUTLOOK

The context in which the Group operates is characterised by extreme volatility and uncertainty. Prices for commodities and electricity appear to be lower in early 2024 than in 2023.

In addition, there are demands for a medium-term review of the European electricity market, with more room for long-term energy contracts.

It should be noted that ERG, in line with the best practices in the industry and its consolidated risk policy, has in recent years made forward sales, mainly through long-term supply contracts at fixed prices (so-called PPAs) and forward contracts also through derivative financial instruments. These hedges, when carried out with a portfolio approach by the Group's Energy Management through ERG Power Generation S.p.A., are allocated from a management standpoint to the various project companies, which own the Production Units (PUs). The hedge allocation criterion follows a cascade mechanism which, with the idea of mitigating the associated risks, has the following order of priority:

- 1) electricity produced by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;
- 2) electricity produced by PUs that are subject to "Feed in Premium" tariffs, or mechanisms that provide for an incentive that is added to the market price;
- 3) any residual hedges are finally attributed to the quantities of electricity subject to for-difference incentive mechanisms, such as the former "green certificate" incentive tariffs (GRIN).

However, no hedges are envisaged for production subject to two-way for-difference incentive mechanisms. The expected outlook for the main operating and performance indicators in 2024 compared to 2023 is as follows. It should be noted that starting from 2024 the impact on EBITDA of the application of IFRS 16 is no longer separately reported as a special item.

Italy

Wind EBITDA is expected to increase as a result of the GRIN incentive, which stands at 42 EUR/MWh in 2024 compared to zero in 2023, the full contribution from the two Repowering wind farms that became operational in 2023 for a total of 56 MW of new additional capacity (92 MW gross of the decommissioning of old plants), an internally built wind farm that became operational in early 2024 (47 MW) and two additional Repowering wind farms scheduled to become operational in the final months of the year for a total of 101 MW (177 MW gross of the decommissioning of old plants). These results are partly offset by lower expected market prices and lower expected volumes compared to the high wind speeds recorded in 2023.

Solar EBITDA is expected to increase compared to 2023 mainly due to higher captured prices from forward hedging in 2023 and higher volumes from plant revamping and repowering activities.

Wind & Solar Italy EBITDA for 2024 is expected to increase compared to 2023.

Abroad

Wind EBITDA is expected to decrease compared to 2023, mainly due to lower sales prices compared to those captured in 2023. This lower result is partly offset by the contribution, starting in the second half of the year, from the acquisition in the US (224 MW) and the one in France in January 2024 (24 MW), as well as the entry into operation in the final months of the year of two newly built wind farms in France (41 MW).

Solar EBITDA is expected to increase compared to 2023 mainly as a result of the contribution, starting from the second half of the year, from the system acquired in the US (92 MW), from the two systems acquired in Spain and gradually entered into operation in the second half of 2023 (25 MW and 149 MW), and the contribution from the recent acquisition in France (49 MW).

Wind & Solar abroad EBITDA is therefore expected to decrease compared to 2023.

2024 Guidance

For the year 2024, at Group level, EBITDA is estimated in the range between EUR 520 million and EUR 580 million, up from the 2023 result (EUR 534 million, including the application of IFRS 16).

Capital expenditure is in the range of EUR 550 million to EUR 600 million (EUR 489 million in 2023) and includes the recent acquisitions in the US and France, the construction of the farms scheduled to become operational between 2024 and 2025, and the completion of those that came on stream during 2023.

Net financial indebtedness at the end of 2024 is expected to be in the range between EUR 1,750 million and EUR 1,850 million⁹ (EUR 1,445 million at the end of 2023), including the distribution of the ordinary dividend of EUR 1 per share.

⁹ The net financial indebtedness shown is "before IFRS 16". It does not therefore include IFRS 16 liabilities.

BUSINESS DESCRIPTION

The ERG Group is a leading independent operator of clean energy from renewable sources, operating in nine countries at European level and, from 24 April 2024, in the United States.

The leading wind power operator in Italy and among the top ten in Europe in the onshore wind sector, the Group is also active in the generation of energy from solar sources, being among the top five in Italy and with a gradually increasing presence in France and Spain.

A major player in the oil market until 2008, ERG radically changed its business portfolio in anticipation of long-term energy scenarios, successfully transforming towards a sustainable development model. Today the company is a leading European player in the renewable energy sector.

In 2021, the Group embarked on an important Asset Rotation¹⁰ process aimed at completing its transformation towards a pure “Wind&Solar” business model, which materialised at the end of 2023 with the divestment of the thermoelectric business, pursuing the strategic objective of the 2022-2026 Business Plan to focus on the core business of electricity generation entirely from renewable sources.

As a result of the completion of these important transactions, the Group, whose industrial strategy integrates the ESG (Environmental, Social and Governance) plan, in line with the United Nations Sustainable Development Goals (SDGs), has become a 100% Renewable operator, a key player in the decarbonisation process underway globally, as well as in the realisation of a fair and inclusive energy transition.

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

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

The ERG Group, with generation facilities of 3,358 MW of

installed renewable capacity (2,818 MW wind, 540 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

Italy

In Italy, ERG has a total installed capacity of 1,543 MW in the sector of electricity generation from wind and solar sources.

Specifically, ERG is the leading operator in the wind power sector in Italy with 1,368 MW of installed capacity, and a leading operator in solar power generation with 175 MW of installed capacity.

Abroad

Outside Italy, ERG has a total installed capacity of 1,815 MW.

In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,450 MW operational), particularly in France (546 MW), Germany (327 MW), the UK (249 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW).

In addition, ERG operates in France and Spain in the generation of electricity from solar sources with 365 MW of installed capacity, of which 99 MW in France and 266 MW in Spain.

ERG enters the US renewable energy market

On 24 April 2024, the Group completed the closing of a major agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent US clean energy developer, to create a strategic partnership with the mission of managing a portfolio of wind and solar power plants already in operation and potentially develop it.

This transaction represents the Group’s first step into the overseas market and envisages the creation of a US holding company into which a wind farm and a solar system, both in operation, will be transferred, for a total of 317 MW of installed capacity and production estimated at approximately 1 TWh, as well as a cooperation agreement relating to approximately 1 GW of new onshore solar and wind projects under development in the United States.

The holding company is 75% owned by ERG and 25% by Apex, which continues with the operational management

¹⁰ It should be noted that on 3 January 2022 ERG completed the sale of the hydroelectric assets to Enel Produzione, while on 17 January 2023 the sale of the thermoelectric business was completed.

of the assets. The portfolio consists of a 224.4-MW on-shore wind farm located in Iowa that entered into operation in the first half of 2023, with an estimated annual output of over 800 GWh, and a 92.4-MW photovoltaic farm located in Illinois that entered into operation in the second half of 2022, with an estimated annual output of over 150 GWh, equal to a total of 387 kt of CO₂ avoided. Both plants are part of the Midcontinent Independent Sy-

stem Operator (MISO), the largest US electricity market in terms of geographical area and second largest in terms of installed capacity. The two plants benefit from Tax Equity agreements with financial counterparties and will be debt-free at closing. Revenue is secured by long-term sales contracts (PPAs) signed with leading corporate counterparties. The consideration for the acquisition of the majority stake of 75% was equal to USD 270 million.

CORPORATE BODIES

BOARD OF DIRECTORS¹¹

Chairman

EDOARDO GARRONE *(executive)*

Deputy Chairman

ALESSANDRO GARRONE *(executive)*¹²

GIOVANNI MONDINI *(non-executive)*

Chief Executive Officer

PAOLO LUIGI MERLI

Directors

LUCA BETTONTE *(non-executive)*

ELISABETTA CALDERA *(independent)*¹³

MARINA NATALE *(independent)*¹³

FEDERICA LOLLI *(independent)*¹³

ELISABETTA OLIVERI *(independent)*¹³

DANIELA TOSCANI *(independent)*¹³

BARBARA POGGIALI *(non-executive)*

RENATO PIZZOLLA *(non-executive)*

BOARD OF STATUTORY AUDITORS¹⁴

Chairwoman

MONICA MANNINO¹⁵

Standing Auditors

GIULIA DE MARTINO

FABRIZIO CAVALLI

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

MICHELE PEDEMONTE¹⁶

INDEPENDENT AUDITORS

KPMG S.P.A.¹⁷

¹¹ Board of Directors appointed on 23 April 2024.

¹² Director in charge of the Internal Control and Risk Management System.

¹³ With reference to the provisions of Article 148, third paragraph, of the Italian Consolidated Finance Act, and the provisions of the current Corporate Governance Code promoted by Borsa Italiana S.p.A., also taking into account the "quantitative" and "qualitative" criteria defined in the Regulation for the operation of the Board of Directors, the Risk and Sustainability Committee and the Nominations and Remuneration Committee.

¹⁴ Board of Statutory Auditors appointed on 26 April 2022.

¹⁵ Appointed on 26 April 2023, in the office of Standing Auditor and Chairwoman of the Board of Statutory Auditors of ERG S.p.A. and expiring, together with the other members of the Board of Statutory Auditors, on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024.

¹⁶ Appointed on 26 April 2021 at the same time as appointment to the office of Group CFO.

¹⁷ Appointed on 23 April 2018 for the period 2018 – 2026.

CHANGE IN BUSINESS SCOPE IN 2024

- **Wind/Solar – France: Falcon**

As already mentioned in the Management Report at 31 December 2023, on 28 December, ERG, through its subsidiary ERG Eolienne France SAS, has signed an agreement with QEnergy France SAS, a leading operator in the renewable energy sector in France, for the acquisition of 100% of CEPE Renouvellement Haut Cabardès SAS, a company that owns a 73.2-MW wind and solar portfolio in France. The portfolio of plants subject to the acquisition consists of two photovoltaic systems, which entered into operation between June and September 2022, for a total of 20.4 MWp of installed capacity, a 28.8 MWp solar project in an advanced phase of construction and a 24-MW wind farm in the final commissioning phase following total reconstruction to new (repowering). The total estimated output is about 125 GWh annually, equivalent to 64 kilotons of CO₂ emissions avoided. The two solar systems in operation and the wind farm benefit from a tariff regime with a 20-year CfD, while the generation of the photovoltaic systems, which will enter into operation in the second quarter of 2024, is linked to a 15-year PPA with a leading corporate counterparty.

The value of the transaction in terms of enterprise value was approximately EUR 86 million, with an equity value of approximately EUR 17 million. The closing was completed in January 2024. It should be noted that the newly acquired French companies are consolidated starting from 1 January 2024.

During the quarter, the Roccapalumba wind farm in the province of Palermo, with a total capacity of 47 MW, which was developed and constructed in-house, also became operational. The farm's output will be enhanced through the Power Purchase Agreement (PPA) signed with Google.

FINANCIAL STATEMENTS AND OTHER INFORMATION

ADJUSTED INCOME STATEMENT

This section shows the adjusted operating results, shown with the exclusion of special items. Starting from this press release, the adjusted operating results include the accounting impacts of IFRS 16. The comparative results for 2023 are therefore restated in line with the new approach defined by the Group.

It should also be noted that the newly acquired French companies, owners of wind plants and photovoltaic systems for a total of 73.2 MW, were consolidated on a line-by-line basis starting from 1 January 2024.

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

(EUR million)	1st quarter			
		2024	2023	Δ
Revenue	1	218	213	4
Other income	2	7	6	1
Total revenue		225	220	6
Purchases and change in inventories	3	(3)	(4)	1
Services and other operating costs	4	(43)	(39)	(4)
Personnel expense		(14)	(12)	(2)
EBITDA		165	164	1
Amortisation, depreciation and impairment of non-current assets	5	(59)	(58)	(1)
EBIT		105	106	(0)
Net financial income (expense)	6	(2)	(5)	3
Net gains (losses) on equity investments		0	(0)	0
Profit before taxes		103	101	2
Income taxes	7	(25)	(22)	(3)
Net profit (loss) from continuing operations		78	78	(1)
Non-controlling interests		0	0	0
Profit (loss) from continuing operations attributable to owners of the parent		78	78	(0)
Net profit (loss) from discontinued operations	8	0	(6)	6
Profit attributable to owners of the parent		78	73	5

1 - Revenue

Revenue from sales consists mainly of:

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

Adjusted revenue for the first quarter of 2024 amounted to EUR 218 million, a slight increase compared to the first quarter of 2023 (EUR 213 million), mainly as a result of the higher wind speeds in the period and the contribution from the higher capacity in operation, partly offset by lower market prices, which were significantly

lower than in the first quarter of 2023. The lower market scenario only partially affected the results as the Group adopts a hedging policy that provides for sales through fixed rates, PPAs under pre-established conditions and financial agreements.

It should be noted that revenue in the first quarter of 2023 include the effects related to the **regulatory interventions on the containment of energy price increases (clawback measure and windfall tax)**, which had led to refunds in the first quarter of 2023 amounting to EUR 7 million, while there is no impact in the first quarter of 2024 in view of the market scenario.

2 - Other income

This mainly includes insurance reimbursements, indemnities, expense recoveries and the partial release of risk provisions.

3 - Purchases and changes in inventories

The item includes costs for purchases of raw materials and spare parts.

4 - Services and other operating costs

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

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

The adjusted values in the first quarter of 2024 do not include the ancillary costs relating to non-recurring transactions equal to EUR 1 million.

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

Amortisation and depreciation relate to wind plants and photovoltaic systems, substantially in line with the first quarter of 2023 (EUR 58 million), and reflect the full contribution of new assets acquired during the period or developed internally (EUR 4 million), partly offset by the extension of the useful life of foreign wind power assets (EUR -3 million) as a result of Lifetime Extension programmes, which started from the second quarter of 2023.

6 - Net financial income (expense)

Net financial expense in the first quarter of 2024 amounted to EUR 2 million, down significantly compared to the first quarter of 2023 (EUR 5 million), as a result of the improved remuneration of Group liquidity resulting from rising interest rates.

The average cost of non-current liabilities in the first quarter of 2024 stood at 1.5% compared to 1.3% in the first quarter of 2023. The item includes also the effects of the derivatives hedging against the risk of fluctuations in interest rates.

7 - Income taxes

Income taxes amounted to EUR 25 million, up from EUR 22 million in the first quarter of 2023, mainly as a result of the ending of the ACE¹⁸ (Aid for Economic Growth) tax benefit in Italy from 2024.

The adjusted tax rate, obtained from the ratio between income taxes and pre-tax profit, was 25% (22% in first quarter of 2023).

8 - Net profit (loss) from discontinued operations

Net profit (loss) from discontinued operations for the first quarter of 2023 includes the result of ERG power S.r.l., owner of the CCGT plant, which was sold on 17 October 2023.

¹⁸ Aid to Economic Growth (ACE), repealed by Article 5 of Italian Legislative Decree no. 216 of 30 December 2023.

STATEMENT OF FINANCIAL POSITION

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the annual financial report, highlighting the uses of resources in non-current assets and in working capital and the related funding sources. For the definition of the indicators for the main items used in the Reclassified Statement of Financial Position, reference is made to that indicated in the "Alternative Performance Indicators" section below.

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

31/03/2023	(EUR million)		31/03/2024	31/12/2023
3,703	Non-current assets	1	4,157	4,023
73	Net operating working capital	2	57	56
(4)	Employee benefits		(4)	(4)
275	Other assets	3	297	241
(638)	Other liabilities	4	(616)	(560)
3,408	Net invested capital of continuing operations		3,890	3,757
199	Net invested capital of discontinued operations⁽¹⁾		-	-
3,607	Net invested capital		3,890	3,757
2,177	Equity attributable to owners of the parent		2,202	2,133
9	Non-controlling interests	5	8	7
1,206	Net financial indebtedness before IFRS 16	6	1,500	1,445
157	Lease liabilities	6	179	172
1,363	Net financial indebtedness after IFRS 16	6	1,680	1,617
58	Net financial indebtedness of discontinued operations	6	-	-
3,607	Equity and financial indebtedness		3,890	3,757

(1) the equity contribution of the thermoelectric business at 31 March 2023 is reclassified to the item Net invested capital of discontinued operations, while the net financial indebtedness of the thermoelectric business is reclassified to the item "Net financial indebtedness of discontinued operations"

1 - Non-current assets

(EUR million)	Intangible assets	Property, plant and equipment	Financial assets	Total
Non-current assets at 31/12/2023	1,403	2,569	51	4,023
Capital expenditure	0	69	0	69
Change in consolidation scope	27	79	0	107
Other changes and divestments	1	9	0	10
Amortisation and depreciation	(17)	(43)	-	(60)
Right of Use assets	-	9	-	9
Non-current assets at 31/03/2024	1,414	2,692	51	4,157

The line **Capital Expenditure** refers to Repowering construction activities on Italian wind farms for approximately 177 MW of new wind power capacity and the construction of Greenfield wind farms in Italy (47 MW), France (59 MW), UK (47 MW) and the start of operations of the first Recharge project (13 MW).

The line **Changes in the consolidation scope** refers to the impact of the recent acquisition in France of a wind and solar portfolio for a total of 73.2 MW.

2 - Net operating working capital

This includes inventories of spare parts, receivables for the sale of electricity, and trade payables mainly related to the purchase of electricity, maintenance of wind power and photovoltaic plants, and other trade payables.

3 - Other assets

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

4 - Other liabilities

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

5 - Non-controlling interests

Non-controlling interests relate to the non-100% equity investment (78.5%) in Andromeda PV S.r.l., acquired in 2019, and the non-100% equity investment (59%) in two newly acquired solar companies in France¹⁹.

6 - Net financial indebtedness

It should be noted that for greater clarity, the net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", indicating the aforementioned liabilities.

Lease liabilities at 31 March 2024 amounted to EUR 179 million (EUR 172 million at 31 December 2023). The increase in the quarter is due to the change in the scope of consolidation following the acquisition in France of a wind and solar portfolio in January.

SUMMARY OF THE GROUP'S INDEBTEDNESS

31/03/2023	(EUR million)	31/03/2024	31/12/2023
1,862	Non-current financial indebtedness	2,140	1,999
(656)	Current financial indebtedness (cash and cash equivalents)	(639)	(554)
1,206	Net financial indebtedness before IFRS 16	1,500	1,445
157	Lease liabilities	179	172
1,363	Net financial indebtedness after IFRS 16	1,680	1,617
58	Total indebtedness of discontinued operations	0	0
1,421	Total net financial indebtedness	1,680	1,617

¹⁹ The acquisition was finalised in January 2024.

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

NON-CURRENT FINANCIAL INDEBTEDNESS

31/03/2023	(EUR million)	31/03/2024	31/12/2023
229	Non-current loans and borrowings	419	329
1,595	Non-current financial liabilities	1,609	1,606
1,824	Total	2,027	1,935
106	Total Project Financing	158	98
(15)	Current portion of Project Financing	(27)	(17)
91	Non-current Project Financing	131	81
(53)	Non-current financial assets	(19)	(17)
1,862	Total non-current financial indebtedness before IFRS 16	2,140	1,999
150	Lease liabilities	173	166
2,012	Total non-current financial indebtedness after IFRS 16	2,313	2,165
2,012	TOTAL	2,313	2,165

Non-current loans and borrowings at 31 March 2024 totalled EUR 419 million and refer to four Sustainable bilateral linked loans, of which one subscribed in the first quarter of 2024 for a nominal amount of EUR 90 million. The payables shown above are recognised net of medium/long-term ancillary costs recognised using the amortised cost method (EUR 2 million).

Non-current financial liabilities, amounting to EUR 1,606 million, refer mainly to the liability deriving from placement of three bond loans amounting to a nominal EUR 500 million (with a 6-year duration at a fixed rate), EUR 600 million (with a 7-year duration at a fixed rate) and EUR 500 million (with a 10-year duration at a fixed rate) respectively, issued as part of the Euro Medium Term Notes (EMTN) Programme. These liabilities are recognised net of medium/long-term accessory costs recognised for accounting purposes using the amortised cost method (EUR 7 million). The item also includes liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 13 million).

The liabilities for **Project Financing** of EUR 158 million at 31 March 2024 relate to:²⁰

- EUR 73 million in loans relating to the company Andromeda S.r.l., owner of two photovoltaic systems in Central Italy;
- EUR 18 million in loans issued for the construction of a wind farm in Germany;
- EUR 68 million in loans disbursed for the construction of wind farms and photovoltaic systems in France, as part of the recent acquisition in January 2024.

Non-current financial assets of EUR 19 million refer to the long-term portion of assets arising from the fair value measurement of interest rate hedging derivatives.

²⁰ These liabilities are recognised net of medium/long-term accessory costs recognised for accounting purposes using the amortised cost method

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

CURRENT FINANCIAL INDEBTEDNESS (CASH AND CASH EQUIVALENTS)

31/03/2023	(EUR million)	31/03/2024	31/12/2023
148	Current bank loans and borrowings	0	132
32	Other current financial liabilities	16	37
180	Current financial liabilities	16	169
(558)	Cash and cash equivalents ⁽¹⁾	(475)	(459)
(252)	Securities and other current financial assets	(193)	(272)
(810)	Current financial assets	(668)	(731)
15	Current Project Financing	27	17
(41)	Cash and cash equivalents	(14)	(9)
(26)	Project Financing	13	8
(656)	Total current net financial indebtedness before IFRS 16	(639)	(554)
6	Lease liabilities	6	6
(649)	Total non-current financial indebtedness after IFRS 16	(633)	(548)
58	Total current financial indebtedness of discontinued operations	0	-
(592)	TOTAL	(633)	(548)

⁽¹⁾ The figure at 31 March 2023 includes the impact of the application of IFRS 5 in relation to the cash and cash equivalents of the thermoelectric business.

Current bank loans and borrowings include positions related to short-term credit lines.

Other current financial liabilities include accrued interest expense on Bonds and Corporate Loans (EUR 16 million).

Securities and other short-term financial receivables include short-term cash investments in the amount of EUR 150 million, the short-term portion of assets arising from the fair-value measurement of interest-rate hedging derivatives in the amount of EUR 35 million, and deposits as collateral for futures derivatives transactions in the amount of approximately EUR 1 million.

Cash flows

The statement of cash flows is presented based on before IFRS 16 values, in order to facilitate understanding of the cash flow dynamics of the period. The breakdown of changes in net financial indebtedness is as follows:

(EUR million)	1st quarter	
	2024	2023
Adjusted EBITDA	165	164
Change in net working capital	(26)	103
Cash flows from operations	138	267
Capital expenditure in property, plant and equipment and intangible assets	(69)	(66)
Asset acquisitions and business combinations	(84)	-
Capital expenditure on non-current financial assets	(0)	1
Other changes and divestments	(6)	-
Cash flows from investments/divestments	(160)	(65)
Financial income (expense)	(2)	(3)
Financial expense for closing loans	-	(4)
Net gains (losses) on equity investments	0	(0)
Cash flows from financing activities	(2)	(7)
Cash flows from tax management	(2)	(2)
Share buy-back programme	(37)	-
Other changes in equity	7	36
Cash flows from Equity	(30)	36
Cash Flow Thermo	-	40
Opening net financial indebtedness of "Continuing operations"	1,445	1,533
Net change	55	(268)
(+ Net financial position Thermo business)	-	(58)
Net financial indebtedness before IFRS 16	1,500	1,206
Lease liabilities	179	157
Net financial indebtedness after IFRS 16	1,680	1,363

Cash flows from operations in the first quarter of 2024 are positive in the amount of EUR 138 million, down compared to the corresponding period of 2023 (EUR 267 million), mainly due to the operating performance and the changes in working capital. It should be noted that the first quarter of 2023 benefited from the positive effect due to the financial settlement of some derivative instruments.

The **Cash flows from investments** in the first quarter of 2024 mainly refer to the impacts related to the acquisition in France of wind farms and photovoltaic systems (73 MW), the repowering of Italian wind farms for approximately 177 MW of new wind capacity and the construction of Greenfield farms in Italy (47 MW), France (59 MW) and the UK (47 MW) and the start of the activities of the first Recharge project (13 MW).

Cash flows from financing activities refer to the interest accrued during the year.

Cash flows from tax management refer to the payment of direct taxes during the quarter in East Europe.

Cash flows from Equity refer to the impact of the share buy-back programme initiated in the fourth quarter of 2023 and completed in February 2024 (EUR 37 million), the changes in the hedging reserve tied to derivative financial instruments and to the translation reserve.

The change in **Lease liabilities** is **mainly** due to the change in the scope of consolidation in France.

ALTERNATIVE PERFORMANCE INDICATORS

Definitions

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

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

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

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

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

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

- **Adjusted revenue** is revenue, as indicated in the Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items);
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment of non-current assets" to the Operating profit (EBIT). Gross operating profit (EBITDA) is explicitly indicated as a subtotal in the Financial Statements;
- **Adjusted EBITDA** is the gross operating margin, as defined above, with the exclusion of significant special income components (special items);
- **Adjusted EBIT** is the net operating profit, explicitly indicated as a subtotal in the Financial Statements, with the exclusion of significant special income statement components of an exceptional nature (special items);
- **EBITDA margin** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;
- the **adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before taxes;
- **Profit (loss) from continuing operations does not include the result from discontinued operations** relating to the thermoelectric business reclassified under the item "Profit (loss) from discontinued operations";
- **Adjusted Profit (loss) from continuing operations** is the profit (loss) from continuing operations, with the exclusion of

significant income statement components of an exceptional nature (special items), net of the related tax effects.

- **Adjusted net profit (loss) attributable to owners of the parent** is the adjusted net profit (loss) from continuing operations with the exclusion of the profit attributable to non-controlling interests;
- **Capital expenditure** is the sum of capital expenditure in property, plant and equipment and intangible assets, with the inclusion of Mergers & Acquisitions and not including Right of Use assets;
- **Net operating working capital** is the sum of Inventories, Trade receivables and Trade payables;
- **Net invested capital** is the sum of Non-current assets, Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities;
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, also including the portion of non-current assets relative to derivative financial instruments.

For greater clarity, net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.

The comparative figures at 31 March 2023 refer to the scope of continuing operations, therefore excluding the indebtedness of the thermoelectric business, sold in October 2023;

- **Financial leverage** is calculated by comparing the net financial indebtedness before IFRS 16 to the net invested capital, not including Right of Use assets.
- **Special items** include significant special income components of an exceptional nature. These include:
 - income and expense connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
 - income and expense related to events that are not typical of normal business activities, such as restructuring and environmental costs;
 - capital gains and losses linked to the disposal of assets;
 - significant impairment losses recognised on assets following impairment tests;
 - income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

IFRS 16

Starting from this press release, the Group, in line with industry practice, also includes the effects of IFRS 16 in its adjusted economic results. The comparative data were restated in line with the new approach.

For greater clarity, the net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", indicating the aforementioned liabilities.

Reconciliation with adjusted operating results

GROSS OPERATING PROFIT (LOSS) (EBITDA)

Year	(amounts in millions)	Notes	1st quarter	
			2024	2023
2023				
529	Gross operating profit (loss) (EBITDA)		164	164
	Special items exclusion:			
4	- Reversal of ancillary charges on non-recurring operations (Special Projects)	1	1	0
1	- Reversal for allocation for provision for disposed businesses	2	-	-
534	Adjusted EBITDA		165	164

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Year	(amounts in millions)	Notes	1st quarter	
			2024	2023
2023				
(225)	Amortisation, depreciation and impairment losses		(60)	(58)
	Special items exclusion:			
2	- Reversal of impairment losses recognised on Repowering Wind Italy	3	1	-
(223)	Adjusted depreciation and amortisation		(59)	(58)

PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

Year	(amounts in millions)	Notes	1st quarter	
			2024	2023
2023				
214	Profit (loss) from continuing operations attributable to owners of the parent		77	77
	Special items exclusion:			
3	Exclusion of ancillary charges on non-recurring transactions	1	1	0
(4)	Exclusion of expenses related to disposed Businesses	2	0	(2)
2	Exclusion of impairment losses recognised on Repowering Wind Italy	3	0	-
4	Exclusion of ancillary charges on loan prepayments	4	-	3
6	Exclusion of Tax Asset UK and substitute tax Solar Italy	5	-	-
1	Exclusion of impact of gains/losses (IFRS 9)	6	-	1
226	Adjusted net profit (loss) from continuing operations attributable to owners of the parent		78	78

- Ancillary charges relating to other non-recurring transactions, as well as unsuccessful acquisitions.
- Provisions relating to exceptional items on businesses disposed of by the Group.
- Charges related to Repowering and Revamping projects in Italy already impaired in the previous period.
- Financial expense related to the early closure of project financing and Corporate loans as part of Liability Management transactions.
- Reversal of tax asset on UK-registered company and reversal of ERG Solar Holding S.r.l. substitute tax benefit.
- IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in net financial expense of approximately EUR 1 million being accounted for in the first quarter of 2023. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the



adjusted Income Statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment.

The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Regulatory measures to curb energy price rises (clawback measures and windfall tax)

In the course of 2022, measures were introduced in Italy and abroad to contain the effects of price increases in the electricity sector, which have already been described in the Group Financial Statements at 31 December 2022 and whose effects also impacted the Group Financial Statements at 31 December 2023.

Due to the development of the price scenario over the reference period, no refunds are to be expected in the first quarter of 2024 from the application of these measures. In the first quarter of 2023, this negative impact amounted to EUR 7 million on the EBITDA (EUR 5 million on the Group's net result from continuing operations).

Below is the reconciliation between the Financial Statements and the Adjusted Financial Statements shown and commented upon in this press release:

Income Statement 1st Quarter 2024

(EUR million)	Financial Statements	Reversal of special items	Adjusted Income Statement
Revenue	218	-	218
Other income	7	-	7
Total revenue	225	-	225
Purchases and change in inventories	(4)	-	(4)
Services and other operating costs	(44)	1	(43)
Personnel expense	(14)	-	(14)
Gross operating profit (loss) (EBITDA)	164	1	165
Amortisation, depreciation and impairment of non-current assets	(60)	1	(59)
Operating profit (loss) (EBIT)	104	2	105
Net financial income (expense)	(2)	-	(2)
Net gains (losses) on equity investments	(0)	0	0
Profit before taxes	101	2	103
Income taxes	(25)	(0)	(25)
Net profit (loss) from continuing operations	77	1	78
Non-controlling interests	0	-	0
Profit (loss) from continuing operations attributable to owners of the parent	77	1	78
Net profit (loss) from discontinued operations	-	-	-
Profit attributable to owners of the parent	77	1	78

Starting from this press release, the adjusted operating results include the accounting impacts of IFRS 16. The comparative results for 2023 are therefore restated in line with the new approach defined by the Group. It should also be noted that, starting from the second quarter of 2023, the adjusted results are indicated as "net clawback".

The reconciliation of the effects described above is provided below:

Income Statement 1st Quarter 2023

(EUR million)	Values indicated in the consolidated financial statements	IFRS 16 Adjustment	Clawback measures	Adjusted Income Statement
Revenue	220	-	(7)	213
Other income	6	-	-	6
Total revenue	226	-	(7)	220
Purchases and change in inventories	(4)	-	-	(4)
Services and other operating costs	(43)	3	-	(39)
Personnel expense	(12)	-	-	(12)
Gross operating profit (loss) (EBITDA)	167	3	(7)	164
Amortisation, depreciation and impairment of non-current assets	(56)	(2)	-	(58)
Operating profit (loss) (EBIT)	111	2	(7)	106
Net financial income (expense)	(3)	(2)	-	(5)
Net gains (losses) on equity investments	(0)	-	-	(0)
Profit before taxes	108	(0)	(7)	101
Income taxes	(24)	-	1	(22)
Net profit (loss) from continuing operations	84	(0)	(5)	78
Non-controlling interests	0	-	-	0
Profit (loss) from continuing operations attributable to owners of the parent	84	(0)	(5)	78
Profit (loss) from discontinued operations	(6)	-	-	(6)
Profit attributable to owners of the parent	78	(0)	(5)	73

Income Statement 2023

(EUR million)	Values indicated in the consolidated financial statements	Adjustment for impact of IFRS 16	Adjusted Income Statement
Revenue	741	-	741
Other income	26	-	26
Total revenue	767	-	767
Purchases and change in inventories	(14)	-	(14)
Services and other operating costs	(180)	14	(166)
Personnel expense	(53)	-	(53)
Gross operating profit (loss) (EBITDA)	520	14	534
Amortisation, depreciation and impairment of non-current assets	(215)	(7)	(223)
Operating profit (loss) (EBIT)	305	6	312
Net financial income (expense)	(6)	(7)	(14)
Net gains (losses) on equity investments	(0)	-	(0)
Profit before taxes	299	(1)	298
Income taxes	(71)	-	(71)
Net profit (loss) from continuing operations	228	(1)	227
Non-controlling interests	(2)	-	(2)
Profit (loss) from continuing operations attributable to owners of the parent	226	(1)	226
Net profit (loss) from discontinued operations	(7)	-	(7)
Profit attributable to owners of the parent	219	(1)	219

www.erg.eu

