



Press Release

The Board of Directors of ERG S.p.A. approves the Interim Financial Report as of 30 June 2024

Adjusted consolidated EBITDA¹: EUR 281 million, EUR 271 million in the first half of 2023

Adjusted Group net profit (loss): EUR 106 million, EUR 114 million in the first half of 2023²

- **Increasing operating results** – gross operating margin (EBITDA) is at EUR 281 million, up compared to EUR 271 million in the previous period, thanks to the growth in sales volumes resulting from higher installed capacity, in a context of significantly reduced market prices compared to the exceptionally high values recorded in the first half of last year. Net profit stands at EUR 106 million, a decrease compared to the first half of 2023, and reflects higher amortisation, depreciation and financial expenses related to the consolidation of new assets, as well as a higher tax rate due to the elimination of the ACE (Aid for Economic Growth) tax benefit in Italy.
- **Growth in the United States** – the closing of the agreement with Apex Clean Energy Holdings LLC (Apex) was finalised, marking the Group's entry into the US market, where it intends to focus its growth over the plan period. Wind and solar assets recently acquired and consolidated since 1 April 2024 made a healthy contribution.
- **Consolidation of the Group's presence in France** – with the launch of the Chaume Solar photovoltaic farm for 28.8 MW and the *greenfield* wind farm of Limousin I for 9 MW, development continues in France, the Group's second largest reference market, with over 680 MW of total installed capacity.
- **Progress of Repowering projects** – confirming the strategic importance of this technological renewal project in the energy transition process, ERG is continuing the activity of repowering its assets. The Mineo-Militello-Vizzini wind farm with a total capacity of 101 MW (+51 MW incremental) has been started, the third and largest Repowering project in the Group's plant portfolio.
- **Sustainable finance and ESG** – the fourth Green Bond was successfully placed for EUR 500 million, with a duration of 6 years at a fixed rate, the proceeds from which will support the implementation of the 2024-2026 Business Plan. Fitch confirms ERG's BBB- stable outlook rating. MSCI confirms the Group's AAA rating and its positioning in the "Leader" category.
- **Guidance 2024** – guidance for the year is confirmed: gross operating margin (EBITDA) estimated in the range between EUR 520 and EUR 580 million, investments between EUR 550 and EUR 600 million and the net financial debt at the end of 2024 is expected to be between EUR 1,750 and EUR 1,850 million³, despite the payment of the substitute tax for the release of the goodwill of the latest acquisitions in Italy, for a total of EUR 36 million, not provided for in the previous guidance.

¹ It should be noted that, starting from 2024, the *adjusted* operating 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 It should be noted that the *adjusted* net result of the Group for the comparative period does not include the contribution of the thermoelectric business.

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

Genoa, 2 August 2024 – Today the Board of Directors of ERG S.p.A. approved the interim financial report as of 30 June 2024. The second quarter figures, not submitted for approval by the Board of Directors and not subject to audit, are to be considered pro-forma and are provided for the sake of completeness and continuity of information.

2nd quarter			Key economic data (EUR million)	1st half of the year		
2024	2023	% change		2024	2023	% change
116	107	9%	Adjusted gross operating margin (EBITDA)	281	271	4%
48	52	-7%	Adjusted operating profit	154	158	-3%
28	36	-23%	Adjusted net profit	106	114	-8%

	30/06/2024	31/12/2023	Change
Net financial indebtedness before IFRS 16⁽¹⁾ (millions of Euro)	1,912	1,445	467
Leverage⁽²⁾	47%	40%	

⁽¹⁾ Net financial indebtedness is indicated "before IFRS 16", excluding the liabilities linked to the application of IFRS 16.

⁽²⁾ Ratio of total net financial payables "before IFRS 16" (including project financing) to net invested capital, excluding Right-of-use assets.

Paolo Merli, Chief Executive Officer of ERG, commented: *"In the second quarter, the gross operating margin increased primarily due to the contribution of new assets, among which the first repowering projects in Italy and new plants in France, Spain and the United States which have been consolidated since 1 April 2024. The volume effect, however, was largely eroded by the lower sales figures, in a context of sharply falling market prices for electricity in the countries in which the group operates compared to the particularly high values recorded in the same quarter of 2023.*

The development of our portfolio continues in line with the new Business Plan, with almost 500 MW of installed capacity entering into service during the period. That will become 600 MW by the end of the year, with the completion of 3 wind farms under construction in Italy, France and Germany.

Based on the results for the half-year, we confirm the guidance for the entire year, with EBITDA expected in the range of EUR 520 - 580 million, investments between EUR 550 and EUR 600 million and net financial indebtedness between EUR 1,750 and EUR 1,850 million".

Change in business scope

- **Wind/Solar – France: Falcon**

On 28 December 2023, 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 photovoltaic system that entered into operation at the end of June 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.

- **Wind/Solar – USA**

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 holding company under US law into which a wind farm and a solar plant, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh have been conferred, 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 of the assets. The portfolio consists of a 224.4-MW onshore 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 system 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 System 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 were debt-free at closing, except for those related to the structure deriving from the Tax Equity Partnership agreements. 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. This Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio as of 1 April 2024.

During the half year, the following came into operation:

- the Roccapalumba wind farm, in the province of Palermo, with a total capacity of 47 MW, which was developed and constructed in-house. The farm's output will be enhanced through the Power Purchase Agreement (PPA) signed with Google;
- the photovoltaic system in France with a total capacity of 28.8 MW, acquired as part of the recent Falcon acquisition;
- the Mineo-Militello-Vizzini wind farm in Sicily with a total capacity of 101 MW (+51 MW incremental), the third and largest Repowering project in the Group's plant portfolio.

Second quarter 2024

In the second quarter of 2024, **adjusted revenue** amounted to EUR 168 million, an increase compared to the second quarter of 2023 (EUR 157 million) due to the contribution from higher capacity in operation partly offset by lower sales prices, which were lower than in the second 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 1.7 TWh, an increase of 0.5 TWh compared to the second quarter of 2023 (+42%), due to the contribution of wind farms developed in-house that entered into operation from the second half of 2023 and acquisitions made in the second half of 2023 and at the beginning of 2024.

Adjusted EBITDA, net of special items, amounted to EUR 116 million, up compared with the EUR 107 million recorded in the second quarter of 2023.

ITALY

- **Wind (EUR +9 million):** EBITDA of EUR 51 million, up compared to the second quarter of 2023 (EUR 42 million) thanks to higher output, deriving from the new wind farms that entered into operation starting from the second half of 2023, and slightly higher sales prices compared to the same period of the previous year, due to the higher value of the GRIN incentive (42 EUR/MWh, zero in 2023), in a context of sharply decreasing market prices. Output amounted to 562 GWh in the second quarter of 2024 compared to 486 GWh in the second quarter of 2023 (+16%), up mainly due to new capacity coming on stream (+73 GWh).
- **Solar (EUR +4 million):** EBITDA of EUR 30 million, up compared to the second quarter of 2023 (EUR 26 million) at higher sales prices, which benefited from forward sales carried out in line with Group policies. Output amounted to 79 GWh in the second quarter of 2024, in line with the same period of 2023.

ABROAD

- **Wind (EUR -3 million):** EBITDA of EUR 33 million, down slightly compared to the second quarter of 2023 (EUR 36 million) mainly due to the lower prices captured, only partly offset by the scope effect linked to the newly acquired wind farms in the United States (213 GWh) and in France (15 GWh) and higher wind levels recorded in some regions compared to the comparative quarter. In the context of a lower market scenario, the price effect was particularly significant in Germany where products are sold under one-way CfD contracts which had benefited from high-priced hedges in 2023. Output amounted to 825 GWh compared to 555 GWh in the same period of 2023.
- **Solar (EUR -0.4 million):** EBITDA of EUR 7 million, substantially in line with the second quarter of 2023 (EUR 8 million), characterised by the scope effect arising from the wind farms acquired in Spain, France and the United States, and offset by sharply lower sales prices, particularly in Spain. Output amounted to 256 GWh in the second quarter of 2024 compared to 89 GWh in the same period of 2023 due to the new capacity acquired.

Overall, the scope effect related to new operating capacity amounted to EUR 22 million thanks to the acquisitions made in 2023 and early 2024 and the full contribution of the new repowering and greenfield plants in Italy, developed internally and put into operation during the period.

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 48 million (EUR 52 million in the second quarter of 2023). Depreciation and amortisation amounted to EUR 68 million, up from the second quarter of 2023 (EUR 55 million) and mainly reflecting the full contribution of new assets acquired during the period (EUR +9 million) and developed internally (EUR +3 million).

The **Adjusted profit attributable to owners of the parent** was EUR 28 million, down from the second quarter of 2023 (EUR 36 million⁴), and reflects, in addition to what has already been commented on, higher financial expenses (EUR -4 million) mainly due to the effect linked to the reporting mechanisms of the Tax Equity Partner of the US portfolio and higher taxes (EUR -1 million), up as a result of the ACE⁵ (Aid for Economic Growth) tax benefit ceasing to apply in Italy from 2024.

⁴ The comparative figure for the second 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.

In the second quarter of 2024, **capital expenditure** amounted to EUR 290 million (EUR 246 million in the second quarter of 2023) and refers mainly to **capital expenditure on property, plant and equipment and intangible assets** related to the acquisition of wind farms and photovoltaic systems in the United States (317 MW)⁶, Repowering on Italian farms for approximately 177 MW of new wind capacity of which 101 MW came on stream in April, the continuation of construction activities in France (59 MW) and the UK (47 MW) and the start of operations of the first Storage project (13 MW).

The **net financial indebtedness before IFRS 16 at 30 June** totalled **EUR 1,912 million**, a significant increase (EUR +412 million) compared to 31 March 2024 (EUR 1,500 million).

The change reflects the effects of the distribution of dividend income to shareholders (EUR 148 million), capital expenditure and acquisitions in the quarter (EUR 290 million), the payment of taxes (EUR 52 million⁷), the change in working capital (EUR 38 million), partly offset by the EBITDA for the period (EUR 116 million).

Net financial indebtedness after IFRS 16 includes the liabilities (pursuant to IFRS 16) relating to the discounting of future lease payments equal to EUR 213 million at 30 June 2024 (EUR 179 million at 31 March 2024). The increase in the quarter is attributable to the scope effect due to the acquisition of wind farms and photovoltaic systems in the United States.

First half year 2024

In the first half of 2024, **adjusted revenue** amounted to EUR 386 million, a slight increase compared to the first half of 2023 (EUR 370 million), mainly as a result of the contribution from the higher capacity in operation, partly offset by lower sales prices, which were lower than in the first half of 2023. The higher output volumes were partly offset by lower market prices, significantly lower than in the first half 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 3.7 TWh, an increase of 0.7 TWh compared to the first half of 2023 (+23%), due to the acquisitions made in the second half of 2023 and at the beginning of 2024 and the contribution of new wind farms developed in-house that entered into operation, as well as the higher wind speeds recorded in Italy and the UK.

Adjusted EBITDA, net of special items, amounted to EUR 281 million, up compared with the EUR 271 million recorded in the first half of 2023.

ITALY

- **Wind (EUR +25 million):** EBITDA of EUR 137 million, up compared to the first half of 2023 (EUR 112 million) thanks to higher output, deriving from the new wind farms that entered into operation starting from the second half of 2023, and slightly higher sales prices compared to the same period of the previous year, due to the higher value of the GRIN incentive. These effects are partly offset by a strongly declining market scenario compared to the same period in 2023. Output amounted to 1,396 GWh in the first half of 2024 compared to 1,224 GWh in the first half of 2023 (+14%).
- **Solar (EUR +6 million):** EBITDA of EUR 44 million, up from the first half of 2023 (EUR 39 million) due to higher sales prices that benefited from forward sales made in line with Group policy, partly offset by lower output mainly due to plant revamping activities. Output amounted to 120 GWh in the first half of 2024 compared to 125 GWh in the first half of 2023.

ABROAD

- **Wind (EUR -18 million):** EBITDA amounted to EUR 100 million, down from the first half of 2023 (EUR 118 million) mainly due to lower prices captured, only partly offset by the scope effect arising from the new acquisitions in the US (224 MW) and France (24 MW) and higher output recorded compared to the comparative period in the UK & Nordics. Within the broader context of lower market prices, the price effect was particularly significant in Germany where products are sold under one-way CfDs which had benefited from high-priced hedges in 2023. Output amounted to 1,797 GWh in the first half of 2024 compared to 1,499 GWh in the same period of 2023.

⁶ The acquisition was finalised in April 2024.

⁷ The amount includes the payment of the substitute tax on the redemption of capital gains relating to the Siena and Donatello business combinations, which took place in 2022.

- **Solar (EUR -3 million):** EBITDA of EUR 10 million, down from the first half of 2023 (EUR 13 million) due to lower market prices compared to the first half of 2023, which had benefited from particularly high hedging prices in Spain, partly offset by the scope resulting from the acquisitions of photovoltaic systems in Spain (149 MW), France (49 MW) and the United States (92 MW). Output amounted to 356 GWh in the first half of 2024 compared to 141 GWh in the same period of 2023, mainly due to the scope effect related to the new photovoltaic systems.

Overall, the scope effect related to new operating capacity amounted to EUR 28 million thanks to the acquisitions made in 2023 and early 2024 in the United States, France and Spain and the full contribution of the new repowering and greenfield plants in Italy, developed internally and entered into operation in the second half of 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 154 million (EUR 158 million in the first half of 2023). Depreciation and amortisation amounted to EUR 127 million, up compared to the first half of 2023 (EUR 113 million) and reflected the full contribution of the new assets acquired during the period (EUR 11 million) and developed internally (EUR 6 million), partly offset by the extension of the useful life of foreign wind power assets (EUR -2 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 106 million, down from the first half of 2023 (EUR 114 million⁸), and reflects, in addition to what has already been commented on, higher financial expenses (EUR +1 million) mainly due to the effect linked to the reporting mechanisms of the Tax Equity Partner of the US portfolio and higher taxes (EUR 4 million), up as a result of the ACE⁹ (Aid for Economic Growth) tax benefit ceasing to apply in Italy from 2024.

The **Reported profit attributable to owners of the parent** totalled EUR 128 million, including the net tax impacts of special items, a sharp increase compared to EUR 79 million in the first half of 2023¹⁰.

The **net financial indebtedness before IFRS 16** totalled **EUR 1,912 million**, a significant increase (EUR +467 million) compared to 31 December 2023 (EUR 1,445 million).

The change reflects the effects of the distribution of dividend income to shareholders (EUR 148 million), capital expenditure and acquisitions in the half-year (EUR 444 million), the payment of taxes (EUR 53 million)¹¹, the change in working capital (EUR 66 million), and the completion of the share buy-back programme (EUR 37 million) partly offset by EBITDA for the period (EUR 281 million)¹².

Net financial indebtedness after IFRS 16 includes the liabilities (pursuant to IFRS 16) relating to the discounting of future lease payments equal to EUR 213 million at 30 June 2024 (EUR 172 million at 31 December 2023). The increase in the period is attributable to the scope effect due to the acquisitions of wind farms and photovoltaic systems in the United States and in France.

⁸ The comparative figure for the first half of 2023 refers to the profit of continuing operations attributable to owners of the parent, therefore not including the contribution of the thermoelectric business, sold on 17 October 2023.

⁹ Aid to Economic Growth (ACE), repealed by Article 5 of Italian Legislative Decree no. 216 of 30 December 2023.

¹⁰ It should be noted that the Reported profit attributable to owners of the parent for the first half of 2023 included the contribution of the thermoelectric business, sold on 17 October 2023.

¹¹ The amount includes the payment of the substitute tax on the redemption of capital gains relating to the Siena and Donatello business combinations, which took place in 2022.

¹² Adjusted economic indicators do not include special items and related applicable theoretical taxes.

Capital expenditures

2nd Quarter		(Euro Million)	1st Half Year	
2024	2023		2024	2023
20	54	Italy	79	94
25	1	France	118	11
1	0	Germany	1	0
8	7	UK & Nordics	10	22
0	182	Spain	0	182
0	0	East Europe	0	0
235	-	United States	235	-
1	1	Corporate	1	1
290	246	Total Investments	444	311

In the first half of 2024, **capital expenditure** amounted to EUR 444 million (EUR 311 million in the first half of 2023) and refers mainly to **capital expenditure in property, plant and equipment and intangible assets** related to the acquisition of a portfolio of wind plants and photovoltaic systems in the United States (317 MW)¹², the acquisition of wind farms and photovoltaic systems in France (73 MW), Repowering on Italian farms for approximately 177 MW of new wind capacity, 101 MW of which became operational in April, 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 Storage project (13 MW).

ITALY

- Capital expenditure in the **first half of 2024 (EUR 79 million)** mainly refers to the completion of construction activities for the Roccapalumba greenfield plant (47 MW) and to the repowering activities (177 MW) on the Mineo-Militello-Vizzini and Salemi-Castelvetrano 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 Storage project (13 MW) were launched.

ABROAD

FRANCE

- Capital expenditure in France in the **first half of 2024 (EUR 118 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 which became operational during the second quarter, as well as the development and construction of new wind farms (59 MW) scheduled to come into operation in the second half of 2024 and early 2025.

UK & NORDICS

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

Operational Data by country

2024	2nd Quarter			Electricity Output (GWh)	2024	First Half		
	2023	Δ	Δ%			2023	Δ	Δ%
641	565	77	14%	Power output in Italy	1.517	1.349	168	12%
562	486	77	16%	- wind	1.396	1.224	172	14%
79	79	0	0%	- solar	120	125	-4	-4%
1.081	644	437	68%	Power output Abroad	2.153	1.640	513	31%
825	555	270	49%	- wind	1.797	1.499	298	20%
256	89	167	188%	- solar	356	141	215	153%
1.723	1.209	513	42%	ERG plants total output	3.670	2.989	681	23%

¹² The acquisition was finalised in April 2024.

ITALY

In the second quarter of 2024, electricity output in Italy amounted to 641 GWh, of which 562 GWh from wind sources and 79 GWh from solar sources, an increase compared to the same period in 2023 (565 GWh of which 486 from wind sources and 79 GWh from solar sources), due mainly to the contribution from new repowered and greenfield plants commissioned in 2023 and early 2024.

In the first half of 2024, electricity output in Italy amounted to 1,517 GWh, of which 1,396 GWh from wind sources and 120 GWh from photovoltaic systems, an increase compared to the same period in 2023 (1,349 GWh of which 1,224 from wind sources and 125 GWh from solar sources), due to the contribution from repowered and greenfield plants commissioned between the second half of 2023 and the beginning of 2024 and better wind conditions recorded during the period.

ABROAD

In the second quarter of 2024, electricity output abroad stood at 1,081 GWh, (of which 825 GWh from wind sources and 256 GWh from solar sources), up compared to the same period of 2023 (644 GWh of which 555 GWh from wind sources and 89 from solar sources), mainly thanks to the new acquisitions made during 2023 in Spain (107 GWh), and in the first few months of 2024 in the United States (263 GWh) and in France (24 GWh).

In the first half of 2024, electricity production abroad amounted to 2,153 GWh, of which 1,797 GWh from wind sources and 356 GWh from solar sources), marking an increase compared to the same period of 2023 (1,640 GWh of which 1,499 GWh from wind sources and 141 GWh from solar sources), mainly due to the effect of the change in scope (+463 GWh) resulting from the contribution of the wind farms acquired in 2023 in Spain, in addition to the newly acquired wind farms and photovoltaic plants in the United States and France, as well as the full contribution of assets in the UK and Sweden, which in the early months of 2023 were in the commissioning or ramp-up phase of production.

Significant events during the half-year

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.
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-. (see also Press Release of 7 June 2024)
23 April 2024	Italy	Corporate	The Ordinary Shareholders’ Meeting of ERG S.p.A. has approved the Separate Financial Statements 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). The Board of Directors, in its meeting on the same date, confirmed Alessandro Garrone as executive Deputy Chairman, Giovanni Mondini as Deputy Chairman and Paolo Luigi Merli as Chief Executive Officer.
24 April 2024	Italy	Wind	ERG has finalised 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).
15 May 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. approved the Business Plan and the 2024-2026 ESG Plan.
26 June 2024	Italy	Corporate	ERG placed its fourth Green Bond for EUR 500 million, with a 6-year fixed-rate maturity. The issue is in the form of a Green Bond and the proceeds will be earmarked for wind, solar and storage projects located in Europe, the United Kingdom and the United States of America.

Events occurring after the end of the period

10 July 2024	Italy	Corporate	MSCI Inc., one of the world's leading ESG Rating Agencies, has confirmed its "AAA" rating for ERG and its positioning in the "Leader" category. ERG was ranked among the top 14 Utilities internationally among the 137 companies in the sector analysed by MSCI for ESG performance, and among over 2,800 companies globally.
24 July 2024	France	Wind	ERG continues to grow in France: Limousin I Wind Farm started up (9 MW)

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 sector and its consolidated risk policy, has in recent years made forward sales, mainly through long-term supply contracts at fixed prices (so-called PPAs) and forward contracts also through derivative financial instruments. 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 generated by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;
- 2) electricity generated 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 generation 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 due to 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 and a Repowering wind farm that became operational in April 2024 for a total of 107 MW of new additional capacity (193 MW gross of the decommissioning of old plants), an internally built wind farm that became operational in early 2024 (47 MW) and a further repowering wind farm scheduled to become operational in the latter part of the year for a total of 50 MW (76 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 from the acquisition in the US from April 2024 (224 MW) and the acquisition in France in January 2024 (24 MW), as well as the entry into operation in the second half of the year of two newly built wind farms in France (41 MW).

Solar EBITDA is expected to be substantially in line with 2023 mainly as a result of the contribution from the system acquired in the US from April 2024 (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). These effects will be largely offset by lower prices in Spain.

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 of EUR 1,750 million to EUR 1,850 million (EUR 1,445 million at the end of 2023), including capital expenditure for the period, the distribution of the ordinary dividend of EUR 1 per share, the conclusion of the share buy-back transaction and the payment of the substitute tax for the redemption of goodwill from the latest acquisitions in Italy, which was not included in the previous guidance.

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

The format of the Financial Statements corresponds with that of the statements indicated in the Interim Directors' report. Specific explanatory notes illustrate the adjusted result measurements.

The Manager responsible for preparing the Company's financial reports, Michele Pedemonte, declares, pursuant to paragraph 2, Article 154-bis of the Consolidated Finance Act, that the accounting information this press release contains matches the documentary records, books and accounting entries.

The results of the second quarter and the first half year will be explained to analysts and investors today at 3:00 PM during a conference call with relevant webcasting that can be followed by connecting to the Company's website (www.erg.eu); their presentation will be made available on the same website in the "Investor Relations/Presentations" section, at Borsa Italiana S.p.A. and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) 15 minutes before the conference call.

This press release, issued on 2 August 2024, is available to the public at Borsa Italiana S.p.A. (www.borsaitaliana.it), and on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) and on the Company's website (www.erg.eu). The Interim Financial Report at 30 June 2024 will be made available to the public within the deadlines provided for by legislation in force at Borsa Italiana S.p.A. (www.borsaitaliana.it), on the authorised storage mechanism eMarket Storage (www.emarketstorage.com) and on the Company's website (www.erg.eu) in the "Investor Relations/Financial Statements and Reports" section.

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Financial Statements and Alternative Performance Indicators

Alternative Performance Indicators (APIs) and adjusted results

Some of the Alternative Performance Indicators (APIs) used in this press release 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 2024, the Group, in line with industry practice, also includes the effects of IFRS 16 on its adjusted operating 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 the United States

With regard to the recent acquisition of wind plants and photovoltaic systems in the USA, which took place during the second quarter of 2024, on the date of this Report 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 Annual Financial Report at 31 December 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 Interim Financial Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio (totaling 317 MW) as of 1 April 2024.

Highlights

Adjusted ⁽²⁾ Year 2023	Adjusted ⁽²⁾ 2 nd Quarter		(EUR million) Key economic data	Reported ⁽¹⁾ 1 st Half		Adjusted ⁽²⁾ 1 st Half	
	2024	2023		2024	2023	2024	2023
741	168	157	Revenues	386	370	386	370
534	116	107	Gross Operating Profit (EBITDA)	274	269	281	271
312	48	52	Operating Profit (EBIT)	146	156	154	158
226	28	36	Profit attributable to the owners of the parent ⁽³⁾	128	79	106	114
Main Financial data							
3.757	4.313	3.674	Net invested capital	4.313	3.674		
2.140	2.187	2.076	Equity	2.187	2.076		
1.445	1.912	1.516	Net financial indebtedness (before IFRS 16) ⁽⁴⁾	1.912	1.516		
1.617	2.125	1.690	Net financial indebtedness (after IFRS 16) ⁽⁴⁾	2.125	1.690		
40%	47%	43%	Financial Leverage before IFRS 16 ⁽⁵⁾	47%	43%		
Operating data							
3.266	3.754	3.087	Total installed capacity at the end of the period	MW		3.754	3.087
6.139	1.723	1.209	Total electricity output	GWh		3.670	2.989
1.496	1.594	1.466	Installed capacity at the end of the period - Italy	MW		1.594	1.466
2.784	641	565	Electricity output - Italy	GWh		1.517	1.349
600	674	600	Installed capacity at the end of the period - France	MW		674	600
1.315	262	254	Electricity output - France	GWh		652	650
327	327	327	Installed capacity at the end of the period - Germany	MW		327	327
629	113	103	Electricity output - Germany	GWh		315	306
311	311	311	Installed capacity at the end of the period - UK & Nordics	MW		311	311
455	137	85	Electricity output - UK & Nordics	GWh		303	218
266	266	117	Installed capacity at the end of the period - Spain	MW		266	117
213	167	56	Electricity output - Spain	GWh		247	91
266	266	266	Installed capacity at the end of the period - East Europe	MW		266	266
742	140	146	Electricity output - East Europe	GWh		372	376
-	317	-	Installed capacity at the end of the period - United States	MW		317	-
-	263	-	Electricity output - United States	GWh		263	-
489	290	246	Investments ⁽⁶⁾	Euro millions		444	311
636	648	612	Employees at the end of the period ⁽⁷⁾	Units		648	612
117	111	126	Net unit Revenue ⁽⁸⁾			101	121
109	121	117	Italy - Wind	Eur/MWh		120	117
342	403	361	Italy - Solar	Eur/MWh		400	345
93	77	93	France - Wind	Eur/MWh		81	93
96	80	97	France - Solar	Eur/MWh		84	96
140	94	153	Germany - Wind	Eur/MWh		91	152
111	50	63	UK & Nordics - Wind	Eur/MWh		67	75
123	34	122	Spain - Solar	Eur/MWh		40	130
91	80	103	East Europe - Wind	Eur/MWh		85	100
n.a.	51	n.a.	United States (PTC included) - Wind	Eur/MWh		51	n.a.
n.a.	44	n.a.	United States - Solar	Eur/MWh		44	n.a.

⁽¹⁾ Reported economic indicators are calculated on the basis of the Financial Statements and include special items and related taxes.

⁽²⁾ Starting from 2024, the adjusted operating 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. Adjusted economic indicators do not include special items and related applicable theoretical taxes.

⁽³⁾ It should be noted that the reported profit attributable to the owners of the parent, for the comparative period, includes the contribution of the thermoelectric business, sold on 17 October 2023, while the adjusted profit attributable to the owners of the parent, for the comparative period, does not include the contribution of the thermoelectric business.

⁽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.

⁽⁶⁾ In property, plant and equipment and intangible assets. The figure for the first half of 2024 also includes capital expenditure relating to Merger & Acquisition transactions in the United States of EUR 235 million and in France of EUR 84 million.

⁽⁷⁾ The comparative figure for the first half 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.

Performance by Country

Year 2023 ⁽¹⁾	2 nd Quarter		Δ	(EUR million)			
	2024	2023 ⁽¹⁾		Adjusted Revenues		2024	2023 ⁽¹⁾
374	102	86	16	Italy	222	191	31
367	66	70	(5)	Abroad	163	179	(16)
124	20	24	(4)	France	53	61	(8)
89	12	16	(4)	Germany	30	47	(17)
54	9	7	2	UK & Nordics	30	19	11
27	6	7	(1)	Spain	10	12	(2)
73	12	16	(4)	East Europe	34	40	(6)
-	7	-	7	United States	7	-	7
35	10	9	1	Corporate	19	16	2
(35)	(9)	(9)	(1)	Intra-segment revenues	(18)	(16)	(1)
741	168	157	12	Total adjusted revenues	386	370	16
Adjusted EBITDA							
299	81	68	12	Italy	181	151	30
256	41	44	(4)	Abroad	109	130	(21)
81	8	15	(7)	France	30	42	(12)
68	7	9	(2)	Germany	20	37	(17)
38	2	4	(2)	UK & Nordics	16	11	5
20	4	5	(2)	Spain	6	10	(4)
49	8	12	(3)	East Europe	26	30	(4)
-	12	-	12	United States	12	-	12
(21)	(5)	(6)	0	Corporate	(10)	(11)	0
534	116	107	9	Adjusted EBITDA	281	271	10
Amortization, depreciation and write-downs							
(121)	(31)	(31)	(0)	Italy	(62)	(61)	(0)
(97)	(35)	(23)	(13)	Abroad	(63)	(50)	(14)
(40)	(12)	(10)	(2)	France	(23)	(21)	(2)
(20)	(5)	(4)	(1)	Germany	(10)	(11)	1
(13)	(4)	(3)	(1)	UK & Nordics	(9)	(6)	(3)
(6)	(3)	(1)	(2)	Spain	(6)	(2)	(4)
(18)	(5)	(5)	(0)	East Europe	(9)	(9)	(0)
-	(7)	-	(7)	United States	(7)	-	(7)
(4)	(1)	(1)	(0)	Corporate	(2)	(2)	(0)
(223)	(68)	(54)	(13)	Amortization, depreciation and write-downs	(127)	(113)	(14)
Adjusted EBIT							
177	49	37	12	Italy	120	90	30
159	5	22	(16)	Abroad	46	81	(35)
41	(4)	5	(9)	France	7	20	(14)
48	2	5	(3)	Germany	9	26	(16)
25	(3)	0	(3)	UK & Nordics	8	6	2
15	1	4	(3)	Spain	(0)	7	(8)
31	4	7	(3)	East Europe	17	21	(5)
-	6	-	6	United States	6	-	6
(25)	(6)	(7)	0	Corporate	(12)	(12)	0
312	48	52	(4)	Adjusted EBIT	154	158	(4)
Investments ⁽²⁾							
219	20	54	(34)	Italy	79	94	(16)
265	269	189	79	Abroad	364	216	148
25	25	1	23	France	118	11	107
3	1	0	1	Germany	1	0	1
45	8	7	2	UK & Nordics	10	22	(12)
190	0	182	(182)	Spain	0	182	(182)
2	(0)	0	(0)	East Europe	0	0	(0)
-	235	-	235	United States	235	-	235
4	1	1	0	Corporate	1	1	0
489	290	246	44	Total investments	444	311	132

⁽¹⁾ Starting from 2024, the adjusted operating 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 capital expenditure in property, plant and equipment and intangible assets and M&A investments (EUR 319 million in the first half of 2024). It should be noted that the figures do not include the increase in Right of Use assets.

Income Statement

This section shows the adjusted operating results, shown with the exclusion of special items. Starting from 2024, 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 US companies, owners of wind plants and photovoltaic systems for a total of 317 MW, were consolidated on a line-by-line basis starting from 1 April 2024;
- the companies acquired in France, owners of wind plants and photovoltaic systems for a total of 73.2 MW, are 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.

2 nd Quarter			(EUR million) Profit & Loss	1 st Half		
2024	2023	Δ		2024	2023	Δ
168	157	12	Revenues	386	370	16
11	6	5	Other incomes	19	12	6
180	163	17	Total Revenues	405	382	23
(4)	(2)	(2)	Purchases and changes in inventories	(6)	(6)	(1)
(46)	(41)	(5)	Services and other operating costs	(89)	(80)	(9)
(14)	(13)	(1)	Personnel expenses	(28)	(25)	(3)
116	107	9	Gross Operating profit (loss) (EBITDA)	281	271	10
(68)	(55)	(13)	Amortisation, depreciation and impairment of non-current assets	(127)	(113)	(14)
48	52	(4)	Operating profit (loss) (EBIT)	154	158	(4)
(7)	(3)	(4)	Net financial incomes (expenses)	(9)	(8)	(1)
0	(0)	0	Net gains (losses) on equity investments	0	(0)	0
41	49	(7)	Profit before taxes	144	149	(5)
(12)	(12)	(1)	Income taxes	(38)	(34)	(4)
29	37	(8)	Net profit (loss) from continuing operations	107	115	(9)
(1)	(1)	(0)	Non-controlling interests	(1)	(1)	(0)
28	36	(8)	Profit (loss) from continuing operations attributable to owners of the parent	106	114	(9)
0	(2)	2	Net profit (loss) from discontinued operations	0	(8)	8
28	34	(6)	Profit attributable to owners of the parent	106	107	(1)

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.

30/06/2023	Reclassified Statement of Financial position	30/06/2024	31/12/2023
	(EUR million)		
3.970	Non - current assets	4.812	4.023
78	Net operating working capital	50	56
(4)	Employees benefits	(3)	(4)
303	Other Assets	359	241
(673)	Other Liabilities	(905)	(560)
3.674	Net invested capital of continuing operations	4.313	3.757
133	Net invested capital of discontinued operations ⁽¹⁾	-	-
3.806	Net invested capital	4.313	3.757
2.068	Equity attributable to the owners of the parent	2.103	2.133
8	Non-controlling interests	85	7
1.516	Net financial indebtedness before IFRS 16	1.912	1.445
174	Lease liabilities	213	172
1.690	Net financial indebtedness after IFRS 16	2.125	1.617
41	Net financial indebtedness of discontinued operations	-	-
3.806	Equity and financial indebtedness	4.313	3.757

⁽¹⁾ At 30 June 2023, the equity contribution of the thermoelectric business 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".

Cash flows

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

2 nd Quarter		(EUR million)	1 st Half	
2024	2023		2024	2023
		Cash Flow		
116	107	Adjusted EBITDA	281	271
(36)	(49)	Change in net working capital	(62)	54
80	58	Cash Flow from operations	219	325
(55)	(64)	Capital expenditure in property, plant and equipment and intangible assets	(124)	(130)
(235)	(182)	Asset acquisitions and business combinations	(319)	(182)
1	0	Capital expenditure on non-current financial assets	0	1
(3)	(1)	Other changes and divestments	(9)	(1)
(293)	(246)	Cash Flow from investments/divestments	(453)	(311)
(4)	(2)	Financial income (expense)	(6)	(5)
-	-	Financial expense for closing loans	-	(4)
0	(0)	Net gains (losses) on equity investment	0	(0)
(4)	(2)	Cash Flow from financial management	(6)	(9)
(52)	(6)	Cash Flow from tax management	(53)	(8)
(148)	(152)	Distribution of dividends	(148)	(152)
-	-	Shares buy-back programme	(37)	-
5	38	Other changes in equity	11	74
(143)	(115)	Cash flows from Equity	(173)	(79)
-	-	Change in the consolidation scope	-	-
-	18	Cash Flow Thermo	-	58
1.500	1.264	Opening net financial indebtedness of "Continuing operations"	1.445	1.533
412	292	<i>Net Change</i>	467	24
1.912	1.556	Total net financial indebtedness before IFRS 16	1.912	1.556
-	(41)	<i>(+Net Indebtedness Thermo)</i>	-	(41)
1.912	1.516	Net financial indebtedness before IFRS 16	1.912	1.516
213	174	<i>Lease liabilities</i>	213	174
2.125	1.690	Net financial indebtedness after IFRS 16	2.125	1.690

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 profit (loss) attributable to owners of the parent** is the adjusted 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 30 June 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 2024, 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

Year	2 nd Quarter		GROSS OPERATING PROFIT (EBITDA)		1 st Half	
2023	2024	2023	(Eur million)	Note	2024	2023
529	111	105	Gross operating profit (loss) (EBITDA)		274	269
			Special items exclusions:			
4	5	1	- Reversal of ancillary charges on non-recurring operations (Special Projects)	1	6	1
1	0	1	- Reversal for allocation for provision for disposed businesses	2	0	1
534	116	107	Adjusted EBITDA		281	271
Year	2 nd Quarter		AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES		1 st Half	
2023	2024	2023	(Eur million)		2024	2023
(225)	(68)	(55)	Amortization, Depreciation and impairment losses		(128)	(113)
			Special items exclusions:			
2	0	-	- Reversal of impairment losses recognised on Repowering Wind Italy	3	1	-
-	-	-	- Reversal for allocation for provision for disposed businesses	5	-	-
(223)	(68)	(55)	Adjusted amortization, depreciation and impairment losses		(127)	(113)
Year	2 nd Quarter		PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT		1 st Half	
2023	2024	2023	(Eur million)		2024	2023
214	52	38	Profit (loss) from continuing operations attributable to the owners of the parent		128	115
			Special items exclusions:			
3	4	1	Exclusion of ancillary charges on non-recurring transactions	1	4	1
(4)	0	(3)	Exclusion of expenses related to disposed Businesses	2	0	(5)
2	0	-	Exclusion of impairment losses recognised on Repowering Wind Italy	3	1	-
4	-	-	Exclusion of ancillary charges on loan prepayments	4	-	3
6	(28)	-	Exclusion of Tax Asset UK and substitute tax Solar Italy	5	(28)	-
1	-	-	Exclusion of impact of gains/losses (IFRS 9)	6	-	1
226	28	36	Adjusted profit (loss) from continuing operations attributable to owners of the parent		106	114

1. Ancillary charges relating to other non-recurring transactions, as well as unsuccessful acquisitions.
2. Provisions relating to exceptional items on businesses disposed of by the Group.
3. Charges related to Repowering and Revamping projects in Italy already impaired in the previous period.
4. Financial expense related to the early closure of project financing and Corporate loans as part of Liability Management transactions.
5. Reversal of the benefit of the substitute tax deriving from the exemption of the goodwill due to the merger in the Siena and Donatello Business combinations acquired in 2022.
6. 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.