

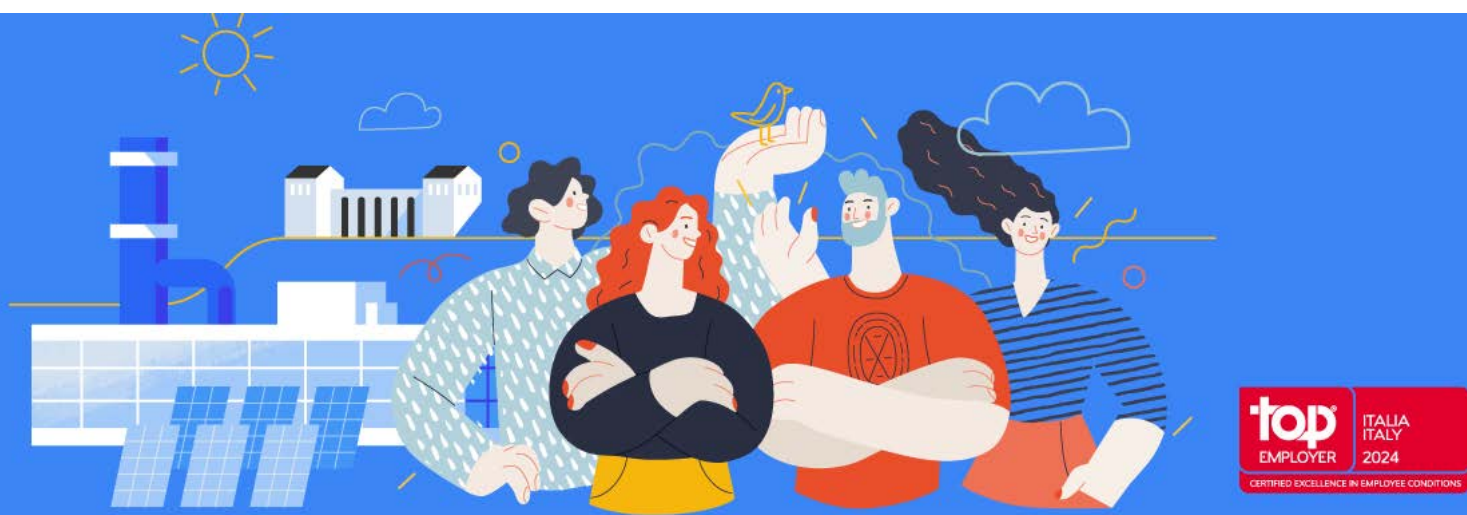


TIRRENO POWER



Financial Statements
as at December 31,

2024



TIRRENO POWER SpA

Registered office: Via Barberini 47, Rome

Share Capital Euro 60,516,142.00 fully paid

VAT no., Fiscal Code and Business Register of Rome no. 07242841000

Administrative Business Registry no. 1019536

Administrative office and Naples facility: Stradone Vigliena 39, Naples

Torrevaldaliga facility: Via Aurelia 2, Civitavecchia (Rome)

Vado Ligure facility: Via A. Diaz 128, Valleggia di Quiliano (Savona)

11Renewable Sources Sector: Corso Torino 1, Genoa

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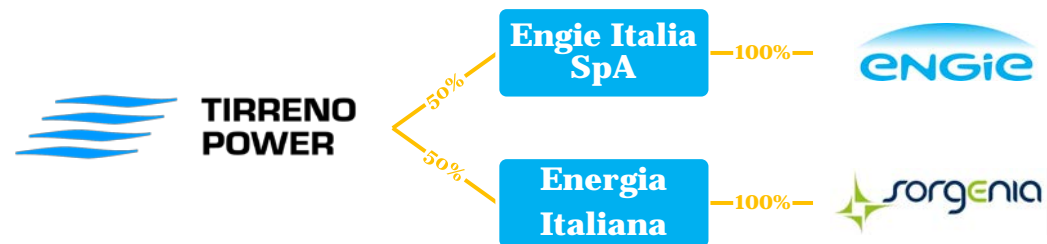
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MANAGEMENT REPORT

INTRODUCTION

Ownership structure

The Company, as at December 31, 2024, is jointly owned by Energia Italiana S.p.A. and Engie Italia S.p.A..



Corporate bodies

Board of Directors	
Chairman	Charles Hertoghe
Directors	Alberto Bigi Giovanni Chiura Arianna Corpaci Adrien Leone Angela Tornatora Antonio Cardani * Roberto Garbati *
* Independent directors, as set forth in the Company's Articles of Association	
Board of Statutory Auditors	
Chairman	Riccardo Zingales
Statutory Auditors	Gianluca Marini Maurizio Lauri
Alternate Auditors	Goffredo Hinna Danesi Giuseppe Panagia
Independent Auditors	
EY	

FOCUS ON RESULTS

The year 2024 closed with slightly improved operating results compared to the previous year.

The Company achieved a Gross Operating Profit of Euro 58,004 thousand, compared to Euro 53,770 thousand achieved in 2023 (+8%).

However, the result for the year was affected by the write-down of the Company's assets deriving from the measurement of their recoverable value. The impairment test, carried out using the Discounted Cash Flow method, which compared the cash flows resulting from the Plan approved by the Board of Directors on February 21, 2025, with the book value of the assets, revealed an impairment loss of Euro 220,000 thousand.

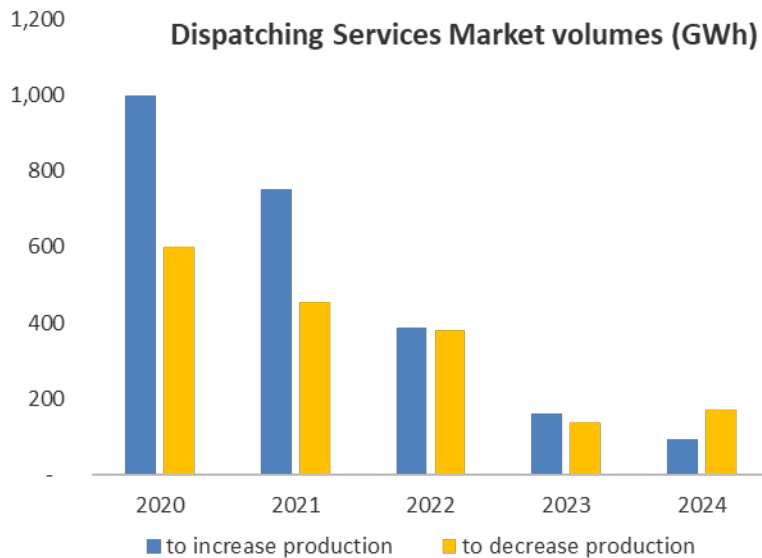
The Operating Loss, without considering the effects of the write-down, was Euro 1,536 thousand, compared to an Operating Profit of Euro 8,599 thousand in the previous year. It should be noted that 2023 benefitted from the positive effect of non-recurring items such as insurance reimbursements, the contingent assets recognised following the settlement agreement for ICI (municipal property tax), IMU (single municipal tax) and TASI (Taxes on indivisible services) signed with the Municipality of Civitavecchia (impact on Gross Operating Profit), as well as the release of some surplus provisions for risks (impact on EBITDA and Operating Result).

Considering the write-down, the Operating Loss recorded amounted to Euro 221,536 thousand.

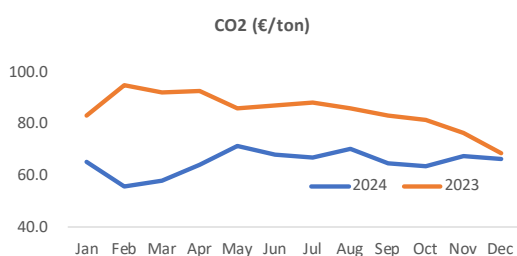
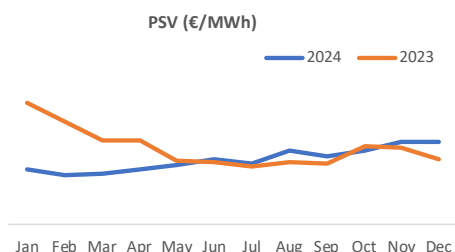
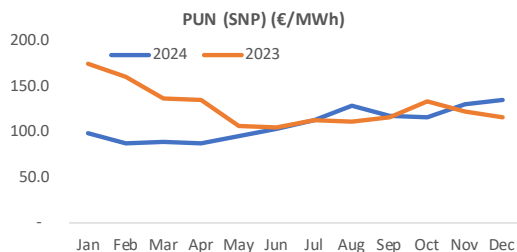
In 2024, there was a slight increase in domestic electricity requirements (+1.7%), imports remained substantially unchanged compared to last year (they covered 20% of requirements in both 2023 and in 2024) while penetration of renewables increased by 40% compared to 34% last year.

Operations in the MSD (dispatching services market) declined further compared to 2023, actually confirming the trend that took hold in 2022, a year in which, following the launch of the Capacity Market, the results achieved on this market had already been significantly reduced, both in terms of volumes and margins.

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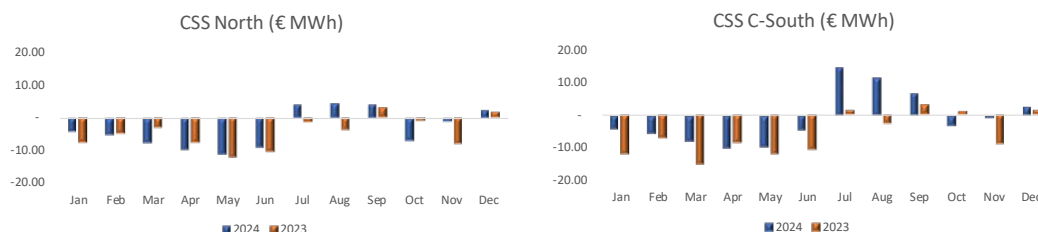


Compared to 2023, the price of gas recorded, for the variable component alone, a decrease of 16% which was reflected in the PUN (single national price) level, which fell by 15%. The price of CO2 rights decreased by 23%.



Market margins (base load energy price net of fuel costs and issue rights) were always negative in the first half and then improved significantly especially in the centre-south in the July-September quarter, thanks to greater requirements, partly due to high temperatures. The month of December also recorded profitable market margins also as a result of lower temperatures throughout Europe and low levels of renewable production (especially wind in Germany), factors that pushed up energy prices.

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The results for the period were positively impacted by the Capacity Market premium. Despite the Capacity Market mechanism presenting some significant critical issues for the management of cases of plant unavailability, during the year, there were no unavailability events such as to cause the Company to suspend the payment of the premium and cancel the premiums received in the entire year.

If the impacts of the write-down are not considered, the healthy results achieved on the market, combined with the reduction in operating expenses as well as a positive financial management result, attributable to the repayment of surety charges for Euro 4,834 thousand and interest income on bank accounts for Euro 1,956 thousand, they would have made it possible to achieve a profit before taxes of Euro 1,743 thousand.

Cash and cash equivalents, amounting to Euro 140,099 thousand, are up significantly compared to Euro 34,061 thousand as at December 31, 2023. The increase in liquidity is due to the strong results of the period, the collection of insurance reimbursements referred to in the comments on the following pages, the collection of the annual 2023 VAT credit and the positive impact of the other working capital items. The amount of cash and cash equivalents, in application of the rules set forth by the Articles of Association, makes it possible to distribute profit reserves for an amount equal to the minimum cash surplus (Euro 40,000 thousand).

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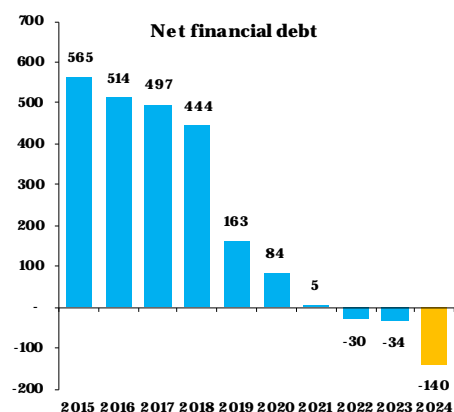
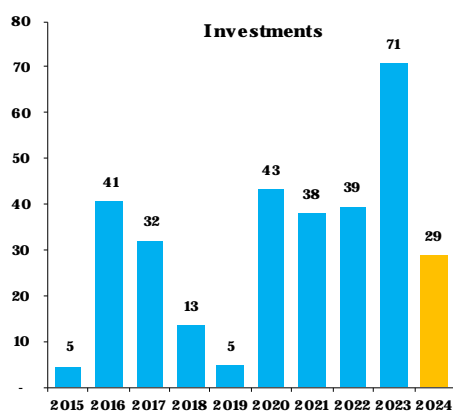
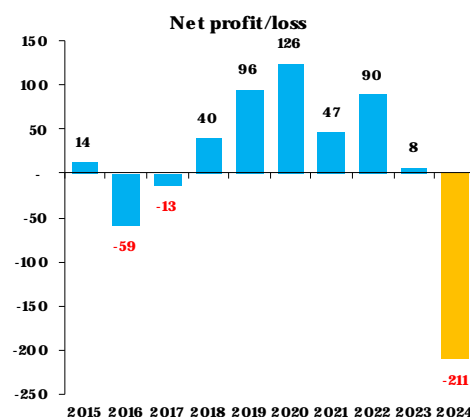
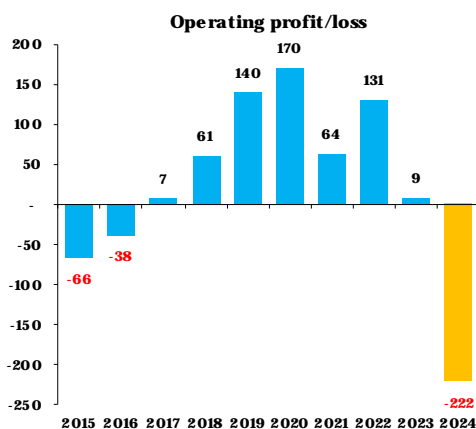
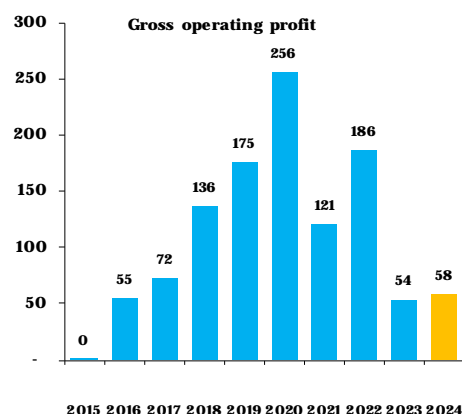
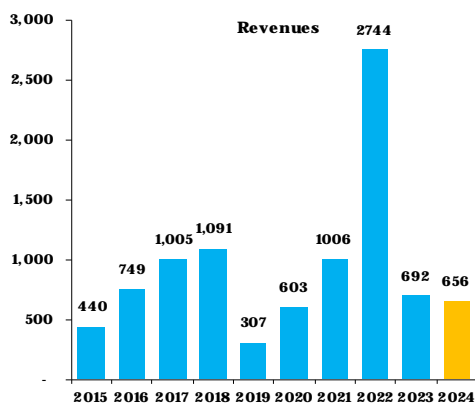
Highlights of the Company

With the objective of presenting the results and analysing the financial structure, the tables below contain some “alternative performance indicators”, which management feels are most representative of the economic and financial results that are contained in the reclassified statements that differ from those set forth in the international accounting standards adopted. The section “Operating performance during the year” outlines the criteria used to calculate these indicators. The data, unless otherwise specified, may be directly deduced from the financial statements.

	12.31.2024	12.31.2023	% Change
Income statement data (millions of Euro)			
Total revenues	655.8	691.8	-5.2%
-of which revenues from energy sales	651.3	664.2	-1.9%
Gross operating profit	58.0	53.8	7.9%
EBITDA (including commodity derivatives)	56.2	66.3	-15.3%
Operating profit/loss	-221.5	8.6	n.s.
Net profit/loss for the period	-210.5	7.6	n.s.
Profit/loss before taxes (net of write-downs)	1.7	-	n.s.
Equity and financial data (millions of Euro)			
Investments in fixed assets	28.8	70.6	-59.2%
Cash flow from operating activities	134.8	74.7	80.6%
Shareholders' equity	452.8	663.3	-31.7%
Net capital employed	312.7	629.3	-50.3%
Net financial debt	-140.1	-34.1	311.3%
Debt/Equity	n.s.	n.s.	n.s.
Operating data			
Energy sold (GWh)	4,534	4,176	8.6%
Energy injected (GWh)	2,458	1,963	25.2%
Average amount (units)	231	229	0.9%
Economic/financial indicators			
Unit revenue from energy sale (€/MWh)	143.6	159.0	-9.7%
ROS (Return on Sales)	-33.8%	1.2%	n.s.
ROI (Return on Investment)	-47.0%	1.4%	n.s.
Market indicators (half-yearly averages)			
PUN (SNP) (€/MWh)	108.43	127.43	-14.9%
PSV index (€/MWh) (source: "Heren" PSV index)	36.31	42.34	-14.2%
Emission rights (€/ton) (source: "ICE" EUA Futures index)	66.47	84.70	-21.5%
Price of Brent crude oil (\$/barrel) (source "Platt's")	79.85	82.62	-3.4%
US Dollar/Euro exchange rate (source Bank of Italy)	1.082	1.081	0.1%
1-month Euribor @ 365 average (source Il Sole 24 Ore)	3.615%	3.245%	11.4%

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The trend in the main profit indicators of the last 10 years is indicated below:



Operating structure

The Company is active in the production and sale of electricity through the management, in Italy, of some thermoelectric and renewable plants along the Tyrrhenian Sea area.

The following table summarises the main characteristics of such facilities:

Gross reference capacity commercial operation (MW)		
Production Units	as at 12/31/2024	Region
Vado Ligure plant	793	Liguria
Torrevaldaliga plant	1,176	Lazio
Naples plant	401	Campania
Total Thermoelectric	2,370	
Total Hydroelectric plants	75	Primarily in Liguria
Photovoltaic plant VL	1	Liguria
Total	2,446	

With its diversified production plants, the Company is able to generate electricity with high flexibility and competitiveness:

- the thermoelectric production units consist of 4 gas-powered combined cycles (VL5 in Vado Ligure, TV5 and TV6 at the Torrevaldaliga site and NA4 in Naples);
- the renewable sources include 19 hydroelectric plants (divided equally between “run-of-river” and “power regulation” stations) located along the entire Ligurian Apennines;
- October 2024 saw the entry into operation of the Vado Ligure photovoltaic plant, with a power of approximately 1 MWp, served by the relevant Renewable Energy Community (CER) in the territory of the Municipalities of Vado Ligure and Quiliano.

Information regarding the criminal proceedings of the Vado Ligure site

As described extensively in the previous financial statements, criminal proceedings were opened in 2013 by the Public Prosecutor's Office of Savona due to an environmental disaster, which saw some senior management and employees of Tirreno Power under investigation. On March 11, 2014, the Judge for preliminary investigations ordered the preventive seizure of units VL3 and VL4 of the Vado Ligure thermoelectric plant. On July 20, 2016, the notice of conclusion of preliminary investigations was served for 26 persons charged with the offences referred to in Article 434 paragraph 2 and Article 449 of the Italian Criminal Code.

The preliminary hearing, which began on October 27, 2017, ended on April 12, 2018 with the committal for trial at the hearing on December 11, 2018 of all 26 defendants before the Court of Savona. Some Environmental Associations (Greenpeace Onlus, Medicina Democratica-Movimento della Salute, Uniti per la Salute, Legambiente NPO, WWF-NGO Onlus, ANPANA Association), the Ministry of the Environment and Land and Sea Protection, the Ministry of Health, some Associations (ADOC, Accademia Kronos, Codacons, Art. 32, Cittadinanza Attiva) and 48 natural persons, appeared as Civil Parties. Not all the civil parties have quantified their claims for damages.

By means of deed of November 21, 2018, filed at the Court on December 18, 2018, Tirreno Power appeared at the proceedings as the civilly liable party.

The first instance of the criminal proceedings ended on October 3, 2023 with the issuance, by the Judge of Savona, of the acquittal of all the defendants and (consequent) exclusion of the civil liability of Tirreno Power S.p.A. for the crime of culpable disaster pursuant to article 40, paragraph II, articles 113, 434, 449 of the Italian Criminal Code, because the offence does not exist, with simultaneous release order and immediate return to the Company of the plants and areas seized on March 11, 2014.

On February 2, 2024, the Public Prosecutor's Office of Savona appealed against the ruling issued on October 3, 2023.

On 16 February 2024, the Uniti per la Salute association also lodged an appeal against the ruling, as did the Ministry of the Environment and the Ministry of Health, the latter with a single deed in which, like the Public Prosecutor's Office, they ask for the *"reform of the ruling, subject to renewal of the preliminary hearing within the terms indicated by the Public Prosecutor in its deed of appeal, or, in the alternative, after completion of an appraisal and, as a result, the criminal conviction of the defendants and the acceptance of the claims for compensation already formulated by the Ministries in the conclusions already submitted before the Court of Savona."*

The proceedings were sent by the Court of Savona to the Court of Appeal of Genoa on 7 May 2024. The criminal proceedings were recorded in the register at no. 904/2024 RG of the aforementioned Court of Appeal and were assigned to the Second Section, pending the setting of a hearing.

It should also be noted that the request for compensation for damages was again served on 29 February 2024, with a formal warning and default interest notice, by some natural persons who did not appear as civil parties in the Vado Ligure trial, notified for the first time on 8 March 2019. The compensation requested is for *"metus"* damage due to the operation of the coal-fired units of the Vado Ligure plant.

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In relation to this appeal, the law firm assisting the Company confirmed that the assessment on the risk of losing is still possible.

MARKET SCENARIO

The energy product markets

In 2024, all energy commodities recorded a significant decline, with lower average values than 2023.

The average price of natural gas decreased from 42.34 €/MWh in 2023 to 36.31 €/MWh in 2024, reaching a high in December (47.59 €/MWh)

(source: "Heren" PSV index).

The average price of coal fell from 124.61 \$/ton in 2023 to 111.65 \$/ton in 2024 *(source: "ICE" API2 Rotterdam Coal Futures index).*

The price of Brent crude oil (ARA Spot Average) fell when from 82.62 \$/barrel in 2023 to 79.85 \$/barrel in 2024, with a high of 89.27 \$/barrel reached in April *(source: "ICI" Brent Crude Futures index).*

The average price of CO2 increased from 84.70 €/ton in 2023 to 66.47 €/ton in 2024, reaching a low of 57.69 €/ton in February

(Source: "ICE" ECX EUA Futures index).

The average US\$/Euro exchange rate in 2024 was 1.082 €/\$, an increase of +0.07% compared to 1.081 €/€ in 2023

(Source: Italian Exchange Office).

Production and demand for electricity in Italy

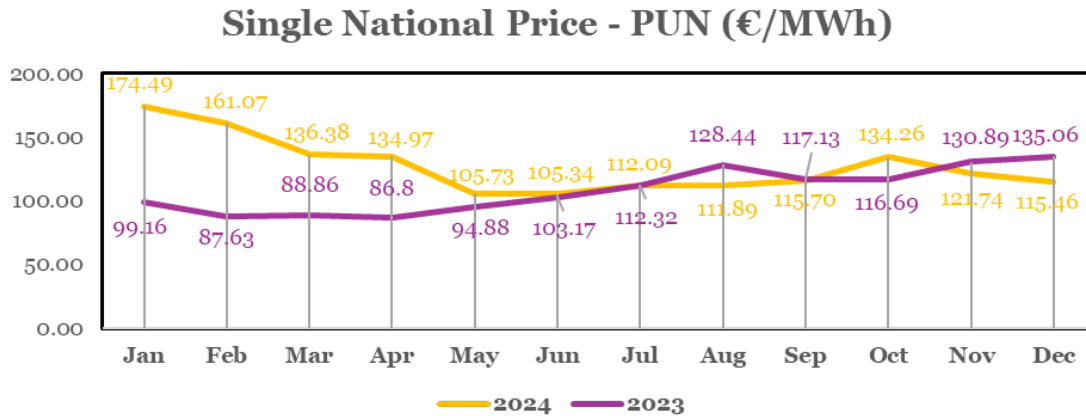
In 2024, the cumulative value of net production (263,500 TWh) was up compared to 2023, as was the value of electricity demand (312,285 TWh), which rose by +2.2%.

Note should be taken of the increase in hydroelectric production (+12.1 TWh, equal to +30.4%), unlike pumping, which decreased by -5.2%; a decrease of -3.6 TWh (-6.5%) was also recorded for the foreign balance and -1.3 TWh (-5.6%) for wind power. On the other hand, photovoltaic production increased by +19.3% (+5.8 TWh), while thermoelectric generation decreased by -6.2% (-9.7 TWh).

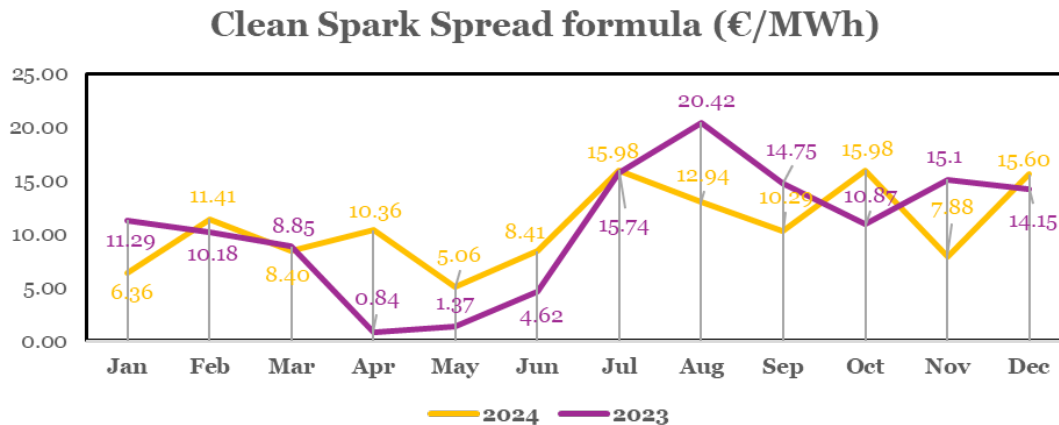
(Source: Terna - Monthly report on the electricity system - final balance December 2024).

Trend in energy sales prices

In 2024, the purchase price of energy (PUN) on the Day-Ahead Market (MGP) fell by -15% to 108.42 €/MWh (source: GME). In April, the PUN recorded its annual low with an average value of 86.80 €/MWh.



In 2024, the average Clean Spark Spread was equal to 10.68 €/MWh, marking a slight decrease of -0.04 €/MWh compared to 2023.



The Clean Spark Spread represents the electricity sale margin including variable costs (gas and CO₂).

The presence of considerable installed power of photovoltaic, equal to 37.1 GW, an increase of +6.8 GW compared to the same period of 2023 (source: *Monthly report on the electricity system - final balance December 2024*), helped to create a price squeeze in the central hours; the hourly price profile has an average trend that shows a first peak between 08.00 and 11.00 and a second more evident peak between 18.00 and 22.00.

LEGISLATIVE AND REGULATORY FRAMEWORK

The following notes report the main legislative and regulatory events of 2024 that impact on the reference markets of Tirreno Power.

National Integrated Energy and Climate Plan

In January 2020, the Italian Ministry of Economic Development (MiSE) published the text for the National Integrated Energy and Climate Plan (PNIEC) of Italy prepared with the MATTM (Italian Ministry of Environment and Land and Sea Protection) and the Italian Ministry of Infrastructures and Transport. In implementation of the relevant European regulations, the PNIEC was sent to the EU Commission. The PNIEC establishes the national objectives for 2030 regarding the reduction of CO₂ emissions, the development of energy efficiency and renewable sources (RES) as well as the objectives relating to energy security and the single energy market, defining the measures necessary to achieve each objective. As regards the electricity sector, the PNIEC envisages a target of 55% of consumption covered by RES by 2030, the phase out of coal production by 2025 and the use of the capacity market as a tool for defining long-term price signals on the electricity market. In October 2020, the EU Commission published the final assessment on the Italian PNIEC, defining a series of actions for its improvement and more effective implementation.

In September 2020, the EU Commission proposed raising the greenhouse gas reduction target to at least 55% compared to 1990 levels (previous target 40%). In December 2020, the European Council confirmed said proposal which took concrete shape in June 2021 when the European Parliament and the EU Member States approved the Climate Law, which sanctions the commitment to achieve carbon neutrality by 2050, with the interim objective of cutting net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. In addition, the new EU climate law transforms the political commitment of the European Green Deal for EU climate neutrality by 2050 to a binding obligation. In mid-2021, the European Council formally approved European climate legislation. The new challenging targets set by the EU require the previous proposal of the PNIEC to be updated. For this reason, the document is currently being revised: after a consultation phase, on 30 June, MASE (Ministry of the Environment and Energy Safety) sent an update proposal to the European Union. In the proposal, for 2030, a renewable energy target of 40% is envisaged on gross energy consumption (65% for the electricity sector alone) and an increase of approximately 70 GW of installed renewable power. The document generically confirms the use of the capacity market instrument and the closure of coal plants for 2025 (with the exception of those located in Sardinia).

At the end of June 2024, in light of the Commission's observations on the first text, MASE presented the new PNIEC (Integrated National Energy and Climate Plan) to the European Commission. The document sets out a target of 131 GW of renewables by 2030 and a contribution from nuclear power equating to at least 11% of electricity consumption by 2050.

Cap on the price of gas

In December 2022, the Energy Council formally reached a political agreement on the regulation that establishes a market correction mechanism to limit excessive gas prices.

The regulation aims to limit episodes of excessive commodity prices in the Union that do not reflect world market prices, at the same time ensuring the security of energy supply and the stability of financial markets.

The market correction mechanism is activated automatically when the following events occur:

- the price of one-month Ttf (Title Transfer Facility) derivatives exceeds 180 €/MWh for three working days;
- the price of one-month Ttf derivatives is € 35 higher than the reference price of LNG on world markets for the same three working days.

The mechanism will apply from February 15, 2023. Once activated, the corrective mechanism remains effective for at least 20 working days and will be automatically deactivated with a Ttf price of less than 180 €/MWh for three consecutive days.

The Agency for the Cooperation of National Energy Regulators (ACER) constantly monitors the markets and, should it ascertain the occurrence of the aforementioned events, will publish a “market correction notice” on its website.

In December 2023, the European Council extended some emergency measures, including the gas price cap, whose term was set at 31 January 2025. In view of the expiry of the extension, a further renewal of the cap is considered unlikely in light of the statements made by the European Commission.

Reform of the European electricity market

In December 2022, the European Commission announced that the launch of a consultation on the proposed reform of the electricity market. The main areas of consultation were established in a document (non-paper):

- 1) Mechanisms to incentivise producers and consumers to enter into long-term contracts (Power Purchase Agreements or PPAs) for the purchase and sale of electricity produced by generation technologies other than natural gas and, in particular, renewables.
- 2) Possible methods for adopting contracts for differences (CfD) to incentivise investments in electricity generation technologies which, due to their relative market maturity, require public support for their dissemination.
- 3) Methods of limiting the revenues of electricity producers from infra-marginal generation technologies.
- 4) Mechanisms to promote the offer of flexibility services by end customers, including the adoption of electricity storage systems.

- 5) Improve the transparency of the markets, first and foremost, with the alignment of the powers of ACER (European Agency for the Cooperation of Energy Regulators) under REMIT (EU Regulation no. 1227/2011 on wholesale energy market integrity and transparency) to the supervisory powers provided for by EU legislation on financial markets.

On March 14, 2023, the European Commission presented a proposal for the new design of the electricity market, which was put up for consultation.

After the approval of the European bodies, the Regulation and the Directive on market design were published on 27 June.

Among other things, the text established the structural nature of instruments for the remuneration of electricity production capacity (i.e. capacity market), and are no longer considered temporary measures.

Rules relating to the capacity market

In 2017, the new mechanism for the remuneration of electricity production capacity (already set forth in ARERA resolution ARG/elt 98/11) was formally notified by the Italian Ministry of Economic Development (MiSE), with the involvement of the Authority, at the Directorate-General for Competition of the European Commission. In February 2018, the Commission approved the Italian mechanism (and that of the other 5 countries) for 10 years, deeming it necessary for the adequacy and safety of the system.

By means of Ministerial Decree dated June 28, 2019, MiSE (Ministry of Economic Development) formally launched the Capacity Market mechanism. The Italian Decree established the holding of auctions by 2019, with expected delivery in 2022 and 2023.

At the end of April 2021, the Terna regulation on the capacity market for the delivery years after 2023 was put up for consultation. The regulation put up for consultation maintains the general set-up of the previous scheme essentially unchanged.

On October 28, 2021, the MiTE published the Decree approving the new capacity market scheme necessary to announce the 2024 auction. The Decree envisages that the auction for 2025 will be launched only after an assessment has been carried out on the adequacy of the system following procurement for 2024. If, for three consecutive years, the adequacy assessment of the system is positive, the capacity remuneration mechanism will be discontinued.

On February 21, 2022, the auctions were held for the delivery year 2024 and Tirreno Power was awarded all the capacity offered, equal to 1,883 MW, at the starting auction price for the existing capacity.

In February 2023, Terna published a report on the adequacy of the system in which some medium-term scenarios are described, investigating the level of possible lack of coverage of the requirements (LOLE). The Report, which defines the Italian system as adequate under certain assumptions in the medium term, highlights the need to have tools to maintain the minimum necessary capacity. At the end of 2023, Terna published an update of the report which also includes an analysis of economic sustainability for gas production capacity, which highlights problems of missing money in the medium-term.

In December 2023, Terna launched the consultation on the new capacity market regulations.

During 2024, the deeds needed for the definition of the new capacity market auctions were formalised through the publication of the new regulations drawn up by Terna, the ARERA resolution defining the technical-economic metrics of the mechanism and the new MASE decree.

The measures cited include a series of amendments to the previous regulations, including:

- the planning of 4 consecutive auctions to be held for the delivery years 2025-28;
- a cap on the mechanism premium for existing capacity of 45,000 €/MW/year (2025 auction) with increases of up to 48,000 €/MW/year (2028 auction). The increase in the cap compared to the current value (33,000 €/MW/year) is due to the general increase in the fixed operating costs of the reference plants as a result of inflation and sector trends;
- adjustments to the level of the exercise price, the default penalties and the days exempt from the mechanism penalties and available for maintenance. In particular, provision is no longer made for final default (which, under certain conditions, entailed the full loss of the annual premium and the payment of reallocation penalties to Terna), which has been replaced with the new prolonged default instrument, augmented by a specific entitlement for unavailability recorded in the critical summer months identified by Terna.

In July and December 2024, auctions were held for the delivery years 2025 and 2026, respectively. Tirreno Power was awarded the entire available CDP in both auctions (1,930 MW) at the maximum price envisaged for the existing capacity (equal to 45,000 €/MW/year for 2025 and 46,000 €/MW/year for 2026).

In August, Termica Celano S.r.l. challenged the regulation and the results of the 2025 capacity market auctions before the Lazio Regional Administrative Court, owing to the exclusion of its plants from the "subject to adjustment" capacity category, and therefore from the possibility of accessing the new capacity incentive for one year. Given the declaration of lack of jurisdiction of the Lazio Regional Administrative Court, the appeal was taken up at the Lombardy Regional Administrative Court which, at the hearing of January 15, 2025, withheld the appeal, informing the Chairman of the Board in advance who will, in all likelihood, refer the question regarding territorial jurisdiction to the Council of State.

On 17 October, MASE published the decree amending the regulation of the capacity market, by eliminating the case of "production units to be adjusted" starting from the auctions following the publication of the measure. At the same time, the Decree introduced the requirement for Terna, in defining the supply curve, to estimate the contribution of the new generation capacity from renewable sources and storage that will enter into operation from the date of execution of the auction and of the related year of delivery.

The Decree was challenged by Termica Celano before the Lombardy Regional Administrative Court, which declared a lack of jurisdiction. The case was then resumed at the Lazio Regional Administrative Court which, by order filed on 11 February 2025, raised jurisdiction at the Council of State.

Therefore, for both cases, the Council of State will deal with the relevant regulations.

Storage incentive mechanism

With DCO 393/2022/R/eel, ARERA defined an incentive model for the procurement of electricity storage capacity (in accordance with the provisions of art. 18 of Italian Legislative Decree no. 210/2021). The consultation proposed the criteria, conditions and methods on the basis of which Terna will have to draw up and send to the MiTE the proposed regulation of the mechanism, whose objective is to ensure the electricity system an adequate quantity of storage capacity for achieving the decarbonisation objectives. The consulted system envisages the creation of two different markets, one in which operators who intend to develop new storage capacity can participate and the other in which the flexibility products provided by batteries can be exchanged through Terna.

In June 2023, following the guidelines illustrated in the consultation, ARERA published the Resolution establishing the mechanism. In November, Terna launched the consultation on the proposed framework for the regulation of the electricity storage capacity procurement mechanism (MACSE). The mechanism was also notified to the European Commission for verification of compliance with the rules on State aid: the Commission approved it in December for an amount of Euro 17.7 billion in force until December 31, 2033.

In 2024, a new Terna consultation was held on the technical regulation scheme that supplements the observations received from the European Commission and, on October 10, MASE approved the new regulation that makes limited changes to the forward procurement of new capacity through the first auction dedicated to lithium-ion batteries.

The auctions for this mechanism are currently scheduled for the end of spring 2025.

With regard to the procedures dedicated to hydroelectric pumping, in December 2024, Terna published a recognition document concerning participation in the mechanism and the rules relating to the upgrades of these types of plants. By March 31, 2025, Terna must submit to MASE the proposal to amend the regulations relating to hydroelectric storage plants.

Rules on new self-consumption models

In November 2022, the Ministry of the Environment and Energy Safety (MASE) put up for consultation the draft decree that identifies criteria and methods for the granting of incentives aimed at promoting the construction of renewable plants included in energy communities, collective self-consumption systems and individual self-consumption systems and to encourage the construction of plants with processes that involve local communities. In November 2023, the draft decree was approved by the European Commission and, in 2024, the decree was published followed by the operating rules of the GSE. The regulation makes provision for a total incentive of Euro 5.7 billion for a total quota of 7 GW.

Rules for the development of renewable sources

In order to implement the objectives envisaged at European level for the development of renewable sources, a number of measures have been put in place to encourage their installation. These include:

- the Eligible Areas Decree, which entered into force on July 3, 2024, which divides the national objectives for the development of renewable energy plants between the Regions, and defines the criteria for identifying the areas for their installation. The measure was challenged by some operators at the Lazio Regional Administrative Court because it was deemed to be detrimental to the principles of maximum diffusion of renewable sources and of minimisation of exclusion areas. When asked for a ruling on the suspension of the Decree, the Council of State upheld the appeal of some operators. In particular, art. 7 is suspended, which establishes that the Regions have the right to make safe the eligible areas provided for in art. 20 of Italian Legislative Decree no. 199/2021 (sites where plants using the same source are already installed, areas subject to of reclamation, abandoned quarries and mines or in environmental degradation), thus preventing the Regions from mapping the eligible areas in a more restrictive manner than what has already been established.
- The FER 2 Decree, which promotes the construction of renewable energy plants with non-mature technologies or with high construction costs. The decree was approved by the European Commission on June 4, 2024 and provides for a quota of 4.6 GW by 2028. In December 2024, the GSE published the Operating Rules, thus concluding the regulatory process. The first bankruptcy procedure, open from December 16 to February 14, 2025, concerns biogas and biomass. The calendar of subsequent procedures will be approved by MASE, on the proposal of the GSE, by March 31, 2025.

The FER X Decree for incentivising mature renewable sources with the aim of developing 40 GW of photovoltaic plants and 16.5 GW of wind farms by 2028 through an auction mechanism. This Decree is waiting to be approved by the European Commission. With the aim of injecting impetus to the mechanism as early as 2025, the transitional RES X was prepared. Sent by MASE last summer, the measure was approved by the European Commission on December 17. The auctions are scheduled for spring 2025.

Lastly, on the same matter, on November 25, the Council of Ministers approved the FER (Renewable Energy Source) Reorganisation Decree, which reorganises and simplifies the regulations on the authorisation of renewable energy power plants. The measure entered into force on December 30, 2024: starting from that date, the Regions will have 180 days to comply with the provisions. The authorisation procedures in progress will continue according to the regulations in force previously.

ARERA consultation on the Integrated Text on Electricity Dispatching (TIDE)

ARERA, by means of DCO 685/2022/R/eel, following a consultation in 2019, launched the Consultation on the Integrated Text on Electricity Dispatching (TIDE).

This reform aims to guarantee the safety of the electricity system, efficiently and at the lowest cost, in the current context in continuous evolution, characterized by the increasing spread of non-programmable renewable sources and distributed generation, as well as the progressive reduction in use of programmable systems. Furthermore, the text aims to rationalise the general regulatory framework of dispatching so as to group in a single regulatory body all the provisions that have been adopted over the years in line with the evolution of the European regulatory framework.

The final text was approved in July and its application set for January 1, 2025.

In 2024, Terna, ARERA and GME launched some consultations on specific aspects of TIDE in order to outline its implementation.

Last December, ARERA published the final version of the Integrated Electricity Dispatching Text, which incorporates some additions and amendments with respect to the 2023 provision. Starting from January 1, 2025, the transition phase was launched, during which some provisions entered into force, including: the start of the phasing out of the PUN through the application of the GME PUN Index; the start of 15-minute trading on the auction-based MI, XBID and MSD markets and the related block offers. As regards the introduction of the 15-minute Market Time Unit on the DAM, the launch is scheduled for June 12, 2025.

Further consultations will be published in 2025 with the aim of defining the subsequent consolidation phase that will take place from January 2026.

Italian Simplification Law Decree 2018 - Hydroelectric concessions

With reference to the changes introduced by means of Italian Law Decree no. 135 of December 4, 2018, regarding the simplification and support for development ("Italian Simplification Law Decree"), converted to law in February 2019, it should be noted that some amendments were introduced to the regulatory framework of hydroelectric concessions. The main changes concern: (i) the extension against consideration of the concessions already expired until 2023, (ii) the regulation of the reassignment of the concessions upon their expiry; (iii) the system for the compensation of the outgoing concession holder for the transfer of assets connected with the hydroelectric concession. These are regulations, which establish a series of general principles and which will be subject to implementing provisions by the Regions within the term set for March 2020, and the competent authorities for the purpose of detailed regulation of the renewals of concessions in observance of the principles dictated by the Constitution.

The deadline for the adoption of this regulation was extended from March 31, 2020 to October 31, 2020 by article 125-bis of Italian Law Decree no. 18/2020.

It should be pointed out that the hydroelectric concessions currently held by the Company, which fall under the scope of application of the provision in question, will reach their natural expiry in 2029.

To date, only a few Regions have issued their own laws implementing the new legislation.

For the regions affected by the administrative elections of September 2020, including Liguria, provision was made for an additional 7-month postponement of the terms (publication between April and May 2021). As of today, Liguria has still not legislated on the matter.

In November 2021, the Council of Ministers approved the annual bill for the market and competition. The text requires the procedures for the assignment of concessions for large-scale hydroelectric diversions to be carried out according to competitive, fair and transparent parameters, on the basis of an adequate economic value of the concession fees and an appropriate technical development of the initiatives for improving the safety of existing infrastructures.

In August 2022, the 2021 Annual Law for the Market and Competition (*Italian Law no. 118 of August 5, 2022*) entered into force, which in art. 7 (Provisions on large hydroelectric diversion concessions) governs the concessions of large hydroelectric diversion. More specifically, it requires concession assignment procedures to be carried out according to competitive, fair and transparent parameters, taking into account an economic valuation of the concession fees and the initiatives for improving the safety of existing infrastructures and reservoir capacity recovery. The regulations also set forth that the assignment procedures must be started no later than December 31, 2023. Failing that, the State intervenes as a substitute. Finally, a special regulation is envisaged that allows, for concessions of large hydroelectric diversions with an expiry date prior to December 31, 2024, including those already expired, the continued operation by the outgoing concessionaire, for the time strictly necessary upon completion of the assignment procedures and, in any case, no later than three years from the date of entry into force of the law.

Tariff regulation criteria for the natural gas transport and metering service for the sixth regulatory period

Under resolution no. 448/2022/R/gas, it initiated proceedings for compliance with the rulings of the Council of State (nos. 6096 and 6098 of July 18, 2022) concerning the regulation of gas tariffs for the periods 2018-19 and 2020-23. Therefore, based on said resolution, ARERA intends to introduce measures of flexibility and cost-effectiveness of the tariff for high-consumption entities, in application of art. 38, paragraph 2 bis, of Italian Law Decree no. 83/2012.

In fact, owing to this failure to apply the aforementioned legislative decree, an appeal was filed by some operators, including Tirreno Power, against the transitional gas regulatory period 2018-2019, upheld by the Lombardy Regional Administrative Court. The Council of State subsequently rejected the appeal filed by ARERA against the ruling of the administrative court regarding the 2018-2019 gas regulatory period, acknowledging the erroneous failure to apply measures of greater flexibility and savings for large gas consumers.

With a similar ruling, the Council of State also declared the 2020/23 period as non-compliant.

Following the aforementioned resolution, ARERA launched a consultation in February 2023 (41/2023/R/gas) for the definition of the application criteria of tariff discounts for high-consumption

customers (starting from 2024) and for the granting of any reimbursements to the plaintiffs. However, subsequently, by means of resolution 410/2023/R/gas, ARERA suspended the process of compliance on the basis of the introduction of a new regulation repealing the content on the matter in Italian Law Decree no. 83/2012.

Together with other operators in the sector, Tirreno Power challenged this latest ARERA measure. Following the acceptance of the appeal, ARERA restarted the compliance procedure according to the guidelines already set forth in the previous consultation. According to what was outlined by ARERA in the consultation, the identified measure will be submitted to the European Commission for approval.

Acts directly relating to Tirreno Power

Start of proceedings for the evaluation of potential abuse in the wholesale electricity market

As indicated in the previous financial statements, in June 2016, by means of resolution no. 342/2016/R/eel, the Authority had launched an investigation against a number of electricity operators, including Tirreno Power, relating to alleged abusive behaviour in the wholesale electricity market. The investigation concerns two separate cases: the first refers to the alleged adoption of consumption unit scheduling strategies and plants powered by non-programmable renewable sources not consistent with the standards established by the Authority. The second regards production units authorised to submit offers on the Dispatching Services Market that would not have offered their capacity on energy markets, encouraging Terna to establish units for balancing the system and subsequently increasing its costs.

As regards Tirreno Power, in July 2017, by means of Resolution no. 511/2017/E/eel, the dismissal of the proceedings relating to the adoption of consumption unit scheduling was ordered. The outcome of the proceedings has still not been notified in relation to the other strand of the investigation and, at the current state of play, any negative consequences for the Company are considered unlikely.

Appeal against the Italian Ministerial Decree on the regulation of the Capacity Market and related acts

In September 2019, Tirreno Power filed an appeal for the cancellation of the Decree of the Ministry of Economic Development of June 28, 2019 on the “Regulation of the remuneration system for the production availability of electricity” and related deeds.

The appeal challenges the violation of the objectives set for the instrument by the implementing Decree, the opening of the instrument to new non-authorised capacity, the modification of the essential rules of operation of the mechanism and the non-compliance with the consultation obligations. In November 2019, Tirreno Power submitted an appeal to the European Court of Justice for the annulment of the EU Commission’s decision in which said entity did not raise objections to the document regarding

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“Modification of the mechanism to remunerate capacity in order to guarantee system adequacy. Introduction of environmental requirements” notified by the Italian State in 2019.

The first hearing before the Regional Administrative Court was held on February 26, 2020, to discuss the precautionary petition. In the second half of 2020, Tirreno Power submitted its replies to the briefs submitted by the parties involved in the proceedings.

The substantive hearing was held on March 24, 2021 and the Court decided to suspend the proceedings, pending the decision of the European Court on the same matter, alleging that the two cases are closely interconnected.

Given the continuity with the previously challenged legislation, the new Italian Ministerial Decree that established capacity market auctions for 2024 delivery was challenged by Tirreno Power in December 2021.

The European Court, by means of a ruling published on September 7, 2022, rejected the appeal filed in 2019 by Tirreno Power against the European Commission Decision C (2019) 4509 of June 14, 2019 with which the Commission had not raised objections on the changes to the capacity market mechanism that the Italian government intended to introduce.

In the Judgment, the Court significantly limited the scope of possible action of the Commission at the time when the Decision was taken, reporting, instead, the origins of the disputed issues or the previous decision of the Commission on the instrument (2018 deed not subject to appeal) or subsequent application by the Italian Government (in the 2019 ministerial decree subject to appeal before the Regional Administrative Court).

Lastly, in 2024, the First Section of the Lombardy Regional Administrative Court declared the appeals to be inadmissible due to lack of interest, compensating litigation costs.

ENERGY TRANSITION

The Energy Transition O.U. conducted a series of surveys to identify development opportunities for Tirreno Power in the field of production from renewable sources.

In particular, during 2023, studies were carried out for the enhancement of the areas available at the production sites of Tirreno Power. These studies revealed the possibility of developing photovoltaic plants at the Vado Ligure and Torrevaldaliga Sud (Civitavecchia) sites.

In 2024, works were completed on the Vado Ligure photovoltaic plant with a power of approximately 1 MWp, serving the related energy community in the municipalities of Vado Ligure and Quiliano, and the plant entered into operation in October.

For the Torrevaldaliga Sud site, construction got underway for a plant with power of approximately 2.7 MWp and may be partly served by a Renewable Energy Community. The plant will become operational in 2025.

PRODUCTION SCENARIO

The energy injected in the period amounts to 2.459 TWh, up by 496 TWh compared to 2023.

The following table provides details of the energy injected, with respect to the same period last year, broken down by unit and plant:

Energy injected (GWh)	12.31.2024	12.31.2023	Changes
Combined Cycles	2,273	1,883	390
- Vado Ligure - VL5	1,071	873	198
- Torrevaldaliga - TV5	414	258	156
- Torrevaldaliga - TV6	118	158	(41)
- Naples - NA4	671	593	77
Renewable Sources	184	80	104
Total	2,458	1,963	495

In 2024, the production of CCGTs was higher than the previous year, especially for the VL5 and TV5 plants which in 2023 had seen an extension of the respective scheduled shutdowns as a result of damage to the blades of the TG51 gas turbine of Vado and TGA of Torrevaldaliga.

Hydroelectric production recorded a marked increase (+131%) compared to the previous year, as a result of the higher levels of water availability in the period, which remained above the ten-year average.

Plant maintenance

With regard to the **Vado Ligure plant**, the VL5 unit carried out the scheduled annual shutdown from May 20 until June 1. Maintenance work on the unit concerned, among other things: the inspection on the medium pressure RH valves and low pressure inlet valves on the steam turbine; the replacement of bearing 4 of the steam turbine and the insulation screens of recovery steam generator 51. In the second half, the unit carried out another two short scheduled shutdowns in August and October, lasting a total of around six days, for maintenance activities and periodic plant checks.

During the reference period, at the end of November, the failure of a pole of the circuit breaker relating gas turbine 51 at the Vado Ligure plant was reported. Replacement work meant it was unavailable for approximately four days.

A planned shutdown was performed on unit TV6 of the **Torrevaldaliga Sud Power Plant**, from May 2-17. During the shutdown, work was carried out on the unit protection system (block system) and on the hydraulic regulator of the steam turbine (DEHC), the machine switch of gas turbine C was overhauled and repair work was carried out on the steam generator and some valves. The planned shutdown on unit TV5 was carried out from September 16 to October 6. The main works concerned maintenance and upgrades on gas turbines and repair work on textile joints relating to the recovery steam generators.

During the reference period, for the Torrevaldaliga Sud Power Plant, a high temperature of the seawater used for cooling the units was reported in August. This event mainly affected the TV5 unit, resulting in a power derating in many cases.

The **Napoli Levante Power Plant** carried out the scheduled shutdown of the NA4 unit from February 26 to March 17 inclusive. The main activities concerned the commissioning of a new electricity supply bar and the complete replacement of the electricity fiscal meters. In addition, at the end of June, a scheduled shutdown of about three days was carried out for the replacement of the seawater circulation pump motor. Lastly, from September 25 to October 1, a week of scheduled maintenance was carried out, involving routine maintenance work and plant checks.

During the reference period, for the Napoli Levante Power Plant, two accidents were reported: the first in August, just like the Torrevaldaliga Sud power plant, concerned the high temperature of the seawater. The event, albeit of a more limited extent, led to some cases of power derating. The second event, which occurred at the beginning of November, relates to the blockage due to humming in the combustion chamber of gas turbine 41. Following this event, it was necessary to inspect the combustion chamber and replace the damaged refractory material. The repair work involved around three days of unavailability.

With regard to **hydroelectric plants**, the following significant events are reported.

In the first half, the replacement of a 100m section of the Chiesuola power plant channel was completed. During the tests with water, carried out in July for the return to service of the plant, leaks were detected in the opening part of the channel and therefore the replacement work was extended to a further 20 metres of channel.

Since the beginning of the year, problems have been recorded at the Vizzà plant related to the turbine, which required the full disassembly of the machine. The checks carried out since July showed the need for extensive maintenance on the turbine and generator, which was immediately carried out.

On March 9, a problem was verified on the GR1 of the Cairo plant related to external lightning. Subsequent field checks and disassembly revealed a problem on the excitation circuit and on a pole, which involved the disassembly of the generator rotor, which was sent to the workshop for repair. The repair works were completed in September with the return to operation of Unit 1.

ENVIRONMENT AND SAFETY POLICY

Introduction

During the course of 2024, with a view to making its activities increasingly sustainable, not only from an economic point of view but also from an environmental and social perspective, the Company continued to aim to achieve high levels of protection of the territories where it operates, the safety of workers, both internal and belonging to third-party companies, and control of all aspects that have potential social and reputational repercussions.

The Sustainability Policy sets out the founding values of the company and the guidelines for implementing a sustainable development process and is the reference followed by the “Environment and safety policy” of the integrated management systems adopted by all sites and certified pursuant to the standard UNI EN ISO 14001:2015 for the environmental part, and UNI ISO 45001:2018 for the safety part.

In the Policy, the site managers specify the commitments, objectives and actions they intend to put in place to improve the environmental performance of the plants and the health and safety of the organisation's workers, taking due account of both the results of the analysis of the context in which the organisation operates, and therefore of the satisfaction of the Compliance obligations, i.e. the expectations of relevant related parties, which then become requirements that the Company voluntarily chooses to comply with.

The organisation

In order to effectively achieve the aims of the Sustainability Policy and, therefore, of the integrated management systems, the Company's organisational model provides special powers of attorney with which the General Manager assigns the Heads of the Production units full powers for the fulfilment of the duties related to the protection of the environment, of workers' health and safety and of plant safety.

To consolidate its process of sustainable development, in an integrated way with the strategic priorities of the business, the Company has established the Sustainability and Environment operating unit, which, by identifying the most relevant issues through stakeholder mapping (at national and local level) and the materiality analysis, annually reports the results obtained through the Sustainability Report externally and within the Company.

Integrated management systems

The implementation of management systems and their certification ensures compliance with regulatory requirements, as a mandatory element for obtaining system certification, and provides for the continuous improvement of the organisation's performance in terms of the environment and safety, active participation of employees and transparency with institutions and the public.

The Company has not only implemented environment management systems, but has chosen to acquire the EMAS registration (Eco Management and Audit Scheme), the most prestigious environmental certification in Europe.

During 2024, the EMAS registrations of the Torrevaldaliga and Naples sites were maintained, the certification of the integrated management system of the Torrevaldaliga site was renewed for a further three years, and the integrated environmental and safety certifications of the Naples and Vado Ligure sites and the safety certifications of the hydroelectric plants and the Rome headquarters were confirmed.

Training, information and education

Sustainability, environmental and safety training and information are used to improve employees' skills and to increase their professionalism and strengthen their cohesion and sense of belonging to the Company. In 2024, activities continued aimed at informing production sites about the correct interpretation and implementation of the obligations deriving from the new applicable legislation as well as training personnel on environment and safety issues.

In addition, the dissemination of company values and training sessions on sustainability and non-financial reporting took place in conjunction with the collection of data in preparation for the drafting of the 2023 Sustainability Report.

Environmental and sustainability reporting

In addition to mandatory reporting for sites subject to the Integrated Environmental Authorisation such as thermoelectric power plants, the environment management systems provide periodic reports on environmental data and performance that are subject to management review for an analysis of any comments and non-conformities that have emerged during the audits, in order to identify and implement the necessary corrective actions.

In addition, EMAS certified sites update the public on their environmental performances through the *Environmental Statement*, a document issued every three years and updated annually.

In 2024, with the involvement of a large number of employees, quantitative and qualitative data was collected, as required by the GRI Sustainability Reporting Standards for the company's reporting of the non-financial aspects of its business that have the most significant impacts on stakeholders (local communities, employees, environment).

The company completed the implementation of the new KPIs identified following a gap analysis of the non-financial information reported in the Sustainability Report in order to improve the disclosure of these issues.

In November and December, the Sustainability and Environment O.U. carried out a gap analysis on the changes that Italian Legislative Decree no. 125/2024, implementing the CSRD directive in Italy, will entail on sustainability reporting, both with regard to implementation of the new ESRS standards (replacement of the GRIs), and the introduction of the double materiality (impact and financial) approach.

The main environmental events

The Company's combined cycle plants operate on the basis of currently valid Integrated Environmental Authorisations, which contain the requirements with which the Operators must comply, and the established methods and timing, to allow them to continue to operate.

During 2024, the Operators of the Napoli, Vado Ligure and Torrevaldaliga power plants complied with the ordinary requirements contained in the Integrated Environmental Authorisations and sent the DAP (periodic update document) and the Annual Report to ISPRA according to the required frequency.

During 2024, in February, the Closing Report of the Ordinary Inspection by the Control Authority of the Torrevaldaliga Sud site was sent, an activity required for installations subject to an Integrated Environmental Authorisation, which was concluded without any violations of the framework of requirements.

At the hydroelectric sites, the maintenance works established in the Management Projects prepared and transmitted for each reservoir were carried out. During 2024, for the performance of these activities, the reservoirs of Giacopiane, Piana Crixia and Santa Margherita Vara, Zolezzi and Malanotte were emptied; these flaring operations are aimed at carrying out extraordinary maintenance on the normally submerged parts.

The activities at the Giacopiane and Piana Crixia reservoirs were completed and they have been refilled, while those planned at the Santa Margherita Vara reservoir will continue in 2025.

During 2024, full reservoir dredging activities began at the Valla dam; these activities are still ongoing and will be completed in the first half of 2025.

INVESTMENTS AND DEMOLITIONS

INVESTMENTS

During 2024, the Company made investments totalling Euro 28,793 thousand, of which Euro 28,340 thousand relating to tangible fixed assets and Euro 453 thousand to intangible fixed assets.

With regard to tangible fixed assets, the investments mainly concerned:

- for the Napoli Levante plant (Euro 8,687 thousand), the advance relating to the next MO-LTA (Euro 4,728 thousand), the revamping of the auxiliary boiler (Euro 747 thousand), the additional 6KV bar (Euro 646 thousand), as well as the activities carried out during the scheduled shutdown;
- for the Vado Ligure plant (Euro 4,806 thousand), the overhaul of the GVR fork valves (Euro 346 thousand), the installation of the VFD on the water circulation pumps (Euro 415 thousand), the DCS upgrade (Euro 441 thousand), purchase of spare reducers for water circulation pumps (Euro 354 thousand), extraordinary maintenance of the pier (Euro 266 thousand), as well as the activities carried out during the scheduled shutdown;
- for the Torrevaldaliga Sud plant (Euro 7,130 thousand), the overhaul of the steam turbine of the TV6 unit (Euro 863 thousand), the purchase of 2 circulation pumps (Euro 698 thousand), the purchase of 2 feed pumps (Euro 572 thousand), the extraordinary maintenance of GVR manifolds (Euro 443 thousand), the supply on site of GVR manifold textile joints (Euro 462 thousand), the overhaul of Hitachi connectors (Euro 382 thousand), as well as the activities carried out during the scheduled shutdown;
- with regard to the hydroelectric power plant, Euro 3,459 thousand was invested, mainly regarding the extraordinary maintenance of the Chiesuola diversion channel (Euro 374 thousand), the new barrier of the Bevera intake works (Euro 297 thousand), geognostic surveys of the sedimentation of the Valla dam (Euro 398 thousand) and the extraordinary overhaul of the alternator turbine of the Vizzà plant (Euro 332 thousand);
- other investments concerned the construction of the photovoltaic plant at the Vado Ligure site (Euro 1,255 thousand), which entered into commercial operation in October, as well as the construction of the photovoltaic plant at the Torrevaldaliga site (Euro 1,660 thousand);
- Investments in intangible fixed assets are attributable to new licences and the development of software applications.

DEMOLITIONS

The main events relating to the **demolition** of disused plants are outlined hereunder:

Vado Ligure

During 2024, all demolition activities of the disused coal units were completed, as well as most of the rectification works in the areas.

Torrevaldaliga

The demolition of the boiler of the decommissioned TV4 unit was completed, while the dismantling of the machinery in the machine room is being completed.

The demolition of the disused buildings is underway and the demolition of the wall of the former fuel oil dump and the tanks contained therein has been completed.

In the second half of 2024, all planned demolition works on the TV4 unit and the no longer operational auxiliary buildings were completed.

Naples

On June 27, 2024, the area on which the disused Vigliena plant was located was also returned to the Port Authority of Naples.

All demolition activities are in line with the provisions and allocated to the relevant dismantling provisions.

PEOPLE AND ORGANISATION

The year 2024 was characterised by the ordinary management of issues related to People and the Organisation, with constant commitment to improving the corporate climate, relations with colleagues on HR issues and personnel's professional satisfaction, also through greater knowledge and training.

The entire team of the People and Organisation Department has been involved in the Top Employer certification process, the international institute that has recognised and certified excellence in personnel management practices for over 30 years.

The company participated in the certification programme by completing the HR Best Practices Survey and undergoing the subsequent validation by an external auditor.

After the lengthy assessment phase, the Top Employers Institute confirmed that Tirreno Power meets the high standards required by the certification, recognising the company as a Top Employer in 2024 and 2025.

The Top Employers Institute positively assessed the internal opportunities for sharing results and strategies (half-yearly webinars and periodic meetings on-site), the transparent structure of the selection, onboarding and offboarding processes, the training courses based on awareness and development of skills, numerous well-being initiatives and climate surveys.

Tax wedge reduction

In continuity with what was already defined in the second half of 2023, the 2024 Budget Law made provision for a rise in the individual tax exemption limit from Euro 258.23 to Euro 1,000.00 for all employees, increased to Euro 2,000.00 for workers with dependent children.

This provision made it possible to maximise, during the year, the value of the benefits provided to employees by the company (non-professional accident insurance, life insurance, allocation of car for personal and business use, vouchers, etc.) given exempt from the contribution payable by them and the corresponding income tax and, likewise, for the company, contribution relief from the entire mandatory contribution.

The contribution relief in favour of employees relating to the IVS contributions paid by them was also confirmed for 2024, to the extent of 6% and 7% in all cases where the monthly remuneration does not exceed certain caps.

The 2024 Budget Law introduced a new social security exemption for workers with children from January 2024. The exemption is equal to 100% of the IVS social security contribution payable by the worker, up to a maximum of Euro 3,000 per year and is aimed at:

- working mothers of three or more children, of which the youngest is under 18 years of age;
- workers who, only in the period from January 1, 2024 to December 31, 2024, are mothers of two children, the youngest of which is under 10 years of age.

For the two-year period 2025-2026, the measure will be addressed only to mothers of three children, and the exemption will then remain in force until the eighteenth year of the last child.

Company performance bonus

The final calculation of the targets assigned for the 2023 performance bonus resulted in the disbursement of 111% of the portion allocated to profitability, and of 94.1% (average value) for the productivity portion, for a total cost of roughly Euro 1 million.

The breakdown of the bonus, defined in 2018, provides for the possibility for workers to allocate an amount, up to a maximum of 60% of the total bonus available, to alternative forms aside from salary payments and each employee can choose how to manage the amount of the bonus for which he/she is the beneficiary.

The final allocations made by employees confirm the trend observed in previous years:

- 98 out of 217 employees (45% as in 2023) elected for the payment of the entire bonus in cash;
- 103 employees (around 48% as in 2023) opted to receive a portion of the bonus in the form of welfare and/or supplementary pension with the remainder in their pay;
- 16 employees (7% compared to 6% of 2023) allocated the entire bonus to welfare or supplementary pension.

The final bonus was subject to the subsidised taxation regime set forth by current legislation (equal to 5% for 2024) as the criteria for increased profitability/productivity required by the regulations were met.

The preference for welfare or supplementary pension initiatives, i.e. entitlements that are subject to special legislation governing contribution and tax concessions, allowed employees to maximise the value of the bonus received and, correspondingly, allowed the Company to reduce its contribution. Approximately 30% of the total amount of the performance bonus was converted into corporate welfare initiatives.

For the year 2024, following the extension of the trade union agreement relating to the performance bonus, and in consideration of the achievement of the objectives set, the total cost of the performance bonus amounts to approximately Euro 1.2 million, corresponding to 120% of the basic value agreed with the trade unions.

MBO

During the first half of 2024, the MBO incentives relating to the 2023 plan intended for company management were disbursed, for a total cost of approximately Euro 0.4 million.

The overall objectives achieved allowed the average achievement of approximately 68% of the reference MBO basic value, down noticeably when compared to the previous final figures, due to the highly

significant impact of the company's economic results in 2023. For the year 2024, considering the achievement of the objectives set, the total cost of the MBO amounts to roughly Euro 0.7 million.

LTI

In the first half of 2024, the Long-Term Incentive (LTI) was disbursed for the three-year period 2021-2023, whose total value was finalised to the extent of 114% of the basic incentive. With reference to the new LTI plan for the three-year period 2024-2026, a value of approximately Euro 0.7 million was set aside for the year 2024.

HR DIALOGUE

During 2024, a new initiative called HR Dialogue was launched, dedicated to actively listening to people, clearing up certain doubts and collecting useful feedback for thought, geared towards continuous improvement of HR processes.

The meetings were held on all TP sites and on these occasions the topics of greatest interest indicated by the participating employees were explored in depth.

At the end of this initiative, a document summarising the main personnel management issues and related company practices was produced.

ELECTRONIC STORAGE

The second half of 2024 saw the launch of electronic storage of the supporting documents submitted by employees for reimbursements presented in the event of travel; therefore, it is no longer necessary to file these supporting documents on paper.

Trade union agreements

The year 2024 saw the company and the trade unions committed, in the local areas, to the renewal of video surveillance and flexible hours agreements, while at national level the renewal of the economic agreements for the three-year period 2024-2026 and smart working was defined.

With reference to the renewal of economic agreements, the company has agreed with the trade unions to introduce a one-off amount as a fringe benefit.

The first half of 2024 saw the renewal of the agreement for Smart Working services for the July 2024 - December 2024 period. The topic was taken up again in the last quarter of the year and saw an agreement signed that confirms the possibility of using smart working for the whole of 2025. Both the aforementioned renewals confirm the maximum number of days of service in smart working mode (25 in a two-month period) and the main management rules (planning agreed with the manager, reference hours, increased physical presence, etc.).

“Decontribuzione Sud” (“Southern tax reduction”) concession

On June 25, 2024, the EU Commission gave the green light to the extension until December 31, 2024 of Decontribuzione Sud, the measure which incentivises, through contribution relief equal to approximately 30% of the contributions paid by the company, the existing employment relationships with work sites in the regions of Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily.

Organisation

At the beginning of the year, the HR process “VIAGGIO IN TP” (‘TP journey’) was published, which describes all the phases of the professional life of the person in Tirreno Power and the role of the People and Organisation Department. The document contains the main stages of each employee's TP journey, from the selection process, to entry into the organisation, through professional development and training, to leaving the company.

This course aims to encourage adequate involvement of the person, share the company culture and values, provide the tools for managing the employment relationship, enhance and develop skills in support of strategic objectives and ensure the well-being of the person, the work team and the organisation.

June 30 marked the last day at Tirreno Power of the Naples Plant manager who, in the final few months before retiring, coached and trained his replacement, an internal staff member with a wealth of expertise in both maintenance and in the Operations function.

The onboarding processes commenced in 2023 were completed in 2024, with the hiring of 6 staff members, 2 on permanent contracts and 4 on temporary ones.

The last quarter also saw the organisation and management of the offboarding phase for two colleagues, who left the company in December as they had reached retirement age. In line with the provisions of the National Collective Labour Agreement, roles have been defined for which, in terms of responsibility, holders must be in possession of the level 1 authorisation certificate to operate steam generators.

Training

The training initiatives of 2024 confirmed the company's attention to both environmental and safety issues, with the delivery of precise content for greater awareness and competence on safety issues, and to soft skills development courses, with a focus on leadership and team management.

A 12-month Leadership project was launched, involving 20 staff divided into two different working groups.

To offer awareness-raising and managerial growth paths, 2 additional initiatives were put in place, which will come to end in 2025: one for a group of managers, involved in individual psychometric tests and team activities to reflect on role identity (individual dimension) and on the skills model

(organisational dimension); the second, which reserves individual coaching courses for 8 managers, involving a personalised experience of awareness and growth.

The training platform was confirmed, which offers the opportunity to take advantage of content on topics common to all employees and their families.

Other training initiatives concerned the topic of Cybersecurity and ISO 37001 training, which involved the entire company population.

Many initiatives were delivered via distance learning and, where possible, the use of e-learning and live streaming courses continued.

In quantitative terms, 2024 saw 6,945 hours of training delivered, with an average of roughly 30 hours per employee, with safety-themed training accounting for 54% of the total.

Organisational well-being

2024 saw the publication of the HR process “*Employee Engagement - The energy of involvement*”, which clearly identifies the main elements to be monitored for the management of engagement in Tirreno Power.

The process, shared with all employees, incorporates the approaches that guided the adoption of the initiatives implemented in the field of organisational well-being.

The main purpose is to create an environment attentive to people's enthusiasm, motivation and sense of belonging, to generate greater involvement and offer opportunities for satisfaction.

Along these lines, the first company engagement survey was administered to all personnel in April, with the participation of 71% of employees.

The results show a positive level of engagement on average, with an average score of 3.5 on a scale of 1 to 5.

In addition, at the end of the year, the annual survey was administered to monitor the company climate in its entirety, which recorded a participation rate of 77%, with an average score of 3.6 on a scale of 1 to 5.

New corporate well-being initiatives were introduced, in addition to the extension of most of the initiatives launched in 2023, in particular:

- "Frutta in ufficio" ('Fruit in the office'): the weekly supply of fresh organic fruit continues in all company offices.
- “Mens Sana in *Corporate Sana*” ('a healthy mind in a healthy business'): partnership renewed for the use of the on-line platform where personnel can look after their individual/mental well-being.
- “Benessere online” ('Well-being On-line'): the cycle of webinars dedicated to specific topics in 2024 addressed the recognition and management of stress.

- The first company seminar on DE&I was held, to promote a work culture in which each person is free to express themselves and give their best, fully aware that approaching the world from different points of view opens up infinite possibilities and solutions, enriching the organisation as a whole.
- “Club del Risparmio” (‘Savings club’): an initiative aimed at boosting employees' purchasing power using a platform that offers the possibility of taking advantage of numerous discounts.
- “Leadership inclusiva” (‘Inclusive Leadership’): training course consisting of two events dedicated to all managers, aimed at fostering the creation of an inclusive culture that enhances each person's unique characteristics, emphasising the value of talent in all its forms and the importance of teamwork to achieve company objectives.

Digital Transformation

During 2024, the “accreditamento risorse” (‘staff accreditation’) project was completed, aimed at the digitalisation of the accreditation procedures for the access of people, vehicles and materials in the various production sites.

For the Energy Management area, a solution was released that allows the management of counterparty qualifications and of the storage of contractual documents. In addition, several projects were launched to adapt the applications used to the new regulations set forth by the TIDE (Integrated Text of Electricity Dispatching).

In the 2024 financial year, a new IT procedure was developed for the automatic loading of economic and physical energy items. The solution will be available from the first quarter of 2025.

The project called “check-up documentale” (‘document check-up’) was completed, whose analysis resulted in the identification and implementation of an enterprise solution for the management of PEC (Certified Electronic Mail) with the aim of ensuring the correct transition to the new European standard of certified mail, i.e. REM (Registered Electronic Mail).

A project was launched for the deployment of a virtual assistant based on artificial intelligence, aimed at boosting productivity and efficiency within Microsoft 365 applications.

During the year, with the aim of enhancing reliability, the technological refresh of the data transmission infrastructures in all company offices was completed, which led to an upgrade of Internet and intranet connections as well as the availability of new transmission channels intended for the remote operation of hydroelectric plants and the supervision of all production plants.

With regard to cyber security aspects, the SOC (Security Operation Centre) became operational in February, a service that allows the security of information systems to be supervised and managed in relation to cyber events, 24 hours a day, 7 days a week.

During the month of May, the cybersecurity training cycle intended for all personnel to enhance the awareness and knowledge of cyber risks was concluded.

Purchasing, Services and Security

On May 8, 2024, a brokerage procedure was carried out in Cairo Montenotte, by means of a notarial deed, which formalised the usucaption of two areas of land and the simultaneous transfer of ownership to the Municipality of Osiglia.

On July 30, 2024, by means of a notarial deed, Tirreno Power sold an area of land to Alstom Ferroviaria covering roughly 807 square metres.

The main procedures relating to the process of purchasing and managing assets were updated in order to harmonise them with the recently acquired 37001 certification.

Obligations regarding Italian Legislative Decree no. 231/01

The update of the Model is in progress, which was previously revised as a whole and approved by the Board of Directors by means of resolution of February 27, 2023.

All the obligations identified in Italian Legislative Decree no. 24/2023 for the whistleblowing reporting system for companies with up to 249 employees have been put in place.

During the year 2024, Tirreno Power adopted an Anti-Corruption Policy and, on June 19, 2024, obtained the anti-corruption certification pursuant to the UNI ISO 37001:2016 standard.

The Supervisory Board reported positively to the Board of Directors on the effectiveness of the Model for the prevention of predicate offences.

Obligations for compliance with Regulation EU no. 679/16 regarding personal data processing ("GDPR")

The GDPR - General Data Protection Regulation - i.e. the European privacy regulation approved on April 14, 2016, directly applicable to EU member states, which rolled out a new regulatory framework governing personal data protection, entered into force on May 25, 2018. In Italy, the regulation was completed with Italian Legislative Decree no. 101/2018, adjusting the Italian legislation into line with the European regulations.

In order to comply with the regulatory obligations governing personal data protection set forth in the GDPR, the Company, among other things:

- appointed, pursuant to art. 37 of the GDPR, on May 25, 2018, Ivan Rotunno, from Studio Orrick, Herrington & Sutcliffe, as Data Protection Officer, who was assigned the task of ensuring that the personal data are processed correctly;
- conducted an analysis of the gaps with respect to the GDPR;

- prepared a summary document and a set of disclosures and appointments of entities authorised for data processing and of external managers;
- adopted a privacy manual that summarises the contents of the GDPR;
- prepared a data processing register.

The Company, after having complied with the regulatory obligations regarding the protection of personal data (GDPR), carried out checks on the data processors, identified the DPO representatives and carried out training activities for the Company's employees.

All the personal data processing obligations identified by the Whistleblowing Decree (Italian Legislative Decree no. 24/23) were put in place.

By decision of the Board of Directors of April 18, 2024, Floriana Speranza was appointed DPO, with effect from May 1, 2024. During the second half of 2024, the usual monitoring of the legislation on Data Protection and the measures published by the Italian Data Protection Authority were carried out. A review of the existing documentation is currently in progress.

AUDIT Committee

The Company employs an Audit Committee which supervises the Internal Audit activities, reporting the results to the Board of Directors every six months.

Risk management

For a detailed analysis of risk management, please refer to the Explanatory Notes in the section "Type of risks and management of hedging activities".

OPERATING PERFORMANCE DURING THE YEAR

The criteria used for the construction of the reclassified statements that contain alternative performance indicators with respect to those obtained directly from the financial statements are reported below:

Gross operating profit: an operating performance indicator, calculated as "Operating profit" plus "Amortisation, depreciation and write-downs" and "Provisions".

EBITDA: an operating performance indicator, calculated as "Operating profit" plus "Amortisation, depreciation and write-downs."

Net fixed assets: calculated as the difference between the "Non-current assets" and "Non-current liabilities" with the exception of:

- "Payables for loans";
- "Provisions for risks and charges";
- "Post-employment and other employee benefits";
- "Deferred tax liabilities".

Net working capital: defined as the difference between "Current assets" and "Current liabilities" with the exception of:

- "Payables for loans";
- "Cash and cash equivalents";
- "Provisions for risks and charges";
- the bank current account advances and bank current account debt exposures included in "Other current financial liabilities".

Net capital employed: calculated as the algebraic sum of "Net fixed assets", "Net working capital" and provisions.

Net financial debt: defined as the sum of "Payables for loans", the bank current account advances and bank current account debt exposures included in "Other current financial liabilities", net of "Cash and cash equivalents" not previously considered in the definition of other balance sheet performance indicators. This indicator does not include the residual debt portions of rights of use relating to long-term car rentals and property rentals.

Return on Investment (ROI): defined as the ratio between Operating profit and Net average capital employed (opening and closing).

Return on Sales (ROS): defined as the ratio of Operating profit to total Revenues.

Equity yield: defined as the ratio between the Net Profit and the Share Capital plus the Share Premium Reserve.

Unit revenue from energy sales (€/MWh): calculated as the ratio of revenues from energy sales for the period to energy sales in the period.

Incidence of financial expenses on total revenues: defined as the percentage ratio between the financial expenses in the period and the total revenue for the period.

ENERGY BALANCE

Energy sold in 2024 totalled 4,534 GWh, an increase of 358 GWh compared to 2023. The increase in production concerned all CCGT plants with the sole exception of the TV6 unit. The lower volumes of energy purchased stem from lower purchases on the stock exchange made to satisfy sales on the free market.

The energy balance is presented below with a reconciliation of the quantity of energy purchased and unbalanced that makes it possible to reconcile the volumes sold with the actual energy injected to the grid.

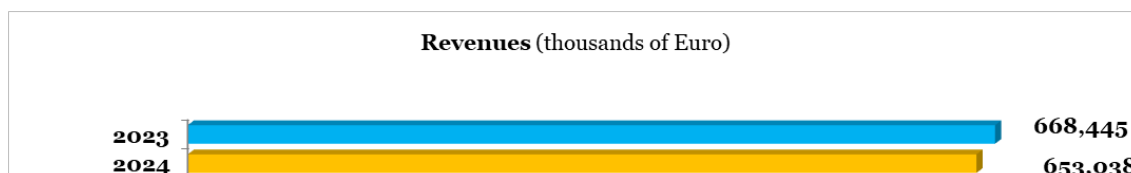
Energy balance (GWh)	12.31.2024	12.31.2023	Changes
Energy injected	2,458	1,963	495
Energy purchased	2,128	2,256	(128)
Energy sold	4,534	4,176	358
-on free market	1,781	1,966	(185)
-on Power Exchange - day-ahead market	2,660	2,052	608
-on Power Exchange - dispatching services market	93	158	(65)
Imbalances	(51)	(42)	(9)

RECLASSIFIED INCOME STATEMENT

The values of the reclassified income statement are reported in Euros, without decimals. For a better disclosure, comments on the individual items are expressed in thousands of Euro.

(Euro)	12/31/2024	12/31/2023	Changes
Revenues	653,037,756	668,445,493	(15,407,737)
Other revenues	2,746,804	23,402,909	(20,656,105)
Total revenues	655,784,560	691,848,402	(36,063,842)
Own work capitalised	628,379	2,232,141	(1,603,763)
Consumption of raw materials	(480,540,520)	(521,114,980)	40,574,460
Personnel costs	(21,643,431)	(21,402,774)	(240,657)
Service costs	(25,109,982)	(25,838,398)	728,416
Other costs	(71,114,636)	(71,954,016)	839,380
Total costs	(597,780,190)	(638,078,027)	40,297,837
Gross operating profit	58,004,370	53,770,375	4,233,995
Provisions	(1,811,764)	12,563,577	(14,375,341)
EBITDA	56,192,606	66,333,952	(10,141,346)
Amortisation/depreciation	(57,728,126)	(57,734,634)	6,508
Write-downs	(220,000,000)	-	(220,000,000)
Operating profit/loss	(221,535,520)	8,599,318	(230,134,838)
Financial expenses	(3,845,322)	(3,925,924)	80,602
Financial income	7,124,261	1,708,446	5,415,815
Pre-tax profit/loss	(218,256,581)	6,381,840	(224,638,421)
Taxes	7,743,281	1,242,018	6,501,263
Net profit/loss for the period	(210,513,300)	7,623,858	(218,137,158)

Revenues, amounting to Euro 653,038 thousand, showed a decrease compared to 2023 (Euro 668,445 thousand).



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The breakdown of the item is summarised in the table below.

(Euro)	12.31.2024	12.31.2023	Changes
Power Exchange - day-ahead market	364,176,218	314,779,729	49,396,488
Free market (other)	196,919,931	251,864,913	(54,944,982)
Power Exchange - dispatching services market	21,633,985	33,822,856	(12,188,871)
Hydro sales to GSE	7,159,682	2,313,289	4,846,393
Capacity Market/Payment	61,431,177	61,446,506	(15,329)
Other	1,716,764	4,218,200	(2,501,436)
TOTAL	653,037,756	668,445,493	(15,407,737)

The higher volumes sold on the DAM market (+599 GWh, equal to 29%), more than offset the slight decrease in sales prices. The average PUN fell by roughly 19 €/MWh, equal to 15%, compared to 2023.

Revenues from sales on the Free Market were affected not only by the decrease in the PUN but also by a decline in volumes sold (-185 GWh equal to 9%).

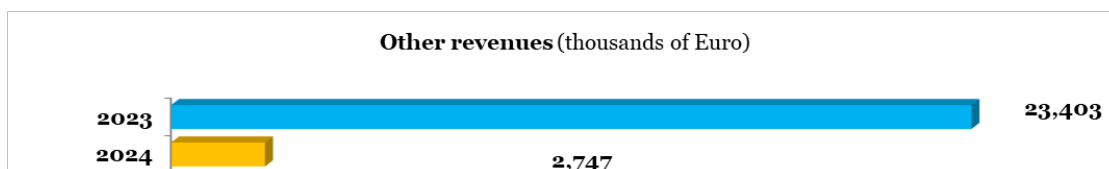
In view of the above, revenues from the free market dropped by Euro 54,945 thousand compared to 2023.

Revenues from sales on the dispatching market instead show a decrease of Euro 12,189 thousand as a result of reduced operations in this market (volumes fell by 41%). On the other hand, average revenues from sales in this market show a slight increase of approximately 8%.

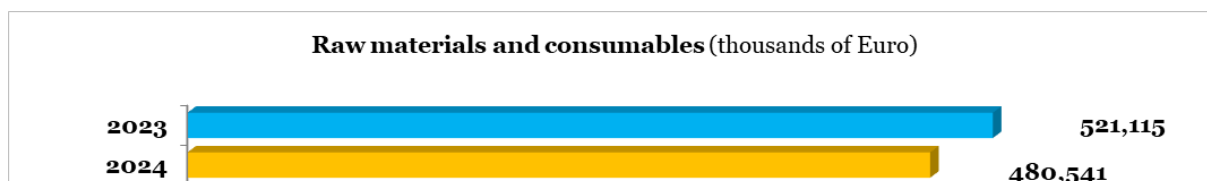
The item "other" includes revenues from the sale of ferrous materials from demolitions of the Torrevaldaliga TV4 unit (Euro 1,590 thousand).

Other revenues amounted to Euro 2,747 thousand and mainly concern the recognition of the tax credit for the purchase of capital goods (Euro 445 thousand), the insurance repayment relating to the criminal proceedings (Euro 160 thousand) and contingent assets for Euro 1,866 thousand, linked to the repayment of ENI excise duties (2006-2007 dispute) for Euro 898 thousand, as well as positive adjustments to costs/revenues of previous years, mainly due to energy items.

In 2023, other revenues amounted to Euro 23,403 thousand and mainly relate to insurance reimbursements (Euro 6,300 thousand due to flood damage to the hydro plant in 2020, Euro 7,100 thousand for damage to the VL TG51 gas turbine rotor in 2023 and Euro 1,450 thousand for damage to the rotor of the VL alternator in 2020). They also include contingent assets (Euro 7,926 thousand) which refer to the settlement agreement for ICI (municipal property tax), IMU (single municipal tax) and TASI (taxes on indivisible services) signed with the Municipality of Civitavecchia (Euro 4,269 thousand), to the recognition of the tax credit for the purchase of capital goods (Euro 281 thousand), the Tasi 2018/2019 reimbursement of Civitavecchia (Euro 217 thousand), as well as positive adjustments to costs/revenues of previous years, mainly due to energy items.



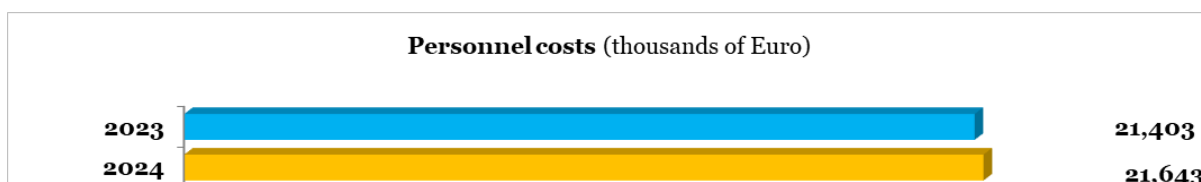
The **cost of raw materials consumption** amounted to Euro 480,541 thousand, a decrease of Euro 40,574 thousand compared to 2023.



The cost of fuel consumed in the period amounted to Euro 242,856 thousand, up by Euro 17,571 thousand compared to the cost incurred in 2023. There was a positive volume effect as the quantities consumed showed an increase of roughly 20% as a result of higher production, partially offset by a price effect (the weighted average price fell by around 10% from 585.2 €/Ksmc to 527.4 €/Ksmc).

Charges related to the purchase of energy and trading on the power exchange amounted to Euro 235,313 thousand, a decrease of Euro 57,279 thousand compared to 2023. This decrease mainly derives from lower purchases of energy from the GME and from bilateral markets (Euro 61,283 thousand) essentially due to the decline in the volumes of energy purchased to satisfy the bilateral agreements, partly offset by higher purchases on the Dispatching Services Market (Euro 15,351 thousand) compared to the previous year (Euro 13,829 thousand). Greater operations were recorded on the Dispatching Services Market to decrease production (GWh repurchased increased by 24%) and a decrease in average repurchase costs (-11%).

Personnel costs amounted to Euro 21,643 thousand, in line with the previous year (Euro 21,403 thousand). The slight increase is mainly due to the higher average amounts, due to the postponement of some recruitments from 2023 to 2024.



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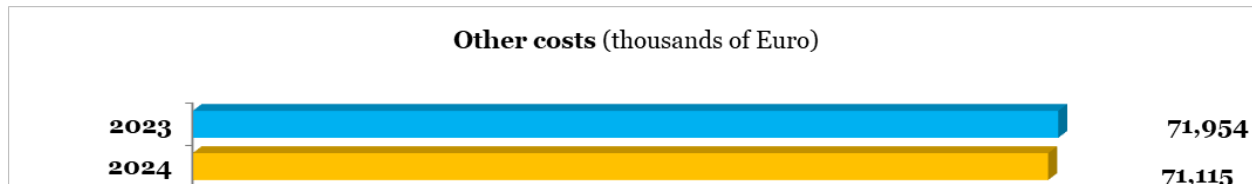
The table shows the average balance by job classification in 2024 compared with the previous year.

Average amount	12.31.2024	12.31.2023	Changes
Executives and Middle Managers	48.4	47.4	1.0
White-collar employees	154.2	152.0	2.0
Blue-collar workers	28.0	29.1	(1.1)
TOTAL	230.6	228.5	2.0

Costs for services in the period amounted to Euro 25,110 thousand. The decrease of Euro 728 thousand compared to 2023 is mainly due to the lower costs incurred for the criminal proceedings (Euro 246 thousand) and for the renegotiation of the Revolving line (Euro 575 thousand) in 2023.



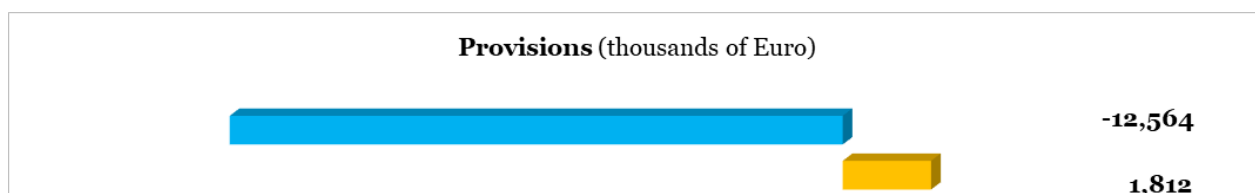
Other costs amounted to Euro 71,115 thousand, a decrease of Euro 839 thousand compared to 2023.



Costs for the purchase of issue rights, amounting to Euro 64,036 thousand, show a slight decrease compared to the previous year (Euro 871 thousand). The higher emissions due to higher production (933 Kton. in 2024 compared to 779 Kton. in 2023) are more than offset by the decrease in the weighted average price of CO2 enhancement (68.61 €/ton. in 2024 compared to 83.33 €/ton in 2023).

Gross operating profit came to Euro 58,004 thousand, an increase compared to Euro 53,770 thousand realised in 2023.

Provisions show a balance of Euro 1,812 thousand and relate to the adjustment of the provision for the demolition of the chimney of the TV4 unit (Euro 900 thousand) and of the provision for the demolition of the VL3 and VL4 units (Euro 300 thousand) for the completion of the work to rectify the external areas, as well as Euro 658 thousand relating to the estimate of the Long-Term Incentive, partly offset by the repayment of the asbestos provision (Euro 168 thousand).

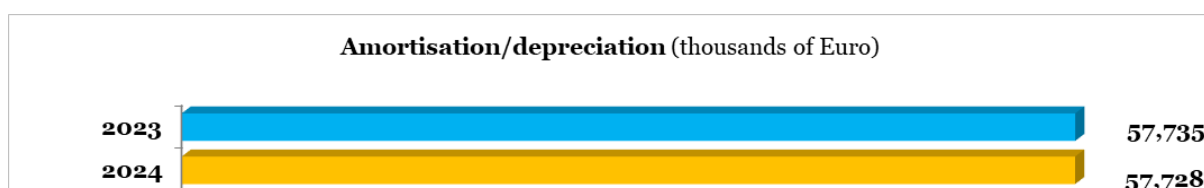


In 2023, provisions recorded a positive balance of Euro 12,564 thousand and mainly concerned the repayment of the asbestos provision following settlement reports signed between the parties for Euro 3,550 thousand, the repayment of the provision for unbalancing of previous years for Euro 5,055 thousand, the release of the excess of the 2020 flood damage provision for Euro 1,833 thousand and the provision for demolition of coal units of Vado Ligure for Euro 1,076 thousand, as well as the write-off of the IMU provision of Torrevaldaliga for Euro 705 thousand, partially offset by the adjustment of the Vigliena demolition provision for Euro 800 thousand and the allocation of Euro 250 thousand relating to damage to the Bevera and Airole hydro plants caused by heavy rains at the end of the year.

EBITDA amounted to Euro 56,193 thousand compared to Euro 66,334 thousand in 2023.

Amortisation, depreciation and write-downs amounted to Euro 277,728 thousand.

Depreciation and amortisation amounted to Euro 57,728 thousand, in line with 2023.

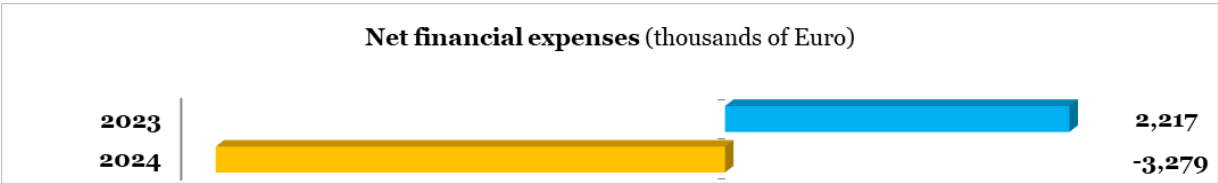


The item **write-downs** amounted to Euro 220,000 thousand. The impairment test revealed an impairment loss for the Company's assets, in particular for the CCGT combined cycle plants, as the recoverable value, calculated with the Discounted Cash Flow method resulting from the Plan approved by the Board of Directors on February 21, 2025, was lower than the book value of the assets.

The **Operating Loss** therefore amounted to Euro 221,536 thousand (an operating loss of Euro 1,535 thousand excluding the write-down), compared to an Operating profit of Euro 8,599 thousand recorded in 2023.

In 2024, **financial expenses** of Euro 3,845 thousand were recorded, in line with the previous year (Euro 3,926 thousand). These include Euro 2,380 thousand for interest expense for the revaluation of the decommissioning provision and Euro 1,252 thousand for interest paid for guarantees.

Financial income amounted to Euro 7,124 thousand, compared to Euro 1,708 thousand in 2023. The amount derives from the repayment of surety charges (2006-2014) for Euro 4,834 thousand, as well as from interest income accrued on bank accounts and Time Deposits (Euro 1,956 thousand).



The Company closed the year 2024 with a tax loss, both for IRES and IRAP purposes, therefore there are no current taxes.

Taxes as at December 31, 2024, were a positive Euro 7,743 thousand and refer:

- for Euro 7,797 thousand to the negative effect of deferred tax assets relating to the use of provisions for risks and charges and to the write-off, by virtue of the estimate of their recoverability, of deferred tax assets relating to the tax loss for the year 2023 (Euro 5,985 thousand) and those relating to provisions for risks and charges;
- for Euro 1,310 thousand, to the positive effect relating to the use in the year of the deferred tax liabilities generated on previous excess and early tax amortisation;
- the positive effect, equal to Euro 14,230 thousand, relating to the reduction in the deferred tax provision by virtue of the write-down of the plants.

The year 2024 therefore closed with a **net loss** of Euro 210,513 thousand, compared to a net profit of Euro 7,624 thousand achieved in 2023.

ANALYSIS OF THE CAPITAL STRUCTURE

Reclassified Balance Sheet

The values of the reclassified income statement are reported in Euros, without decimals. For a better disclosure, comments on the individual items are expressed in Euro.

(Euro)	12/31/2024	12/31/2023	Changes
Net fixed assets			
Tangible and intangible assets	364,621,021	613,520,674	(248,899,654)
Other net non-current assets/(liabilities)	6,344,329	12,414,908	(6,070,579)
Total net fixed assets	370,965,350	625,935,582	(254,970,233)
Net working capital			
Inventories	70,930,426	86,944,228	(16,013,802)
- of which purchased emission rights	57,587,851	73,681,872	(16,094,022)
Trade receivables	74,142,584	70,616,212	3,526,372
Tax (payables)/receivables	-	-	-
Trade payables	(85,255,136)	(50,344,280)	(34,910,856)
Other net current assets/(liabilities)	(37,448,446)	(8,558,766)	(28,889,680)
Total net working capital	22,369,428	98,657,394	(76,287,966)
Gross capital employed	393,334,777	724,592,976	(331,258,199)
Other provisions			
Provisions for risks and charges	(61,550,018)	(60,610,728)	(939,290)
Post-employment and other employee benefits	(3,664,797)	(3,737,469)	72,671
Deferred tax liabilities	(15,434,272)	(30,974,133)	15,539,861
Total other provisions	(80,649,087)	(95,322,330)	14,673,242
Net capital employed	312,685,690	629,270,647	(316,584,956)
Shareholders' equity	452,784,333	663,331,856	(210,547,523)
Net financial debt	(140,098,643)	(34,061,210)	(106,037,433)

Tangible and intangible assets decreased by Euro 248,900 thousand. The main changes concerned:

- the write-down of the assets indicated by the impairment test of Euro 220,000 thousand;
- amortisation/depreciation in the period amounting to Euro 57,728 thousand;
- investments in the period of Euro 28,793 thousand.

For details of investments made in the period, please refer to the appropriate section “**Investments and Demolitions**”.

Other net non-current assets/(liabilities) fell by Euro 6,071 thousand compared to December 31, 2023. There was a decrease in deferred tax assets of Euro 7,786 thousand as a result of uses/write-offs in the period, partially offset by an increase in deposits for the Capacity Market (Euro 1,587 thousand). In particular, the deposits relating to the 2022 (1,856 thousand euro) and 2023 (1,864 thousand euro) auctions were paid and the deposits relating to the 2025 (Euro 2,606 thousand) and 2026 (Euro 2,677 thousand) auctions were paid.

Inventories, amounting to Euro 70,930 thousand, recorded a decrease of Euro 16,014 thousand compared to December 31, 2023. This change is entirely attributable to the lower value of the CO2 quotas purchased.

Trade receivables show an increase of Euro 3,526 thousand compared to December 31, 2023. In particular, we note:

- lower receivables from bilateral sales (Euro 13,937 thousand) following the reduction in bilateral sales revenues in December 2024 compared to December 2023;
- lower receivables from Terna (Euro 1,056 thousand) owing to the lower revenues in the dispatching services market in the months of November and December 2024, compared to the months of November and December 2023;
- higher receivables from GME (Euro 14,316 thousand) as a result of higher revenues in the DAM (day-ahead) market in the last two weeks of December 2024 compared to the same period of December 2023;
- higher receivables from the GSE (Euro 5,026 thousand) following the recognition of the amounts expected by the GSE by way of repayment of the gas cost components (CRVos and RETee).

No **Tax payables** were recorded as at December 31, 2024.

The balance of **Trade payables** fell by Euro 34,910 thousand compared to December 31, 2023.

In particular, we note:

- higher payables due to Terna (Euro 3,950 thousand), as a result of greater trading on the dispatching services to reduce production in the last two months of the year;
- higher receivables for the purchase of fuel (Euro 17,767 thousand) as a result of the greater production of the CCGT plants in December 2024 compared to December 2023;
- higher receivables for the purchase of energy from bilateral agreements (Euro 15,925 thousand) as a result of the greater energy purchases in December 2024 compared to the same period of the previous year.

Other net current assets/(liabilities) registered a decrease of Euro 28,890 thousand compared to December 31, 2023. This change derives mainly from:

- the decrease in payables for CO2 rights to be delivered (Euro 871 thousand) in relation to the cancellation of the allowances for 2023, partially offset by the payable for emissions for the period;

- the decrease in the VAT credit (Euro 5,862 thousand) due to the collection of the 2023 annual VAT (Euro 25,800 thousand), partially offset by the credit accrued in the period;
- the decrease in receivables for damages (Euro 14,850 thousand) following the collection of insurance reimbursements relating to damages on the hydroelectric plants in 2020 and the damage on the TG51 rotor of the Vado Ligure plant in 2023;
- the decrease in advances to third parties (Euro 10,355 thousand) due almost entirely to the elimination of the prepayment to Edison for the supply of gas (Euro 10,000 thousand).

The **Provision for Risks and Charges** decreased by Euro 939 thousand as a result of the changes as better illustrated in note no. 10.

Net invested capital therefore amounted to Euro 312,686 thousand (Euro 629,271 thousand as at December 31, 2023) mainly as a result of the effects of the write-down of the CCGT assets.

Shareholders' equity stood at a positive Euro 452,784 thousand, and essentially changed when compared to December 31, 2023, due to the loss in the period, amounting to Euro 210,513 thousand, as well as the net decrease of Euro 34 thousand in IAS 19 and IFRS 9 reserves.

For more details, please refer to note no. 9.

Net financial debt: as at December 31, 2024, there were no debt lines to be repaid; therefore, the net financial indebtedness coincides with the cash and cash equivalents of Euro 140,099 thousand. The Revolving line of Euro 25,000 thousand stipulated in 2023, backed by a SACE guarantee, is fully available.

The amount of cash and cash equivalents, in application of the rules envisaged by the Articles of Association for the repayment of PFIs, makes it possible to distribute profit reserves for an amount equal to the surplus with respect to the minimum cash of Euro 40,000 thousand.

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The breakdown of the net financial debt as at December 31, 2024 is detailed in the following table:

(thousands of Euro)	12/31/2024	12/31/2023	Changes
A Cash at bank and in hand	12	13	(1)
B Bank deposits	140,087	34,048	106,039
C Securities	-	-	-
D Total cash and cash equivalents (A+B+C)	140,099	34,061	106,037
E Current financial receivables	-	-	-
F Current bank payables	-	-	-
G Current portion of non-current debt	-	-	-
H Other current financial liabilities	-	-	-
I Total short-term financial liabilities (F+G+H)	-	-	-
J Current net financial debt (-D-E+I)	(140,099)	(34,061)	(106,037)
K Non-current financial receivables	-	-	-
L Non-current bank payables	-	-	-
M Other non-current payables	-	-	-
N Non-current financial debt (L+M)	-	-	-
O Non-current net financial debt (K+N)	-	-	-
P TOTAL NET FINANCIAL DEBT (J+O)	(140,099)	(34,061)	(106,037)

Cash flows

(thousands of Euro)	12/31/2024	12/31/2023	Changes
Opening cash and cash equivalents	34,061	30,023	4,038
Cash Flow from operating activities	134,830	74,670	60,161
Cash Flow from investment activities	(28,793)	(70,632)	41,839
Cash Flow from financing activities	-	-	-
Closing cash and cash equivalents	140,099	34,061	106,037

The cash flow from operating activities, also thanks to the positive trends in working capital, was positive for Euro 134,830 thousand, markedly higher than the previous year.

The cash flow from operating activities allowed the coverage of investment activities (Euro 28,793 thousand), as well as an increase in cash and cash equivalents of Euro 106,037 thousand.

BUSINESS OUTLOOK

Evolution of the Business Plan

As is well-known, a Debt Restructuring Agreement (ADR) was signed in 2015 with the main creditors (the Lenders) pursuant to art. 182-bis of the Bankruptcy Law, aimed at structurally resolving the existing financial and equity imbalances. The Debt Restructuring Agreement included a refinancing plan - "Restated Facility Agreement" - negotiated on the basis of a Business Plan. The full repayment of the renegotiated tranches of debt and the non-renewal of the Revolving Facility as at December 31, 2023 resulted in the closure of the Restated Facility Agreement at that date.

According to the opinion of Mr. Laghi (certified appraiser of the Plan underlying the ADR), following the repayment of all the restructured credit lines and the non-renewal of the Revolving Facility, the restructuring process, pursuant to art. 182 bis of Bankruptcy Law, of Tirreno Power may qualify as having been executed.

During 2024, the deeds needed for the definition of the new capacity market auctions were formalised through the publication of the new regulations drawn up by Terna, the ARERA resolution defining the technical-economic metrics of the mechanism and the new MASE decree.

The aforementioned measures envisaged 4 consecutive auctions for the 2025-28 delivery years and a cap on the premium of the mechanism for existing capacity of 45,000 €/MW/year (2025 auction) with increases of up to 48,000 €/MW/year (2028 auction), values significantly higher than those in force up to the year of delivery 2024 (33,000 €/MW/year) as a result of the general increase in fixed costs of the reference plants due to inflation and sector trends.

The auctions for 2025 were held on July 25 and 26, 2024. The Company was awarded the entire CDP (capacity of each technology available for the Capacity Market) assigned and presented at auction (equal to 1,930 MW) at a price of 45,000 €/MW/year, corresponding to the cap of the existing capacity.

On December 19, 2024, the auctions for 2026 were held. The Company was awarded the entire CDP (capacity of each technology available for the Capacity Market) assigned and presented at auction (equal to 1,930 MW) at a price of 46,000 €/MW/year, corresponding to the cap of the existing capacity.

The auctions for 2027 will be held on February 26, while the auction date for 2028 has not yet been set.

The new market scenario used by management for the preparation of the multi-year Plan approved by the Board of Directors on February 21, 2025, provides for a lower margin than what was shown in the Plan approved last year, essentially by virtue of the consolidation of the contraction of the margins of the DAM market and, especially the Dispatching Services Market, recorded starting from 2023 and confirmed during 2024.

The expected decrease in the margins of the energy and dispatching services markets, despite the increase in the Capacity Market premium, leads to economic results such as to reveal a loss in value for the Company's assets and, therefore, the need to write them down.

The impairment test carried out on the Company's assets indicated the need for a write-down of Euro 220,000 thousand.

On the whole, considering that:

- the Shareholders' Equity of the Company after the write-down is equal to Euro 452,784 thousand, an amount deemed suitable by the directors to guarantee an adequate capital base of the Company with respect to the assumptions indicated in the Plan, including the possible distribution of profit reserves in application of the rules envisaged by the articles of association for the repayment of PFIs;
- as at December 31, 2024, there are no debt lines to be repaid;
- the Company has a financing line of Euro 25,000 thousand to cover possible working capital requirements, guaranteed by SACE, expiry on September 30, 2026;

The reasonableness of the assumptions used by the directors to draft the Business Plan was confirmed, instilling confidence in them regarding the Company's ability to be able to reach the results expected also in future years, despite being fully aware that the results envisaged in the aforementioned Plan may only materialise if the assumptions contained therein are satisfied. These assumptions are primarily related to the market trends and regulatory developments which are subject, owing to their nature, to uncertainties in terms of the methods and timing of their realisation.

In consideration of the persisting uncertainties that characterise the reference macroeconomic framework, the directors will continue to closely monitor the evolution of operations.

Based on these assumptions, the directors reasonably expect the company to continue to operate in the foreseeable future as an operating entity, therefore, drafting these financial statements as at December 31, 2024 on the basis of the going concern assumption.

Evolution of the macroeconomic scenario

As reported in the Bank of Italy Economic Bulletin published in January 2025, economic activity remains robust in the United States but loses momentum in other advanced economies. In China, the crisis in the real estate market is still impacting domestic demand. According to the assessments of the Bank of Italy, in 2025 world trade will grow by just above 3%, in line with the expected performance of global GDP. However, the outlook for international trade could be negatively affected not only by the worsening of geopolitical tensions, but the announced tightening of US commercial policy. Oil prices rose minimally; natural gas prices remain volatile and subject to upward pressure due to factors connected with both demand and supply.

Based on the information available, economic growth in the euro area weakened at the end of 2024, penalised by the lack of buoyancy in consumption and investments and the decline in exports. Manufacturing performance remains disappointing, particularly in Germany; the impetus provided by the services would also be weakened. Inflation remains moderate, at around 2%, with substantial stability of the core component: in services, the change in prices is still relatively high, partly reflecting delayed adjustments to past inflation. In December, Eurosystem experts revised the growth forecasts for the area downwards, placing them above 1% per year in the three-year period 2025-27; inflation would stabilise around the European Central Bank's target of 2%.

In December, the Governing Council of the ECB cut the reference interest rates by a further 25 basis points. The markets expect another reduction of around 75 basis points over the course of 2025. Despite the gradual easing of monetary policy, credit dynamics in the Eurozone remain modest, in a context of significant uncertainty and weak demand.

In the fourth quarter of 2024, economic activity in Italy remained weak, affected, as in the rest of the euro area, by the persistent weakness of manufacturing and the slowdown in services. In construction, the impetus provided by the works of the National Recovery and Resilience Plan would counteract the downsizing of activity in the residential sector. Domestic demand would be held back by the deceleration in household spending and by investment conditions that remain unfavourable. In the Bank of Italy's projections, prepared as part of the coordinated Eurosystem exercise, growth would gain momentum during this year, standing at around 1% on average in the three-year period 2025-27.

In the last few months of 2024, the decline in energy prices again helped keep consumer inflation well below 2%. Core inflation remains moderate, but relatively higher in the services component. For the current year, companies expect limited increases in their price lists. According to the forecasts of the Bank of Italy, the increase in consumer prices will be 1.5% in the two-year period 2025-26 (from 1.1% in 2024), reaching 2.0% in 2027, driven by temporary effects due to the entry into force of the new emissions quota trading system for pollutants and greenhouse gases in the European Union.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD

No significant events occurred after the end of the year.

PROPOSALS OF THE BOARD OF DIRECTORS

Dear Shareholders,

We invite you to approve the financial statements as at December 31, 2024 as a whole and their individual items.

Taking into account the contents of this Management Report, as well as the provisions of article 2430 of the Italian Civil Code and the provisions of the Company's Articles of Association, it is proposed that the net loss of Euro 210,513,300 be covered in full by using the retained earnings reserve.

Rome, February 21, 2025

For the Board of Directors

(Chairman)

FINANCIAL STATEMENTS SCHEDULES

BALANCE SHEET

(Euro)	Note	Dec-31-24	Dec-31-23
Assets			
Property, plant and equipment	1	363,639,340	612,174,410
Intangible assets	2	981,680	1,346,265
Non-current financial assets	3	5,919,131	4,373,049
Deferred tax assets	4	535,624	8,321,397
Other non-current assets		414,702	479,331
Total non-current assets		371,490,478	626,694,451
Inventories	5	70,930,426	86,944,228
Trade receivables	6	74,142,584	70,616,212
Other current assets	7	30,769,994	62,445,328
Other current financial assets		690,263	321,309
Cash and cash equivalents	8	140,098,643	34,061,210
Total current assets		316,631,910	254,388,287
Total assets		688,122,387	881,082,738
Liabilities and Shareholders' Equity			
Share capital		60,516,142	60,516,142
Other reserves		136,345,130	136,379,353
Accrued gains (losses)		466,436,361	458,812,503
Profit (loss) for the period		(210,513,300)	7,623,858
Shareholders' equity	9	452,784,333	663,331,856
Provisions for risks and charges	10	56,104,717	54,708,913
Post-employment and other employee benefits	11	3,664,797	3,737,469
Deferred tax liabilities	12	15,434,272	30,974,133
Other non-current financial liabilities	13	525,128	758,869
Total non-current liabilities		75,728,914	90,179,384
Payables for loans	14	-	-
Provisions for risks and charges	10	5,445,301	5,901,815
Trade payables	15	85,255,136	50,344,280
Payables for income taxes	16	-	-
Other current liabilities	17	68,251,066	70,717,749
Other short-term financial liabilities	13	657,637	607,654
Total current liabilities		159,609,140	127,571,498
Total shareholders' equity and liabilities		688,122,387	881,082,738



INCOME STATEMENT

(Euro)	Note	Dec-31-24	Dec-31-23
Revenues	18	653,037,756	668,445,493
Other revenues	19	2,746,804	23,402,909
Total revenues		655,784,560	691,848,402
Own work capitalised	20	628,379	2,232,141
Consumption of raw materials	21	(480,540,520)	(521,114,980)
Personnel costs	22	(21,643,431)	(21,402,774)
Service costs	23	(25,109,982)	(25,838,398)
Other operating costs	24	(72,926,400)	(59,390,439)
Amortisation, depreciation and write-downs	25	(277,728,126)	(57,734,634)
Operating profit/loss		(221,535,520)	8,599,318
Financial expenses	26	(3,845,322)	(3,925,924)
Financial income	27	7,124,261	1,708,446
Pre-tax profit/loss		(218,256,581)	6,381,840
Taxes	28	7,743,281	1,242,018
Net profit/loss		(210,513,300)	7,623,858
Earnings per share - basic and diluted	29	-3.48	0.13

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

(Euro)	Note	Dec-31-24	Dec-31-23
Net profit/loss for the period		(210,513,300)	7,623,858
Other components of comprehensive income:			
Change in fair value IAS 19 - Post-employment and other BENEFITS	11	(34,222)	(30,849)
Total other components of comprehensive income		(34,222)	(30,849)
Total comprehensive income		(210,547,522)	7,593,009

STATEMENT OF CASH FLOWS

(Euro)	Dec-31-24	Dec-31-23
OPERATING ACTIVITIES		
Net profit/loss for the period	(210,513,300)	7,623,858
Amortisation, depreciation and write-downs	277,728,126	57,734,634
Net provisions for deferred taxes and other provisions	(14,673,242)	(20,119,287)
Increase (decrease) in IAS 39, IAS 19, Interest Rate CAP reserves	(34,223)	(30,849)
Other non-monetary changes	(35,473)	137,643
Change in other non-current assets and liabilities	6,070,579	807,033
Change in other current assets and liabilities	76,287,966	28,516,695
Cash flow from operating activities	134,830,433	74,669,727
of which:		
- Interest income collected	1,956,156	1,019,352
- Interest expenses paid	(1,346,138)	(1,544,231)
- Income taxes paid	-	(15,607,641)
INVESTMENT ACTIVITIES		
Investments in tangible assets	(28,340,000)	(70,082,000)
Investments in intangible assets	(453,000)	(550,000)
Cash flow from investment activities	(28,793,000)	(70,632,000)
FINANCING ACTIVITIES		
Increase in share capital	-	-
Increase (decrease) in payables for non-current loans	-	-
Increase (decrease) in payables for current loans	-	-
Participating Financial instruments	-	-
Changes in other short-term financial liabilities	-	-
Cash flow from financing activities	-	-
Increase (decrease) in cash and cash equivalents	106,037,433	4,037,727
Opening cash and cash equivalents	34,061,210	30,023,482
Closing cash and cash equivalents	140,098,643	34,061,210



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Euro)	Note	Share capital (a)	Other reserves (b)	Accrued gains (losses) (c)	Profit (loss) for the period (d)	Total (a+b+c+d)=e
Balance as at January 1, 2023		60,516,142	136,410,202	369,233,532	89,578,971	655,738,847
Allocation of profit for 2022				89,578,971	(89,578,971)	-
Comprehensive profit/loss as at December 31, 2023			(30,849)			(30,849)
of which:						
Profit/loss booked directly to shareholders' equity	9		(30,849)			(30,849)
Profit/loss as at December 31, 2023					7,623,858	7,623,858
Balance as at December 31, 2023		60,516,142	136,379,353	458,812,503	7,623,858	663,331,856
Balance as at January 1, 2024		60,516,142	136,379,352	458,812,504	7,623,858	663,331,856
Allocation of profit for 2023				7,623,858	(7,623,858)	-
Comprehensive profit/loss as at December 31, 2024			(34,222)			(34,222)
of which:						
Profit/loss booked directly to shareholders' equity	9		(34,222)			(34,222)
Profit/loss as at December 31, 2024					(210,513,300)	(210,513,300)
Balance as at December 31, 2024		60,516,142	136,345,130	466,436,361	(210,513,300)	452,784,333

EXPLANATORY NOTES

DECLARATION OF CONFORMITY

These financial statements are prepared in accordance with IFRS international accounting standards issued by the 'International Accounting Standards Board (IASB) and provide complete information on the basis of IAS 1.

IFRS means all the "International Financial Reporting Standards", all International Accounting Standards ("IAS"), all of the interpretations of the International Financial Reporting Standards Committee ("IFRIC"), all the interpretations of the Standing Interpretations Committee ("SIC"), adopted today by the European Union and contained in the EU Regulations published on G.U.C.E. (Official Journal of the European Union) up to today's date, in which the Board of Directors of Tirreno Power S.p.A. prepared these financial statements. Lastly, still on the subject of interpretation, account was also taken of the documents on IAS / IFRS in Italy prepared by the Italian Accounting Board (OIC).

STRUCTURE AND CONTENT OF FINANCIAL STATEMENTS

These financial statements consist of the Balance Sheet, Income Statement, Statement of Comprehensive Income/Loss recorded in the period, Statement of Cash Flows, Statement of Changes in Shareholders' Equity, as well as the Explanatory Notes and are drafted on the basis of the going concern assumption, based on the indications of the paragraph "Business outlook".

As for the financial statements that the Company has chosen to adopt it should be noted:

- in the "Balance sheet" assets and liabilities are sorted by due date, separating current and non-current items by expiry, respectively, within or after 12 months;
- the "Income statement" is presented in a scalar form by nature;
- the "Cash flow statement" is prepared using the indirect method, as allowed by IAS 7;
- the "Statement of comprehensive income/loss" is prepared separately in accordance with IAS 1 Revised.
- the "Statement of changes in Shareholders' Equity" is prepared in accordance with IAS 1 Revised.

The functional currency used for the presentation of financial statements is the euro and all amounts are expressed in thousands of Euro unless indicated otherwise. For disclosure purposes, the values are reported without decimals.

This document is subject to auditing by the Independent Auditors *EY S.p.A.*, a company which was also entrusted with the legal auditing of accounts.

ACCOUNTING POLICIES AND VALUATION CRITERIA

The accounting policies and valuation criteria adopted are summarised below. The valuation criteria are adopted on a going concern basis and comply with the principles of accrual accounting, relevance and materiality of accounting information and the prevalence of economic substance over legal form.

The general principle used in preparing these financial statements is the cost method with the exception of any derivatives for which IFRS 9 requires the fair value measurement.

Current/non-current classification

Assets and liabilities are classified in these financial statements according to the current/non-current criterion.

An asset is current when:

- it is expected to be realised, or held for sale or consumption, during the normal course of the operating cycle;
- it is held primarily for trading purposes;
- it is expected to be realised within twelve months of the date of year-end; or
- it is composed of cash or cash equivalents unless it is prohibited to exchange or use it to extinguish a liability for at least twelve months from the date of year-end.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be extinguished during its normal operating cycle;
- it is held primarily for trading purposes;
- it must be extinguished within twelve months of the date of year-end; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months from the date of year-end.

All other liabilities are classified as non-current.

Discretionary valuations and significant accounting estimates

The application of generally accepted accounting standards for the preparation of the financial statements entails that the Company's management makes accounting estimates based on complex and/or subjective judgements, on past experience and on assumptions considered reasonable and realistic on the basis of the information known at the time of the estimate. The use of these accounting estimates affects the carrying amount of assets and liabilities, as well as the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs in the reference period. The actual results may differ from those estimated, due to the uncertainty that characterises the assumptions and the conditions that generate the estimates. The main accounting estimates included in

the process of preparing the financial statements, which involve the use of subjective judgements, assumptions and estimates on issues that are uncertain by their nature, are indicated below.

1. Recoverability of non-financial assets

Assets such as property, plant and equipment, intangible assets, assets consisting of the right of use of an underlying asset are subject to impairment when their book value exceeds the recoverable value, represented by the higher of the fair value, net of costs of disposal, and the value in use.

These recoverability tests are carried out according to the criteria envisaged by IAS 36 and described in more detail in the following Note “Property, plant and equipment”.

In determining the recoverable amount, the Company generally applies the value in use criterion. Value in use is the present value of future cash flows that are expected to originate from the asset being measured, discounted using a discount rate, gross of taxes, which reflects current market valuations of the time value of cash and the specific risks of the business.

The expected future cash flows are prepared on the basis of the most recent approved business plans and information available at the time of the estimate; therefore, the assumptions used in estimating the cash flows are based on the management’s judgement with particular reference to the performance of future variables indicated in the “Business outlook” section and in note no. 1.

2. Disputes

The Company is a party to some legal disputes relating mainly to labour, the operation of some production plants, environmental damages, and criminal disputes. Given the nature of these disputes, it is not always objectively possible to predict their final outcome, some of which could be concluded with an unfavourable outcome.

Provisions were set up to cover all significant liabilities for cases in which the Company, also supported by legal advisors, has assessed an unfavourable outcome as probable and a reasonable estimate of the amount of the loss can be made.

3. Provisions for risks and charges

Provisions for risks are made on the basis of expectations of events whose effects, on the basis of the information available and the support of the consultants, are estimated as probable.

4. Deferred tax assets

The financial statements include deferred tax assets, related to income components with deferred tax deductibility, for an amount whose recovery in future years is considered highly probable by the Directors.

The recoverability of the above-mentioned deferred tax assets is subject to the achievement of future taxable profits that are sufficiently large enough to attain the benefits deriving from the deferred tax assets.

Significant judgments of management are required to determine the amount of deferred tax assets that can be recognised in the financial statements, based on the timing and amount of future taxable income as well as future tax planning strategies and tax rates in force at the time of their transfer.

Estimates and assumptions are reviewed periodically and the effects of each change are simultaneously recognised in the income statement.

Translation of foreign currency items

The functional and presentation currency is the Euro.

Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in currencies other than the functional currency are subsequently adjusted at the exchange rate prevailing at the balance sheet date. Exchange differences arising from the conversion operations are reflected in the income statement and recorded under financial income and expenses. Non-monetary assets and liabilities denominated in foreign currencies and valued at cost are translated at the exchange rate prevailing at the date of initial transaction.

Tangible assets

Property, plant and equipment are stated at acquisition or production cost, less accumulated depreciation and any accumulated impairment losses. The cost includes expenditure directly incurred to prepare the assets for use, as well as any charges for dismantling and removal (as provided by IAS 37), recorded at the present value of the future expense which is estimated will be incurred. The cost also includes any interest paid on the purchase or construction of property, plant and equipment incurred to bring these into operation.

They also include the costs relating to spare parts considered strategic for guaranteeing plant productive activities.

Depreciation commences when the asset is available for use and is recognised systematically over the remaining useful life of the same, i.e. on the basis of the estimated useful life.

The useful life of property, plant and equipment and their residual value are reviewed and adjusted if appropriate, at least at the end of each year. The presumed realisable value which is deemed recoverable at the end of its useful life, if determined, is not depreciated.

Where the asset subject to depreciation is composed of separately identifiable elements whose useful life differs significantly from that of the other parts that make up the asset, depreciation is calculated separately for each of these parts, in application of the component approach.

Ordinary maintenance costs are fully expensed in the year they are incurred.

The costs incurred for maintenance carried out at regular intervals (known as Major Inspections) are recorded as assets in the balance sheet and are depreciated on the basis of the intervention cycle, as planned by management.

The depreciation of assets that can be transferred free of charge outside the scope of IFRIC 12 is calculated on a straight-line basis over the shorter of the residual duration of the concession, and the estimated useful life of the same, with the exception of exemptions regarding investments in accordance with the provisions of the current legislation.

Land, whether free of constructions or annexed to civil and industrial buildings is not depreciated as it has an unlimited useful life.

The estimated useful lives of property, plant and equipment is as follows:

Buildings	25/40 years
Equipment; steam generator; mech. mach.; hydraulic works	20 years
Combined cycle plants	30 years
Maintenance	2 to 8 years
Electronic calculators; office machines; IT equipment	5 years
Transport lines	35 years
Penstocks	50 years
Long distance transmission systems and industrial equipment	10 years

The book value of an element of property, plant and equipment and each significant component initially recognised is eliminated at the moment of disposal (i.e. as at the date on which the purchaser acquires control of it) or when no future economic benefit is expected from its use or disposal. The profit/loss that emerges at the moment of the derecognition of the asset (calculated as the difference between the net book value of the asset and the consideration received) is booked to the income statement when the element is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are revised at the close of the year and, where appropriate, corrected prospectively.

In the event of signs of deterioration, tangible fixed assets are subject to a recoverability test (so-called “impairment test”) which is illustrated in the following paragraph “Impairment of Assets”. At the same time, the restoration of an asset previously written down as a contra-item in the income statement is also booked to the income statement.

Intangible assets

Intangible assets are composed of non-monetary, identifiable elements without physical substance, controllable and capable of generating future economic benefits. They are carried at cost of purchase and/or production cost, including directly attributable costs of preparing the asset for use, net of accumulated amortisation, in cases where there is an amortisation process, and any impairment. Depreciation commences when the asset is available for use and is recognised systematically over the remaining useful life of the same, i.e. on the basis of the estimated useful life.

Research costs are expensed in the year they accrue. Development costs are capitalised if the cost can be measured reliably and it is shown that the asset is able to generate future economic benefits.

Impairment of assets

As at each balance sheet date, property, plant and equipment and intangible assets with indefinite lives are tested in order to establish whether there are indicators of impairment. When the presence of these indicators is identified, the recoverable amount of the assets is estimated and any impairment loss recognised in the income statement. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, where the latter is the present value of estimated future cash flows of the asset. In determining the value in use, expected future cash flows are discounted with a discount rate that reflects the assessment of the cost of money for the company, in relation to the investment period and the specific risks of the asset. An impairment loss is recognised in the income statement when the asset's carrying amount exceeds its recoverable amount.

For tangible and intangible fixed assets, should the reasons for a write-down effected previously no longer exist, the carrying value is reinstated by an entry in the income statement, in accordance with the limits of the net book value that the asset would have had if it had not been written down and amortisation/depreciation had been charged.

Inventories

Raw materials, consumables and supplies are valued at purchase cost determined using the weighted average method and are not written down below cost given held to be used in the production process.

The purchase cost is determined for the reference period, in respect of each inventory item. The weighted average cost includes the relevant accessory charges relating to purchases in the period.

The value of obsolete and slow-moving inventory is written down in relation to the risk of use or sale, through the allocation of risk in a specific provision for the write-down of inventories.

With regard to the so-called emission rights, as better specified in the previous annual financial statements, as from January 1, 2020 Tirreno Power decided to privilege a classification of the rights purchased to meet its own needs (so-called own use), among the inventories of the current assets.

Financial instruments

Financial instruments include financial assets and liabilities whose classification is determined at the time of their initial recognition, depending on the purpose for which they were purchased. Purchases and sales of financial instruments are recognised on the trade date.

The financial instruments include not only investments available for sale, but other non-current financial assets, receivables and non-current loans, trade receivables, other receivables originated by the enterprise as well as other current financial assets such as cash and equivalents or bank deposits and financial receivables due within three months. Financial payables, trade payables, other payables and other financial liabilities and derivative instruments also fall under financial instruments.

All assets and liabilities for which the fair value measured or stated in the financial statements are categorised on the basis of the fair value hierarchy, as described below:

- Level 1 - prices listed (not adjusted) in active markets for identical assets or liabilities which the company can access at the measurement date;
- Level 2 - inputs other than prices listed in Level 1, observable directly or indirectly for the asset or for the liability;
- Level 3 - valuation techniques for which the input data are not observable for the asset or the liability.

The fair value measurement is classified entirely to the same level of the fair value hierarchy in which the input of the lowest level of the hierarchy used for the measurement is classified.

It should be noted that no changes were verified in the levels of the fair value hierarchy used for the purposes of measuring the financial instruments with respect to the last financial statements.

For assets and liabilities booked to the financial statements at fair value on a recurring basis, the company determines whether transfers between levels of the hierarchy have taken place.

Their initial assessment takes into account the transaction costs directly attributable to the acquisition or the issue costs that are included in the initial measurement of financial instruments. The fair value of instruments listed on public markets is determined with reference to quoted prices (bid price) as at the balance sheet date. The fair value of unlisted instruments, including those related to electricity, is instead measured with reference to the financial valuation techniques or using major financial counterparties. In particular, the fair value of interest rate swaps is measured by discounting the expected cash flows, the fair value of foreign exchange forwards is determined on the basis of market exchange rates at the balance sheet date and the rate differentials between the relevant currencies, while the fair values of derivatives related to commodities are calculated using models based on industry best practices.

In general, in applying those models, market data are used rather than internal company data.

Trade receivables

Trade receivables, which accrue within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value) net of related impairment losses.

The management verified that the fair value of the trade receivables and trade payables, as well as of the cash and cash equivalents and short-term deposits and other current liabilities approximates the book value as a result of the short-term maturities of these instruments.

Cash and cash equivalents

Cash and cash equivalents include cash, i.e. assets that meet the requirements of availability on demand or at short notice, successful outcome and absence of collection expenses and are measured at fair value. For the purposes of representation in the cash flow statement, the cash and cash equivalents are represented by the liquid funds defined above.

Cancellation (derecognition) of financial assets

Financial assets are derecognised from the balance sheet when the rights to receive cash flows from the instrument expires and the entity has transferred substantially all the risks and rewards relating to the instrument and the relative control.

Trade payables

The trade payables, which accrue within the normal commercial terms, are not discounted and are recognised at cost (identified by their nominal value).

Financial liabilities

Financial liabilities, including borrowings and other payment obligations are initially recognised at cost corresponding to the fair value of the liability net of costs incurred to secure loans (transaction costs). Following initial recognition, financial liabilities are measured at amortised cost using the effective interest rate. Net financial charges are consequently restated on the basis of the effective interest rate method.

If there is a change in expected cash flows and the possibility exists to reliably estimate the value of the loans is recalculated to reflect this change on the basis of the present value of expected future cash flows and the internal rate of return originally determined. Financial liabilities are classified as current liabilities unless the entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences in the book values posted to the income statement.

Derivative financial instruments

The Company uses derivative financial instruments including: interest rate swaps and forward commodity purchase contracts to hedge interest rates and commodity price risks respectively. These derivative financial instruments are initially recognised at fair value on the date in which the derivative contract is signed and, periodically, updated at each reporting date. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For hedge accounting purposes, there are three types of hedge:

- fair value hedge in the event of hedging of the exposure to changes in the fair value of the asset or liability recognised or unrecognised irrevocable commitment;
- cash flow hedge in the case of hedging of exposure to changes in cash flows attributable to a particular risk associated with all assets or liabilities recognised or a highly probable forecast transaction or foreign currency risk on an unrecognised firm commitment;
- hedge of a net investment in a foreign operation.

At the start of a hedging transaction, the company designates and formally documents the hedging relationship, to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged element, the nature of the risk and the methods the company will use to evaluate whether the hedging relationship satisfies the hedge effectiveness requirements (including an analysis of the sources of hedge ineffectiveness and the way in which the hedging relationship is determined).

The hedging relationship satisfies the hedge accounting eligibility criteria if it meets all the following hedge effectiveness requirements:

- there is an economic relationship between the hedged element and the hedging instrument;
- the effect of the credit risk does not dominate the changes in value resulting from the aforementioned economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The transactions that satisfy all the criteria to qualify for hedge accounting are accounted for as follows:

(i) Fair value hedges

The fair value change in hedging derivatives is recognised under other costs in the statement of profit/(loss) for the year. The fair value change in the hedged element attributable to the hedged risk is recorded as part of the carrying value of the hedged element and it is also recognised under other costs in the statement of profit/(loss) for the year.

As regards fair value hedges relating to elements accounted for using the amortised cost method, each adjustment of the carrying value is amortised in the statement of profit/(loss) for the year over the residual period of the hedge, using the effective interest rate method. Amortisation determined in this way may start as soon as adjustment exists but cannot extend beyond the date in which the element subject to hedging ceases to be adjusted due to the fair value changes attributable to the risk subject to hedging.

If the hedged element is cancelled, the fair value not amortised is recognised immediately in the statement of profit/(loss) for the year.

When an unrecognised firm commitment is designated as an element subject to hedging, subsequent cumulated changes in its fair value attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses booked to the statement of profit/(loss) for the year.

(ii) Cash flow hedge

The portion of the profit or loss on the hedged instrument, relating to the effective part of the hedge, is recognised in the statement of comprehensive income, under the “cash flow hedge” reserve, while the ineffective part is booked directly to the statement of profit/(loss) for the year. The cash flow hedge reserve is adjusted to the lower of the cumulated profit or loss on the hedging instrument and the cumulated variation in the fair value of the hedged element.

The Company only designates the spot component (intrinsic) of forward contracts as hedging instrument. The forward component (time) is cumulatively recognised in a separate item of the statement of other comprehensive income (OCI).

The amounts accumulated under other comprehensive income are accounted for depending on the nature of the underlying hedged transaction. If the transaction subject to hedging subsequently involves the recognition of a non-financial component, the amount accumulated under shareholders' equity is removed from the separate component of shareholders' equity and included in the cost value or other book value of the hedged asset or liability. This is not considered a reclassification of the items recognised in other comprehensive income for the period. This also applies in the event of a planned hedge of a non-financial asset or non-financial liability that subsequently becomes a firm commitment to which the accounting of fair value hedging transactions is applied.

For any other cash flow hedge, the cumulated amount in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or in periods during which the hedged cash flows impact the income statement.

If the accounting of the cash flow hedge is suspended, the cumulated amount in other comprehensive income must remain as such if the future hedged cash flows are expected to materialise. Otherwise, the amount must be reclassified immediately to profit/(loss) for the year as a reclassification adjustment. After the suspension, once the hedged cash flow is verified, any accumulated amount remaining in other comprehensive income must be accounted for depending on the nature of the underlying transaction as described previously.

Embedded derivatives

Embedded derivatives included in other financial instruments or in other contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the latter are not stated at fair value with recognition of gains and losses in the income statement. The Company verifies the existence of any embedded derivatives, analysing the facts and circumstances which could have originated them, including, for example, any contracts regarding the receipt or sale of "non-monetary" assets according to specific company purchase, use or sale requirements.

Employee Benefits

The short-term benefits are recognised in the income statement in the period in which the working activity is performed.

It is noted that, in connection with the pension reform of 2007, the provision for Post-employment benefits was restated, by adopting the new methodological approach, or considering that the amounts accrued as of January 1, 2007 are a defined contribution benefit and, therefore, not included in the calculation of liabilities. Where the provision accrued as at December 31, 2006 is treated as a defined

benefit plan, the benefits granted to employees are recognised over the vesting period, as well as other long-term benefits (Additional months' salaries, Tariff Incentives and Loyalty Bonuses).

The cost of providing benefits under the various plans is determined separately for each plan, using actuarial assumptions to estimate the amount of future benefits that employees have accrued as at the reporting date.

The valuation of the liabilities in question is determined on the basis of independent actuarial assumptions. Gains and losses resulting from actuarial calculations are recognised in the income statement.

For defined contribution plans, contributions are only recorded when the employees have carried out their activities and therefore those contributions are accrued. In the latter case Tirreno Power pays fixed contributions into a separate entity (e.g. a Fund) and will have no legal or constructive obligation to pay further contributions if the fund is not solvent.

Provisions for risks and charges

Provisions are recorded to cover losses and charges of a specific nature, certain or probable, in respect of which, however, the amount and/or date of occurrence cannot be determined. If the date of occurrence is uncertain, the provisions are classified under current liabilities.

Provisions for risks and charges are recognised when, as at the reporting date, in the presence of a present obligation (legal or constructive) to third parties arising from a past event, it is likely that, to fulfil the obligation, an outflow of resources whose amount can be estimated reliably will be required.

When the financial effect of time is significant, the provision is discounted using a yield curve that reflects the time value of money expressed by the market and the risks associated with the liability.

If the provision is estimated taking into account the discounting process, the increase in provisions, due to the passage of time is recognised in the income statement as a financial charge. If the liability relates to tangible assets (e.g. dismantling and restoration of sites), the provision is recorded against the asset to which it relates; the expense is recognised in the income statement through the depreciation of the tangible asset to which the expense relates, as well as through the measurement of the financial expenses of the revaluation of the liability.

The estimate of the costs of future dismantling and remediation works is reviewed annually. Changes in the estimates of future costs or the discount rate applied increase or decrease the cost of the asset if they refer to the portion of the asset that will depreciate in subsequent periods.

The allocation of restructuring expenses takes place when the general criteria for allocation of a provision are respected. The Company has an implicit obligation when a detailed and formalised plan identifies the business unit concerned, the location and number of employees forming the object of the restructuring, the detailed estimate of costs and the implementation timescales. In addition, the personnel concerned must be informed of the main characteristics of the restructuring plan.

Revenue recognition

Revenue is recognised to the extent that it is possible to reliably determine its value (fair value) and it is probable that the associated economic benefits will be enjoyed by taking into account any discounts and reductions linked to quantities.

The company recognises revenues in order to faithfully represent the transfer of goods and services promised to customers, for an amount that reflects the consideration the company expects to be entitled to in exchange for the goods and services supplied. The recognition takes place through the application of this key principle and the use of the 5-step model provided by IFRS 15.

Revenues related to the sale of electricity are recognised at the time of delivery of supply, even if not invoiced, based on the actual sales prices on the Power Exchange or the conditions set forth contractually, taking into account the existing legislation.

Other revenues are determined according to the terms and conditions which take account of the risks and benefits transferred.

Recognition of costs

Costs are recognised in the income statement when incurred or in the periods in which the related revenues are recorded and, in general, in accordance with the accrual principle. Costs that cannot be associated with revenues are immediately recognised in the income statement. For the criteria for recognition and measurement of specific costs, the Company considers their nature and the reference accounting legislation.

Financial income and expenses

The financial income and expenses are recognised according to the accrual method, based on the interest accrued on the amount of the related financial assets and liabilities using the effective interest rate.

Government grants

Government grants, in the presence of a formal resolution by the disbursing entity, are recognised on an accruals basis in direct correlation with the costs incurred. In particular, the operating grants are classified to the item “Other revenues” in the income statement, while public capital grants that relate to property, plant and equipment are recorded as deferred revenue in balance sheet liabilities. The deferred income is recognised in the income statement as income on a straight-line basis over the useful life of the asset to which it directly relates.

Income taxes

Current income taxes for the year are recognised as tax payables and calculated based on the estimated taxable income determined in accordance with the provisions in force as at the reporting date.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts and the corresponding amounts recognised for tax purposes applying tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax liabilities are recognised without exception for all taxable temporary differences. Deferred tax assets are recognised only if it is considered probable that, within a reasonable period of time, a sufficient amount of taxable income will emerge to absorb the deductible temporary differences and any IRES losses underlying said deferred taxes.

Current and deferred taxes are recognised in the income statement, except those relating to items charged or credited directly to shareholders' equity; in which case, the tax effect is recognised as a separate item in shareholders' equity.

New accounting standards, interpretations and amendments adopted by the Company

The following new standards and amendments are effective from January 1, 2024 but did not have a significant impact on the Company's financial statements:

- **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liabilities that derive from a sale and leaseback transaction, to ensure that the seller-lessor does not recognise a profit or loss that refers to the right of use maintained by the latter.

The amendment had no impact on the financial statements.

- **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 specify the requirements for classifying a liability as current or non-current. The amendments clarify:

- What is meant by the right to defer to maturity;
- That the right of deferral must exist at the end of the year;
- The classification is not impacted by the likelihood that the entity will exercise its right of deferral;
- Only if a derivative embedded in a liability is convertible and is itself an equity instrument does the maturity of the liability have no impact on the classification.

In addition, a requirement was introduced that requires reporting when a liability deriving from a loan agreement is classified as non-current and the right of deferral of the entity is subject to compliance with covenants within twelve months.

The amendments had no impact on the classification of the Company's liabilities.

- **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

The amendments to IAS 7 Statement of cash flows and IFRS 7 Financial Instruments clarify the characteristics of Supplier Finance Arrangements and require additional disclosure of such agreements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of Supplier Finance Arrangements on the liabilities and cash flows of an entity and its exposure to liquidity risk.

The amendment had no impact on the financial statements.

TYPE OF RISKS AND MANAGEMENT OF HEDGING ACTIVITIES

Risk management is an integral and fundamental part of the strategies of every organisation and the process through which companies tackle the risks connected with their activities, with the objective of obtaining long-lasting benefits.

The basis of good risk management consists of identifying and dealing with risks in order to allow an understanding of the potential positive and negative aspects of all factors that can influence the organisation. Risk management, a continuous and gradual process that involves the entire organisation strategy and its implementation, must be engrained in the company culture through an effective policy and a project managed by the company's top management, in order to turn the strategy into objectives and assign responsibilities at all levels of the organisation, making every person responsible for risk management.

For Tirreno Power S.p.A., in general, risk-taking is limited, in nature and extent, to those which, according to principles of sound and prudent management, are the risks considered ordinary. The "Risk Management Manual" sets out, on the one hand, the general principles for managing the Company's main risks, consistently with the strategic objectives identified and, on the other, the methods of coordination between the entities involved in order to maximise the effectiveness and efficiency of the Internal Control and Risk Management System.

The Manual sets forth that the General Manager, as the company's Risk Owner, has the responsibility and ownership for the management of company risks, with the exclusion of "Environmental risk" and "Health and safety risk" for which the responsibility falls to the "Employer" of the various Organisational Units. The Risk Owner and the Employer are supported by Management in identifying and assessing risks, as well as defining the risk management policies.

The Company distinguishes two risk macro-categories: **Financial and Market Risks** and **Other Risks**. Financial and Market Risks mean those deriving from the impact they could have on margins and expected cash flows and, more specifically: future fluctuations in one or more specific interest rate or exchange rates, financial instruments, prices of energy and raw materials, prices of CO₂ emission rights. Other types of risk that are also associable to the category of financial risks, and in particular credit and liquidity risk, are dealt with separately.

Financial and Market Risks include **Market Risk**, **Interest Rate Risk** and **Exchange Rate Risk**. By contrast, Other Risks include the following sub-categories: **Counterparty Risk**, **Liquidity Risk**, **Environmental Risk**, **Legal Risk**, **Legislative/Regulatory Risk**, **Image Risk** and **Health and safety risk**.

The different types of risk are monitored in order to assess early the potential adverse effects and take the appropriate actions to mitigate them. The optimisation and the reduction of the level of risk is pursued through an adequate organisational structure, the adoption of rules and procedures, the implementation of certain trade and procurement policies, the use of insurance coverage and hedging derivative financial instruments.

For the monitoring and management of Financial and Market Risks, the Risk Owner is supported by the Risk Committee, with advisory functions in relation to the risk management process. The Committee, composed not only of the General Manager, the Head of Management and Production Manager and the Chief Financial Officer meets once a month and is responsible for supporting the Risk Owner in analysing and preparing the necessary documentation for implementing the hedging strategies, as well as proposing the “Hedging Policy” and the quarterly updates to be submitted to the BoD for approval. We focus below on the risks, from those listed, with the biggest impact for the Company.

Market risk

Market risk is the risk that the value of a financial instrument, as defined by IAS 32, will fluctuate because of changes in market prices or exchange rates.

Owing to the nature of its business, the Company is exposed to changes in the prices of electricity, fuel and environmental costs (CO₂ emission rights) that can significantly influence the financial results.

To mitigate this exposure, it has developed a strategy of stabilising margins by means of the early negotiation of fuel supply. Through formulas or indexing, the company pursues, as far as possible, a policy of standardisation between sources and physical uses.

The Company has also implemented a formal procedure that provides for the measurement of the residual price/commodity risk and the implementation of hedging operations. Hedging transactions may have the objective of stabilising the margin on an individual transaction or a group of similar transactions, or to limit overall exposure to price risk. Tirreno Power does not adopt speculative positions in financial instruments.

Interest rate risk on cash flows

The exposure to the risk of changes in the Company's interest rate is linked primarily to the financial debt, which, even if now to a lesser extent, is at floating rate. The Company, taking into account the contractual obligations, regularly assesses its exposure to the risk of changes in interest rates and manages these risks through the use of non-speculative derivative financial instruments.

Counterparty risk

Counterparty risk, or more commonly known as credit risk, represents the Company's exposure to potential losses arising from the default of a counterparty.

Credit risk is the risk that a counterparty will not fulfil its obligations linked to a financial instrument or a commercial contract, therefore leading to a financial loss. The company is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk is limited due to the characteristics and the creditworthiness of the customers served. The portfolio of accounts receivable is constantly monitored by the relevant departments. Tirreno Power also

pays particular attention to the selection of prime counterparties (both commercial and financial), the evaluation of supplier references in terms of the customers served and respect for supply/service obligations, in the definition of contractual penalties in cases where the non-fulfilment of the obligation by the third party may have economic consequences for the company in the issue and request for guarantees, especially financial, for entering into derivative contracts according to ISDA standards.

As for the payment terms applied by most customers, deadlines are mostly concentrated within thirty or sixty days from billing, normally monthly, and is carried out within the month following the month of the supply.

The monitoring and analysis of counterparty risk is entrusted to the Internal Credit Risk Committee, composed of the Risk Committee (mentioned above), with the addition of the Head of Legal and Corporate Affairs, which evaluates existing exposures on a monthly basis per individual counterparty and resolves on credit facilities. The main monitoring tool used is the weekly statement of exposure for each individual counterparty, also containing alert mechanisms when given exposure thresholds of attention are reached.

As at the date of these financial statements, the credit risk is reduced as the trade receivables relate to counterparties with high credit standing.

Liquidity risk

The liquidity risk is related to the possibility that the Company finds itself in a situation of difficulty in meeting the financial obligations arising from contractual commitments and, more generally, from its financial liabilities.

The following table summarises the contractual expiry date for the financial and trade assets and liabilities as at the date of these financial statements.

Expiry of financial assets and liabilities (Euro thousands)	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Cash and cash equivalents	140,099				140,099
Derivative financial instruments	-				-
Trade receivables and other assets	105,603	415	5,919		111,937
Total Financial assets	245,701	415	5,919	-	252,035
Financial payables	658		525		1,183
Trade payables and other liabilities	153,506				153,506
Derivative financial instruments	-				-
Total Financial liabilities	154,164	-	525	-	154,689
Total net exposure	91,538	415	5,394	-	97,346

Legal risk

This is the risk of the Company suffering negative repercussions from violations of laws or regulations and contractual and non-contractual liability.

Through the Legal and Corporate Affairs Department, the company monitors the risks identified through:

- verification of compliance with the regulatory provisions;
- an analysis of the legal documents and contracts, by verifying, in particular, the clauses of acceptance of the Code of Ethics and of the Organisational and Management Model pursuant to Italian Legislative Decree no. 231/01;
- monitoring of the contractual standards in use.

In the event of the signing of international contracts, the Legal and Corporate Affairs Department verifies that they are consistent with the frameworks set forth in international conventions or approved by international trade associations.

Legislative/Regulatory risk

This risk identifies the eventuality that the Company may suffer negative consequences, in economic or capital terms, or which damage its reputation, as a result of the issuing of primary legislation or resolutions of the regulatory authorities. For the analysis of legislative and regulatory risk, and the monitoring of the activities impacted, Tirreno Power has, through the following functions, implemented the following instruments:

- Institutional and Regulatory Affairs Work Group – The work group meets monthly and the General Manager and Heads of the main functions exposed to risk (Energy Management, Financial and Production) take part. In this context, on the basis of a document prepared by the Regulatory, Institutional and Communication Affairs O.U., all the main regulatory and legislative events, which could have an impact on Tirreno Power are discussed and any actions to be taken are evaluated (if necessary, also through the launch of specific studies, also assigned to specialist advisors). A closer coordination was activated between the Energy Management Department and the Regulatory, Institutional and Communication Affairs O.U., which periodically meet to discuss matters of reciprocal interest. On emerging regulatory issues (see capacity market, TIDE, etc.), specific workshops are held for the functions affected.
- Regulatory Dashboard – Every four months, the Regulatory, Institutional and Communication Affairs O.U. prepares a document that summarises all the regulatory and legislative issues that, during the reference period, have determined potential impacts for the Company. The document is published on the company intranet and made accessible to all employees. In addition, a weekly newsletter, circulated via e-mail to all personnel, reports a review of the specialised press on regulatory, institutional and market issues.
- Association activities – Tirreno Power participates in some trade associations (for example, Energia Libera, Unione Industriali di Savona, Unindustria Lazio), with the objective of monitoring the legislative-regulatory framework, promoting the relationship and the

exchanging of information with the institutions, and promoting and participating in initiatives to protect the company's position.

Image risk

Image risk is the risk of the Company suffering negative repercussions on its reputation, with particular regard to the management of institutional communications.

Control of the activities exposed to risk through the constant monitoring of the perception of the Tirreno Power brand by stakeholders and specific communication and information activities, targeted at maintaining an excellent brand reputation.

The Corporate Affairs Department is responsible for the actions targeted at the correct implementation of the risk management policies, which ensures the development of relational capital and the identity of the company, the definition of the corporate image and brand identity strategies and strengthening of the Company's reputation.

The Company monitors and manages the risk through the following non-exhaustive list of analyses and instruments:

- Press Review – The company is equipped with a press review service, which, through a daily newsletter, reports the news that appears in the press in relation to the Company, its shareholders, the reference areas and some important themes.
- Media relations – The Regulatory, Institutional and Communication Affairs O.U. deals with the press office functions, supported by an advisor who handles relations with the local and national press publications.
- Practice of management of critical events – The Company has defined a communication flow dedicated to the management of emergencies, in order to monitor any particularly urgent or relevant cases.

In addition, the Company implements proactive media communication actions and initiatives aimed at the reference areas with the aim of increasing knowledge of the company and its processes and protecting the company's reputation by reducing image risk.

Environmental risk

This risk identifies the eventuality that the Company may suffer negative consequences, in economic or capital terms, or which damage its reputation, or in terms of the safety of personnel, as a result of environmental pollution resulting from the operation of plant operation.

The Company's policy consists of the prevention of all forms of environmental pollution or damage connected with the operation of its plants, the prevention of possible risky events through the development and implementation of certified management procedures that make it possible to satisfy its obligations as regards compliance with environmental requirements, the development of regular technical-operating training programmes for personnel in the mapping and analysis of potential environmental risks; as well as the transfer of residual risks through the stipulation of adequate insurance policies to cover any damages and civil liability connected with accidents.

The Company monitors and manages the risk through the following non-exhaustive list of analyses and instruments:

- implementation of an Integrated Management System, drawn up in compliance with the requirements of the UNI EN ISO 14001 and UNI ISO 45001 standards, at the thermoelectric assets, which includes procedures for the identification of applicable environmental legislative measures, equipment maintenance plans and internal emergency plans, in order to minimise environmental risks;
- development of regular technical-operational training programmes for personnel, both employees and companies operating at the sites and mapping and analysis of near accidents in order to minimise environmental risks;
- plants aligned with Best Available Techniques (MTD) and compliance with legal requirements and environmental requirements;
- stipulation of adequate insurance policies to cover any damages and civil liability connected with accidents. It should be noted that Tirreno Power has also always been equipped, accompanying its Third-Party Civil Liability Insurance Policy, with a specific Pollution Civil Liability policy to cover the risk of “gradual pollution”, where the Third-Party Civil Liability Policy only covers damages stemming from “accidental” pollution.

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

1. PROPERTY, PLANT AND EQUIPMENT

Details of tangible fixed assets are provided below, by individual category, along with the changes in the period:

(thousands of Euro)	FIXED ASSETS IN OPERATION					Fixed assets in progress and advances	BOOK VALUE
	Lands and buildings	Rights of use	Plant and equipment	Industrial and commercial equipment	Other assets		
-historical cost as at 12.31.2023	179,574	3,884	1,681,831	9,240	6,565	52,216	1,933,310
-write-downs (-) as at 12.31.2023	(17)	0	(3,995)				(4,012)
-accumulated depreciation (-) as at 12.31.2023	(125,672)	(2,527)	(1,174,440)	(8,866)	(5,618)		(1,317,123)
Values as at 12.31.2023	53,884	1,357	503,392	374	946	52,216	612,174
Opening values as at 01.01.2024	53,884	1,357	503,392	374	946	52,216	612,174
Changes							
-acquisitions	858	465	17,197	37	728	9,055	28,340
-disposals (-)							
of which:							
historical cost	(2)		(73)				(75)
accumulated depreciation			46				46
use of write-down provision							0
-depreciation	(5,139)	(614)	(50,633)	(91)	(369)		(56,846)
-write-downs (-)	(19,229)		(200,586)	(166)	(19)		(220,000)
-write-backs (+)							0
-commissioning	625		11,930	99		(12,654)	0
Total changes (B)	(22,887)	(149)	(222,119)	(121)	340	(3,599)	(248,535)
Values as at 12.31.2024	30,997	1,208	281,273	253	1,286	48,617	363,639
of which							
-historical cost	181,055	4,349	1,710,885	9,376	7,293	48,617	1,961,575
-write-downs (-)	(19,246)	0	(204,581)	(166)	(19)		(224,012)
-accumulated depreciation (-)	(130,811)	(3,141)	(1,225,027)	(8,957)	(5,987)		(1,373,923)
Net value	30,997	1,208	281,277	253	1,287	48,617	363,639

As at December 31, 2024, the value of property, plant and equipment amounted to Euro 363,639 thousand. During the year, the Company made investments totalling Euro 28,340 thousand, of which Euro 9,055 thousand relating to “work in progress and payments on account”, Euro 18,820 thousand relating to “fixed assets in operation” and Euro 465 thousand in capitalisation for rights of use.

Investments relating to fixed assets in operation (Euro 31,474 thousand including transfers into operation) mainly concerned:

- for the Napoli Levante plant, the advances paid on the next HGPI maintenance and the maintenance activities carried out during the scheduled shutdown;
- for the Vado Ligure plant, the activities carried out during the scheduled shutdown and the activities for the installation of the new photovoltaic plant;
- for the Torrevaldaliga Sud plant, the activities carried out during the planned shutdown of TV6, the purchase of circulation pumps and the activities for the installation of the new photovoltaic plant;

- as regards the hydroelectric power plants, the investments mainly concerned the extraordinary maintenance of the Chiesuola diversion channel.

The **write-downs** became necessary following the impairment test as at December 31, 2024 conducted on the assets of the Company, which revealed a non-recoverable value of Euro 220,000 thousand.

The impairment test was carried out using the cash flows of the only CGU of Tirreno Power, identified by considering the commercial interdependence of the cash flows, extrapolated from the Business Plan, approved by the Board of Directors on February 21, 2025, which incorporates the market scenario Q3 2024 prepared by a leading consulting company specialised in the analysis and processing of energy market scenarios, as well as the additions and amendments in regulatory and industrial terms and the main actions taken to date by management that will have repercussions in future years. The scenario also envisages the consolidation of the Capacity mechanism for the entire duration of the Plan. In order to support the directors in the decision underlying the assessment of the recoverability of the plants, a second consulting service was requested that would provide energy market control scenarios. These scenarios were consistent with the forecasts used in the performance of the impairment test.

The forecasts show a significant break with the forecasts used in the Plan of the previous year and on the basis of which the impairment test was carried out. Although the demand for electricity is maintained almost stable over the time horizon subject to forecasting, the scenario shows the growing tendency towards a different production mix in favour of imports and renewables which actually reduce the contestable market for combined cycle plants. The scenario envisages a greater decrease in electricity prices than was expected last year.

The new forecasts contained in the Business Plan show lower operations, especially in the Centre-South area, of the combined cycle plants of Tirreno Power, which will achieve production in line with the results of the last two years, but well below that envisaged in the Plans prepared in previous years. The reduction in overall margins, in consideration of the reduction in volumes, is only partially offset by the increase in remuneration relating to the Capacity Market mechanism.

In particular, for the purposes of determining the value in use according to the criteria envisaged by IAS 36, the expected cash flows from the following were considered:

- i. from the operation, in explicit periods, of the thermoelectric plants until 2039 and from the hydroelectric plants until 2049 (with a view to continuation of the current concessions);
- ii. from the Terminal Value, for each thermoelectric plant, calculated in the model as a continuation of the cash flows relating to a further 5 years of operation.

The cash flows also include the financial outlays expected from the demolition of the plants at the end of their useful life.

Operating cash flows are expressed net of taxes and the post-tax discount rate (WACC) used is 6.50%, lower than that used in December 2023 (6.95%) due to the interest rate decrease.

The write-down resulting from the impairment test, amounting to Euro 220 million, is attributable only to the assets relating to the combined cycle plants, which were therefore written down proportionally on the basis of the expected cash flows for each production site. In consideration of the recoverable value attributable to the plants from renewable sources, they were not written down.

Depreciation of tangible fixed assets for the period mainly concerns the combined cycle thermoelectric production sites (Euro 42,716 thousand), the related Major Inspections (Euro 8,659 thousand) and the dismantling costs (Euro 808 thousand), and are calculated by applying the economic-technical rates representative of the useful life of each component.

As regards freely transferable assets, it should be noted that, as better indicated in the previous annual financial statements, with Italian Law no. 12/2019, converting Italian Law Decree no. 135 of December 14, 2018 (Simplifications Decree), the Legislator made changes to art. 11-quater with an overall reorganisation of the regulations regarding large-scale hydroelectric concessions (> 3 MW). The new regulations introduced (which amended art. 12 of Italian Legislative Decree no. 79/1999) set forth that the Regions will regulate, based on their own laws, the methods, procedures and criteria for the assignment of concessions, which may be entrusted to economic operators identified through their tenders, or to mixed public/private companies with the selection of the private partner via tender, or through forms of public/private partnership pursuant to Italian Legislative Decree no. 50/2016.

In addition, the aforementioned regulatory provisions envisage that the “wet works” relating to the large diversions pass free of charge to the Regions at the end of the concession; however, the investments in the “wet works” components carried out during the period of validity of the concession must be compensated to the outgoing concessionaire, for the part of the asset not amortised, provided that they are envisaged by the concession deed or in any case authorised by the grantor and have been incurred at its own expense.

Starting from 2021, the Company therefore redefined the depreciation plans of the assets concerned (previously commensurate with the duration of the related concession as it was shorter than the useful life of the works) and updated the depreciation rates based on the economic-technical life of the individual types of investments incurred on the assets of the “wet works”.

As at December 31, 2024, there are no tangible fixed assets for which collateral has been given to third parties.

2. INTANGIBLE ASSETS

A table is provided below, which details the original values and changes:

(thousands of Euro)	Industrial patents and software applications	Other assets	Fixed assets in progress and advances	BOOK VALUE
-historical cost as at 12.31.2023	12,960	44	52	13,056
-accumulated amortisation (-) as at 12.31.2023	(11,672)	(38)		(11,710)
Opening values as at 01.01.2024 (A)	1,288	6	52	1,346
Changes as at 12.31.2024				
-acquisitions	331		122	453
-amortisation (-)	(817)	(1)		(818)
-other changes				0
Total changes (B)	(486)	(1)	122	(365)
Values as at 12.31.2024 (A+B)	802	5	174	982
of which				
-historical cost	13,291	44	174	13,509
-write-downs (-)				
-amortisation (-)	(12,489)	(39)		(12,528)
Net value	802	5	174	982

Acquisitions in the period, amounting to Euro 453 thousand, mainly relate to new licenses and the development of application software.

3. NON-CURRENT FINANCIAL ASSETS

This item refers to financial receivables due after 12 months.

(thousands of Euro)	12.31.2024	12.31.2023	Changes
- loans to personnel	212	254	(42)
- security deposits	5,707	4,119	1,588
Total non-current financial assets	5,919	4,373	1,546

Guarantee deposits mainly include, for Euro 5,283 thousand, guarantee deposits for participation in the auctions relating to the Capacity Market relating to the delivery of energy for 2025 and 2026.

It should be noted that “loans to employees”, remunerated at current market rates and guaranteed by post-employment benefits, were granted for the purchase of a first home or to meet important family needs.

As at December 31, 2024, there were no financial assets recognised at a value higher than their fair value.

4. DEFERRED TAX ASSETS

The changes in the period are shown below:

(thousands of Euro)	Situation as at 12/31/2023		Situation as at 12/31/2024	
	Balance	Provisions	Uses/Write-offs	Balance
Deferred tax assets				
Tax losses	5,985		(5,985)	0
Provisions for risks and write-downs	1,811		(1,811)	0
Fair value IAS 19 and IFRS 9 to shareholders' equity reserve	525	25	(14)	536
Total deferred tax assets	8,321	25	(7,810)	536

As at December 31, 2024, following a careful analysis of the Business Plan, the Company's management deemed it appropriate not to recognise the deferred tax assets deriving in particular from the write-down of assets and the tax loss for the year 2024, as no taxable income is expected in a reasonable time-frame and suitable for recovering the additional deferred tax assets generated in the current year, with respect to those already recognised in the financial statements against the tax loss for the previous year. "Uses/Write-offs" mainly concern the amounts recovered in relation to the changes in provisions for risks and charges and the write-off, by virtue of their estimated recoverability, of the residual amount of the items relating to the provisions for risks and charges and the deferred tax assets recognised against the tax loss for the year 2023.

With regard to the above, as at December 31, 2024, deferred tax assets were not recognised in the financial statements, for a total of Euro 44,120 thousand, deriving mainly from the write-down of assets and the tax loss for the year 2023 and current financial year.

CURRENT ASSETS

5. INVENTORIES

The item, amounting to Euro 70,930 thousand, includes the CO2 quotas purchased to meet the company's delivery obligations and the materials mainly intended to be used for plant maintenance.

With regard to the changes in CO2 quotas, the following steps were taken during the current year:

- the purchase of 738,000 CO2 emission certificates for a total of Euro 48,853 thousand;
- the purchase of 90,000 CO2 emission certificates for a total of Euro 6,408 thousand with delivery in 2025;
- the delivery of 779,433 emission rights for a total of Euro 64,947 thousand in compliance with the Company's obligations for 2023.

Therefore, as at December 31, 2024, 842,827 quotas are entered among the inventories, equal to Euro 57,588 thousand.

Inventories of materials amounted to Euro 13,305 thousand and are recognised in the financial statements according to the weighted average cost method.

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Due to their intrinsic characteristics, these inventories show a slow movement typical of spare parts for these types of plants, as can be seen also from the modest net change in the value of stocks.

These inventories are recorded net of an obsolescence provision, equal to Euro 1,152 thousand, recognised in previous years in relation to coal-fired units definitively decommissioned.

Details of inventories are provided below by type:

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Tangible inventories	13,304	13,162	142
Advances to suppliers	0	58	(58)
Other inventories	38	42	(4)
CO2 certificates	57,588	73,682	(16,094)
Total inventories	70,930	86,944	(16,014)

The overall decrease in inventories is, as highlighted above, essentially attributable to the lower value of CO2 quotas purchased to comply with the Company's obligations for the year 2024, as better explained in the Management Report.

6. TRADE RECEIVABLES

This item, amounting to Euro 74,143 thousand, essentially includes trade receivables for the sale of energy.

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Receivables for sale of energy:			
-GME	23,328	9,013	14,315
-Terna S.P.A.	4,498	5,553	(1,055)
-Other operators	46,265	55,273	(9,008)
Total receivables for sale of energy:	74,091	69,839	4,252
Other trade receivables	52	777	(725)
Total trade receivables	74,143	70,616	3,527

It should be noted that almost all of these receivables arose over the last two months of the year and that, as at the date of drafting these notes, are essentially fully collected or collectible, given that the relevant expiries are in 30/60 days.

For more details on the changes, please refer to what was indicated previously in the Management Report in the "Analysis of the capital structure" section.

7. OTHER CURRENT ASSETS

The item, amounting to Euro 30,770 thousand, mainly includes tax receivables. The latter as at the reporting date amounted to Euro 26,751 thousand and essentially include the receivable from the tax authorities for VAT accrued in 2024 (Euro 21,993 thousand).

It should be noted that, in 2024, the annual 2023 VAT credit was collected (Euro 25,800 thousand).

In addition, the item includes the residual receivable (equal to Euro 2,539 thousand) deriving from the request for repayment of the surety charges paid at the time to guarantee the collection of VAT credits.

Lastly, Euro 1,363 thousand was recognised for insurance premiums paid in advance and receivables from social security institutions for Euro 839 thousand, essentially relating to amounts paid in advance to employees for social security benefits relating to the Cassa Integrazione Guadagni Straordinaria (extraordinary wage guarantee fund) and solidarity contracts.

8. CASH AND CASH EQUIVALENTS

This item, amounting to Euro 140,099 thousand, essentially includes the credit balances of accounts held with leading banks.

LIABILITIES AND SHAREHOLDERS' EQUITY

9. SHAREHOLDERS' EQUITY

For information on changes in shareholders' equity, please refer to the Statement of Changes in Shareholders' Equity.

The item "Other reserves", equal to Euro 136,379 thousand, is composed as follows:

- Reserve from contribution of subscription of Junior PFIs amounting to a nominal Euro 284,386,754, approved at the Extraordinary Shareholders' Meeting on December 16, 2015 and recorded at fair value, amounting to Euro 204,000,000. This reserve was also reduced for the coverage of losses resolved at the same extraordinary shareholders' meeting amounting to Euro 88,735 thousand. The amount of this reserve as at December 31, 2018, is therefore Euro 115,265 thousand;
- Legal reserve for Euro 12,103 thousand;
- Available reserve for coverage of losses for Euro 9,243 thousand;
- IAS 19R reserve - Post-employment benefits and other benefits - negative for Euro 266 thousand.

The item "Accumulated gains and losses" includes the carry-forward of profits from 2018 to 2023, amounting to Euro 465,605 thousand and the IFRS reserve for retained earnings of Euro 831 thousand.

The share capital as at December 31, 2024 is represented by 60,516,142 ordinary shares with a nominal value of Euro 1.00 each, fully paid up and held 50% by ENGIE Italia S.p.A. and 50% by ENERGIA ITALIANA S.p.A.

On the basis of the provisions of the Company's Articles of Association, it is possible to resolve the distribution of profits, if both of the following conditions are met:

- the credit lines of the Restated Facilities Agreement are fully repaid;
- there is a minimum cash level exceeding Euro 40 million.

The Participating Financial Instruments (PFIs), as defined in art. 2346, paragraph 6 of the Italian Civil Code, are financial instruments with equity or administrative rights, excluding voting rights at the general shareholders' meeting. The articles of association govern their methods and conditions of issue, the rights of entitlement, sanctions for non-performance of the services and, if permitted, the methods of circulation. The PFIs are therefore included in the so-called hybrid financial instruments. This definition means instruments with similar characteristics, both shares and obligations in relation to the characteristics outlined for the instrument, but with their own identity.

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Each financial instrument is measured according to its own characteristics, from which is also derived the valuation method that is better able to define the value. The features of the PFIs can be identified by their own regulation.

The Junior PFIs are fully regulated by the Company's Articles of Association, and more precisely, Annex 1 "Regulations of the participating financial instruments of the Senior and Junior categories of Tirreno Power S.p.A.".

PFIs do not, under any circumstances, entitle holders the right to attend or to vote at the ordinary and extraordinary shareholders' meeting of the Company.

Details of items of Shareholders' Equity and an indication of their current possibility of use and distribution, as well as their use in previous years, is provided below:

Nature/description	Amount	Possibility of use	Amount available	Summary of uses made in previous three years	
				To cover losses	For other reasons
Share capital:	60,516				
Capital reserves:					
Reserve from contribution of subscription of Junior PFIs	115,265	B			
Available reserve for coverage of losses	9,243	B			
Profit reserves:					
Legal reserve	12,103	B			
IFRS 9, CFH and IAS 19R reserves	-266	B			
Retained earnings	466,436	B/C			
TOTAL RESERVES	602,781				
Result for the year 2024	-210,513				
Total Shareholders' Equity as at December 31, 2024	452,784				

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders and PFI holders

NON-CURRENT LIABILITIES

10. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to Euro 61,550 thousand, an increase of Euro 939 thousand compared to December 31, 2023.

The size of the provision and the changes are summarised below:

(thousands of Euro)	12.31.2023	Allocations	Uses	Other changes	12.31.2024	of which current	of which non-current
Dispute provision	842	20	(27)	440	1,275	39	1,236
Provision for redundancy and mobility incentives	97	7	(34)	0	70	70	0
Provision for sundry risks:	59,672	4,332	(3,118)	(681)	60,205	2,706	57,499
- site dismantling and restoration	55,421	3,580	(2,852)	(608)	55,541	1,200	54,341
- other	4,252	752	(266)	(73)	4,665	1,506	3,159
Total provisions for risks and charges	60,611	4,359	(3,179)	(241)	61,550	2,815	58,735

Allocations for the period, amounting to Euro 4,359 thousand, concerned the provisions mainly for the following:

- Euro 2,380 thousand for the recognition of financial charges pertaining to 2024 on provisions for plant dismantling;
- Euro 900 thousand for the adjustment of the provision for demolition of the TV4 unit of the Torrevaldaliga plant;
- Euro 300 thousand for the adjustment of the provision for demolition of the VL3/VL4 units of the Vado Ligure plant;
- the estimate of the Long-Term Incentive Plan (Euro 658 thousand).

Uses include in particular Euro 2,852 thousand for the demolition of the disused plants of Vado Ligure, Torrevaldaliga and the areas relating to the old plant in Vigliena, at the Naples site.

The site dismantling and restoration provision includes for Euro 54,341 thousand the estimate of the discounted costs that are expected to be incurred at the end of the production activities of the Torrevaldaliga, Naples and Vado Ligure sites for the abandonment of the area, the dismantling, the removal of the structures and the restoration of the site in the presence of current obligations. The current portion (Euro 1,200 thousand) refers to the dismantling works that are estimated to be incurred during 2025 for the completion of rectification of the areas relating to the TV4 and VL3/VL4 units.

The provision for disputes refers for Euro 628 thousand to the asbestos dispute for which, at present, there are no elements to be able to estimate further potential claims for damages.

11. POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS

These amount to Euro 3,665 thousand and reflect severance indemnities and other benefits accrued at the end of the year by employees, which are valued according to the actuarial criteria of IAS 19R set forth for defined benefit plans. In particular, as regards the economic and financial scenario, the parameters used for the evaluation are as follows:

Post-employment benefits	2024	2023
Annual technical discount rate	2.93%	3.08%
Annual inflation rate	2.00%	2.00%
Annual rate of increase in post-employment benefits	3.00%	3.00%
Other employee benefits	2024	2023
Annual technical discount rate	2.93%	3.08%
Annual rate of salary increase	0.50%	0.50%

The following table illustrates the changes:

(thousands of Euro)	Post-employment benefits	Substitute indemnity - Electricity	Additional months' pay	Loyalty bonuses	BOOK VALUE
Values as at 12.31.2023 (A+B)	2,822	323	394	198	3,737
-Provisions			12	(3)	9
-Financial expenses (+)	88	9	13	4	114
-Gains (losses) from discounting (-/+)	12	9	24	0	45
-Uses (-)	(159)	(21)	(23)	(37)	(240)
Total changes (B)	(59)	(3)	26	(36)	(72)
Values as at 12.31.2024 (A+B)	2,763	320	420	162	3,665

Costs for employee benefits amounting to Euro 9 thousand were recognised under personnel costs.

Lastly, the losses from discounting amount to Euro 45 thousand and are recognised in the equity reserve (net of taxes), excluding those relating to loyalty bonuses, which are booked directly to the income statement.

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As a result of the issuance of the new IAS 19 revised, the additional information is summarised in the tables below:

Sensitivity analysis of the main valuation parameters on the data as at 12.31.2024

	Post-employment benefits	Additional months' pay	Energy discount indemnity
Inflation rate +0.25%	2,778,509.52	N/A	N/A
Inflation rate -0.25%	2,730,494.44	N/A	N/A
Discount rate +0.25%	2,716,626.62	415,325.42	314,957.93
Discount rate -0.25%	2,792,944.82	425,568.00	324,352.66

	Post-employment benefits	Additional months' pay	Energy discount indemnity
Pro future service cost	-	12,185.72	-
Duration of the plan	6.2	6.2	6.2

The number of employees by category is shown in the following table:

(units)	12.31.2023	Entries	Exits	Other/ Reclassifications	12.31.2024
Executives and Middle Managers	48		-1	2	49
White-collar employees	153	5	-4	-1	153
Blue-collar workers	28	1		-1	28
Total	229	6	-5	0	230

12. DEFERRED TAX LIABILITIES

The item includes deferred taxes relating to costs not charged at the time to the income statement, but deducted from taxable income in the tax return, as detailed in the following table:

(thousands of Euro)	Situation as at 12/31/2023	Situation as at 12/31/2024		
	Balance	Provisions	Uses	Balance
Deferred tax liabilities				
Amortisation	30,905		(15,540)	15,365
FV IAS 19 to shareholders' equity reserve	69			69
Total deferred tax liabilities	30,974	0	(15,540)	15,434

The uses of the item “Amortisation” refer to the completion of the time period of tax amortisation for IRES purposes, with respect to the economic-technical one (statutory amortisation). In particular, uses pertaining to the year 2024 amounted to Euro 1,310 thousand, while those relating to the write-down of plants amounted to Euro 14,230 thousand.

13. OTHER NON-CURRENT FINANCIAL LIABILITIES

The item, amounting to Euro 525 thousand, includes the non-current part of the financial payable recognised as a result of the application of IFRS 16 - Leases. The current portion of the debt, for Euro 658 thousand, was stated under other current financial liabilities.

CURRENT LIABILITIES

14. PAYABLES FOR LOANS

Also this year Tirreno Power closed the year with zero financial debt. As at December 31, 2024, there were actually no debt lines to be repaid.

The Company has a Revolving line in place with Banco Popolare di Milano to support working capital of Euro 25,000 thousand, backed by a SACE guarantee (Support Italy). This financing line as at December 31, 2024 was not drawn and fully available.

15. TRADE PAYABLES

“Trade payables”, amounting to Euro 85,255 thousand, relate to fuel supplies, materials and equipment, tenders and services, as well as debts to TERNA and GME for supplies and activities carried out by December 31, 2024. The maturities of these payables are generally comprised between 30 and 120 days and duly respected.

For a detailed analysis of the increase, amounting to Euro 34,910 thousand, please refer to the Management Report.

16. PAYABLES FOR INCOME TAXES

As at December 31, 2024, the Company recorded a tax loss with reference to both IRES and IRAP and, therefore, there were no payables for income taxes to be paid.

17. OTHER CURRENT LIABILITIES

Other current liabilities, amounting to Euro 68,251 thousand, refer mainly to the payable relating to the expense for the year for CO₂ emission rights (Euro 64,036 thousand) valued at the weighted average purchase price.

The item also includes payables to employees and payables to social security, welfare and insurance institutions.

The table below provides a breakdown:

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Payables for CO ₂ emission rights	64,036	64,908	(872)
Other taxes	764	781	(17)
Payables due to social security institutions	1,503	1,879	(376)
Payables due to personnel	1,880	2,778	(898)
Other	68	372	(304)
Total other current liabilities	68,251	70,718	(2,467)

The change in payables to personnel is essentially attributable to lower incentives and bonuses to be paid.

COMMITMENTS AND GUARANTEES

Commitments to suppliers are detailed below:

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Tenders and miscellaneous supplies	82,561	86,082	(3,521)
Purchase of thermal fuel	14,388	15,916	(1,528)
Total commitments to suppliers	96,949	101,998	(5,049)

Commitments for the purchase of thermal fuel relate exclusively to the fixed term on natural gas purchase contracts.

The sureties requested in favour of third parties, amounting to Euro 65,607 thousand, concern policies issued by banks and insurance companies, at the request of the Company, and relate mainly to the guarantee of the pooling agreement with Sorgenia (Euro 28,000 thousand); the gas supply contracts (Euro 10,000 thousand), the participation in the energy markets (Euro 18,500 thousand), the guarantee to Terna for participation in the Capacity Market auction (Euro 3,474 thousand), as well as the guarantee for state concessions (Euro 2,242 thousand).

NOTES TO THE INCOME STATEMENT

18. REVENUES

The table below provides a breakdown of sales revenues:

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Sale of energy:			
-Power Exchange	390,547	350,916	39,631
-Free market	196,920	251,913	(54,994)
-Capacity Market	61,431	61,447	(15)
-incentivised contributions - ex Green Certificates	26	23	3
-photovoltaic contributions	2,423		2,423
Total energy sales	651,347	664,299	(12,952)
Other sales and services	1,691	4,147	(2,456)
Total revenues from sales	653,038	668,446	(15,408)

Tirreno Power's commercial portfolio consists of two types of customers, customers that operate in the free market and those, instead, that operate on the Power Exchange. Revenues from Power Exchange sales include the results of trading on the dispatching services market. Sales on the free market instead refer to physical bilateral contracts.

The item "Other sales and services" mainly refers to the sale of ferrous materials deriving from demolition of the decommissioned plants (Euro 1,590 thousand).

For more details also on the changes compared to December 31, 2023, please refer to the Management Report.

19. OTHER REVENUES

"Other revenues", equal to Euro 2,747 thousand, mainly refer to the repayment obtained following the use of excise duties paid on fuel purchases for the years 2006/2007 (Euro 898 thousand), to the recognition of the tax credit for the purchase of capital goods (Euro 445 thousand) and the insurance repayment for defence costs in the criminal proceedings at the Vado Ligure site (Euro 160 thousand); as well as positive adjustments to costs/revenues of previous years, mainly due to energy items.

As regards the changes compared to December 31, 2023, please refer to the Management Report.

20. OWN WORK CAPITALISED

The item totalled Euro 628 thousand, relating primarily to the capitalisation of materials taken from the warehouse (Euro 241 thousand) and the capitalisation of internal resources at the time of the multi-year maintenance carried out in 2024 (Euro 387 thousand).

21. CONSUMPTION OF RAW MATERIALS

(thousands of Euro)	12.31.2024	12.31.2023	Changes	%
Energy purchased on the Electricity Market	235,313	292,591	(57,279)	-20%
Purchase of fuel for heat production	242,856	225,285	17,571	8%
Purchase of materials and other equipment	2,511	3,940	(1,429)	-36%
Change in other stocks	(139)	(701)	563	n.s.
Total consumption of raw materials	480,541	521,115	(40,574)	-8%

The purchase of fuels related exclusively to natural gas supply.

The cost of fuel consumed in 2024 amounted to Euro 242,856 thousand, up by Euro 17,571 thousand compared to the cost incurred in 2023. There was a positive volume effect as the quantities consumed showed an increase of roughly 20% as a result of higher production, partially offset by a price effect (the weighted average price fell by around 10% from 585.2 €/Ksmc to 527.4 €/Ksmc).

Charges related to energy purchases are also down compared to 2023 by virtue of the lower volumes of energy purchased to meet commitments deriving from bilateral agreements.

For more details, please refer to the Management Report.

22. PERSONNEL COSTS

Personnel costs amounted to Euro 21,643 thousand, essentially in line with the figure recorded in 2023.

The headcount as at December 31, 2024 was 230, compared to 229 as at December 31, 2023.

23. SERVICE COSTS

The service costs, amounting to Euro 25,110 thousand, are detailed below:

(thousands of Euro)	12.31.2024	12.31.2023	Changes	%
Costs of services and tenders	7,466	7,359	107	1%
Expenses for transactions on the Electricity Market	1,726	1,851	(124)	-7%
Insurance costs	9,327	8,995	333	4%
Security, cleaning and other building costs	620	537	83	15%
Waste disposal	277	243	34	14%
IT services	1,760	1,753	7	0%
Telephone and data transmission expenses	532	449	82	18%
Other services	3,402	4,652	(1,251)	-27%
Total service costs	25,110	25,838	(728)	-3%

“Other services” mainly relate to costs for studies and consulting (Euro 1,600 thousand), costs for professional and legal services (Euro 571 thousand), expenses for travel and training (Euro 597 thousand), the fees of the Board of Statutory Auditors (Euro 182 thousand), as well as the remuneration to the Independent Auditors (Euro 160 thousand).

24. OTHER OPERATING COSTS

Other operating costs amounted to Euro 72,926 thousand, up by Euro 13,536 thousand compared to December 31, 2023 are broken down as follows.

(thousands of Euro)	12.31.2024	12.31.2023	Changes	%
Contributions and fees	3,468	3,478	(11)	0%
Provisions for risks and charges	1,812	(12,564)	14,375	-114%
Expenses for CO2 rights	64,036	64,908	(871)	-1%
Taxes and duties	2,560	2,547	13	1%
Other expenses	1,051	1,021	30	3%
Total operating costs	72,926	59,390	13,536	23%

Costs for the purchase of issue rights show a slight decrease compared to the previous year (Euro 871 thousand). The higher emissions due to higher production (933 Kton. in 2024 compared to 779 Kton. in 2023) are actually more than offset by the decrease in the weighted average price of CO2 enhancement (68.61 €/ton. in 2024 compared to 83.33 €/ton in 2023).

As regards provisions for risks and charges, please refer to note no. 10.

25. AMORTISATION/DEPRECIATION AND WRITE-DOWNS

The item refers to the depreciation/amortisation in the period, calculated on the basis of economic-technical rates.

The table below sets out the depreciation/amortisation by type of asset compared with data for the previous year:

(thousands of Euro)	12.31.2024	12.31.2023	Changes	%
Depreciation of buildings	5,139	5,156	(17)	0%
Amortisation of rights of use	614	542	72	13%
Depreciation of plant and equipment	50,632	51,134	(502)	-1%
Depreciation of industrial equipment	91	74	17	23%
Depreciation of other assets	369	374	(5)	-1%
Amortisation of intangible fixed assets	882	1,013	(131)	-13%
Write-downs of tangible fixed assets	220,000	390	219,610	n.a.
Write-back	0	(948)	948	n.a.
Total	277,728	57,735	219,993	381%

Depreciation and amortisation amounted to Euro 57,728 thousand and are in line with those recognised in 2023.

As better indicated in note 1, the impairment test revealed an impairment loss for the Company's assets as the recoverable value, calculated with the Discounted Cash Flow method resulting from the Plan approved by the Board of Directors on February 21, 2025, was found to be lower than the book value of the assets. The write-down was attributable only to the assets relating to the combined cycle plants, which were therefore proportionally written down on the basis of the expected cash flows for each production site.

26. FINANCIAL EXPENSES

Financial charges amounted to Euro 3,845 thousand, down by Euro 81 thousand compared to the 2023 financial year. The following table shows a breakdown:

(thousands of Euro)	12.31.2024	12.31.2023	Changes	%
Interest expenses and charges on loans	5	399	(394)	-99%
Interest expenses for decommissioning, post-employment and other benefits	2,494	2,375	119	5%
Other financial expenses	1,346	1,152	195	17%
Total financial expenses	3,845	3,926	(81)	-2%

“Interest expense for decommissioning”, equal to Euro 2,380 thousand, is offset by the provisions for site dismantling and restoration, while “Interest on post-employment benefits and other benefits” recognised in application of IAS 19R, amounted to Euro 114 thousand.

The item “Other financial charges” essentially refers to commissions on sureties for Euro 1,252 thousand.

27. FINANCIAL INCOME

Financial income amounted to Euro 7,124 thousand, an increase of Euro 5,416 thousand compared to December 31, 2023 and mainly refers to financial income for the reimbursement of surety expenses relating to the years 2010-2024 (Euro 4,834 thousand), interest income accrued on bank accounts and Time Deposits (Euro 1,956 thousand), as well as interest income deriving from the IMU 2009/2017 credit of the Municipality of Civitavecchia, for the portion recognised by the State (Euro 174 thousand).

28. INCOME TAXES

The Company closed the year 2024 with a tax loss, both for IRES and IRAP purposes, therefore there are no current taxes.

Taxes as at December 31, 2024, were a positive Euro 7,743 thousand and refer:

- for Euro 7,797 thousand to the negative effect of deferred tax assets relating to the use of provisions for risks and charges and to the write-off, by virtue of the estimate of their recoverability, of deferred tax assets relating to the tax loss for the year 2023 (Euro 5,985 thousand) and those relating to provisions for risks and charges;
- for Euro 1,310 thousand, to the positive effect relating to the use in the year of the deferred tax liabilities generated on previous excess and early tax amortisation;
- the positive effect, equal to Euro 14,230 thousand, relating to the reduction in the deferred tax provision by virtue of the write-down of the plants.

(thousands of Euro)	12.31.2024	12.31.2023	Changes
Deferred tax assets	7,797	(929)	8,726
Deferred tax liabilities	(15,540)	(313)	(15,227)
Total	(7,743)	(1,242)	(6,501)

29. EARNINGS PER SHARE

For the calculation of earnings per share, the net loss attributed to shareholders was considered. The denominator used in the calculation is represented by the number of shares issued, both in the calculation of the Basic Earnings and the Diluted Earnings, since there are no dilutive elements either as at December 31, 2024 or as at December 31, 2023.

(values in Euro)	Period ended as at 12.31.2024	Period ended as at 12.31.2023
Net profit/loss for the period	(210,513,300)	7,623,858
Average number ordinary shares (units)	60,516,142	60,516,142
Earnings per share - basic and diluted	-3.48	0.13

OTHER INFORMATION

Relationships with subsidiaries, affiliates, parent companies and companies controlled by the latter

Any transactions carried out with other related parties, as described below, were carried out under normal market conditions and in the interest of each company:

(thousands of Euro)	Receivables 12/31/2024	Payables 12/31/2024	Costs 12/31/2024	Revenues 12/31/2024
Financial				
ENGIE ITALIA Spa				
Tax transparency	87			
Trade				
Sorgenia S.p.A.	10,426	14,115	68,407	111,283
ENGIE ITALIA Spa	0	14,004	68,362	47,013
ENGIE Global Markets Italia	9,201	10,448	21,930	43,185
NV/SA ELECTRABEL		0	263	0
Tractebel Engineering S.A.		42	42	

Loans to Shareholders, amounting to Euro 87 thousand, relate to the portion pending collection by Engie Italia in relation to IRES refund requests for non-IRAP deductions, presented when the Company signed up to the tax transparency regime in accordance with art. 115 of the Consolidated Law on Income Tax (TUIR).

The items of a commercial nature vis-à-vis ENGIE Global Markets Italia refer to purchases and sales of energy, while those vis-à-vis Sorgenia S.p.A. and Engie Italia S.p.A., in addition to the purchase and sale of energy, also refer to gas purchases. It should be noted that, in December 2024, a gas supply contract was renewed with the shareholders to power some Tirreno Power production plants.

Commercial transactions with Sorgenia S.p.A. also concern the items deriving from the Agreement for the management of obligations deriving from the Capacity Market for 2024.

Contingent assets and liabilities

There are no additional contingent assets and liabilities to be highlighted arising from events that occurred during the year 2024, in addition to what has already been reported in the Management Report and in the notes.

On the other hand, as regards the contingent liabilities deriving from the continuation of the proceedings pending at the Public Prosecutor's Office of Savona, despite the acquittal at first instance, the assessment of the risk of losing the case must still be considered possible and, at present, the compensation consequences for the Company deriving from the outcome of the appeal proceedings are not foreseeable as the claims made are currently supported by the same elements acquired in the first instance proceedings.

For more details, please refer to the paragraph “Information regarding the criminal proceedings of the Vado Ligure site”.

Atypical and unusual transactions

There were no atypical or unusual transactions, or outside normal company operations or able to significantly impact the Company's financial position.

Significant events after the close of the period

Please refer to the relevant paragraph of the Management Report.

Proposed allocation of result for the year

Please refer to the “Proposals of the Board of Directors” paragraph of the Management Report.

CONTACT INFORMATION

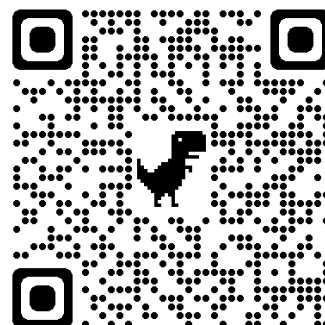
Registered office:

Via Barberini, 47 - 00187 Rome - Italy

Tel. 39 06 83022810 – Fax 39 06 83022828

Mail: info@tirrenopower.com

PEC (certified e-mail address): tirrenopower@pec.tirrenopower.com



Website: www.tirrenopower.com

Tirreno Power is an associate of **Energia Libera**.



Press Office – External Relations

Mail: ufficiostampa@tirrenopower.com

Purchasing Office

Via A. Diaz, 128 – 17047 – Valleggia di Quiliano (SV) – Italy

Tel. 0197754000 – Fax 39 019 7754827

PEC (certified e-mail address): acquisti@pec.tirrenopower.com

Personnel

PEC (certified e-mail address): personale@pec.tirrenopower.com

Environment, Safety and Authorisations

PEC (certified e-mail address): ambientesicurezzaeautorizzazioni@pec.tirrenopower.com

Administration, Finance and Control:

PEC (certified e-mail address): amministrazionefinanzaecontrollo@pec.tirrenopower.com

Napoli Levante Thermoelectric Plant:

Stradone Vigliena, 39 – 80146 Naples – Italy

Tel. 39 081 3455858 – Fax 39 081 3455830

PEC (certified e-mail address): centralenapoli@pec.tirrenopower.com

Vado Ligure Thermoelectric Plant:

Via Diaz, 128 – 17047 Valleggia di Quiliano (SV) – Italy

Tel. 39 019 7754111 – Fax 39 019 7754785

PEC (certified e-mail address): centralevadoligure@pec.tirrenopower.com

Torrevaldaliga Sud Thermoelectric Plant:

Via Aurelia Nord, 32 – 00053 Civitavecchia (RM) – Italy

Tel. 39 0766 742111 – Fax 39 0766 25877

PEC (certified e-mail address): centraletorrevaldaliga@pec.tirrenopower.com

Renewable sources Sector:

Corso Torino, 1 – 16129 Genoa – Italy

Tel. 39 010 5374600 – Fax 39 010 5374601

PEC (certified e-mail address): settorefontirinnovabili@pec.tirrenopower.com



