

Bolzano, 29 March 2024

Alperia Group: potential issue of a retail bond - very positive economic results 2023

- **Management Board evaluates possible bond issue for the general public and qualified investors**
- **Very positive Group results for 2023: EBITDA of EUR 328 million (+20% compared to 2022) and net profit of EUR 84 million (+38% compared to the previous year)**
- **Major Group investments in 2023 amounting to approximately EUR 175 million**
- **Creation of added value for its territory of approximately 389 million euro, a significant increase over the value generated in 2022 of approximately 277 million euro**
- **Proposed dividends of EUR 34.0 million, up from the dividends declared in 2023 (+ EUR 2.0 million), in line with the provisions of the 2023 - 2027 Business Plan**

Potential green bond issuance

On 28 March 2024, the Management Board of Alperia Spa approved to proceed with preparatory activities for a potential new bond issue to be addressed not only to qualified Italian and foreign investors but - exclusively in Italy - to the general public.

The indicative size of this bond could be between EUR 100 million and EUR 250 million with a maturity of between five and seven years. The minimum denomination of each tranche will be EUR 1,000.

By making them available to the general public, Alperia aims to strengthen its relationship with the territories in which it operates, offering the population the opportunity to invest in green bonds to finance the Group's sustainability strategy and thus to take action for sustainable development and energy transition together.

If the study and preparatory activities supported by Banca Akros S.p.A. and Equita SIM S.p.A and the independent advisor Ethica Debt Advisory are successful, the issuance will be submitted to the Management Board and Supervisory Board of Alperia for approval.

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The placement of the possible new issue could presumably take place between the end of May and the beginning of June, if suitable market conditions exist.

In the context of a potential new issuance, local banks and possibly other financial institutions will be involved in the offering.

Nel contesto della nuova eventuale emissione saranno coinvolte, ai fini dell'offerta dei titoli, anche le banche del territorio ed eventuali altri istituti finanziari.

Budget 2023

At the same meeting of 28 March 2024, the Management Board of Alperia Spa examined and approved the draft financial statements for the financial year 2023 of the Company and the Group.

The Group's total revenues amounted to EUR 2.7 billion, down from last year (- 25%), mainly affected by the significant reduction in energy commodity prices in 2023. In fact, the average energy price recorded on the fell from around €304/MWh in 2022 to around €127/MWh in 2023 (- 58%), a value in line with that recorded in 2021, effectively cancelling out the record increase recorded in 2022, similar to what was also observed on the other main European power exchanges.

On the other hand, hydroelectric production was up sharply from the previous year (+43%).

It should be noted that the Group's production hedging policies are only partially affected by the variability of prices recorded during the year. Like all operators in the sector, in order to mitigate the risk of price volatility, Alperia adopts a strategy of selling most of the volumes of its hydroelectric production in advance and purchasing part of the volumes intended for sale to end customers in advance.

The drafts of the annual and consolidated financial statements will be submitted to the Supervisory Board for approval on 29 April.

Ebitda and net profit at record levels

The Group's normalised EBITDA - including the effects related to the reclassification of the balances of the subsidiary Biopower Sardegna Srl in the *discontinuing operations* - amounted to EUR 327.6 million, compared to EUR 272.0 million in 2022; however, the comparison between the two years is not homogenous, as the 2023 figure is affected by the change in the scope of consolidation.

The Group's net profit of EUR 84.2 million was also substantially higher than the 2022 figure of EUR 60.8 million, even though the 2023 budget was discounted by an amount of EUR 18.0 million as an extraordinary solidarity contribution defined by the 2023 Finance Act, in addition to that already allocated in the previous budget (EUR 6.5 million).

Investments and financial debt

Investments in the Group's ordinary operations in 2023 amounted to approximately EUR 175 million (in 2022 they amounted to approximately EUR 167 million), mainly in electricity distribution to strengthen the quality and continuity of service and in generation for the modernisation of hydroelectric power plants.

Financial debt decreased to €1,007 million at the end of 2023 from €1,163 million at the end of 2022 (-13%), mainly due to the positive *performance of* net working capital determined, first and foremost, by the progressive reduction in energy commodity prices compared to the end of 2022.

Dividend proposal by the Management Board

With regard to the parent company Alperia SpA, against a net profit of about EUR 39.6 million (in 2022 the result had amounted to about EUR 34.2 million), the Management Board proposed the distribution of EUR 34.0 million as dividends to shareholders referring to the financial year 2023, the allocation of about EUR 2.0 million to the legal reserve (as provided for by current regulations) and the carry-forward of the remaining about EUR 3.6 million.

Relevant 2023 data of individual business units

Business Unit Generation

- Electricity production, largely hydropower in South Tyrol, of 4.1 TWh, a significant increase compared to 2022 (+ 43%)

Business Unit Sales and Business Unit Trading

- 4.8 TWh of electricity sold to customers and 358 million cubic metres of gas sold to customers; the figures show a sharp drop compared to 2022 (-30%), the result of a rationalisation of the customer portfolio envisaged in the Industrial Plan, which defines the Group's focus of its activities on domestic customers and small and medium-sized enterprises
- The number of supply points at the end of 2023 stood at approximately 423,000, split between the electricity market (338,000), the gas market (83,000) and heat (2,000)
- Electricity wholesale of 0.5 TWh, down significantly from 2022 (- 52%)

Business Unit Grids

- Electricity distributed in South Tyrol amounting to 2.6 TWh to approximately 241,000 withdrawal points
- Extension of the electricity grid by 9,348 km with related facilities and infrastructure
- 77% of underground power lines to minimise environmental and landscape impact
- The installation plan of the 2G *smart metering* system prepared by Edyna Srl is ongoing, with a completion rate of 77% and planned to be completed by the end on 31 December 2024: during 2023 a further 68,000 2G meters were installed, most of them in the municipalities of Bolzano, Merano, Laives and 17 other municipalities in South Tyrol

Business Unit Heat and Services

- Electricity production from cogeneration and biomass declining slightly from 322 GWh (2022 figure) to 291 GWh (2023 figure)
- Thermal energy production of 248 GWh, a slight increase compared to 2022 (+ 6%) due in part to the continued expansion of the district heating network in the municipalities where the Group operates

Business Unit Smart Region

- The activities carried out during the year by Alperia Green Future Srl were divided into various segments characteristic of the company's business model, with a focus related to the completion of all energy requalification activities connected to the 110% bonus on both condominiums and households, which, according to the law, had to be completed by 31 December 2023

Group

- The Management Board and Supervisory Board of Alperia Spa - on 29 November 2023 and 11 December 2023 respectively - approved the update of the Group's Business Plan 2023 - 2027. The update confirmed the strategic guidelines of the original Plan: sustainability, consolidation and innovation. Regarding sustainability, the priority remains the reduction of emissions, the creation of value for the territory and the set-up of an integrated governance system. With the consolidation initiatives, Alperia intends to strengthen the *business* in South Tyrol and in all the territories currently served, also consolidating the financial exposure. This also includes the consolidation of the product portfolio and services offered. In terms of innovation, Alperia intends to transform its business in line with the energy transition. In this regard, it remains fundamental to transform the *value proposition* on the sale of commodities and services in terms of sustainability and *customer centricity*.

Business Plan Update 2023 – 2027

Between the end of November and the middle of December 2023, the Management Board and Supervisory Board of Alperia Spa reviewed the progress of the 2023-2027 business plan resolved in 2022 and approved the update thereof.

From a corporate/financial point of view, the main activities carried out to date should be noted:

- sale to Terna - Rete Elettrica Nazionale Spa of 100% of the shares in Edyna Transmission Srl, which took place in June 2023;
- establishment in June 2023, together with Car Sharing Südtirol-South Tyrol cooperative consortium, of AlpsGo Srl, a company operating in the field of car sharing through electric vehicles;
- signing - between Alperia and an industry operator - of the preliminary contract for the sale of 100% of the shares in Biopower Sardegna Srl; the closing of the transaction is scheduled for mid-April 2024;
- merger by incorporation of Solar Total Italia Srl into Alperia Green Future Srl effective from the beginning of 2024;
- issuance by the parent company - at the beginning of July 2023 - of its first public green bond in the amount of €500 million, confirming the Group's sustainability strategy aimed at decarbonization; the transaction allowed - on the one hand - to lengthen the average maturity of the Group's financing sources and - on the other - to rebalance the same sources between fixed and floating rates;
- improvement of the Group's net financial position;

- award of major grants made available by the NRP for planned investments in electricity distribution, district heating and hydrogen.

With the Plan update, the strategic guidelines of the original 2023-2027 Plan have been confirmed. There are three pillars through which Alperia wants to make its reference territories virtuous examples of the energy transition: sustainability, consolidation and innovation. On the topic of sustainability, lowering emissions, creating value in the territory and building integrated governance remain priorities. With the consolidation initiatives, Alperia intends to strengthen the business in South Tyrol and all the territories currently served while also consolidating financial exposure. This also includes consolidating the product portfolio and services offered. In terms of innovation, Alperia intends to transform its businesses in line with the energy transition. It remains crucial in this regard to transform the value proposition on commodity sales and services to sustainability and customer centricity. In general, Alperia intends to continue with widespread innovation of core businesses and in the development of new businesses for decarbonization.

With the revisiting of the Plan, market (primarily the electricity selling price) and growth scenarios were of course updated; the main results of the update are as follows:

- confirmation of the 2027 abatement of CO₂e emissions (Scope 1,2 and 3) by 46% compared to 2021;
- Euro 850 million of total investments in the period 2023-2027 (including incentives and divestments), slightly down from the Plan figure approved in 2022, broken down as follows: generation (Euro 251 million), distribution (Euro 252 million), sales and trading (Euro 100 million, mainly including capitalization of CtAs), heat and services (Euro 88 million), smart region (Euro 112 million) and corporate (Euro 47 million);
- Cumulative EBITDA, in the aforementioned period, of just under Euro 1.7 billion, down from the original Plan due mainly to the estimated decline in both hydroelectric production and expected prices;
- increase in electricity that the Group estimates to sell to end customers with the achievement in 2027 of 6.5 TWh, more than 75% of which is green energy;
- decrease in gas that the Group estimates to sell to end customers falling to just over 460 million Smc in 2027, of which over 56% is green gas and 6% is biomethane;
- important increase in the percentage of biomass that is estimated to be used for thermal energy production, rising from 40% (2022 figure) to 53% (2027 figure);
- reduction in Group FTEs, which in 2027 fall from over 1,490 in the plan approved in 2022 to just under 1,370 in the plan update;
- confirmation of the decline in the net financial position, which is estimated to reach a level - in 2027 - of around 590 million, although the latter figure is higher than that envisaged in the 2022 Plan; maintenance of a net debt guidance of just over 2x EBITDA (2027 figure), with the presence of high liquidity profiles;
- confirmation of the dividend growth trend;
- growth by external lines to seize opportunities arising from the consolidation of the local utilities sector in Northern Italy and to ensure the balance of the Group's business mix;
- continued development of e-mobility through the investee Neogy;
- further push toward process efficiency, with investments on innovative and digitization projects.

General Manager Luis Amort commented on the Alperia Group's results as follows:

"Despite a highly unstable geopolitical framework and market environment, the Group recorded very positive results in 2023, confirming the managerial and industrial solidity achieved in recent years and the related actions taken. From a financial point of view, we recall the important transaction represented by the issue of Alperia's first public listed green bond at the beginning of July 2023 for an amount of EUR 500 million, supporting the Group's sustainability strategy aimed at decarbonisation. With regard to the latter, it should be noted that in 2023 Alperia received important recognitions, such as (i) its presence, first among Italian

companies, among the sustainability leaders at a European level, communicated by the newspaper Financial Times (ii) its Gold rating by Ecovadis, a leading international ESG assessment institute (iii) its participation, following the invitation of Reuters, the most important British news agency, - representing the private sector - at the United Nations Climate Change Conference (COP 28) to report on its commitment and strategies aimed at achieving Net Zero. In addition, Alperia will continue the paths already taken in terms of diversification of energy production and customer centricity'.

Management Board President Flora Emma Kröss stated:

"The Management Board also approved the consolidated non-financial statement referring to 2023; the Alperia Group confirmed its role as a primary player in supporting the development of the local territory, generating an added value of about 389 million euro (a record value for the Group).

Demonstrating the Group's focus on its customers in a context of falling energy prices compared to the exceptional prices of 2022, but still high when compared to the pre-Covid situation, the Group - also during 2023 - continued to propose favourable commercial offers to South Tyrolean customers, both households and companies.

I want to thank all our employees for their effort and the very important results achieved.

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Alternative Performance Indicators

In this press release, certain "alternative performance indicators" are used that are not envisaged by the international accounting standards as adopted by the European Union (IFRS-EU), but which the management of Alperia Spa considers useful for a better assessment and monitoring of the economic and financial performance of Alperia Spa and the Group. In line with the recommendations in the Guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA) pursuant to Regulation (EU) No. 1095/2010 and incorporated by Consob in its supervisory practices with communication no. 92543 of 3 December 2015, as well as in the Guidelines published on 4 March 2021 by the same Authority pursuant to Regulation (EU) No. 2017/1129 and the subject of Consob's attention call No. 5/21 of 29 April 2021, the meaning, content and basis of calculation of such alternative performance indicators are set out below:

- **EBITDA (or Gross Operating Margin)** is an alternative indicator of operating performance, calculated as the sum of 'Net Operating Profit' plus 'Depreciation, Amortisation, Provisions and Write-downs';

- **Financial debt** is an indicator of its financial structure. This indicator is determined as the result of current and non-current financial debts net of cash and cash equivalents and current financial assets.

It should be noted that the financial statements were prepared by applying IAS/IFRS, as required following the listing of the Alperia Green Bonds on a regulated market.

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