



ERG S.p.A.
“1Q 2026 Results”
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MODERATORS:
PAOLO MERLI - GROUP CEO
MICHELE PEDEMONTE - CFO

Operator:

Good afternoon. This is the Chorus Call conference operator. Welcome and thank you for joining the ERG 1Q 2026 Results conference call. As a reminder, all participants are in listen-only mode. After the presentation, there will be an opportunity to ask questions. At this time, I would like to turn the conference over to Mr. Paolo Merli, CEO of ERG. Please go ahead, sir.

Paolo Merli:

Good afternoon, everybody and welcome to our First Quarter results webcast. Here with me, as usual, is Michele, our CFO.

Let me start with our economic results, as per **page no. 4**.

Ebitda in Q1 closed at €167mn (+16% year-on-year), benefiting from the contribution of new installed capacity and – let me say like this - from an easy comparison in terms of wind production, in light of the very weak conditions over 1Q 2025. So, to this extent we can talk about better wind conditions but – let me say - still below the historical average. But that trend was already captured in our FY guidance at the time of our previous webcast, in mid-March. These positives were partially offset by lower clearing prices: I mean, the higher productions following these better wind conditions were partially compensated for by lower captured prices, in particular clearing prices linked to short-term hedging transactions, as these contracts - as you know - are typically executed three years in advance of the delivery date. Therefore, in Q1 last year value of hedging still benefited from the very high prices recorded in 2022 and 2023.

It is worth noting the strong performance in the UK: the UK contributed to the EBITDA with €25mn, basically three times more than last year. This thanks to the higher installed capacity, that was partly organic (I am referring to the 47MW greenfield wind farm we executed in Northern Ireland in the last part of last year) and partly through M&A (the 73MW wind portfolio, that was acquired at the beginning of 2026, and consolidated as of the beginning of the year). Conversely, we had a fairly weak performance in the U.S. impacted by exceptional weather events, translating into lower wind availability (and then lower production), and there were a lot of grid congestions in the grid, and this - for the price mechanism that is in the market in the US - had a negative impact on captured prices. So, we tend to see those events as one-off, but nevertheless they had a negative impact estimated at about -€6mn in the quarter EBITDA, so quite substantial.

In Q1 we invested – I am talking about CAPEX - €148mn mainly related to the acquisition of the UK portfolio I have already mentioned, coupled with the expenditure associated with our assets under construction in Italy, France and Germany.

Adjusted Net Profit in Q1 was €61mn (up 24% YoY), reflecting the greater, the better operating results I have just commented, partly offset by higher depreciation, higher financial charges and taxes.

Net Financial Position at the end of March was €1.8bn more or less, down 4%, so slightly down compared with the end of last year, thanks to a very solid cash generation over the period.

I am moving now to **page no. 5**. Over the period, we kept delivering on our strategy. We are progressing very well on our project pipeline, let me say. On top of the already announced assets under construction - namely the 230MW I have already had the chance to mention during the last webcast - just this morning in our Board of Directors we made final investment decisions on a couple of projects that have now entered the construction phase: I am referring to a 25MW greenfield wind farm in France and the revamping of 41MW PV farms – because they are more than 1 - in Italy, farms that are still under the *Conto Energia* scheme. We also obtained a final authorization (or so-called *Autorizzazione Unica*) for our largest wind repowering project in Italy, the 121MW plant in Sardinia, Nulvi Ploaghe. Probably I have already said that during the last webcast, but now, in the meantime, we properly received the piece of paper from the Region, that is the last word to this long very progress to obtain this authorization. On Finance, discipline continues to be one of our key strengths.

Yesterday, Fitch (the rating agency) reconfirmed our Investment Grade status with a Stable outlook. So, we are quite proud of this achievement, which reflects the appreciation for the work we have done so far. And in this regard, I would like also to mention that during the period we further optimized our financial structure through liability management amounting to almost €500mn (half a billion euro), that was refinanced by extending maturity and improving cost of debt. And part of this refinanced debt was subscribed - as you can see from the logo in the chart - by CDP (you know, the State-owned key financial institution) so, again, something we are very proud of.

On ESG, ERG was included in the Top 5% of the Electric Utilities sector in the 2026 S&P Global Sustainability Yearbook. We are also proud to have completed, together with Greenpeace, the installation of solar panels in a kindergarten in Ukraine, as part of our social purpose.

As regards Shareholder remuneration, you already know: the AGM approved the €1/share dividend, that is going to be paid early next week, with a yield of over 4%, which is – I may say - a rarity within our peer group.

So, I will now hand you over to Michele for his review of 1Q results.

Michele Pedemonte:

Thank you Paolo, and good afternoon, everyone.

Let me walk you through the quarter, highlighting the key drivers of our financial performance and the underlying trends across our portfolio.

Looking at power markets, as you can see on **page no. 7**, prices were lower year-on-year in almost all the countries where we operate. This trend, coupled with short-term hedging fixed at lower prices compared to last year, leads to a reduction in the unitary revenues in most countries.

However, as expected, the impact on our revenues was only partial, reflecting the quasi-regulated nature of our portfolio, where a large share of volume is already secured through PPAs and CFDs.

I would like to highlight the higher captured price in the UK, driven by our newly acquired assets in England, which benefit from Renewables Obligation Certificates incentives.

On the other hand, the trend of US wind unitary revenues reflects an extraordinary increase in the basis cost due to temporary congestions, outages and grid constraints in the period.

Moving to production (I am on **page no. 8**), in the 1Q ERG reached 2.2TWh of generation, 15% more than previous year.

This trend is influenced by higher windiness compared to 2025 characterized by exceptionally weak wind conditions across all Europe, but also thanks to the contribution from new capacity. This was made possible by the continued expansion of our portfolio, with roughly 90MW of additional capacity contributing during the quarter.

In the first quarter we doubled the production in the UK, mainly thanks to the new acquisition in England and to the production of a new greenfield plant, entered into operation in Northern Ireland at the end of the year.

On the negative side, US was influenced by extraordinary weather events, impacting on the availability of the plant, and this compares with a 1Q25 influenced by very high windiness.

In conclusion, we have a quarter with a substantial increase in European production, but that remains in any case below the long-term average of our assets, in this sense, not representing the full potential of our portfolio.

Now, on **page no. 9** let us look at EBITDA. In the first quarter, EBITDA reached €167mn, a very good result if we compare it with 1Q25. But remember that - as already commented - the 1Q25 was affected by a windiness well below historical average in Europe.

The main driver was the windiness, coupled up with the perimeter effect from new capacity in a more challenging price environment.

After the new acquisition in England and the greenfield plant entered into operation in Northern Ireland, the UK reached three times the EBITDA of the previous year.

On the other hand, United States suffered the decrease in prices and the low availability of the plants.

Overall, the Group recorded a result higher than last year by €23mn.

A comment now on the investments, as per **page no. 10**.

In 1Q we invested €148mn, mainly for the acquisition in England for 115€mn, and for the ongoing activities on repowering and greenfield projects in France, Germany and Italy.

These investments are fully aligned with our strategy, combining selective M&A deals and organic growth, particularly in Repowering and Greenfield projects across core geographies.

On **page no. 11**, let us take a look at the Cash Flow Statement and the Net Financial Position.

The Net Financial Debt at the end of the quarter is €1.8bn, -€70mn versus the end of 2025, also thanks to the disposal of the Swedish assets in January.

This reflects a well-balanced combination of solid cash generation from EBITDA and continued investments to support growth.

On **page no. 12** you have a snapshot of our debt structure, which has not changed in its components - as it remains largely made up of green bonds (€1.6bn) - but whose corporate loans component, for €500mn, has been materially improved.

In April we finished the liability management of our 2028 corporate loans maturities, and the prepayment of the project financing of our latest UK acquisition.

By way of repayment of the previous loans and drawdown of new loans - including the one from the European Investment Bank for €240mn, at significantly lower margins and for longer maturities - we shifted all corporate loans beyond 2030, increasing debt tenor, and securing a significant saving in yearly financial charges.

We leveraged on existing hedges and exploited the credit rally before the Iran war to get the most out of this exercise, which will contribute to secure ERG competitive financial charges, expected at 1.8% in 2026. Cost of gross debt will remain highly competitive until 2030, having only one maturity in 2027.

Based on such financial strength, alongside our solid business profile, we got the confirmation of the investment grade rating with a Stable outlook by Fitch, which remains a cornerstone of our strategy.

Indeed, high-value opportunities will be pursued consistently with our rating by leveraging on the options available to investment grade corporates like ERG.

Thank you for your time, now I leave the floor to Paolo for his final comments.

Paolo Merli:

Thank you Michele, let me conclude by looking at guidance for 2026. In reality, it is a very simple and quick exercise, since all our indications are confirmed.

We still confirm our EBITDA within the range of €520–590mn. For sure, some upside could come from the current energy price environment, but please also consider our exposure to merchant power is limited, as regards 2026. Because we have already our short-term hedging in place, so we still have roughly 1TWh of energy exposed to merchant.

Capex is expected within the range of €330-380mn, and these include also the acquisition of the UK portfolio; and let me say the investments that have been approved by the Board of Directors this morning will have just a marginal effect in 2026, as most of the payments are expected in 2027, so next year.

Finally, at year-end we forecast a Net Financial Position within a range of €1.95-2.05bn, including the above Capex and of course the cash-out for the dividend.

So, I have concluded, and now we are ready to take your questions.

Questions & Answers

Operator:

Thank you. This is the Chorus Call conference operator. We will now begin the question-and-answer session.

The first question is from Beatrice Gianola of Mediobanca. Please go ahead.

Beatrice Gianola:

Yes, good afternoon and thank you for taking my questions. I have 3. My first question is about the operational performance. The first quarter was good, as you commented, and represented almost 30% of your midpoint guidance. So, I was wondering what prevented you from upgrading it, and which elements do you see as critical to eventually reach the upper bound of such a range?

My second question is about the energy decree adopted by the Government in mid-February. We know there are ongoing discussions between the Italian Government and the European Union. So, I wanted to have your thoughts and expectations in this regard.

And then, my last question is about M&A. I recall, during the latest conference call you mentioned that the company is working on an asset rotation strategy, on defining an asset rotation strategy. So, I was wondering whether you could provide an update on this, on which assets and geographies could eventually be targeted in your view.

Paolo Merli:

Okay, Beatrice. Let me start with the first question, the operational performance in the quarter. I confirm it was good and the first quarter, as you know, is one of the most important throughout the year, along with the 4th quarter: so, a good start for sure, we are satisfied. It could have been even better, if US had performed in line with our expectations, because in the end the contribution of US was short of roughly €6mn, compared to our expectations. But in the end, the good performance in the UK and the better wind in January and February (in particular in Italy) allowed us to post a quite good performance in the quarter. We decided to stick to our guidance range, because in the end, honestly, April was not particularly good in terms of wind, even though over the last few days wind seems to be back very strongly, and then we are quickly recovering.

So, if I understood well, you asked what should happen to reach the upper part of the guidance. I say, as we like to define ourselves internally, we are a 'P per Q' company, so price multiplied by volumes. And what I can do to help you analysts to make your best estimates is to provide you with a very simple sensitivity, and the sensitivity is 10€/MWh in prices higher than our internal estimates, are worth basically €9-10mn of EBITDA, because we just have roughly 1TWh production still exposed to merchant.

While as regards production, 100GWh of more production means, of course, the sensitivity works also the other way, but 100GWh is worth more or less €10mn, so very simple. €10€/MWh in price, €10mn EBITDA, 100GWh in production equal to €10mn. So, to reach the upper part of the guidance, we would need from 10 to 20€/MWh higher in the selling price as regards the merchant volumes, and from 100 to 200GWh of higher production. Is that possible? Of course it is, because in terms of forward prices for Q2, Q3, and Q4 (in particular in some countries, such as Italy or the UK, that - by the way, - are our two main countries, right now) we have already forward prices higher than 10-20€/MWh compared to our budget.

In terms of production, who knows, I would need a crystal ball: it is difficult, you know, to predict how wind is going to blow, especially in the fourth quarter, because honestly, the fourth quarter is usually going to be the swing quarter. If you want I can, because we are becoming more and more expert on climate and meteorological matters. And in particular the World Meteorological Association is expecting (at least with a 40%-50% probability) that a Niño, or Super Niño, will come during the fourth quarter of the year, actually in September after the summer, and this usually is associated to good wind. In the past it was like this. So, let us see, but I repeat: I have not got the crystal ball, but we have elements internally to be a little bit optimistic. I hope I have answered your question.

So, about the guidance, please do not keep asking me, because the only thing I can say is: make your best estimate, I provide you with the parameters to calibrate it as good as possible.

Energy decree: you open a subject that makes me very angry, because we are basically very, very negative on this decree, and fortunately - let me say - the European Commission just last week, on the 5th of May, published on the official journal of the European Union a communication... I can read you, because I want to be more precise, I got the document just in front of me: *"The Middle East crisis temporary state head framework"*. You can find it on the website for sure, googling, and this document - which is an official document, I repeat, loaded on the official journal of the European Union - at Article 45, says that "member States can" - I quote, because I am reading by the official document - "member States can consider measures to mitigate the impact of high gas prices, but at certain conditions". And those conditions are 6-7: the first one is that they have to be time limited, I mean, these measures. The second condition: they are designed to prevent internal market distortions. The third condition is that they preserve long-term investment signals for clean energy. The fourth condition is: they do not cover the compliance cost of ETS, nor use ETS prices as a proxy to determine compensation... that is totally in contrast with the Italian decree. The fifth condition: they include safeguards to ensure full pass-through of benefits to final consumers. And the last one, "if the member State decides to charge the cost of the measure on consumers, only consumers that benefit from the measures should contribute to its financing". I can tell you - I am very, very sure of what I am saying - that none of these conditions are met by the Italian Law, and I think I can stop here. So I am quite confident that, in the end, this law will be reduced in power, because the European Commission is working on it, and I think the fact that this article - I repeat, published last week - was so detailed, is to me an implicit answer to the Italian Law.

And the third question was about M&A. In this respect, we are working, we are mapping all our options, but I repeat: I cannot say much more than what I have already said in March, because this is one of the main reasons why we decided to postpone the presentation of the Business Plan to the end of the year (or, more likely, at the beginning of next year), because we are working on this, and this takes time, as you can imagine. I hope I have answered all your questions.

Beatrice Gianola:

Yes, very clear. Thank you so much.

Paolo Merli:

Thank you to you.

Operator:

The next question comes from Roberto Letizia with Equita. Please go ahead.

Roberto Letizia:

Yes, good evening. Thanks for taking my questions. The first one is about the UK. So, I am just wondering, if the very good results of the UK are simply because of the external and internal growth (so the new plans and the acquisitions, under normal conditions that we can eventually project for the remaining of the part of the year), or if the good results of the UK includes any one-off benefit, in the sense that the condition has been above forecasted or budgeted expectation for the country. Just wondering if it is a normal, very good contribution of the UK, or if that includes a special condition, which anyway compensated, of course, the special negative in the US, but just wondering how to calibrate the performance of the UK.

You mentioned the Sardinia plant for 121MW: can you tell us when eventually you expect this potentially to contribute to numbers?

Then, a question on the guidance: I am sorry for that, as you said not to ask that much on the guidance, but I just want to calibrate the indication you provided us last time on the guidance, the expected lower production, the fact that you reduced the guidance on the current €520-590mn. But at the time you provided that guidance, the trend in the power price was not so strong. So basically, you already had some months ago a condition in which you were able to reach the €590mn of EBITDA, but then we are adding something more on top, which is the sensitivity on the power price that you just provided us, which actually was not forecasted at the time you provided the guidance. So I am trying to compose the puzzle, if actually the sensitivity you provided us may also target anything above the €590mn, because you have the old condition under which you can arrive at the €590mn and, on top of that, you have the prolonged situation on the power price, which added the sensitivity you provided. I am not sure if I have been clear, but just to compose this picture...

Sorry, I have another question on the green certificate: can you tell us how many green certificates you have this year, and how many you will have next year, because unfortunately, we have this very crazy regulation in which next year, unfortunately, the green certificate price will suffer from the very high price that we have today. So, if you can tell us what the potential impact could be on that side. Thanks a lot.

Paolo Merli:

So let me go in the order you posed the questions. The first one is the UK: the UK number does not include any special item, it is a correct number reflecting the very good performance of the portfolio. We are very satisfied, because I think it is quite clear that with the recent acquisition, we now have - and we can now rely on - a very well spread portfolio across the UK, because we are in England, we are in Scotland, and we are in Northern Ireland. And it happened to be a good location for the wind, especially in this first quarter. But let me say, behind this good performance - because last year we posted, if I remember well, €8mn EBITDA, and now almost €25-26mn, so more or less, let us say, €18mn EBITDA more than last year - 2/3 are associated with the new assets... I mean, the 47MW Corlacky wind farm in Northern Ireland that we started up in the

second part of last year, plus the 73MW of portfolio in England that – do not forget - is entitled to ROC, I mean, a kind of green certificates. That was one of the reasons we explained at the announcement of this acquisition when, you know, we made this asset swap between Sweden and England.

And this is part of the result. The other 1/3... the other €6mn came from higher availability of plants. Do not forget that our plants in the UK are all brand new. So, they were started up - especially the ones in Scotland, and the one in Northern Ireland - just couple of years ago. They suffered the ramp-up phase at the very beginning, and they got progressively recovering a better performance in terms of availability, and maybe we are not completely at full potential, but we are approaching it. We are getting better and better from this point of view.

And the third point - which is a double point, but I would say I summarize in just one single point - is the service market and the curtailments. Curtailments were lower finally in Northern Ireland, where they are not refunded, so any megawatt hour that is cut from your production is lost in your P&L. We are having a strong connection with TSO there, in order to prevent these congestions from happening, and some achievements have been reached from this point of view. And the other, which I put in the same point, is the fact that the Scottish assets are participating to the balancing market, that is a premium compared with the day ahead market. I mean, the grid operator can ask plants to stop, to reduce production. But this production, given that you are helping the system to be balanced, is paid the day ahead price plus a premium, then translating into higher EBITDA. But in the end, we expect these flows to remain in the picture. So, I would say netting non-recurring in those numbers.

About the Nulvi-Ploaghe project, we are very, very, very satisfied... I repeat 3 times because we submitted the first documents for authorization in 2018... 2018, I repeat it. And we received the formal authorization (*Autorizzazione Unica*) from the Sardinian Region, just over the last few weeks, after a long tragic path through Court of Justice and *bla-bla*. But in order to make the final investment decision on the investments, we need - this is compliant with our business model - to secure the route-to-market. Our Energy Management is working to find a potential PPA, or we can wait for the next FERX auction that is expected to be by year-end but it is still uncertain, because in Italy there is not a clear calendar for these kind of auctions, while in other countries such as Germany, every 3 months there is an auction. So, we are waiting, but we are not doing anything yet. And nowadays, we are working to find a PPA, a long-term PPA, which can guarantee the LCOE of the plant.

You said about the guidance... I knew you could not resist asking something about the guidance. We decided not to change the range, as we did last year. In the end, last year we finished at the bottom part of the guidance because, you know, numbers can change very, very rapidly depending on the wind presence. And the fourth quarter, as I said, is

this wind producer. I do not want to correct you, but let me say that forward prices were not that different compared with mid-March, because the year-end situation was already broken up. And then there was no very big difference from this point of view. Even though in the meantime, you are right, we made some short-term hedging at prices and values that were higher than we could expect, for sure, at the beginning of the year, but that was already included in our guidance.

About production, I repeat: the first months of the year were good compared with last year, but below historical average. So, to be frank, and very transparent: we lost roughly 300GWh in the first three months of the year. But that item was already fully included in our guidance, because in mid-March (when we presented the guidance) we already knew about the production over the first two weeks, and we had in our hands forecast for the following weeks. So, this was already fully captured by our guidance. But this is just to say that 300GWh less or more can happen, very, very quickly. And based on our intelligence, there is a good probability that in the fourth quarter maybe there could be a plus instead of a minus. But we are not taking this as an estimate, right now. So, let us leave the range as it is, and I provided you with all the elements and the rule of thumbs to make your own estimates.

Green certificates, Michele maybe...

Michele Pedemonte:

We have 1.1TWh in 2026, and 0.6TWh in 2027: these are the figures that we still have for our Italian assets benefitting from this kind of incentive.

Operator:

The next question comes from Francesco Sala with Banca Akros. Please go ahead.

Francesco Sala:

Yes, good afternoon, and thank you for taking my questions. The first one: I wonder whether you can split this 1TWh of merchant exposure by country, and if you can give us an indication of your merchant exposure also for 2027.

Secondly: you made the final investment decision on revamping of some solar assets in Italy. I wonder what the impact will be in terms of stoppages and, after the revamping, new generation potential. Those are the two questions. Thank you.

Paolo Merli:

Okay. I will start with the last one, and I leave Michele to answer in more detail to the first one. This morning, the Board of Director approved a couple of investments. One in France: it is a greenfield, 25MW wind plant that has already got a CFD for the next 20 years... I mean, for the 20 years starting from the Commercial Operation Date, which is expected to be in 1Q 2028. This long time is just based on the connection time, because

we need to have the connection. In fact, the CAPEX and the expenditure in 2026 will be very, very limited: the cash-out for CAPEX will be especially in the second part of 2027.

And as regards the PV investments, as you ask, this is 36MW. Basically, we are revamping: revamping means changing the panels, changing the inverters and most of the time also adding the so-called trackers, to help the plants to track, to follow the direction of sun. And, given this kind of intervention, we can increase production in the order of 40-45%, it is a very big amount, a big increase when you change everything, including the tracker. Where old trackers are maintained, anyway we are talking about an increase in production of 20-25%, because the new panels are much more efficient. Consider that the panels that are mounted in this kind of installation have been there since 2010. So, a lot of technological steps have been made over this window of time. This investment is particularly interesting, I mean, the return is double-digit, because according to the norms and the law, the operating rules by GSE (*Gestore dei Servizi Energetici*). the stoppage of the plants is permitted to be recovered with incentives - I mean with *Conto Energia* incentives - at the end of the period. And during the next years, all the production benefiting from the upgrade of the quality of the plants can enjoy the *Conto Energia*. So, there is a big jump in EBITDA, a big jump in Net Profit. So that is why these investments have got a return which is above 15%, but it is normal. The Regulator wants to support the rejuvenation of the fleet in the country: if not, at the end of the useful life, you know, you shut the plants and *bla-bla*.

In terms of stoppage - I think you asked this - the impact is quite limited. It is less than €1mn in 2026 because we want to stop, shut down the plants, in the last part of 2026, and then implement the revamping in the next few months of 2027, in order to have the plants under the new industrial layout for next summer, when the sun hits more, in order to maximize the return of the investments.

Michele Pedemonte:

Yes. On the second question, we still have in 2026 1TWh of merchant exposure. We do not expect to have a material hedging before the delivery, because we need to maintain a merchant component in order to take into account the volatility of the production of our wind farms mainly. Of this 1TWh of production (that is merchant as of today, so for the remaining months of the year), 0.4TWh is in Italy, 0.1TWh between France and Spain, 0.3TWh in Eastern Europe, 0.2TWh in the UK, mainly in Scotland. In 2027, total merchant exposure is around 2.5TWh, 1TWh in Italy, 0.4TWh in France, 0.5TWh in Eastern Europe, 0.3 TWh in the U.K., and the remaining part in Spain and Germany. Take into consideration that this 2027 exposure will be hedged during this year, because you know that we have a policy of rolling hedge. So, we will start 2027 with a merchant exposure that will be much more limited than today, essentially because in the next months we will continue to hedge the production of 2027 mainly, of 2028 and, to a minor extent, also of 2029.

Francesco Sala:

Thank you so much.

Operator:

The next question comes from Emanuele Oggioni with Kepler Cheuvreux. Please go ahead.

Emanuele Oggioni:

Good afternoon and thank you for the presentation, and for taking my questions, as well. The first one is an update on the wind availability in April and in May so far: what is the visibility? What is the comparison year-on-year? This is the first question.

The second one is still on 2027, but as regards the hedging part. So, can you provide an update on the level of pricing of the hedging at least in qualitative terms, compared with the average of the hedging in 2026? So, what is higher, to what extent, *et cetera*?

Then third question is on the US: I suppose that the disruptions that affected Q1 operation were only temporarily due to weather conditions. So, should we expect a normal contribution in Q2 and in the remaining part of the year?

And, still about the US, a final question on the M&A side, the acquisition side, the opportunities. Is there an update? I think you are still exploring further opportunities to increase your capacity in the country. So, is there an update on this? Thank you.

Paolo Merli:

Okay. About wind availability, more or less I have already said. April was not particularly good, the same at the very beginning of May, there was an anticyclonic situation over continental Europe. But over the last few days, wind has been back and it is very strong now. So, we are recovering, and the guidance we are saying today is already fully including the performance in April and the first day of May. So, we are very confident about what I have already said. Also because, I repeat, the fourth quarter will be the game changer: I mean, if the wind will be strong - and we have some signs that it is going to be like this, at least according to institutions that are making this kind of long-term forecast - we can be positive on the full-year results in 2026. But I repeat: we would need the crystal ball to know exactly how wind is going to blow in the fourth quarter, or in the third quarter.

About the US, I am going to answer the 3 questions, and then I will leave Michele the question about the hedging. The US performance: yes, you are right. There were multiple events, not strictly correlated with each other. So, in January, there was a blaze, there was a snowstorm, and also a transformer failed in a nearby substation where our wind farm is connected. This has got impact on the availability of the plants in February, but now the availability is back to normal. And not at the end of March, in March, particularly in March, but also in February, there was a particular tough market condition in terms of grid constraints, congestions that basically influenced, had a quite huge

impact on the nodal price, and the PPA we have on the wind farm: there is a financial settlement between the real-time price in the nodal market versus the day ahead price in the hub market. Let us say, the two points got the same price based on supply and demand: I mean, like our day ahead market, there is just one price, so the two prices are aligned. But in the American market, the local price is affected by the congestions and the constraints. So, if a certain node gets congestion, something is hurting the transmissions, *et cetera*, the TSO is going to charge this cost on the node, and then we are paying for that. The PPA is not providing a hedging or covering this risk. This is exactly what happened during the first quarter: we had a light queue in April, in the first weeks of April, but now it seems everything is back to normal. So, we are confident that results going forward should be in line, at least with our budget.

And the third, again, as regards US M&A, we keep working with Apex. You know, we have this Preferential Right Agreement: so far, it has not yielded many deals because there was still a gap between what we were prepared to pay and what they wanted to achieve from the sale. I can say the gap is narrowing. So, we are working on it, at least that is what we hope. We will see. But for sure it remains a point of big attention for us. I hope I have answered all three questions. Now, I leave Michele for the fourth one.

Michele Pedemonte:

Yes. Regarding the hedging level, we currently have a hedging level on the term components or short-term hedging on 2027 lower than 2026, because - as I explained before - the level of the hedging we have in place for 2027 is the result of, you know, a hedging policy that is the result of a build-up over 3 years. So today, the current levels of the hedging are lower than in 2027, are lower than 2026. But take into consideration that a large part of the hedging of 2027 will be executed during 2026. So, the final number for 2027 is also the result of what we are doing in these months.

Just to give you a figure, for example, in 2026 we have hedged on a short-term hedging 1.4TWh, while the amount already hedged in 2027 is 0.5TWh. This means that we still have to build up roughly 0.9TWh of hedging during 2026 to cover 2027. And so, the final figures that we will have in 2027 will be the result also of the hedging that we are doing today, in an environment that is for sure more positive than a few months ago.

I would like to clarify the previous question regarding the number of green certificates, because I need to be more specific, maybe just to be sure that everything is clear. The figure that I have given to you is the total number of incentives in Italy, Wind and Solar, so green certificate and *Conto Energia*, so 1.1TWh in 2026. The Wind green certificate only - if this was the question, and I am not sure - is 0.8TWh. While in 2027, total incentive in Italy is 0.6TWh, of which 0.3TWh Solar, 0.3TWh-Wind.

Emanuele Oggioni:

Thank you.

Michele Pedemonte:

So, I hope that the explanation about hedging is clear. Otherwise...

Emanuele Oggioni:

Everything is clear. Thank you.

Operator:

The next question comes from Davide Candela with Intesa Sanpaolo. Please go ahead.

Davide Candela:

Hi. Good afternoon, gentlemen. Thank you for the presentation and for taking my questions as well. I have 3. You explained very clearly about the EC guidelines with regard to the energy market disruption. I was wondering if you can share your view about the long-term perspective, related to the so-called acceleration EU plan, what could change in your plan? So, what are your wishes or the elements that could really change, or at least change into positive, the game for the renewables, and for you as well, over the next months and years?

The second question, related to the pipeline, is just a clarification: can you update us on the ready-to-build and execution projects you have on your hands, with an eye to this year and the next couple of years?

And a final question, very broad, about the leverage. We used to see leverage in the threshold level in the region of 4-4.5 times debt to EBITDA. That seems in the recent period changed a bit, in the way that some peers have been deleveraging, maybe even related to the fact there are less opportunities. And related to that, do you see this like kind of level still in place as good for you for rating agencies? This is of course related to the potential you have on the balance sheet for further growth, maybe coming for opportunities you can have in future. Thank you.

Paolo Merli:

Let me start with the pipeline, because it is something we are working very hard on, right now. We have already 230MW right now under construction, at which you have to add the more or less 60MW (36MW plus 25MW we have approved this morning), which bring the total above 300MW basically under construction right now. On top of this, as we said in mid-March, we are working on a pipeline of projects that is wide, but we are right now focused on roughly 700MW, half of which are repowering projects, mainly Wind, mainly in Italy. And part of them (roughly 200MW or even more) are already fully authorized. But I repeat it: we have to wait for the Final Investment Decision, so I mean the startup of the site work, to secure the production...to secure the revenues, to secure the P&L for the next 20 years or 15 years, through either a PPA or a CFD awarded through a public auction. So, we are not still there, but we are working for that. It is not all our fault, because we were expecting a FERX auction in Italy to take place in the first part of the year. But according to rumors, according to news coming from the Ministry,

the Energy Transition Ministry, this auction should be held at the end of the year. So, we have to move accordingly to the route-to-market auction available.

On top of the Wind, we received just few weeks ago - or few days ago, maybe - a full authorization also for 80MW of battery storage system, which is quite a very nice project, because it is close to our wind farms, and it is close to a connection point that we know very well. And, on top of this, we already had another 12MW project already fully authorized... BESS, always BESS. So now we are working on the procurement side and on the route-to-market side, in order to define the Business Plan of these two plants with the aim of approving those investments again by the end of the year. In fact, that was the real reason we decided to postpone the Business Plan presentation, because we want to gain a better idea of the potential of our pipeline in the very short/medium-term.

Connecting to the first part of your question: yes, something is changing. This geopolitical situation basically is bringing to the table the fact that Europe (in particular Italy), did not do what was suggested to do when the Ukraine/Russia case broke out a few years ago. You should remember that we were all committed to renewables, we were all committed to investing in Wind, BESS, *et cetera*, but that was not enough, especially in Italy. Renewables did not grow as they should have. But now something is changing, because I think this situation is bringing back on the table, on the agenda, the importance of developing and pushing on renewables, because they are competitive in terms of cost of energy. I mean, the LCOE is well below the current prices on the wholesale market, that are set by gas technology. They provide for independence, because we do not need to import wind and irradiation or water, because those natural resources are available, while gas is mostly imported by the US, by Middle East, and still a bit from Russia. But we need to have a clear calendar for auctions in order to proceed as we should in deploying megawatts. But, you know, now some headwinds are moving into tailwinds, that make us more positive. Okay, let us say... Michele...

Michele Pedemonte:

Regarding leverage, for sure you have noticed that yesterday Fitch confirmed our rating, and the financial policy we are following is essentially to maintain this investment grade rating. And this translates into a FFO net leverage that should stay below 4.5 times. That this translates into a ratio net debt/EBITDA in the region of 4 times. We consider this to be an appropriate level for our business, a business that has a strong component of quasi-regulated revenues. So, a good visibility... a very good visibility on our cash flow. We do not see this moment as a strong constraint to our growth, because we have flexible opportunities also to increase, to invest more. We have other instruments available on the financial market, like hybrid bonds that can allow us to exploit even better our capital structure.

And also asset rotation, as explained by Paolo before, could be a way to create, to have a better portfolio, more concentrated in areas where we can get better synergies. So, this is something that we have already commented on three months ago. So again, we do not consider this leverage as excessive, but consistent with our quasi-regulated business profile.

Paolo Merli:

If I may add, we are very satisfied about the confirmation of rating by Fitch, in a time where there is more pressure on renewable players, because of the increasing interest rates, inflation expectations, *et cetera*. Some companies - I can mention them - in order to maintain their targets, their ratings, have been forced to suspend the dividend, or to transform it into a script dividend. It is not our case. Next week we are going to pay €1/share dividend, that has been approved by AGM. So, I think it is a quite important achievement, that is based on the quality of our portfolio and on our track record and credibility. But this result was not to be taken for granted.

Davide Candela:

Thank you.

Paolo Merli:

Thank you to you.

Operator:

The last question comes from Andrea Scauri with Lemanik. Please go ahead.

Andrea Scauri:

Hi. Good afternoon. Thank you for the presentation and for taking my questions. Could you please elaborate a little bit more on the reasons behind the postponement of the presentation of the Business Plan? Because I struggle to understand why a definition of the pipeline could be a valid argument for the postponement of a Business Plan. This is the first question.

The second question: considering that basically, from what I understood from this call, the glass is half full rather than half empty looking at your guidance, could you please give us an update on potential buyback, in addition to the dividend that you are paying next week? Thank you.

Paolo Merli:

I would say probably, Andrea, you had not had the chance to follow our last webcast, when I explained in more detail the reason why we decided to present to the market - because it is not true that we did not present anything - the guidance, and we confirmed the objective to keep growing our renewables portfolio in accordance, in line with the 2024-2026 Business Plan, which was the last plan basically we presented. But apart from

the work we were doing on the pipeline, which is a quite... I don't see like eye-to-eye with you about this, because it makes all the difference of the world. If we have 700MW fully permitted by the end of the year, we need to invest more than €1bn, and then we need to, you know, calibrate the Business Plan. And on top of that, as said more in detail in mid-March webcast, we are working on mapping all the options we have in our pocket to generate value, including asset rotation and build-to-sell assets, *et cetera*. So, these are elements that will be part of the Business Plan, but we are not used to proclaiming targets without having a clear picture of them. This is part of our story.

And the third reason... the third reason - which is very important - is the fact that the Board of Directors is going to terminate its mandate next April: it will be then renewed in one year. It is quite use of the house to present a Business Plan approaching this date. That is as simple as that. I hope Andrea I have...

Andrea Scauri:

Okay. Thank you. Thank you for your clarification.

Paolo Merli:

You are welcome.

Ah, the buyback, yes, buyback is an option. Sorry, I forgot to say. Buyback is always an option. You said buyback instead of dividends: it is an option. But, as said even recently, every year when we close the P&L for the year, we decide what is best for us: dividend, buyback, a mix of the two... This kind of decision will be taken early next year when we have a clear picture, understanding of the balance sheet and the economics of the Company. For the time being, we decided this year to pay €1 dividend, which is pretty in line with our policy declared to the Financial Community.

Andrea Scauri:

Thank you.

Paolo Merli:

Thank you to you. I think we have... is it over? Okay. Thank you very much for your attention, and see you in August, August or end of July. Thank you very much, and I wish you a very pleasant weekend.

Michele Pedemonte:

Thank you. Thank you for your attention. Thank you.